

**Economic Development
ECON 4600**

Professor Alberto Chong
Fall Term 2016
Class Hours: Fridays 9-11:30 am
Room: Classroom South 101

Office: Andrew Young School, Room 516
Office Hours: Fridays 11:30 am – 12:30 pm or by appointment (send e-mail)
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Prerequisites: ECON 2105 or ECON 2106

Catalogue Description:

This course analyzes the issues underlying vast differences in development among the nations of the world. Economic growth, subject to appropriate restraints on environmental degradation, is seen as a major instrument for improving the development of nations and the welfare of their people. The course employs elements of theories of growth, international trade and finance, industrial organization, money, as well as micro and macroeconomics to analyze causes of and prescribe cures for, underdevelopment.

Course Objective:

The course aims to provide an overview on the literature on economic development with emphasis on policy. There will be some focus on the application of economic concepts supplemented by empirical studies. There is no specific textbook for this course. Most of the reading material will be papers that will be distributed as handouts in class or will be available on-line.

Method of Instruction:

ECON 4600 is taught through a combination of lectures, class discussions, student presentations, an e-component module, a short paper, and a midterm. Class interaction allows the students to discover the strengths and weaknesses of alternative policy recommendations.

Course Learning Outcomes:

The student should be able to:

1. Apply economic concepts to contemporary development economic issues in order to make informed economic assessments.
2. Assess conflicting development policies by understanding evidence-based research
3. Write and discuss well-structured evidence-based policy reports as well as more in-depth evidence based literature.

Course Outline

August 26th Introduction. Objectives, methods, grading, on-line component

Required:

- Banerjee, Abhijit and Esther Duflo. 2007. “The economic lives of the poor,” *Journal of Economic Perspectives* 21(1): 141-167.
- http://ibread.org/bread/system/files/bread_wpapers/135.pdf

September 2nd Data, Methods, and Evaluation

Required:

- Haynes, Laura, Owain Service, Ben Goldcare, David Torgerson, 2012, “Test, Learn, Adapt: Developing Public Policy with Randomised Controlled Trials”. Cabinet Office, Behavioural Insights Team, United Kingdom. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/62529/TLA-1906126.pdf (executive summary, introduction, Chapter 1).

Suggested

- Haughton and Khandor (2009) “Measuring Poverty”, *Handbook on Poverty and Inequality*, chapter 4, The World Bank Institute

September 9th History and Development

Required

- Nunn, Nathan, “The Importance of History for Economic Development,” *Annual Review of Economics*, Vol. 1, No. 1, September 2009, pp. 65-92 http://www.economics.harvard.edu/faculty/nunn/files/Nunn_ARE_2009.pdf
- La Porta, Rafael, Florencio Lopez-de-Silanes, and Andrei Shleifer, “The Economic Consequences of Legal Origins,” *Journal of Economic Literature*, 46 (2008), 285–332. http://scholar.harvard.edu/files/shleifer/files/consequences_jel_final.pdf?m=1360042991

Suggested:

- Nunn, Nathan, “The Long-Term Effects of Africa’s Slave Trades,” *Quarterly Journal of Economics*, 123 (2008), 139–176. http://www.economics.harvard.edu/faculty/nunn/files/empirical_slavery.pdf

September 16th Institutions and Rules

Required

- Pande, Rohini and Christopher Udry, Institutions and Development: A View from Below, in Blundell, Newey and Persson, eds. *Advances in Economics and Econometrics*, 2006, http://www.econ.yale.edu/~cru2/pdf/institutions_draft.pdf
- Chong, Alberto, Rafael La Porta, Florencio Lopez-de-Silanes, and Andrei Shleifer (2013) “Letter Grading Government Efficiency”, NBER Working Paper, Cambridge, MA. http://scholar.harvard.edu/files/shleifer/files/publication_03282014_0.pdf?m=1396033382

Suggested:

- Miguel, Edward, and Ray Fisman, "Corruption, Norms and Legal Enforcement: Evidence from Diplomatic Parking Tickets," *Journal of Political Economy*, vol. 115, 2007, pp. 1020–1048.
- Bertrand, Marianne, Simeon Djankov, Rema Hanna and Sendhil Mullainathan, 2007, "Obtaining a Driver's License in India: An Experimental Approach to Studying Corruption.", *Quarterly Journal of Economics*, 122(4), pp. 1639-76. <http://dx.doi.org/10.1162/qjec.2007.122.4.1639>

September 23rd Social Capital and Trust

Required:

- La Porta, Rafael, Florencio Lopez de Silanes, Andrei Shleifer, and Robert Vishny (1997) "Trust in Large Organizations", *American Economic Review Papers and Proceedings*, May

