

Econ 360-001: Economics of Developing Areas
Fall 2020, Tuesday and Thursday 10:30 - 11:45 a.m.
Robinson Hall B111

Instructor: Zachary Kessler

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Office Hours: Wednesdays 1-3 p.m. or by Appointment on Zoom

Course Description

This class provides an overview of economic development as a field. Functionally, this means covering a wide swathe of topics including growth theory, legal origins of property, political economy, monetary forces, public health policy, and historical institutions to name only a few areas we will discuss. All of these focuses relate to the two core concerns of economic development and the primary questions of this class:

1. Why are some nations rich and others poor?
2. How do poor nations become rich and rich nations become poor?

Reading and Textbooks:

There will be no traditional “textbook” in this class. Instead, it will utilize a number of books, or sections of books, as well as academic articles to be assigned each week. The only books required for this class are provided below:

Abhijit Banerjee and Esther Duflo. *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*. Public Affairs, 2011

William Easterly. *The Elusive Quest for Growth*. MIT Press, Cambridge MA, 2001

Course Prerequisites:

This course is based on foundations provided in the ECON 103 and ECON 104 classes. Terminology, methodology, and applications from these two classes greatly overlap with this course. If you have not taken either of these courses, please speak with me on the first day. A lack of experience in those classes does not preclude you from success in this one, it simply means there are likely some items we need to discuss to ensure you are in the best position to do so.

In addition, because of the reliance on academic articles as some of the primary resources in the class, a basic mathematical and statistical knowledge is helpful, although not necessary. I will walk through the basics of any article assigned and point out the most critical insights to take from each piece.

Course Grading and Assignments:

Grading in this class follows:

Grade	Expectation
A (90-100)	Student clearly comprehends and applies the material effectively, completes all assignments exceptionally, and participates meaningfully in class discussion.
B (80-89)	Student holds an above average grasp on the material, succeeds in assignments, and provides solid insight in class discussion.
C (70-79)	Student meets the necessary bar for understanding the material, fulfills the obligations of assignments, and sufficiently participates in class.
D (60-69)	Student holds an elementary understanding of the material, fails to demonstrate effective work on most assignments, and engages in no effective class participation.
F (0-59)	Student is unsuccessful at demonstrating understanding of the material and shows no desire to improve in all class activities.

Your grade will be determined by a few things in this class.

1. Two midterm exams each worth 20% of your grade, these midterms will be positioned after the first and second third of the class.

If you are unable to take the exam on a specific day, reach out to me as soon as you know you cannot attend. We will work out an alternative date, prior to the day the class takes the exam.

2. Final Project worth 40% of your grade, a paper and presentation on an economic development topic of your choosing.

The paper should be between 8-12 double spaced pages in length, covering a topic of interest from the class. Your paper can address a wide array of concerns from something very specific (the economic impact of deworming efforts in rural India), to a far broader area (the role of colonial institutions in shaping present day economic growth). The presentation should be around 10 minutes and outline the key insights of your paper. The goal is to have you asking interesting questions, developing methods and arguments to answer those questions, and effectively communicating both through verbal and written means. We will discuss the specifics of this assignment more in class.

3. Homework Assignments worth 10% of your grade, very small written assignments assigned at the end of various units in class. Grade is based upon completion of the assignment.
4. Class Participation worth 10% of your grade, asking insightful questions based upon the readings and presentations, engaging in discussion with classmates.

Actively participating in class discussions will be important. We have a smaller class which opens up the space for a deeper conversation than otherwise possible and participation in those conversations will be important for your understanding and grade.

Student Absence Policy

All students have three free absences at the start of the semester. This policy means that three times during the semester, you can miss class without notifying me and there will be no consequences whatsoever. Obviously, this semester may have some added elements of chaos and the goal of this policy is to ensure you have the flexibility to stay safe or address any other important matters that could arise without worrying about the impact on your grade. All I ask is you do not abuse this policy in an effort to take three free days. The purpose of giving you this option is so you can address any health issues or challenges that may arise. If you need to miss an exam day, you do still need to notify me so a new date can be set for you. If any other homework assignment is missed, I will notify you and send the assignment.

Potential Changes:

Due to the COVID-19 pandemic and the ever-changing circumstances surrounding it, the class may need to go online. If that occurs, a few changes to the course will be necessary. First, lectures will transition to Zoom calls at the same time as class. Second, the full participation portion of the grade will be given to all students. Third, homework and exams will be administered online. Finally, final presentations will occur on Zoom and your paper submitted via email. Therefore, the only real technology needs for this class is a computer with the access to a word processor and presentation software.

