

Fall 2017
University of North Carolina – Chapel Hill
ECON 465

Economic Development

Simon Alder

This syllabus contains important information about this class including content, grading, class policies, and a preliminary reading list.

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Office Hour: <https://calendly.com/salder/15min>

Class Schedule:

Econ465-001: 9:30 am - 10:45 am TuTh, Gardner – Rm 307

Econ465-002: 11:00 am - 12:15 pm TuTh, Gardner – Rm 307

Course Description: There are large differences in incomes, health, and other dimensions of development across and within countries. This course discusses the causes and consequences of these vast differences in economic development. Topics covered in class include the development gap; poverty and inequality; demographic transition, economic growth; government and institutions; the roles of education and health; economic reforms; foreign aid; trade; infrastructure; origins and consequences of wars and civil conflict. The course employs elements of economic growth, political economy, institutional economics, labor economics and public finance to analyze drivers of economic development and find ways to foster it.

Required Textbook: *Development Economics* by Gerard Roland (1st edition). ISBN-10: 0-32-192397-9. Internet site with study guide:

http://wps.prenhall.com/bp_roland_devecon_1/239/61344/15704132.cw/index.html.

Course Webpage:

You should check the Sakai site on a regular basis for announcements, handouts, and assignments. You are responsible for any information I post on Sakai at least 24 hours before class. There is also a forum on the Sakai page that allows to ask questions about the course.

<https://sakai.unc.edu/portal/site/econ465alder17fa>

Midterm and Final Exams: We have two midterm exams and one cumulative final exam. You may not take exams at any time other than the scheduled exam time (see the Undergraduate Bulletin for rules on exceptions). The information below explains how I handle missed exams.

Missed Exams, Assignments, and Classes: I use a different policy with respect to valid and invalid reasons for missed exams, assignments, and classes. The valid reasons are a documented medical illness (document with physician's phone number), a death in your immediate family, or a

documented mandatory court date. If you have a job interview on the day and time of a class and you can document that it was not possible to schedule the interview differently, then you can send me an e-mail with the documentation at least one week in advance and I will decide if it is a valid reason (this does not apply to the final exam). All other reasons are invalid. If you miss a midterm exam or an assignment for an invalid reason, you will receive a score of 0. If you miss a midterm exam for a documented valid reason, then I will substitute the raw score on the final exam for your missed midterm exam. If you miss an assignment for a valid reason then I will substitute the average score on the remaining assignments for your score on the missed assignment. If you miss the final exam, please refer to the Undergraduate Bulletin, <http://www.unc.edu/ugradbulletin> for rules on final examinations.

Calculators and Electronic Devices: You cannot use mobile phones, programmable calculators, calculators with graph display, or any devices with wireless communication during exams. It is your responsibility to bring a valid calculator, pencil, and eraser to all exams.

Grading: The overall grade for this course consists of the components below, with weights in brackets. The overall course grade will be curved.

- Homework assignments (20%)
- Data problem set (10%)
- Midterm exam 1 (20%)
- Midterm exam 2 (20%)
- Final exam (30%)

Each of these is described below.

Homework assignments (20%): I will announce homework assignments during our class and on Sakai. Homework assignments submitted after the due date will receive no credit. Unless stated otherwise, each student needs to submit the homework individually. The homework assignment with the lowest score will be dropped and the average over the remaining homework assignments will be your score on this part of the grade.

Data problem set (10%): Students are required to complete a problem set based on real data. The problem set will be described in a separate handout. Solutions handed in within 24 hours after the due date will be marked down by 50%. Solutions handed in afterwards will receive no credit. You can work on the problem set in groups, but each student must submit solutions that clearly show how the answer to each question was derived.

Exams (70%): There will be two midterm exams (each worth 20% of the overall grade) and a cumulative final exam (worth 30% of the overall grade). The exams consist of multiple choice questions, analytical questions, and short essay questions.

Participation: I encourage student participation in discussions. Outstanding participation in class discussions can affect your overall grade (after curving) in your favor.

