

ECONOMICS 360-002
Economics of Developing Areas
Meeting Time: Tuesday 4:30-7:10 PM; Room: Krug Hall (KH) 204
Course Prerequisites: Econ 103 and Econ 104

Instructor: Colin Harris
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Office Location: Mason Hall, D134-16
Office Hours: Tuesday 3 to 4 PM; Thursday by appointment.

Required Textbooks:

1. Douglas C. North, (DN), *Institutions, Institutional Change and Economic Performance*
2. William Easterly, (WE), *The Elusive Quest for Growth*

Course Description: Why are some nations rich and other nations poor? What causes poverty or wealth? Is there anything we can do to work towards eliminating poverty and increasing wealth and well-being? The full title of Adam Smith's '*The Wealth of Nations*' is *An Inquiry into the Nature and Causes of the Wealth of Nations*. This course is designed to continue the inquiry by analyzing the theoretical and empirical underpinnings of economic development.

This is a reading and discussion centric course. If you do not keep up with the assigned readings and come prepared to discuss the material, it is unlikely you will do well.

Mason Core, Global Understanding: This course qualifies as a Mason Core class under the Global Understanding category.

Learning Outcomes: The goal of the global understanding category is to help students see the world from multiple perspectives, reflect upon their positions in a global society, and be prepared for future engagement as global citizens. While it may include a historical perspective, global understanding courses focus primarily on a contemporary understanding of one's place in a global society.

A Global Understanding course has the following learning objectives:

1. Identify and articulate one's own values and how those values influence their interactions and relationships with others, both locally and globally.
2. Demonstrate understanding of how the patterns and processes of globalization make visible the interconnections and differences among and within contemporary global societies.
3. Demonstrate the development of intercultural competencies.
4. Explore individual and collective responsibilities within a global society through analytical, practical, or creative responses to problems or issues, using resources appropriate to the field.

Grading: Your final grade will be determined by two midterms, a final exam, three problem sets (averaged), two short writing assignments, and class participation.

Your final grade will be calculated as followed:

Problem Sets:	10%
Class Participation:	5%
Entry Writing:	5%
Exit Writing:	10%
Midterm 1:	20%
Midterm 2:	20%
Final exam:	30%
Final Grade:	100%

Exams: All exams are closed-book. You will not be allowed use a calculator (you will not need one), nor may you use your cell phone or any mobile device. The final exam is cumulative and will cover material from the whole class. Exams will consist of a combination of multiple choice, true/false, short answer, and long answer questions.

There will be no make-up exams. If you have to miss an exam for any reason, the grade you receive on the Final exam will replace the score of the missed exam. For example: if you miss Midterm 2, the grade you receive on the Final would constitute 55% of your final grade. If you miss both Midterms, the Final would be worth 80% of your final grade.

Class Participation: After each lecture you will break into groups to discuss the assigned readings. Each group will come up with at least three questions about the readings. We will then discuss the questions as a class. To receive credit for the class participation you must sign your name on the group question sheet. There will be 10 group discussions. In order to receive *full credit* for class participation (10% of the final grade) you must participate in at least 7 of the 10 discussions. Partial credit for class participation is available and is determined by the number of discussions you participate in.

Problem sets: You will have three problem sets throughout the course that are designed to prepare you for the exams. You may work with other students on the problem sets but each student must turn in an individual copy to receive credit.

Problem Set 1 is due September 19.

Problem Set 2 is due October 31.

Problem Set 3 is due November 28.

Writing Assignments: There are two short writing assignments for this course, the Entry and Exit writing. The purpose of these assignments is to get you to write, and thus think, critically about development. You will be expected to apply economic concepts to questions of wealth and poverty. More information will be provided in class about these assignments.

There will be no make-up assignments and no late work. If you do not turn in a problem set by the stated due date, you will not receive credit. I do not accept late work. Problem sets are due at the beginning of class on the scheduled dates. I require a hard copy of all assignments. Problem sets may not be submitted over email.