Suggested

- Putnam, Robert (1993) "Making Democracy Work: Civic Traditions in Modern Italy, Princeton University Press
- Greif, Avner, "Cultural Beliefs and the Organization of Society: A Historical and Theoretical Reflection on Collectivist and Individualist Societies", *The Journal of Political Economy*, Vol. 102, No. 5, Oct. 1994, pp. 912-950
- Guiso, L., P. Sapienza and L. Zingales (2006), "Does Culture Affect Economic Outcomes?" *Journal of Econ. Perspectives*

September 30 Determinants of Economic Growth

Required

- New York Times (2013) <http://www.nytimes.com/2013/08/22/world/asia/rival-economists-in-public-battle-over-cure-for-indias-poverty.html?pagewanted=all>
- Bhagwati, Jagdish, (2013) <http://www.livemint.com/Opinion/9Qzg05zypjEUBioqK9N1UM/Why-Amartya-Senis-wrong.html>
- <http://www.livemint.com/Politics/3FrKw6lu3L7I4hMKfk7rGN/Indian-row-over-poverty-and-policy-extends-to-Harvard-and-Co.html>

Suggested

- Sala-i-Martin, Xavier, 2003, I just Ran Four Two Million Regressions, *American Economic Review*, May.

October 7th Midterm Exam

October 14th Group policy presentations

Foreign Aid

- Suggested: Easterly, William (2009), "Can the West Save Africa?", *Journal of Economic Literature*.
- Suggested: Easterly, William (2012) "Why Does Foreign Aid Fail?" <http://bigthink.com/videos/why-does-foreign-aid-fail>

Microfinance

- Suggested: Armendariz de Aghion, Beatriz and Jonathan Morduch (http://www.fgda.org/dati/ContentManager/files/Documenti_microfinanza/Economics-of-Microfinance.pdf)

Conditional Cash Transfers and Development

- Suggested: Schady, Norbert, and Ariel Fiszbein (2010) Conditional Cash Transfers, World Bank, Washington, DC.

October 21st Group Policy Presentations

Gender and Development

- Suggested: World Development Report on Gender, 2010. World Bank, Washington, DC.

Multilateral Institutions

- Suggested: Rodrik, Dani (1996) "Why Is There Multilateral Lending?" In Bruno, Michael and Pleskovic, Boris, eds.. Annual World Bank Conference on Development Economics, 1995: 167-93.
- Suggested: Krueger, Anne (1998) "Whither the World Bank and the IMF ?" Journal of Economic Literature, Vol. 36, 4.

Social Media, Democracy, and Development

- Suggested: Margetts, Helen, Peter John, Tobias Escher, and Stéphane Reissfelder (2013) "Social information and political participation on the Internet: an experiment", European Political Science Review;
- http://journals.cambridge.org/download.php?file=%2F35216_D2B82079EF1A6960AE3904E9E72DB1E4_journals_EPR_S1755773911000129a.pdf&cover=Y&code=b507b114904332d3a467b20ce538f628

October 28th Group Policy Presentations

- Unlike previous policy presentations where topics were assigned, teams will choose a topic related to economic development, which will have to be first approved by me.

November 4th Individual Meetings for Short Paper

- For paper:
<http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTRESEARCH/EXTLSMS/0,,contentMDK:21478196~menuPK:3359066~pagePK:64168445~piPK:64168309~theSitePK:3358997,00.html>
- <http://iresearch.worldbank.org/lsmssurveyFinder.htm>

November 4th and 11th E-Learning Component

- Allotted time for e-component.

November 18th E-Learning Component and Assessment

- Midterm 2 on E-Component

November 25th No class -Thanksgiving

December 2nd Optional individual meeting to assess progress with papers.

The course syllabus provides a general plan for the course; deviations may be necessary. Your constructive assessment of this course plays an indispensable role in shaping education at Georgia State. Upon completing the course, please take time to fill out the online course evaluation. Students who wish to request accommodation for a disability may do so by registering with the Office of Disability Services. Students may only be accommodated upon issuance by the Office of Disability Services of a signed [Accommodation Plan](#) and are responsible for providing a copy of that plan to instructors of all classes in which accommodations are sought. Also, please refer to the Policy on Academic Honesty ([Section 409](#)).

Important Notes About Grading:

Group Presentation Students will organize in groups and prepare two power point presentation of about 20-25 minutes, on questions that will be given in class, which will be debated (one group will argue in favor of the proposed statement, and one group will argue against it). The discussion and presentation aims at building up the student's expertise in topics related with development. Any late reports will automatically be assigned a zero mark and re-submission will not be possible. As the presenter, your job is take the role of a policymakers explaining the President of a country the reasons why he or she should take a certain position given the question posed. You are not simply providing a summary of readings. Instead, imagine yourself as helping the President set the government agenda.

In my evaluation of your presentations, I am looking for the following things:

- What was the depth of the literature review regarding the proposed question?
- Did the presenters get a good grasp of the issue at hand?
- Is the reasoning economically logical?
- What evidence is provided?

