

ECON 360-003: Economics of Developing Areas

Syllabus: Fall 2014
Classes: T-Th 3:00 p.m.- 4:15 p.m.
Location: Innovation Hall 208

Instructor: Joshua Trojnia
Email: jtrojnia@masonlive.gmu.edu
Office Hours: by appointment

COURSE DESCRIPTION

This course is an investigation into one of the most enduring questions in economics: “Why are some nations rich while others are poor?” The goal of this course is to explore some of the answers that have been offered by economists over the years and to help you to learn to apply the “economic way of thinking” when considering the challenges of development.

COURSE PREREQUISITES

ECON 103 (Contemporary Microeconomic Principles) and ECON 104 (Contemporary Macroeconomic Principles)

REQUIRED TEXTS

1. **Acemoglu, D. and J.A. Robinson** (2012). *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*. New York: Crown Business. ISBN 978-0-307-71921-8 (**WNF**)
2. **Banerjee, A. and E. Duflo** (2011). *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*. New York: Public Affairs. ISBN 978-1-61039-093-4 (**PE**)
3. **Bauer, P.T.** (2000). *From Subsistence to Exchange and Other Essays*. Princeton: Princeton University Press. ISBN 978-0-691-11782-9 (**SE**)
4. **Coyne, Christopher J.** (2013). *Doing Bad by Doing Good: Why Humanitarian Action Fails*. Stanford: Stanford University Press. ISBN 978-0-8047-7228-0 (**DBDG**)
5. **Easterly, William** (2001). *The Elusive Quest for Growth*. Cambridge: MIT Press. ISBN 978-0-262-55042-0 (**EQG**)

In addition to the material from the required texts, readings from journal articles and other online sources will be assigned. All articles will be available online, through JSOTR or the through the GMU library research portal. Hard to find articles will be posted on Blackboard.

GRADING

Short Essays:	2% each (20% total)
Class Participation:	5%
Take Home Exam:	20%
Paper Proposal:	10%
Paper Rough Draft:	15%
Paper Presentation:	5%
Paper Final Draft:	25%

Short Essays

There will be a total of 12 short essays assigned throughout the semester. Each essay will be no longer than one page. In order to get full credit (2 points) for your essay, you must turn in a hard copy before the beginning of the class following the one in which the essay was assigned. Hard copies turned in after the start of class or e-mailed will receive half credit (1 point). If your essay is not turned in (either as a hard copy or e-mailed) by the end of class, you will receive no credit. Your lowest two essay scores will be dropped.

Participation

Given the topic of this course, class discussion will play an important part in each session. In order to participate properly in these discussions, you need to do the readings. It will be helpful to make notes in the margins as you go through the readings. Write down important points and any questions that you may come up with while you are reading.

Take Home Exam

The take home exam will consist of five questions, of which you will be required to answer four. You are limited to 4,000 words (about 1,000 per question). Each question will be worth 5 points. You may work in groups, but you each must turn in your answers separately, with the names of the other members of the group included at the end of the paper. Also include the word count (note that the word count does not include your name, the names of the people in your group, header information, or the word count itself).

Paper

This is a writing intensive course, which is why the paper counts for half of your grade. It will be done in stages, with feedback provided along the way. Keep in mind that *both* content and style are important. You have to do more than present accurate information about a good topic - you have to express it well. Your goal should be to make me *want* to read your paper.

Since you have the full semester to work on the paper and I am making the deadlines known in advance, there will be no extensions or exceptions to them. We all know that computers crash, documents get deleted, and printers don't always work. It is precisely because such occurrences are general knowledge that you should factor them into your scheduling. Prepare for the worst - don't just hope for the best.

For the research paper, you are to choose a topic having to do with development economics. Since this is such a broad field, you should have no trouble coming up with a suitable topic. If you are wondering if a topic is suitable, ask me about it. In writing your paper, do not just supply evidence in favor of position. Make sure to address possible criticisms of your thesis as well.

