

# Economics of Developing Areas



## **Econ 360 Summer 2011**

Monday - Thursday 9:30 a.m -11:45 a.m.

July 1st - August 4th, 2011

Location: Krug Hall 210

## **Instructor: Marta Podemska Mikluch**

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office hours: by appointment in the Economics Department

## **About the Course**

Why are we so rich while others are so poor? What explains the discrepancies in the standard of living across societies? How successful are attempts to alleviate poverty? What works and does not work in economic development? Does inequality matter? What does the future hold for the developing areas?

We will address these and similar questions by applying economic tools to real-world phenomena. The course is structured on a series of readings and discussions selected to illuminate social complexity. The inquiry will be focused on the characteristics of economic growth in developing countries, obstacles to development, and development policies.

## **Course Objectives**

Economics is first and foremost a way of thinking. Its subject of inquiry is the interaction among individuals who seek to complete diverse, often conflicting, plans. Thus, the major course objective is for students to develop the ability to critically analyze complex social phenomena. Students will gain an understanding of developing economies and the challenges they face. Students will also learn to critically analyze development policy and recognize the potential for unintended consequences. Upon completion of the course students are expected to be familiar with the forefronts of development literature and with public policy approaches to development problems.

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## Prerequisites

Principles of Microeconomics (Econ 103)

Principles of Macroeconomics (Econ 104)

## Readings

Reading is the most important learning component of this course. Be prepared to spend about three or four hours familiarizing yourself with assigned material in between the lectures. You are responsible for reading the material ahead of the lecture as listed in the outline.

## Required Textbooks

1. Ayittey, George B. N. *Africa Unchained: the Blueprint for Africa's Future*. Basingstoke: Palgrave Macmillan, 2006. Print.
2. Bauer, Peter T. *From Subsistence to Exchange and Other Essays*. Princeton, NJ: Princeton UP, 2000. Print.
3. Easterly, William R. *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics*. Cambridge, MA: MIT, 2002. Print. (Available as electronic resource through GMU library - call number: [HC59.72.P6 E17 2001eb](#))
4. Easterly, William R. *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done so Much Ill and so Little Good*. New York, NY: Penguin, 2007. Print.
5. Powell, Benjamin, ed. *Making Poor Nations Rich: Entrepreneurship and the Process of Economic Development*. Stanford, CA: Stanford Economics and Finance, Stanford UP, 2008. Print.
6. Sen, Amartya. *Development as Freedom*. New York: Anchor, 2000. Print.
7. Vargas, Llosa A., and James D. Gwartney, eds. *Lessons from the Poor: Triumph of the Entrepreneurial Spirit*. Oakland, CA: Independent Institute, 2008. Print.

## Other readings

Papers and other materials will be provided to students through Blackboard.

## **Grading Policy**

The key to success in this class is reading and careful analysis of the assigned material. I will offer you multiple opportunities to demonstrate your learning progress.

Your final grade will constitute of the following:

1. Quizzes - 30 percent
2. Discussion Leadership 5 percent
3. Discussion Participation - 10 percent
4. Homework Assignments 15 percent
5. Midterm Exam 20 percent
6. Final Exam 20 percent

## **Quizzes**

There will be ten quizzes. Each quiz will constitute of two questions. The first question will always come from the preceding lecture. The second question will always come from the readings assigned for the day of the quiz.

If you have a time conflict that prevents you from attending the class and taking the quiz I will allow you to take it during the following session as long as you email me about the conflict at least 24 hours ahead of the missed lecture.

## **Discussion Leadership**

In a team of two you will prepare a ten minute summary of a paper or chapter. Upon your presentation you will lead a class discussion.

## **Discussion Participation**

Participation in the in-class discussions constitutes ten percent of your grade and is a vital element of the learning process. Your contributions will be graded on a scale from zero to four. Three points is the equivalent of getting full participation points for the week. Four points is equivalent to getting extra credit. It is of great importance that you participate most actively in the discussions led by your peers. To incentivize you appropriately I will weigh your participation in the student-led discussions three times as heavily as your participation in other class conversations

