Promoting Cross-Country Growth and Development:
Do Universal Principles Exist?

Assigned Discussion Group Moderators: Jimena Gonzalez (majimena), Sana Sehar (sanas), Xia Tian (isutian), and Xiaobo Xiong (xiaobo)

Date of Discussion: Thursday, November 5, 11-12:20 (first 80 minutes of class)

Required and Recommended Readings:


www.econ.iastate.edu/classes/econ502/tesfatsion/FadsFashionsInEconReforms.MNaim1999.pdf


PLEASE NOTE: All students should prepare to participate in this discussion by studying at least the required [**] readings above and by considering possible answers to the discussion questions posed below.
Specific Responsibilities of Discussion Group Moderators:

The moderators should prepare a clear concise hand-out for distribution to the class on the discussion date November 5th. The hand-out should provide suggested answers to the discussion questions detailed below (to the extent that the moderators believe that definite answers can be provided) as well as pointing out any aspects of these discussion questions that the moderators conclude are controversial, hence difficult to answer in a definite way. If possible, the hand-out should also be distributed in advance using the class email list macro502@iastate.edu at least one day prior to November 5th.

The moderators should come to class on November 5th prepared to lead a class discussion on their hand-out (hence on the discussion questions below). The moderators should encourage the participation of all students in the discussion by (if necessary) calling on students to express their ideas.

Some Suggestions: Rather than going over all of the moderators’ responses to all of the discussion questions all at once, prior to any class discussion, I recommend that the moderators instead take up each discussion question one by one. As each discussion question is considered, the class participants should be encouraged (or called upon!) to comment on the moderators’ proposed answer(s) as outlined in their handout. Preparation of a few transparencies/ppt slides could help to focus the discussion.

Evaluation of Discussion Group Moderators:

I will evaluate the performance of the moderators (as a group) on the basis of their hand-out and in-class discussion moderation. It is expected that each of the moderators will actively participate in both aspects. The judgements of all class participants will be taken into account in this evaluation through an anonymous ballot. The points earned by the moderators (up to a maximum of ten) will be included in the determination of each member’s total accumulated point score for Econ 502.
KEY ISSUE: Are there any universally valid principles that should everywhere be used to guide the design and implementation of public policies for economic growth and development?

DISCUSSION QUESTIONS:

Discussion Question 1: Explain what is standardly meant in the economics literature by the following two terms: (1) economic growth; and (2) economic development. Is “economic growth” necessary for “economic development”? Is “economic development” necessary for “economic growth”?

Discussion Question 2: What was the originally intended meaning of the “Washington Consensus” as elaborated by John Williamson [1]? Is the Washington Consensus now dead?

Discussion Question 3: Moises Naim [2] argues (p. 25) that consensus among economists regarding which public policies should be used to move countries forward on the path to prosperity is still elusive. He concludes that any new consensus that might emerge will surely include five elements. As a possible basis for a new consensus, he then outlines “two stages of economic liberalization” that embody these five elements. Does Naim’s two-stage process constitute a set of “universally valid principles” for ensuring long-run growth and prosperity? To what extent is it consistent with the original conception of the Washington Consensus as elaborated by John Williamson [1]?

Discussion Question 4: Rodrik [3] concludes (p. 1010) that “rule-of-thumb economics, which has long dominated thinking on growth policies, can be safely discarded.” Elaborate more carefully Rodrik’s position with regard to the existence of “universal principles” for the design of successful growth-promoting strategies. Are his ideas consistent with those of Naim [2]? Are his ideas well supported by empirical evidence?