

Moravian College  
Department of Economics and Business  
**Economics 228: Economic Development**  
Fall 2012 (M W 2:35-3:45)

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Office Hours: M&W 4:00-5:30 PM, Tu 2:00-3:00 PM, and by appointment

**Prerequisites:** ECON 152: Principles of Economics

**Texts:**

Daron Acemoglu and James A. Robinson; *Why Nations Fail: The Origins of Power, Prosperity and Poverty*, Crown Business, New York, 2012 (A&R)  
William Easterly: *The Elusive Quest for Growth*, The MIT Press, 2002 (E)

**Course Objectives:**

Starting with Adam Smith, development has intrigued many great minds, including Paul Krugman. (New Yorker, March 1, 2010, p. 49.)

There are some big questions in development that he'd like to think seriously about. "How is it that most of the world remains so poor? ... That was the old mystery. The new mystery is 'Why is it that every once in a while it's as if somebody turned on a switch and some previously hapless country suddenly goes soaring?'"

[http://www.newyorker.com/reporting/2010/03/01/100301fa\\_fact\\_macfarquhar?currentPage=11](http://www.newyorker.com/reporting/2010/03/01/100301fa_fact_macfarquhar?currentPage=11)

The purpose of this class is to answer the question! Specifically, you will:

- Differentiate economic development from development and growth
- Appreciate the interplay of geographic, cultural, political, and economic factors in the process of economic development
- Identify and evaluate the drivers of economic change
- Understand the complexity of the issue of economic development over time and across countries, including the issue of sustainability
- Review and reinforce basic economic concepts as they relate to economic development

**Requirements:**

I assign **homework** regularly from every chapter and from the assigned readings. Doing homework is the best way to learn the material—and some homework problems appear on each exam! Every completed homework counts for 0.5% of your grade up to 10%; it is not graded. If you are doing HW with someone else, or giving or receiving help, you must acknowledge it by writing all **names** on you HW. No late HW, please!

To stay abreast of the news, find three **articles** relating to the course. The Economist ([www.economist.com](http://www.economist.com)) is the best source; blogs are generally the worst source. Briefly analyze the article using the material we have studied. Specific instruction will follow. Each article is worth 2.5% of your grade. The first article is due on October 3, the second one on November 7, and the third one on November 19.

I post notes on **Blackboard**—please check the site regularly!

Three **exams** consist mostly of essay questions. Except in cases of serious and verifiable emergencies, there are no **make-up** exams. The **final exam**, focusing on the objectives listed above, is required if you skip an exam during the semester. It is optional if you take all three exams; I drop the lowest exam grade. **Cell phones** are prohibited during exams.

**Exam Dates:**

Exam 1: September 26 (Wednesday)  
Exam 2: October 31 (Wednesday)  
Exam 3: November 28 (Wednesday)  
Final Exam: December 12 (Wednesday at 8:30 AM)

**Grading:** Homework.....10.0%  
Three Articles.....7.5%  
Three Exams.....82.5%

**Grading Scale and Curve:**

	93 - 100: A	90 - 92.99: A-	
87 - 89.99: B+	83 - 86.99: B	80 - 82.99: B-	
77 - 79.99: C+	73 - 76.99: C	70 - 72.99: C-	
67 - 69.99: D+	63 - 66.99: D	60 - 62.99: D-	00 - 59.99: F

I curve the exams so that approximately half the class has As and Bs (and half C or less).

**Attendance Policy:**

Attendance does not enter your grade directly, but it affects your grade indirectly. It allows you to participate and learn from your classmates. It also reinforces your reading.

**Academic Honesty Policy:**

I encourage you to study in groups and to discuss all homework assignments, but you must write your **own** homework answers. If you give me the same answer with two names each, you will get half credit. If you copy your answers from another student or if you let another student copy from you, you will receive a zero for the HW assignment. If you copy an exam answer from another student or let another student copy from you, you will receive a zero on the exam.

Beware of **plagiarism**! When summarizing articles or information for your article assignment, you must reformulate it in your own words or present the text exactly as it appears in the article in quotes. If you lift **three** or more words from the original, you must use quotation marks. Failure to do so constitutes plagiarism, and you earn zero on the assignment.

Multiple offenses result in zero for the course. Read the college policy in the Student Handbook!  
[http://www.economist.com/blogs/asiaview/2010/07/academic\\_fraud\\_china](http://www.economist.com/blogs/asiaview/2010/07/academic_fraud_china).