Course Schedule:

August 25 – Introduction and the “Why” of Development

Charles I. Jones, The Facts of Economic Growth

September 1 – Property Rights

Harold Demsetz, Toward a Theory of Property Rights

Ilia Murtazashvili and Jennifer Murtazashvili, The Origins of Private Property Rights: States or Customary Organizations?

Claudia Williamson and Carrie Kerekes, Securing Private Property: Formal versus Informal Institutions

William Easterly – The Elusive Quest for Growth Chapter 1-3

September 8 – Markets

William Easterly – Adam Smith as Development Economist

Friedrich Hayek – Use of Knowledge in Society

Glen Weyl and Richard Posner – Radical Markets Chapter 1: Property as Monopoly

William Easterly – The Elusive Quest for Growth Chapter 4-6

September 15 – States

Daron Acemoglu, Simon Johnson, and James A. Robinson, The Colonial Origins of Comparative Development: An Empirical Investigation

Douglass C. North, John J. Wallis, and Barry R. Weingast, A Conceptual Framework for Interpreting Recorded Human History

William Easterly – The Elusive Quest for Growth Chapter 7-9

September 22 – Growth Theory – Solow

Marginal Revolution University, Growth, Capital Accumulation and the Economics of Ideas, <https://mru.org/courses/principles-economics-macroeconomics/solow-model-economic-growth>

Gregory Mankiw, David Romer, and David N. Weil, A Contribution to the Empirics of Economic Growth

William Easterly – The Elusive Quest for Growth Chapter 10-12

September 29 – Growth Theory – Romer

Charles I. Jones, Paul Romer: Ideas, Nonrivalry, and Endogenous Growth

Michael Kremer, The O-Ring Theory of Economic Development

William Easterly – The Elusive Quest for Growth Chapter 13-14

October 6 – Midterm #1

October 13 – Introduction to the “How” of Development

Abhjit V. Banerjee and Esther Duflo, Poor Economics Chapter 1-2

October 20 –Discrimination and Violence

Lisa D. Cook, Violence and Economic Activity: Evidence from African American Patents, 1870 to 1940

Esther Duflo, Women Empowerment and Economic Development

Melissa Dell, The Persistent Effects of Peru’s Mining Mita

Abhjit V. Banerjee and Esther Duflo, Poor Economics Chapter 3-4

October 27 – Money and Deficits

Sebastian Edwards and Guido Tabellini, Explaining Fiscal Policies and Inflation in Developing Countries

James Buchanan and Richard Wagner, Democracy in Deficit Chapter 7 & 8

Abhjit V. Banerjee and Esther Duflo, Poor Economics Chapter 5-6

November 3 –Systematic Forces Part 1

Ben Bernake, The Macroeconomics of the Great Depression: A Comparative Approach

Gordon Tullock, The Paradox of Revolution

Abhjit V. Banerjee and Esther Duflo, Poor Economics Chapter 7-8

November 10 –Systematic Forces Part 2

Veronica Guerrieri, Guido Lorenzoni, Ludwig Straub, and Ivan Werning, Macroeconomic Implications of COVID-19: Can Negative Supply Shocks Cause Demand Shortages?

William Nordhaus, Reflections on the Economics of Climate Change

Abhjit V. Banerjee and Esther Duflo, Poor Economics Chapter 9-10

November 17 – What Can We Do?

November 24 – Midterm #2

December 1 – Presentations

GMU Honor Code:

Students are expected to follow GMU's Honor Code in every aspect of the course. No cheating or plagiarism will be tolerated for any assignments. Any individual caught using such methods will be reported to the necessary parties.

Statement on Accommodations:

Any student with a disability who desires academic accommodations, please let me know and reach out to GMU Disability services via email at ods@gmu.edu or on the phone, 703-993-2474. Any arrangements to be made will be done so through this office.

Statement on Inclusivity

This class will cultivate an inclusive environment supporting a broad variety of experiences and backgrounds. These differences are to be acknowledged, celebrated, and allowed to provide unique perspectives on any discussions in class.

Student Privacy

During the course of this class, no student's personal information will be disclosed to anyone. For more information on your rights to privacy in this class under FERPA, please visit this link: <https://registrar.gmu.edu/ferpa/>.

Other Student Resources

Keep Learning, Learning Services (learningservices.gmu.edu/keeplearning/)

University Libraries (library.gmu.edu)

Writing Center (writingcenter.gmu.edu)

Counseling and Psychological Services (caps.gmu.edu)