Course Description:
The goal of this course is to provide students the opportunity to explore the phenomenon of economic development in a very specific context, El Salvador. In the first two sessions of the course, you will learn about the historical, social and economic context of El Salvador as well as the special problems that El Salvador faces with special emphasis on the role of remittances and microfinance. After we visit El Salvador the course will focus on the questions of Economic Development and how to apply that theory to the various situations that you witness while in El Salvador. Your task will be to develop an appropriate industrial policy for El Salvador.

Assignments and Readings

Session 1 (January 19th):

History and Culture of El Salvador
Readings: Selections from “Culture and Customs of El Salvador” by Bolan

Historical context of El Salvador

The Civil War
Reading: “Insurrection and Regime Change in El Salvador”
Film: Innocence Voices
Session 2 (Feb. 23rd)

Microfinance

Readings: “Small Loans and Big Ambitions” Economist, 3/16/07
Selections from the Economics of Microfinance, by de Aghion and Morduch

Remittances


Visiting El Salvador (March 2nd to March 9th)

We will spend the spring break visiting El Salvador. The five days will be spent working and visiting various sites in El Salvador. During the evenings various lectures will be given utilizing speakers and the facilities at the University of Central America (UCA) in San Salvador.
Session (March 30th):

Economic Development and Growth- The Basic Issues of the Growth
Topics: Economic Development versus Economic Growth, Production functions, Seven major controversies of Economic Development: What is Econ Development?; How does it occur?, Is there a difference between “growth” and “development”?; Population growth Versus Economic Growth? ; The tradeoff between Development and the Environment; Role of Trade, Role of Government

The Institutions of Economic Development;
Topics: IMF, World Bank, Role of Government, WTO
Selections from Stiglitz’s Globalization and Its Discontents
Selections from Baumol, et.al, Good and Bad Capitalism

Session 4 (May 4)

Profiles of Developing Countries
Readings: Selections from The Mystery of Capital by Hernando DeSoto
“Profitable Models and Market Creation in the Context of Deep Poverty: A Strategic View”
“Poverty and its Causes”

Industrial Policy
“New Development Economics:
We Shall Experiment, but How Shall We Learn?”
Dani Rodrik, John F. Kennedy School of Government - Harvard University

Wrap up and Salvadoran meal!

May 10th: Final Exam: Students will be asked to write an industrial policy position paper to IMF indicating what are the opportunities and threats to the economic development in El Salvador.
**Grading:** The final grade will be based on the student’s performance on three criteria

1.) Class participation (20%)

2.) Each student will be responsible for running the seminar twice during the semester (25%) 

3.) The journal that you will keep of your experience in El Salvador (15%).

4.) Final exam (40%)