

**Economics 365: Issues in Comparative Economics
Spring 2007**

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Course Description:

The course will focus on the study of the growth and development experiences of a selected group of countries. We start with a general introduction to the issues of development and economic growth. The core part of course will be devoted to the experiences of several countries from Latin America, East Asia and Central and Eastern Europe.

Approach:

We will be using economic theory to examine the experience of these countries. My goal is to teach you to use the tools provided by the theory to analyze economic data and to interpret particular events. A typical topic will then combine the study of the relevant economic theory with the examination of the data.

I will use geometric analysis and elementary algebra to develop the economic theory points. Calculus is not required but you must be willing to understand and work with arguments based on formal economic reasoning and basic quantitative analysis. Throughout the course we will be using microeconomic theory, international trade theory and macroeconomic theory. Understanding them is an important prerequisite to be able to understand the material presented in the course.

Because a significant part of the readings do not develop the theory with enough detail or assume that you have additional knowledge on the specific topic, it is important that you attend lectures. I expect you to do a first reading of the material before class. This first reading should be a quick run-through that should give you an idea of the main points. After the class, it will become clear what are the points that I chose to emphasize and the aspects you should concentrate on.

Required Reading:

1- "The Puzzle of Latin American Economic Development," by Patrice Franko, Rowman and Littlefield Publishers, 2nd. Ed. 2003. Available at the University Bookstore and Underground Books.

2- Reading Packet 1 (RP 1) (available as Electronic Reserve at the Social Science Reference Library, access from MyUW).

3- Reading Packet 2 (RP 2) (available as Electronic Reserve at the Social Science Reference Library, access from MyUW).

4- Handouts distributed in class or electronically and articles available from the Web (linked to the course Web Page).

Grading/Important Dates/Other

1. Grading will be on the basis of two exams (none of them cumulative), and a paper on one of the countries of Latin America, East Asia, Eastern Europe or Former Soviet States. There will be a few short homework assignments to help you practice some concepts (they will have no formal weight in your grade).

The schedule and weights are as follows:

28 % Exam 1: **Thursday March 8**

28 % Exam 2 : **Thursday May 10** (last class).

5 % Paper Bibliography due **Thursday March 15**

5 % Paper Outline and Tables/Diagrams due **Tuesday April 17**

34 % Paper Final version due **Thursday May 3**

2. Students are responsible for announcements made in class and via E-mail.

3. As a general rule, I do not give make up exams. However, if there are exceptional circumstances that make it impossible for you to take an exam at the scheduled time you should contact me before the exam.

Paper:

I would like you to write a "country report" on a country from either Latin America, East Asia, Eastern Europe or Former Soviet States. I will talk in more detail in class about my expectations but the general guidelines are spelled out below . A sample of a country report will be on Reserve at the Social Science Research Library.

Important dates:

Choice of country: Due **Tuesday February 6.**

Bibliography: Due **Thursday March 15.**

Outline and tables or diagrams of economic indicators to be used: Due **Tuesday April 17.**

Final Version: Due **Thursday May 3.**

1. Choice of Country:

Since there are some countries that may present specific problems with the availability of data I would like you to submit your choice to be approved .

2. Bibliography, Outline, Data Sources:

Search first widely (International Organizations, Periodicals, WWW, etc) and then narrow your focus. Make copies of the Data (Xerox Tables, etc) or download it from the specific database or web site. I will provide additional information on data sources in class. You will need to use data from the World Development Indicators (WDI) (World Bank) available from Madcat, (more instructions will be provided).

3. Writing:

You need to describe the general characteristics of the country and the main social indicators (income distribution, literacy, average years of schooling, some poverty index, etc.). Next you need to analyze the evolution of the basic economic indicators over time (ideally data going back 20/30 years) and the economic conditions over the last 2/4 years. Basic indicators are GNP, GNP per capita, GNP growth, inflation, government deficit, some foreign trade indicator, real wage (if available). You then may choose to address some issue of particular importance for the specific country. You must provide citations for material that is not your own and full references for all your sources.

Length: About 10-12 written pages (at 12 pt. font) plus the relevant tables (average 10-12 tables). This of course will vary according to the availability of data.

E-mail and WEB Page

The class will be put on an electronic mailing list. This allows distribution of announcements and class related information to everyone. Please activate your account and check your E-mail regularly (this is mandatory).

Course Outline

I. Introduction and Strategies for Economic Development. (January 23)

"Income, Wealth and Growth in the World Economy," pages 678 - 684 in "Developing Countries: Growth, Crisis, and Reform," from International Economics by P. Krugman and M. Obstfeld, Addison Wesley Longman, 2000. (RP1, 8)

II. Economic Growth (January 25, 30, February 1, 6, 8)

"Economic Growth" from Macroeconomics, 2nd. Edition, N. G. Mankiw, Worth Publishers, 1994, (RP1, 2).

III. East Asia (February 8, 13, 15, 20)

"Growth, Equity and Economic Change" from The East Asian Miracle, A World Bank Policy Report, Oxford University Press, 1993, (RP1, 3).

"The Myth of Asia's Miracle," Paul Krugman, Foreign Affairs, November 1994, focus on material on East Asia, <http://web.mit.edu/krugman/www/myth.html>.

"Measuring Income Inequality," from "Miscellaneous technical Notes", (RP1, 10).

"Two Strategies for Economic Development" by Paul Romer, in Proceedings of the World Bank Annual Bank Conference on Development Economics, 1992 (selected pages), (RP1, 5).

"East Asian Crisis: An Overview," Ch.1 from East Asia: The Road to Recovery, The World Bank, September 1998, (RP1, 4).