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Grade	Criteria
4	<ul style="list-style-type: none"><li>• Equivalent to A+</li><li>• Demonstrates excellent preparation: has analyzed material exceptionally well.</li><li>• Contributes in a very significant way to ongoing discussion: keeps analysis focused, responds very thoughtfully to other students' comments, contributes to cooperative argument-building, suggests alternative ways of approaching material and helps class analyze which approaches are appropriate, etc.</li><li>• Demonstrates ongoing and very active involvement.</li></ul>
3	<ul style="list-style-type: none"><li>• Equivalent to A</li><li>• Demonstrates good preparation: knows reading facts well, has thought through the implications of them.</li><li>• Offers interpretations and analysis of material (more than just facts) to the class.</li><li>• Contributes well to discussions in an ongoing way: responds to other students' points, thinks through own points, questions others in a constructive way, offers and supports suggestions.</li><li>• Demonstrates consistent ongoing involvement.</li></ul>
2	<ul style="list-style-type: none"><li>• Equivalent to B</li><li>• Demonstrates adequate preparation: knows basic reading facts, but does not show evidence of trying to interpret or analyze them.</li><li>• Offers straightforward information (e.g., straight from the case or reading), without elaboration or very infrequently (perhaps once a class).</li></ul>
1	<ul style="list-style-type: none"><li>• Equivalent to C</li><li>• Present, not disruptive.</li><li>• Tries to respond when called on but the offered answer is incomplete.</li><li>• Demonstrates very infrequent involvement in discussion.</li></ul>
0	<ul style="list-style-type: none"><li>• Equivalent to F</li><li>• Absent either physically or mentally.</li></ul>

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## Homework Assignments

There will be three homework assignments / problem sets that will constitute of a mix of essays and problems. You are welcome to work in groups but each group member needs to submit their own individual work. .

## Midterm Exam

Your midterm exam is closed book and closed notes. You will be allowed an hour and a half to complete it. It will constitute of:

1. Five short essay questions (define or explain a concept) - each worth 10 points
2. Two longer essay questions (analytical problem) each worth 25 points

## Final Exam

Same format as midterm. Comprehensive.

## Class Grading Scale:

<b>Letter</b>	A	A-	B+	B	B-	C+	C	C-	D+	D	F
<b>Range</b>	93-100	90-92	88-89	83-87	80-82	78-79	73-77	70-72	68-69	60-67	0-60

# Economics of Developing Areas

## Tentative Course Outline

7/5/2011	Why Study Development Economics	Introduction
7/6/2011	History of Economic Development	Quiz 1
	Bauer: chapter 1	
	Easterly 2006: chapter 9-10	
7/7/2011	How Economist Understand Growth	Quiz 2
	Romer: “Economic Growth”	
	Easterly 2002: chapter 1, 2 and 3	
7/11/2011	Searchers versus Planners	Quiz 3
	Hayek The “Use of Knowledge in Society”	
	Easterly 2006: chapter 1	
	Powell: chapter 2	
7/12/2011	Why Planners Cannot Bring Prosperity	Quiz 4
	Easterly 2006: chapter 2, 3 and 4	
	Easterly 2002: chapters 4 and 5	Homework 1
7/13/2011	Role of Foreign Aid	Quiz 5
	Easterly 2006: chapters 5, 6 and 7	
	Bauer: chapters 5 and 6	
7/14/2011	Africa Unchained	Discussions
	Ayittey: chapters: 5, 9 and 10	
7/18/2011	Power of Charitable Giving	Midterm

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7/19/2011	Accountability in the Credit Markets	Quiz 6
	Easterly 2002: chapters 6-7	
7/20/2011	Politics without Romance	Quiz 7
	Easterly 2002: chapters 10-14	
7/21/2011	Entrepreneurship and Economic Freedom	Quiz 8
	Powell: chapters 3-5	
7/25/2011	Success in Entrepreneurial Development	Discussions
	Powell ch. 10-14	Homework 2
7/26/2011	Lessons from the Poor	Discussions
	Liota all	
7/27/2011	Development as Freedom	Quiz 9
	Sen: all	
7/28/2011	The Other Path	Discussions
	De Soto: chapters 1-4	
8/1/2011	The Other Path	Discussions
	De Soto: chapters 5-8	Homework 3
8/2/2011	The Future of Development	Quiz 10
	Easterly: chapters 10-11	
8/3/2011	Reading Day	
8/4/2011	FINAL EXAM	

## **Disability statement**

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.

## **Honor Code Statement**

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.

See [honorcode.gmu.edu](http://honorcode.gmu.edu) for more detailed information.

## **Enrollment statement**

Students are responsible for verifying their enrollment in this class.

Schedule adjustments should be made by the deadlines published in the Schedule of Classes. (Deadlines each semester are published in the Schedule of Classes available from the Registrar's Website [registrar.gmu.edu](http://registrar.gmu.edu).)

- ★ Last day to drop with no tuition penalty for C session - July 11
- ★ Last day to add for C session - July 11
- ★ Last day to drop C session with 50% Liability - July 18th
- ★ Last day Third Party Billing Authorizations accepted- July 18th
- ★ Selective withdrawal period - July 19 - July 22

After the last day to drop a class, withdrawing from this class requires the approval of the dean and is only allowed for nonacademic reasons. Undergraduate students may choose to exercise a selective withdrawal. See the Schedule of Classes for selective withdrawal procedures.