

Moravian College
Department of Economics and Business
Economics 328: Economic Development
Spring 2013 (M 11:00)

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Office Hours: T&R 4:00-5:00 PM, F 1:00-3:00 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

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) is the best source; blogs are generally the worst source. Briefly analyze the article using the material we have studied. Instructions are attached. Each article is worth 2.5% of your grade. The first article is due on February 18, the second one on April 1, and the third one on April 19.

Paper instructions (for 20% of your grades) will follow.

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** and **leaving** the classroom are prohibited during exams.

Exam Dates:

Exam 1: February 15 (Friday)
Exam 2: March 28 (Friday)
Exam 3: April 22 (Monday)
Final Exam: Date to be arranged

Grading:

Homework.....10.0%
Three Articles.....7.5%
Paper.....20.0%
Three Exams.....62.5%

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:

I urge you to come to class regularly! Attendance does not enter your grade directly, but it has a large impact indirectly. It allows you to participate, learn from your classmates, and get a better sense of what is important. Moreover, the lectures and the text reinforce one another.

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 HW or exam answers from another student or if you let another student copy from you, you will receive a zero for the HW assignment.

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.

Do not risk suspension from CNN and the Washington Post!

http://www.washingtonpost.com/lifestyle/style/fareed-zakaria-suspended-by-cnn-time-for-plagiarism/2012/08/10/f6315e96-e335-11e1-ae7f-d2a13e249eb2_story.html

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.

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
Jan. 14	So Close and Yet So Different Theories That Don't Work The Making of Prosperity and Poverty	A&R, Chapter 1 A&R, Chapter 2 A&R, Chapter 3
Jan. 21	Small Difference at Critical Junctures The Middle East	A&R, Chapter 4 Kuran
Jan. 28	Growth under Extractive Institutions Gulag Drifting Apart	A&R, Chapter 5 Remnick A&R, Chapter 6
Feb. 4	The Turning Point Barriers to Development http://ngm.nationalgeographic.com/ngm/0507/feature2/ http://www.newworldencyclopedia.org/entry/Zheng_He	A&R, Chapter 7 A&R, Chapter 8
Feb. 11	Reversing Development Exam 1 (2/15/13)	A&R, Chapter 9 Chapters 1-8
Feb. 18	The Diffusion of Prosperity The Virtuous Circle Article 1 (2/18/13)	A&R, Chapter 10 A&R, Chapter 11
Feb. 25	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
March 4	Spring Break	
March 11	Why Nations Fail Today Zimbabwe Breaking the Mold	A&R, Chapter 13 2 articles A&R, Chapter 14
March 18	Botswana Understanding Prosperity and Poverty	Rodrik, 4 A&R, Chapter 15
March 25	Worldwide Standard of Living HDI http://hdr.undp.org/en/statistics/data/calculator/ Exam 2 (3/28/13)	Easterlin HDR Chapters 9-15+

April 1	Growth Matters: To Help the Poor Aid for Investment Esther Duflo The Facts of Growth Solow's Surprise The Lump of Labor Fallacy http://www.economist.com/node/21547263 Article 2 (4/1/13)	E, Chapter 1 E, Chapter 2 <u>New Yorker</u> , 05/17/12 Blanchard, 10 E, Chapter 3 <u>Economist</u> : 02/11/12
April 8	Educated for What? Cash for Condoms? Demographic Transition Loans That Were, Growth That Was Not Forgive Us Our Debts	E, Chapter 4 E, Chapter 5 <u>National Geographic</u> E, Chapter 6 E, Chapter 7
April 15	Tales of Increasing Returns Sizing up China's cities Creative Destruction The service elevator Article 3 (4/19/13) Luck, Government & Corruption	E, Chapter 8 <u>Economist</u> : 09/18/10 E, Chapter 9 <u>Economist</u> : 05/21/11 E, Chapters 10-12
April 22	Exam 3 (4/22/13) Polarized Peoples; Conclusion	E, Chapters 1-12 E, Chapters 13 & 14
April 29	Final Exam	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

http://articles.washingtonpost.com/2012-04-20/entertainment/35453918_1_vast-mineral-wealth-economic-institutions-democratic-republic

<http://www.adamsmith.org/research/articles/review-why-nations-fail-the-origins-of-power-prosperity-and-poverty>

ECON 228-13

Leeds

Article Instructions

Article:

Find an article that is related to a topic we have covered in class. A short newspaper article (e.g. from The New York Times) or magazine article (e.g. The Economist) is appropriate. Do NOT read a professional or academic paper. Choose an article that covers an issue, or a controversy, or a change. Do NOT pick a simple announcement because there is little to analyze. Xerox it and attach it to the write-up.

Write-Up:

Let the title of the article serve as the title of the assignment. List the source and the date as a subtitle.

Please type and double space, and attach a copy of the article.

In the first paragraph, describe the main ideas of the article in your own words, highlighting the ideas that are related to this course. Typically, you will find the most important idea in the beginning of the article; the idea may be reiterated at the end.

Do not attempt to summarize the whole article.

In the following one to three paragraphs (depending on the main ideas above), explain the article using the class material. Do not give me simple definitions. I want you to reflect on the article. For example, you may compare the analysis of an issue in the books we are reading and in the article and explain why they differ or why they are the same. Alternatively, you may find that the article is an application of a general issue explained in the first book, such as extractive institutions.

Be creative!