**Special accommodations:**

Students who wish to request accommodations in this class for a disability should contact Elaine Mara, assistant director of learning services for academic and disability support at 1307 Main Street, or by calling 610-861-1510. Accommodations cannot be provided until authorization is received from the Academic Support Center.

### Schedule:

Week	Topics	Text
Aug. 27	So Close and Yet So Different HDI <a href="http://hdr.undp.org/en/statistics/data/calculator/">http://hdr.undp.org/en/statistics/data/calculator/</a> Theories That Don't Work The Making of Prosperity and Poverty	A&R, Chapter 1 HDR A&R, Chapter 2 A&R, Chapter 3
Sept. 3 (1 class)	Labor Day Small Difference at Critical Junctures The Middle East	A&R, Chapter 4 Kuran
Sept. 10	Growth under Extractive Institutions Gulag Drifting Apart	A&R, Chapter 5 Remnick A&R, Chapter 6
Sept. 17	The Turning Point Barriers to Development <a href="http://ngm.nationalgeographic.com/ngm/0507/feature2/">http://ngm.nationalgeographic.com/ngm/0507/feature2/</a> <a href="http://www.newworldencyclopedia.org/entry/Zheng_He">http://www.newworldencyclopedia.org/entry/Zheng_He</a> (Rosh Hashanah-Sept. 19)	A&R, Chapter 7 A&R, Chapter 8
Sept. 24	Reversing Development Exam 1 (9/26/12)	A&R, Chapter 9 Chapters 1-8
Oct. 1	The Diffusion of Prosperity The Virtuous Circle Article 1	A&R, Chapter 10 A&R, Chapter 11
Oct. 8 (1 class)	Fall Recess The Vicious Circle Disease and Intelligence Review of <u>States and Power in Africa</u>	A&R, Chapter 12 <u>Economist</u> 7/3/2010 Robinson
Oct. 15	Why Nations Fail Today Zimbabwe Breaking the Mold	A&R, Chapter 13 2 articles A&R, Chapter 14
Oct. 22	Botswana Understanding Prosperity and Poverty	Rodrik, 4 A&R, Chapter 15
Oct. 29	Worldwide Standard of Living Exam 2 (10/31/12)	Easterlin Chapters 9-15+
Nov. 5	Growth Matters: To Help the Poor Aid for Investment Esther Duflo The Facts of Growth Article 2	E, Chapter 1 E, Chapter 2 <u>New Yorker</u> , 05/17/12 Blanchard, 10

Nov. 12	Solow's Surprise The Lump of Labor Fallacy <a href="http://www.economist.com/node/21547263">http://www.economist.com/node/21547263</a> Educated for What? Cash for Condoms? Demographic Transition Loans That Were, Growth That Was Not Forgive Us Our Debts	E, Chapter 3 <u>Economist</u> : 02/11/12 E, Chapter 4 E, Chapter 5 <u>National Geographic</u> E, Chapter 6 E, Chapter 7
Nov. 19 (1 class)	Tales of Increasing Returns Sizing up China's cities Creative Destruction The service elevator Article 3	E, Chapter 8 <u>Economist</u> : 09/18/10 E, Chapter 9 <u>Economist</u> : 05/21/11
Nov. 26	Luck, Government & Corruption Exam 3 (11/28/12)	E, Chapters 10-12 E, Chapters 1-12
Dec. 3	Polarized Peoples; Conclusion Review	E, Chapters 13 & 14 Easterly
Dec. 12	Final Exam (Wednesday, 8:30 AM)	Selected Chapters

The syllabus is subject to change.

#### References:

Easterlin, Richard: "The Worldwide Standard of Living since 1800," *The Journal of Economic Perspectives*, Volume 14, #1, Winter 2000, pp. 7-26.

Kuran, Timur, "Why the Middle East Is Economically Underdeveloped: Historical Mechanism of Institution Stagnation," *Journal of Economic Perspectives*, Summer 2004, 71-90.

Remnick, David, "Seasons in Hell," *The New Yorker*, April 14, 2003, pp. 76-80.

Rodrik, Dani, ed., *In Search of Prosperity*, Princeton University Press, 2003

Robinson, James, "States and Power in Africa by Jeffrey Herbst: A Review Essay," *Journal of Economic Literature*, Vol. XL (June 2002), pp. 510-519.

Ernest Aryeetey, Shantayanan Devarajan, Ravi Kanbur, Louis Kasekende (editors), *The Oxford Companion to the Economics of Africa*, Oxford University Press, 2012