

Economic Development of Latin America

ECON 361-001, Spring 2020

Instructor: Joshua K. Bedi**Class Time:** Monday & Wednesday, 12:00 pm – 1:15 pm**Class Location:** Enterprise Hall 173**Office Hours:** Monday & Wednesday, 1:30 pm – 3:30 pm

If the above times do not work for you, I can also meet by appointment.

Email: jbedi2@masonlive.gmu.edu**Course Overview**

The fundamental purpose of this course will be to develop an understanding of the determinants of economic growth. Less formally, we will try to develop an understanding of what makes some countries poor while others remain rich. Throughout this exploration, we will focus specifically on the context of Latin America. In doing so, we will discuss the importance of institutions (especially private property and rule of law), foreign aid, public choice, geography, and culture as determinants of whether a country is rich or poor.

Recommended Prerequisite: ECON 103 and ECON 104**Required Reading:**

All listed reading is required. However, the following books are the only texts students are required to obtain themselves. The rest can be found as PDFs online free-of-charge. All these books should be easily (and cheaply) available on Amazon.

Socialism Sucks by Robert Lawson and Benjamin Powell*The Tyranny of Experts* by William Easterly*The Elusive Quest for Growth* by William Easterly*Open Borders* by Bryan Caplan*The Other Path* by Hernando de Soto**Grading:**

The following assignment weights are my contract with you. While I will not accept late work and will not provide make-up opportunities, I will also not deviate from this weighting system. However, if you miss a midterm exam because of an unforeseen emergency (medical emergencies, death in the immediate family, etc.), we will plan a make-up date that works for both of us, so I can proctor. You must provide detailed documentation, like a note from a doctor, in order for this to be accepted, and I must be provided ample notice. I cannot change the final exam date, as these dates are set by the registrar.

Daily Reaction Papers: 10%

Final Exam: 30%

Midterm 1: 25%

Midterm 2: 25%
Participation: 10%

The grading scale is as follows:

A+ = 97-100
A = 94-96
A- = 90-93
B+ = 86-89
B = 84-85
B- = 80-83
C+ = 76-79
C = 74-75
C- = 70-73
D+ = 66-69
D = 64-65
D- = 60-63
F = Below 60

Mason Core

This course fulfills requirements for Global Understanding in the Mason Core, a foundational selection of courses in a student's curriculum that foster the knowledge and skills needed for academic success. As such, this course is guided by specific learning outcomes, which include the following:

1. The ability to identify and articulate one's own values and how those values influence your interactions and relationships with others, both locally and globally
2. The ability to demonstrate understanding of how the patterns and processes of globalization make visible the interconnections and differences among and within contemporary global societies
3. The ability to demonstrate the development of intercultural competencies
4. The ability to 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

Daily Reaction Papers

Each day before class (by midnight), every student is required to email me at least a 1-page (and no more than 1-page, front and back) typed, double-spaced reaction to the assigned readings for the upcoming class. This will be to make sure each of you are coming to class prepared, having read the assigned readings BEFORE the class for which they are assigned. These reactions can be criticisms or thoughts about the assigned text or even questions about the content of assigned texts. These reactions are NOT intended to be summaries. These reaction papers will be graded based on students' abilities to demonstrate understanding of the above four learning objectives, or outcomes.

Participation

To promote participation, each student will start the class with a participation score of 50 out of 100. Whenever a student participates in class, either by asking a question or providing a relevant

comment, 5 points will be added to the participation score. If a student misses a class, 10 points will be deducted from the participation score. A student's participation score cannot exceed 100.

Disability Resource Center:

If you are a student with a disability and you need academic accommodations, please see me and contact Disability Services at 703-993-2474 or ods.gmu.edu. All academic accommodations must be arranged through that office. If you do require accommodations, it is up to you to provide both me and ODS adequate time to provide accommodations.

Honor Code:

Students must know and follow the George Mason University Honor Code. If I catch you cheating on an assignment, I will, at the very least, grant you a 0 on that assignment, and, at the most, I will grant you a 0 for the entire course. I lean towards the latter option, because the first time a student is caught cheating (much like the first time a thief is caught stealing) is rarely the first time that student has cheated.

Schedule:

Unlike the grading weights for this course, the schedule and readings are subject to change at my discretion, but I promise to leave you ample time to readjust your schedules if I decide to make such a change.

1. 1/22/20: Introduction

Introduction, Syllabus Review, Trade

2. 1/27/20: The Economic Problem

Trade, The Knowledge Problem, Economic Calculation

Readings:

1. Hayek, F.A. 1945. "The Use of Knowledge in Society." *American Economic Review* 35: 519- 530.
2. Mises, Ludwig von. 1920. "Economic Calculation in the Socialist Commonwealth." Chapters 1-5 and Conclusion [<http://www.mises.org/econcalc/econcalc.pdf>]

3. 1/29/20: Property Rights

Economic Calculation, Property Rights

Readings:

1. Demsetz, Harold. "Toward a theory of property rights." *Classic papers in natural resource economics*. Palgrave Macmillan, London, 1974. 163-177.
2. Williamson, Claudia R., and Carrie B. Kerekes. 2009. "Propertyless in Peru, Even with a Government Land Title." *American Journal of Economics and Sociology* 69: 1011-1033.