Grading Scale:

A: 90-100	B+: 88-89	B: 82-87	B-: 80-81	
C+: 78-79	C: 72-77	C-: 70-71	D: 60-69	F: <60

Attendance: Attendance is not mandatory. However, in order to receive *full* credit for Class Participation you must attend at least seven of the ten discussion sessions. I also reserve the right to ask questions on the exams that may come more from the lectures than from the texts. In order to do well in the course, attendance is strongly encouraged. If you miss a class it is your responsibility to obtain any class notes from other students.

Class Schedule: This is a tentative schedule as of now. It is subject to change. Some topics may take longer or shorter than currently scheduled. Any deviation from the listed schedule will be announced in class.

Week	Topics	Readings *Links to the assigned readings are provided below
Week 1 (August 29)	"The Great Fact"; What is Development?; Syllabus	
Week 2 (September 5) Entry Writing due	Review: Microeconomics and Public Choice	Suggested Micro: Khan Academy or Marginal Revenue University Principles of Microeconomics videos Suggested Public Choice: http://www.econlib.org/library/Enc/PublicChoice.html
Week 3 (September 12)	"The Great Fact"; Measuring Economic Development; The 'development' of Development Economics	WE: Chapter 1 *Richard Easterlin "The Worldwide Standard of Living Since 1800"
Week 4 (September 19) Problem Set 1 due	Factors out of our control: Geography, History	*Jeffrey Sachs, Andrew Mellinger, and John Gallup "The Geography of Poverty and Wealth" *John Mackenzie, Summary/Digest of <i>Guns, Germs, and Steel</i>
Week 5 (September 26)	'Poverty Begets Poverty'; The Big Push and Foreign Aid	WE: Chapter 2, 3 *David Skarbek and Peter Leeson "What Can Aid Do?" *Peter Leeson "Escaping Poverty" Pages 39-51
Week 6 (October 3) Midterm 1	Midterm 1: October 17	
Week 7 (October 10) No Class	Columbus Day Recess: Monday classes meet Tuesday. Tuesday classes do not meet this week	
Week 8 (October 17)	Institutions	WE: Chapter 13 DN: Chapter 1
Week 9 (October 24)	Democracy and Dictatorship; Corruption	WE: Chapter 11, 12 *The Economist "Autocracy or Democracy?"
Week 10 (October 31) Problem Set 2 due	Free Trade and Economic Freedom	*Randall Holcombe "Economic Freedom and Economic Growth" *Niclas Berggren "The Benefits of Economic Freedom" *Nina Pavcnik "Benefits and Costs of Free Trade for Less Developed Countries"
Week 11 (November 7)	Property Rights	*Harold Demsetz "Toward a Theory of Property Rights"

		*Ludwig von Mises "Economic Calculation in a Socialist Common Wealth" Pages 1-30 *Peter Leeson "Escaping Poverty" Pages 52-60
Week 12 (November 14) Midterm 2	Midterm 2: November 14	
Week 13 (November 21)	Formalization; The State's role in Economic Development	DN: Chapter 2, 4, 7 *William Easterly "Institutions: Top Down or Bottom Up?" *Raghuram Rajan "Assume Anarchy?"
Week 14 (November 28) Problem Set 3 due	Formal and Informal Institutions; Culture	DN: Chapter 5, 6 *Carrie Kerekes and Claudia Williamson "Propertyless in Peru, Even with a Government Land Title"
Week 15 (December 5) Exit Writing Due	TBD; Discuss Entry and Exit Writing	
Week 15 (December 12)	Final Review	
Final Exam: December 19, 4:30-7:15 PM	Final Exam; see the exam schedule here: http://registrar.gmu.edu/calendars/fall-2017/final-exams/	

***A note on the readings:** I will likely mention papers and results throughout the lectures that are not from assigned readings. Many of the empirical papers related to each subject are long and technical with extensive and advanced use of econometrics and mathematical modeling. Instead of assigning these papers, I tried to find short, less technical readings for the majority of the subjects. However, the results of the longer, technical papers that I mention in class are important to understand. I will provide references to these papers for anyone interested and would recommend reading them if you are interested in the particular subject, but the papers I mention in class that are not listed above are not required readings.