- Your paper proposal should be no longer than a page and should consist of your thesis statement and basic information that supports your hypothesis. There will be a guide posted on Blackboard to help you prepare your proposal.
- Your rough draft should be *between 10 and 15 pages long* (Times New Roman, double spaced, 12pt font, 1in margins). In this rough draft, you should cover the arguments in favor of your thesis, as well as possible criticisms and counterfactuals. At this point, it should begin to look like a journal article, with an abstract and the appropriate sections. In addition, your rough draft should include a list of works cited (not included in the page count). There is no absolute minimum number of references required, but it is unlikely that you would have less than four (not including the material covered in class) if you have truly done research on your topic. Attempts to "pad" this list (or the one for the final draft) with Wikipedia pages, encyclopedia or dictionary entries, or irrelevant websites will be ignored.
- Each of you will be presenting your paper during one of the four classes set aside for presentations. You will have no more than four minutes to present your paper, with an additional one minute for questions. Time will be strictly kept. Since public speaking is an important skill, like writing style, you need to be not only informative, but also interesting.
- The final draft of your paper should be an improvement on your rough draft. It should incorporate comments made on your rough draft, as well as comments or questions from your presentation. The final draft should be *no more than 12 pages long* (Times New Roman, double spaced, 12pt font, 1in margins), not including the works cited list. Again, there is no minimum number of references, but you should likely have more than you had in your rough draft. Make sure to hand in your original rough draft, or a photocopy of it, along with your final draft so that I can note the changes that you made.

GRADING SCALE

A+ 98+ | A 93-97 | A- 90-92 | B+ 88-89 | B 83-87 | B- 80-82 | C+ 78-79 | C 73-77 | C- 70-72
| D+ 68-69 | D 60-67 | F 0-59

COMMUNICATION

The best way to communicate with me is through email. I will respond to clear and concise questions regarding the material as quickly as possible. If you need to ask me a question in person, make an appointment to meet with me or speak with me after class.

HONOR CODE POLICY

George Mason University has an Honor Code which requires all members of this community to maintain the highest standards of academic honesty and integrity. Cheating, plagiarism, lying, and stealing are all prohibited. All violations of the Honor Code will be reported to the Honor Committee.

DISABILITIES RESOURCE CENTER

If you are a student with a disability and you need academic accommodations, please see me and contact the Office of Disability Resources at 703-993-2474. All academic accommodations must be arranged through that office. ods.gmu.edu

CAMPUS RESOURCES

Writing Center: A114 Robinson Hall; 703-993-1200; writingcenter.gmu.edu

University Libraries: "[Ask a Librarian](#)"

Counseling and Psychological Services: 703-993-2380; caps.gmu.edu

IMPORTANT DATES

Students are responsible for verifying their enrollment in this class.

Last Day to Add Classes:	September 2, 2014
Last Day to Drop (No Tuition Penalty):	September 2, 2014
Last Day to Drop (33% Tuition Penalty):	September 16, 2014
Last Day to Drop (67% Tuition Penalty):	September 26, 2014

After September 26, withdrawing from this class requires the approval of the dean and is only allowed for non-academic reasons. Undergraduate students may choose to exercise a selective withdrawal. See the Schedule of Classes for selective withdrawal procedures.

CLASS OUTLINE

Session	Date	Topic	Readings
1	8-26	Introduction	
2	8-28	What is Development?	Pritchett (1997), Boettke and Subrick (2003), Leeson (2010)
3	9-2	Patterns of Problems	
4	9-4	Root Issues	
5	9-9	Thinking like an Economist	Mises (1920), Hayek (1945)
6	9-11	The Washington Consensus	EQG 11 and 12, Frye and Shleifer (1997)
7	9-16	“Washington Confusion”	Rodrik (2006), Acemoglu and Robinson (2000)
8	9-18	Foreign Aid: Popularity	PE 1, EQG 1 and 2
9	9-23	Foreign Aid: Pitfalls	EQG 3 and 6, Burnside and Dollar (2000), Djankov et al. (2008)
10	9-25	Foreign Aid: Limitations	SE 5, DBDG 3 and 8 PROPOSAL DUE
11	9-30	Geography I	Sachs (2001), Sachs and Warner (2001), Sachs (2003)
12	10-2	Geography II	WNF 2, SE 9
13	10-7	Fractionalization	EQG 13, Leeson (2005), Easterly (2001)
14	10-9	Population	EQG 5, PE 5 TAKE HOME DUE
	10-14	No Class	Columbus Day
15	10-16	Health	PE 2 and 3
16	10-21	Education	EQG 4 and 8, PE 4
17	10-23	Capital and Microfinance	SE 1, PE 6,7,8
18	10-28	Institutions: Introduction	North (1991), WNF Preface,1,9, Coyne and Leeson (2004)
19	10-30	Democracy	Olson (1993), Almeida and Ferreira (2002), WNF 13, PE 10
20	11-4	Rule of Law	Rubin (1977), Glaeser and Shleifer (2002), Boettke and Coyne (2003)
21	11-6	Property Rights	Demsetz (1967), WNF 11, Williamson and Kerekes (2009)
22	11-11	Informal Institutions	Williamson (2010), Gorodnichenko and Roland (2011), Boettke, Coyne, and Leeson (2008)
23	11-13	Emigration	Clemens (2011)
24	11-18	Development Moving Forward	EQG 14, WNF 15, Coyne and Boettke (2006)
25	11-20	Presentations	ROUGH DRAFT DUE
26	11-25	Presentations	
	11-27	No Class	Thanksgiving Break
27	12-2	Presentations	
28	12-4	Paper Workshop	
	12-9	No Class	Reading Day