I do not offer extra credits on an individual basis. I will never offer one student an opportunity that I do not provide to the entire class.

Grades of IN (Incomplete) and AB (Absent from the Final Exam): Please refer to the

Undergraduate Bulletin <http://www.unc.edu/ugradbulletin> for rules regarding these grades.

Academic Honesty:

- It is your responsibility to avoid any activity that suggests plagiarism, cheating on examinations, unauthorized collaboration, falsification, and multiple submissions.
- Specifically, talking, passing notes, having crib sheets, using a cell phone or programmable calculator, or having books or notebooks open during a test are among the activities sufficient to justify a charge of a major violation of the UNC Honor Code.
- Any work, in whole or part, taken from the internet without properly referencing the URL is considered plagiarism.
- Please refer to the University Honor Code (<http://honor.unc.edu/>).

Electronic Devices: Unless explicitly authorized, you are not allowed to use laptop computers, tablet computers, smartphones, or cellphones during class. I will upload slides and other material on Sakai before class and I encourage students to print the slides in order to take notes during class.

Misc. Policies: If you must miss class, please get notes from a classmate and check Sakai to see what you missed.

E-Mail Policy: I do not answer questions on course content via e-mail. Please use the forum on Sakai to ask questions or come to the office hours.

Office Hours: If you would like to come to office hour, then please sign up for a 15-minute meeting using the link below. Meetings can be scheduled until 12 hours before the start of the meeting. Please do not sign up for more than one meeting per day. If no more meeting times are available, then please contact me by e-mail. I will offer additional meeting times before the exams.
<https://calendly.com/salder/15min>.

Course Outline with Reading:

My classroom presentation sometimes differs from that in the textbook. In this case, you are responsible for the material that I have covered in class. You are not responsible for the material that was not covered in class, except when stated otherwise. A preliminary course outline and reading list can be found below. The outline may be updated during the semester and additional reading may be posted on Sakai.

The Development Gap

Roland, Chapter 1

Poverty and Inequality

Roland, Chapter 2

Banerjee, Abhijit V., and Esther Duflo, 2007. "The Economic Lives of the Poor", *Journal of Economic Perspectives*, 21(1): 141–168, <http://www.jstor.org/stable/30033705>

Population Growth

Roland, Chapter 3

Economic Growth

Roland, Chapter 4

Jones, Charles I., 2016, “The Facts of Economic Growth”.
<http://web.stanford.edu/~chadj/facts.pdf> (Sections 1-2.1)

Erik Brynjolfsson, 2013, “The key to growth? Race with the machines”
https://www.ted.com/talks/erik_brynjolfsson_the_key_to_growth_race_em_with_em_the_ma chines?utm_source=tedcomshare&utm_medium=referral&utm_campaign=tedsread

Robert Gordon, 2013, “The death of innovation, the end of growth”
http://www.ted.com/talks/robert_gordon_the_death_of_innovation_the_end_of_growth?utm_source=tedcomshare&utm_medium=referral&utm_campaign=tedsread

Empirical Analysis of Growth and Institutions

Roland, Chapter 4

Jones, Charles I., 2015, “The Facts of Economic Growth”.
<http://web.stanford.edu/~chadj/facts.pdf> (Sections 1-2.1)

‘Why Nations Fail’, by James Robinson, TEDxAcademy (Oct 7, 2014)
<http://tedxtalks.ted.com/video/Why-nations-fail-|-James-Robins>

‘What Makes Countries Rich or Poor?’, by Jared Diamond, NYR, June 7, 2012. Book review of ‘Why Nations Fail: The Origins of Power, Prosperity, and Poverty’, by Daron Acemoglu and James A. Robinson, 2012.