Short final Paper ("five-page memo") Each student will chose any topic that they believe is relevant to development economics (any country or region in the world) and will "make a case" to a Minister of why a desired course of action is preferable to another. These aspects are crucial in grading: (a) how relevant is the question? (b) how good was the review of the literature? (c) how well did the student apply what he/she learned from the e-component and how was it applied in the paper (what evidence did the student provide?); (c) did the student present pros and cons in a balanced manner? ; (d) what economic logic did the student use to decide on the "best course of action"? As you can see, the final paper will be an "extended" policy presentation delivered in formal, written form of at most 5 pages (1.5 spaced, Times Roman 12 pt, plus tables and figures, if any). I will set up optional individual meetings in order to discuss your policy research report (November 4th). The report must be sent to me by e-mail the day of the assigned final exam day at 11:59 pm EST at the latest. No exceptions.

E-Learning Component. A self-contained component on the importance of data collection, design, and analysis. The component takes 9 hours to complete and may be done at any time during the semester (at the student's pace), although formally I will assign the equivalent to one lecture to complete this task. This component will be assessed individually with a short test.

Grading Policy:

See the table for details on how grades will be determined.

Component of Grade	Weight	Date
Midterm 1	30%	October 7 th
Group Presentations	30%	Oct 14, 21, 28
Midterm 2	10%	November 11 th
Final Paper	30%	Final exam date assigned by university
Total	100%	

Student grades will be assigned based on the following scale.

Course Grade	Evaluation
A+	your grade $\geq 97\%$
A	$\geq 93\%$
A-	$\geq 90\%$
B+	$\geq 87\%$
B	$\geq 83\%$
B-	$\geq 80\%$
C+	$\geq 77\%$
C	$\geq 73\%$
C-	$\geq 70\%$
D	$\geq 60\%$
F	$< 60\%$

Exams and Make-up Policy:

I will not consider make-up exams. Automatic grades of zero will be assigned. No exceptions.

Exams and Quizzes:

- Georgia State University and the Department of Economics have strict expectations of academic integrity. For any exams/quizzes administered, it is expected that such exams/quizzes be the student's independent, individual work without assistance. Assistance from any persons, notes, books, consultations, groups, electronic devices, previous course exams, or any other sources is strictly prohibited and considered to be a breach of academic honesty. A breach of academic honesty has serious consequences including expulsion.

Attendance Policy:

Lecture attendance does not factor directly into your course grade. However, attending class is important and experience indicates that students who attend class regularly do significantly better than students who do not. Students missing class should consult with a classmate to determine what was missed.

Important Notes:

1. This syllabus is designed as a general guide to course content. Each instructor will provide a more detailed description of assignments, requirements, and evaluation methods
2. The course syllabus provides a general plan for the course; deviations may be necessary.

3. All students are responsible for knowing and adhering to [GSU's Policy on Academic Honesty](#) as published in [Student Code of Conduct Handbook](#).
4. Your constructive assessment of this course plays an indispensable role in shaping education at Georgia State. Upon completing the course, please take time to fill out the online course evaluation.
5. Students who wish to request accommodation for a disability may do so by registering with the [Office of Disability Services](#). Students may only be accommodated upon issuance by the Office of Disability Services of a signed [Accommodation Plan](#) and are responsible for providing a copy of that plan to instructors of all classes in which accommodations are sought.
6. Students who withdraw after the midpoint of each term will not be eligible for a "W" except in cases of [Emergency Withdrawal](#).
 - a. Withdrawal Policy: <http://advisement.gsu.edu/self-service/policies/withdrawal-policy/>
 - b. Repeat to Replace Policy: <http://advisement.gsu.edu/self-service/policies/repeat-to-replace-policy/>
 - c. Grade Appeal and Change (including Incomplete Grades) Policy: <http://registrar.gsu.edu/academic-records/grading/grade-appeals-and-changes/>
7. Important University dates can be found at <http://registrar.gsu.edu/registration/semester-calendars-exam-schedules/>
8. Georgia State University values diversity and is committed to fostering and maintaining an educational environment which appreciates individual differences in all areas of operation including classroom instruction, texts, and materials. To this end, any actions, practices, or processes by any faculty, staff person, or student that discriminates against or is prejudicial toward any person or group based on race, gender, age, religion, ethnicity, nationality, disability, sexual orientation, or socioeconomic status will not be tolerated.
9. Students are expected to behave properly in class – so as not to interfere with the learning environment of others in the classroom. This includes showing up for class on time, not leaving early (or at least being quiet if either of those do happen), not talking to neighbors in class, not using cell phones during class, etc. Students not adhering to these rules/guidelines may be asked to leave the class and may be subject to an administrative withdrawal (depending on the severity of the infraction). See the [Student Code of Conduct Handbook](#) for more information on GSU's policy on disruptive student behavior in the classroom.