JOURNAL ARTICLES

- Acemoglu, D. and Robinson, J. (2000). "Political Losers as a Barrier to Economic Development". *American Economic Review*, 90(2):126–130.
- Almeida, H. and Ferreira, D. (2002). "Democracy and the Variability of Economic Performance". *Economics and Politics*, 14(3):225–257.
- Boettke, P. and Subrick, R. J. (2003). "Rule of Law, Development, and Human Capabilities". *Supreme Court Economic Review*, 10:109–127.
- Boettke, P. J. and Coyne, C. J. (2003). "Entrepreneurship and Development: Cause or Consequence". *Advances in Austrian Economics*, 6:67–88.
- Boettke, P. J., Coyne, C. J., and Leeson, P. T. (2008). "Institutional Stickiness and the New Development Economics". *American Journal of Economics and Sociology*, 67(2):331–358.
- Burnside, C. and Dollar, D. (2000). "Aid, Policies and Growth". *American Economic Review*, 97(2):328–332.
- Clemens, M. (2011). "Economics and Emigration: Trillion Dollar Bills on the Sidewalk?". *Journal of Economic Perspectives*, 25(3):83–106.
- Coyne, C. J. and Boettke, P. J. (2006). "The Role of the Economist in Economic Development". *Quarterly Journal of Austrian Economics*, 9(2):47–68.
- Coyne, C. J. and Leeson, P. T. (2004). "The Plight of Underdeveloped Countries". *Cato Journal*, 24(3):235–249.
- Demsetz, H. (1967). "Toward a Theory of Property Rights". *The American Economic Review*, 57(2):347–359.
- Djankov, S., Montalvo, J., and Reynal-Querol, M. (2008). "The Curse of Aid". *Journal of Economic Growth*, 13(3):169–194.
- Easterly, W. (2001). "Can Institutions Resolve Ethnic Conflict". *Economic Development and Cultural Change*, 49(4):687–706.
- Frye, T. and Shleifer, A. (1997). "The Invisible Hand and the Grabbing Hand". *The American Economic Review*, 87(2):354–358.
- Glaeser, E. and Shleifer, A. (2002). "Legal Origins". *Quarterly Journal of Economics*, 117(4):1193–1229.
- Gorodnichenko, Y. and Roland, G. (2011). "Which Dimensions of Culture Matter for Long-Run Growth?". *The American Economic Review*, 101(3):492–498.
- Hayek, F. A. (1945). "The Use of Knowledge in Society". *The American Economic Review*, 35(4):519–530.
- Leeson, P. (2005). "Endogenizing Fractionalization". *Journal of Institutional Economics*, 1(1):75–98.
- Leeson, P. T. (2010). "Two Cheers for Capitalism". *Society*, 47(3):227–233.
- North, D. (1991). "Institutions". *Journal of Economic Perspectives*, 5(1):97–112.
- Olson, M. (1993). "Dictatorship, Democracy, and Development". *The American Political Science Review*, 87(3):567–576.
- Pritchett, L. (1997). "Divergence, Big Time". *Journal of Economic Perspectives*, 11(3):3–17.
- Rodrick, D. (2006). "Goodbye Washington Consensus, Hello Washington Confusion?". *Journal of Economic Literature*, 44(4):973–987.

- Rubin, P. (1977). “Why is the Common Law Efficient?”. *Journal of Legal Studies*, 6:51–63.
- Sachs, J. (2001). “Tropical Underdevelopment”. *NBER Working Paper No. 8119*.
- Sachs, J. (2003). “Institutions Don’t Rule: Direct Effects of Geography on Per Capita Income”. *NBER Working Paper No. 9490*.
- Sachs, J. and Warner, A. (2001). “The Curse of Natural Resources”. *European Economic Review*, 45(4-6):827–838.
- von Mises, L. (1920). *Economic Calculation in the Socialist Commonwealth*.
- Williamson, C. (2010). “Informal Institutions Rule: Institutional Arrangements and Economic Performance”. *Public Choice*, 139(3):371–387.
- Williamson, C. and Kerekes, C. (2009). “Propertyless in Peru, Even with a Government Land Title”. *American Journal of Economics and Sociology*, 69(3):1011–1033.