"Sound Finance and Sustainable Development in Asia," Keynote Address to the Asia Development Forum by J. Stiglitz, Chief Economist, The World Bank, March 1998.

<http://www.worldbank.org/html/extdr/extme/jssp031298.htm> (pages 1, 2, 3 only).

"East Asia: Success and Crisis," pages 701 -705 from "Developing Countries: Growth, Crisis, and Reform," from International Economics by P. Krugman and M. Obstfeld, Addison Wesley Longman, 2000. (RP1, 8).

Additional readings may be added.

Latin America.

IV. Overview and Historical Legacies (February 22, 27)

Franco: Chapters 1 and 2.

"The Early 20th Century: Capital, Exports and Institutions", from Progress, Poverty and Exclusion, An Economic History of Latin America in the 20th Century, by Rosemary Thorp, Inter-American Development Bank, 1998, (RP1, 6).

V. Import Substitution (March 1, 6; Exam 1 : Thursday March 8).

Franko: Chapter 3.

"Miscellaneous Notes on Trade Theory", "The International Flows of Capital and Goods" and "Savings and Investment in an Open Economy," from "Miscellaneous Technical Notes," (RP1, 10).

"Three Phases of Argentine Economic Growth" by Alan M. Taylor, NBER Historical Paper # 60, 1994 (selected pages),(RP1, 7).

VI. Debt, Inflation and Stabilization (March 13, 15, 20).

Franko: Chapters 4 and 5 (up to page 135).

"Developing Country Borrowing and Debt," pages 685 - 697 in "Developing Countries: Growth, Crisis, and Reform," from International Economics by P. Krugman and M. Obstfeld, Addison Wesley Longman, 2000. (RP1, 8) .

"Sources of Inflation", and "How Important Has Seigniorage Been?," from "Miscellaneous Technical Notes," (RP1, 10).

VII. Opening , Reform, Crisis (March 22, 27, 29, April 10, 12).

Franko: Chapters 5 (136-145), 7, 8 and 9.

"Developing Countries: Growth, Crisis, and Reform," from International Economics by P. Krugman and M. Obstfeld, Addison Wesley Longman, 2000, pages 697-701 and 707 - 716, (RP1, 8) .

Selected pages from Growth, Employment and Equity: The Impact of Reforms in Latin America and the Caribbean, by Barbara Stallings and Wilson Peres, ECLAC (UN), Brookings Institution Press, 2000, (RP1, 9).

Argentine Crisis , December 2001 (readings to be announced).

VIII. Poverty and Inequality (April 17)

Franko: Chapter 11.

Eastern Europe and Former Soviet States.

IX. Economic Growth in Selected Countries (April 19, 24).

"The Command Economies: Performance and Decline," from Comparative Economic Systems, Sixth Edition, by P. Gregory and R. Stuart, Houghton Mifflin Company, 1999, (RP2).

"The Soviet Economic Decline: Historical and Republican Data," by William Easterly and Stanley Fisher, National Bureau of Economic Research, Working Paper No. 4735, May 1994, (RP2).

"The Myth of Asia's Miracle," Paul Krugman , Foreign Affairs, November 1994, focus on material on the Soviet Union, <http://web.mit.edu/krugman/www/myth.html>.

Additional readings may be added.

X. Transition, Reform and Outcomes: Former Soviet Union, Poland, Hungary and Czech Republic (April 26, May 1, 3, 8 ; Exam 2: Thursday May 10).

The Challenge of Transition: "Introduction" and "Patterns of Reform, Progress and Outcomes" from World Development Report 1996 (From Plan to Market), World Bank, Oxford University Press, (RP2).

"International Economic Problems of Former Communist Countries," from International Economics by P. Krugman and M. Obstfeld, Addison Wesley, 1996, (RP2).

"Russia's Crisis," pages 706 - 708 in "Developing Countries: Growth, Crisis, and Reform," from International Economics by P. Krugman and M. Obstfeld, Addison Wesley Longman, 2000. (RP1, 8)

Selected Pages from Transitions and Economics: Politics, Markets and Firms by Gerard Roland, MIT Press, 2000, (RP2).

"Transition Economies: Performance and Challenges," by Jan Svejnar, Journal of Economic Perspectives, Winter 2002.

"Eastern Europe: Poland, Hungary and the Czech Republic" from Comparative Economic Systems, Sixth Edition, by P. Gregory and R. Stuart, Houghton Mifflin Company, 1999, (RP2).

GRIEVANCE PROCEDURE

The Department of Economics has developed a grievance procedure through which you may register comments or complaints about a course, an instructor, or a teaching assistant. The Department continues to provide a course evaluation each semester in every class. If you wish to make anonymous complaints to an instructor or teaching assistant, the appropriate vehicle is the course evaluation. If you have a disagreement with an instructor or a teaching assistant, we strongly encourage you to try to resolve the dispute with him or her directly. The grievance procedure is designed for situations where neither of these channels is appropriate. If you wish to file a grievance, you should go to room 7238 Social Science and request a Course Comment Sheet. When completing the comment sheet, you will need to provide a detailed statement that describes what aspects of the course you find unsatisfactory. You will need to sign the sheet and provide your student identification number, your address, and a phone where you can be reached. The Department plans to investigate comments fully and will respond in writing to complaints. Your name, address, phone number, and student ID number will not be revealed to the instructor or teaching assistant involved and will be treated as confidential. The Department needs this information, because it may become necessary for a commenting student to have a meeting with the department chair or a nominee to gather additional information. A name and address are necessary for providing a written response.