<http://www.nybooks.com/articles/archives/2012/jun/07/what-makes-countries-rich-or-poor/>

Evidence from Randomized Control Trials

See slides

Esther Duflo: “Social Experiments to Fight Poverty”, TedTalk, 2010
https://www.ted.com/talks/esther_duflo_social_experiments_to_fight_poverty

Foreign Aid

The Economist, 2014, “Aid to the rescue”
<http://www.economist.com/node/21612183>

Jeffrey Sachs, 2014, “The case for aid”
<http://foreignpolicy.com/2014/01/21/the-case-for-aid>

Vox article, 2015, “Nobel winner Angus Deaton is very critical of foreign aid. The reality is more complicated”
<http://www.vox.com/2015/10/12/9512143/nobel-economics-angus-deaton-aid>

Washington Post, 2015, “Why trying to help poor countries might actually hurt them”
https://www.washingtonpost.com/news/wonk/wp/2015/10/13/why-trying-to-help-poor-countries-might-actually-hurt-them/?utm_term=.f4eba3413f21

Structural Change and Development Strategies

Roland, Chapter 5

International Trade and Development

Roland, Chapter 6

The Economist, 2016, "Trade in the balance: Globalisation can make everyone better off. That does not mean it will"

<https://www.economist.com/news/finance-and-economics/21690073-globalisation-can-make-everyone-better-does-not-mean-it-will-trade>

China's Growth and Transformation

See slides

Zilibotti, Fabrizio, Journal of the European Economic Association, 2017, "Growing and Slowing Down Like China" (not full article)

https://dl.dropboxusercontent.com/u/15605027/PUBLISHED_PAPERS_FABRIZIO/JEEA_PRESIDENTIAL_ADDRESS_2017.pdf

Infrastructure and Development

See slides

The Economist, 2014, "Bridges to somewhere: The variable benefits of investing in infrastructure"

<https://www.economist.com/news/finance-and-economics/21607831-variable-benefits-investing-infrastructure-bridges-somewhere>

Alder, Simon, 2017, "Chinese Roads in India: The Effect of Transport Infrastructure on Economic Development"

https://sites.google.com/site/simonalderch/downloads/Alder_ChineseRoadsInIndia.pdf

African Economic Development and Lessons from Asia

See slides

Charles Robertson: "Africa's next boom", TedTalk, 2013

https://www.ted.com/talks/charles_robertson_africa_s_next_boom?language=en

The Economist: "African agriculture: A green evolution", March 2016

<https://www.economist.com/news/briefing/21694521-farms-africa-are-prospering-last-thanks-persistence-technology-and-decent>

Institutions and Economic Development

Roland, Chapter 7 & 8

The Economist, 2014, "Governing the oceans: The tragedy of the high seas"

<https://www.economist.com/news/leaders/21596942-new-management-needed-planets-most-important-common-resource-tragedy-high>

Political Institutions

Roland, Chapter 9

The Economist, 2015, "The wise man of the East".

<https://www.economist.com/news/asia/21646869-lee-kuan-yew-made-singapore-paragon->

[development-authoritarians-draw-wrong-lessons-his](#)

Civil Conflict

Roland, Chapter 20

Berman, Nicolas, Mathieu Couttenier, and Dominic Rohner. "This Mine is Mine! How Minerals Fuel Conflicts in Africa." *American Economic Review* 107, no. 6 (2017): 1564-1610 (not full article)

The Economist, 2015, "Commodities in Africa: How natural resources breed violence".
<https://www.economist.com/blogs/freeexchange/2015/08/commodities-africa>

Political Polarization, Elites, and Conflict

See slides

United Nations, "Rwanda: A Brief History of the Country"

<http://www.un.org/en/preventgenocide/rwanda/education/rwandagenocide.shtml>

Alder, Simon and Yikai Wang: "Divide and Rule: An Origin of Polarization and Ethnic Conflict", 2016. (not mandatory)

https://sites.google.com/site/simonalderch/downloads/AlderWang_DivideAndRule.pdf

Pillars of Prosperity (time permitting)

See slides

Besley, Timothy, and Torsten Persson. *Pillars of prosperity: The political economics of development clusters*. Princeton University Press, 2011 (parts of chapter 1)

<http://press.princeton.edu/chapters/s9624.pdf>