4. 2/03/20: Critical Development Debates

The Blank Slate vs. Learning from History, The Well-Being of Nations vs. That of Individuals, Conscious Design vs. Spontaneous Order

Readings:

1. Tyranny of Experts, Chapters 1-2 & 5
2. Socialism Sucks, Chapters 1-2

5. 2/05/20: Rule of Law

Rule of Law

Readings:

1. The Other Path, Chapter 5
- 6. 2/10/20: The Solow Model**
The Solow Model
Readings:
1. The Elusive Quest for Growth, Chapter 3
- 7. 2/12/20: Institutions**
Institutions, Government Corruption
Readings:
1. Acemoglu, Daron, Simon Johnson, and James Robinson. 2001. "The Colonial Origins of Comparative Development: An Empirical Investigation." *American Economic Review* 91: 1369-1401.
2. Rajan, Raghuram. "Assume anarchy." *Finance and Development* 41.3 (2004): 56-57.
3. The Tyranny of Experts, Chapters 7-8
- 8. 2/17/20: Institutions**
Institutions, Government Corruption
Readings:
1. The Elusive Quest for Growth, Chapters 11-12
2. The Tyranny of Experts, Chapter 13
- 9. 2/19/20: Foreign Aid**
Foreign Aid
Readings:
1. The Elusive Quest for Growth, Chapters 2 & 6-7
2. Duna, Nabamita, Peter T. Leeson, and Claudia R. Williamson. 2013. "The Amplification Effect: Foreign Aid's Impact on Political Institutions." *Kyklos* 66: 208-228.
- 10. 2/24/20: Technology**
Technology
Readings:
1. The Elusive Quest for Growth, Chapter 9
2. The Tyranny of Experts, Chapter 12
- 11. 2/26/20: Midterm I**
- 12. 3/02/20: Entrepreneurship**
Entrepreneurship
Readings:
1. The Tyranny of Experts, Chapter 11
2. Baumol, William J. "Entrepreneurship: Productive, unproductive, and destructive." *Journal of business venturing* 11.1 (1996): 3-22.
3. Boettke, Peter J., and Christopher J. Coyne. "Entrepreneurship and development: Cause or consequence?." *Austrian economics and entrepreneurial studies*. Emerald Group Publishing Limited, 2003. 67-87.
- 13. 3/04/20: Education**
Education
Readings:
1. The Elusive Quest for Growth, Chapter 4
2. Hanushek, Eric A., and Ludger Woessmann. *Schooling, cognitive skills, and the Latin American growth puzzle*. No. w15066. National Bureau of Economic Research, 2009.

14: 3/16/20: Population

Population

Readings:

1. Simon, Julian L. "On aggregate empirical studies relating population variables to economic development." *Population and Development Review* (1989): 323-332.
2. The Elusive Quest for Growth, Chapter 5

15: 3/18/20: Immigration

Immigration

Readings:

1. The Other Path, Chapter 1
2. The Tyranny of Experts, Chapters 9-10
3. Open Borders, Chapters 1-2

16: 3/23/20: Public Choice

Public Choice

Readings:

1. Torgler, Benno. "Tax Morale in Latin America." *Public Choice* (2005): 133-157.
2. Aidt, Toke S., and Dalibor S. Eterovic. "Political competition, electoral participation and public finance in 20th century Latin America." *European Journal of Political Economy* 27.1 (2011): 181-200.
3. Chong, Alberto, and Luisa Zanforlin. "Inward-Looking Policies, Institutions, Autocrats, and Economic Growth in Latin America: An Empirical Exploration." (2001).

17: 3/25/20: Path Dependency

Path Dependency, Poverty Traps

Readings:

1. The Elusive Quest for Growth, Chapter 8

18: 3/30/20: Luck

Luck

Readings:

1. The Elusive Quest for Growth, Chapter 10

19: 4/01/20: Fractionalization

Fractionalization

Readings:

1. The Elusive Quest for Growth, Chapter 13
2. Madrid, Raúl. "Ethnic cleavages and electoral volatility in Latin America." *Comparative Politics* (2005): 1-20.

20: 4/06/20: Off Day (I'll be at a Conference)

21: 4/08/20: Geography

Geography

Readings:

1. Easterly, William, and Ross Levine. "Tropics, Germs, and Crops: How Endowments Influence Economic Development." (2002).
2. Gallup, John, Jeffrey Sachs, and Andrew Mellinger. 1999. "Geography and Economic Development." *International Regional Science Review* 22(2): 179-232.

22: 4/13/20: Midterm II

23: 4/15/20: Informality

Informality

Readings:

1. La Porta, Rafael, and Andrei Shleifer. 2014. "Informality and Development." *Journal of Economic Perspectives* 28: 109-126.
2. The Other Path, Chapter 2

24: 4/20/20: Informality

Informality

Readings:

1. The Other Path, Chapters 3-4

25: 4/27/20: Culture

Culture

Readings:

1. Di Tella, Rafael, Sebastian Galiani, and Ernesto Schargrodsky. 2007. "The Formation of Beliefs: Evidence from the Allocation of Land Titles to Squatters." *Quarterly Journal of Economics* 122: 209-241.
2. Williamson, Claudia R. "Securing Private Property: The Relative Importance of Formal versus Informal Institutions."
3. SHLEIFER, ANDREI. "REGULATION AND DISTRUST PHILIPPE AGHION YANN ALGAN PIERRE CAHUC." *Technology* 1015 (2010).

26: 4/29/20: Make-Up Day/Review

27: 5/04/20: Make-Up Day/Review

28: 5/11/20: Final 10:30 am – 1:15 pm

Other Important Dates:

1/28/20: Last Day to Add Classes

2/11/20: Final Drop Deadline