Disability Services: Students with disabilities who require accommodations for this course are to contact the Office of Disability Services (ODS). Information for students is available here: <http://ods.gmu.edu> or by phone at (703) 993-2474. All academic accommodations must be arranged through the ODS.

Academic Honesty: George Mason University's policies on academic honesty can be found online at: <http://oai.gmu.edu/honor-code/>. It is your responsibility to read and understand what constitutes a violation of the honor code. Claims of ignorance cannot be used to justify dishonest behaviors. All Instances of academic dishonesty will be reported through the appropriate channels. **Any student caught engaging in activities which violate the honor code as written by the University will receive a semester grade of "F" in the course.**

Important Dates:

September 5: Last day to add or drop classes with no tuition penalty.

September 19: Last day to drop with a 33% tuition penalty.

September 29: Final drop deadline with a 67% tuition penalty.

October 9: Columbus Day Recess; Tuesday classes do not meet this week.

November 22-26: Thanksgiving Recess

December 9: Last day of classes.

December 13-20: Exam period. Our exam is currently scheduled for December 19th at 4:30 PM.

Links to Assigned Readings:

Week 3: Richard Easterlin "The Worldwide Standard of Living Since 1800"

http://www.vedegylet.hu/fejkrit/szvgyujt/Easterlin_WorldwidestandarOfLivingSince1800.pdf

Week 4: Jeffrey Sachs, Andrew Mellinger, and John Gallup "The Geography of Poverty and Wealth"

<http://earth.columbia.edu/sitefiles/file/about/director/documents/sciam0301.pdf>

John Mackenzie, Summary/Digest of *Guns, Germs, and Steel*

https://www1.udel.edu/johnmack/frec424/guns_germs_steel.html

Week 5: David Skarbek and Peter Leeson "What Can Aid Do?"

http://www.peterleeson.com/What_Can_Aid_Do.pdf

Peter Leeson "Escaping Poverty" **Pages 39-51**

http://www.peterleeson.com/Escaping_Poverty.pdf

Week 8: "Autocracy or Democracy?"

<http://www.economist.com/blogs/freeexchange/2013/03/growth-0>

Week 9: Randall Holcombe "Economic Freedom and Economic Growth"

<https://fee.org/articles/economic-freedom-and-economic-growth/>

Niclas Berggren "The Benefits of Economic Freedom"

http://www.freetheworld.com/papers/berggren_review.pdf

Nina Pavcnik "Benefits and Costs of Free Trade for Less Developed Countries"

<http://www.booksandideas.net/Benefits-and-costs-of-free-trade.html>

Week 10: Harold Demsetz "Toward a Theory of Property Rights"

http://econ.ucsb.edu/~tedb/Courses/Ec100C/Readings/Demsetz_Property_Rights.pdf

Ludwig von Mises "Economic Calculation in a Socialist Common Wealth" **Pages 1-30**

<http://www.mises.org/econcalc/econcalc.pdf>

Peter Leeson "Escaping Poverty" **Pages 52-60**

http://www.peterleeson.com/Escaping_Poverty.pdf

Week 12: William Easterly "Institutions: Top Down or Bottom Up?"

<http://www.nyudri.org/assets/publications/2008/institutions.pdf>

Raghuram Rajan "Assume Anarchy?"

<https://www.imf.org/external/pubs/ft/fandd/2004/09/pdf/straight.pdf>

Week 14: Carrie Kerekes and Claudia Williamson "Propertyless in Peru, Even with a Government Land Title"

http://www.claudiawilliamson.com/Claudia_Williamson/Research_files/Williamson%20Kerekes%20AJES%202010.pdf