

**UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL**  
**DEPARTMENT OF ECONOMICS**  
**ECON 465: Economic Development**  
**Fall 2018**

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**Lecture:** Econ 465-002: 9:30 am - 10:45 am TuTh, Gardner 106  
Econ 465-001: 11:00 am - 12:15 pm TuTh, Gardner 307

**Instructor:** Simon Alder  
Department of Economics  
Gardner Hall  
[salder@email.unc.edu](mailto:salder@email.unc.edu)

**Office Hours:** By appointment at <https://calendly.com/salder/15min>

**Course Description** There are large differences in income, health, and other dimensions of development across and within countries. This course discusses the causes and consequences of these vast differences in economic development. The topics covered in this course include the development gap; poverty and inequality; demographic transition, economic growth; government and institutions; infrastructure; foreign aid; trade; origins and consequences of wars and civil conflict. The course employs elements of economic growth, political economy, institutional economics, game theory, labor economics, public finance, and applied econometrics.

**Course Objectives** The main objective of this course is to be able to apply economic concepts and methods to think about the basic question ‘Why are some countries rich and others poor’. We will discuss methods to analyze differences in economic development, including analytical models and empirical analysis. We will also discuss policy implications and current challenges in international development.

**Course Website** Slides, handouts, assignments, and additional material will be posted on <https://sakai.unc.edu>. I use a forum on Sakai to answer questions on course content and general organizational questions. Please use this forum for questions that concern everyone, use e-mail only for questions that concern only you. You are welcome to use the forum to discuss questions among students, but without posting solutions. 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.

**Required Reading Material** The textbook required for this course is “Development Economics”, Gerard Roland (1st edition). ISBN-10: 0-321-192397-9. An internet site with a study guide is available at [http://wps.prenhall.com/bp\\_roland\\_devecon\\_1/239/61344/15704132.cw/index.html](http://wps.prenhall.com/bp_roland_devecon_1/239/61344/15704132.cw/index.html), but it is not required to use the study guide.

I will also assign additional reading material during the semester and students are expected to read these texts in advance and to be able to answer questions.

**Recommended Reading Material** I recommend to read newspapers and publications such as The Economist on a regular basis in order to be familiar with recent developments. However, I will not test knowledge about current topics and articles that were neither assigned nor referenced in class or on Sakai.

**Course Prerequisites** You need to have passed ECON 400 and 410 with a grade C or better.

**Midterm and Final Exams** We have two midterm exams and one cumulative final exam. The dates of the midterm exams will be announced in class. The final exam will take place on the date specified by the University, see <http://registrar.unc.edu/academic-calendar/final-examination-schedule-fall/>.

**Assignments** We will have several assignments during the semester and one larger data problem set. These will be announced in class or on Sakai. Some of the solutions need to be handed in electronically and I will provide instructions. It is your responsibility to ensure that the solutions are submitted correctly by the deadline.

**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 physicians 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). Other reasons are invalid if they are not a University-approved absence. Please get notes from a classmate and check Sakai to see what you missed when you were not able to attend class.

If you miss a midterm exam or an assignment for an invalid reason, then you will receive a score of 0. If you miss a midterm exam for a documented valid reason, then I will substitute the raw weighted score from the final exam and (if applicable) from the remaining midterm 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. An exception will be made for University-approved absences, see <http://catalog.unc.edu/policies-procedures/attendance-grading-examination/>; students with this type of University-approved absence may request a make-up examination at a time convenient to both student and instructor. If you miss the final exam, please refer to the Undergraduate Bulletin for rules on final examinations.

**Grading** The overall grade for this course consists of the components below, with weights in brackets.

- 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%)** Unless stated otherwise, each student needs to submit the homework individually. Homework assignments submitted after the due date deadline will receive no credit. 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 deadline 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 individual 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 one cumulative final exam (worth 30% of the overall grade). The exams consist of multiple choice questions, analytical questions, and short essay questions.

**Other** 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.

**Overall course grade** The overall course grade will be curved. I do not use pre-defined thresholds.

**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.

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 to all exams. Please also see the UNC Honor Code (<http://catalog.unc.edu/policies-procedures/honor-code/>).

**Office Hours** If you would like to come to office hour, then please sign up for a 15-minute meeting at <https://calendly.com/salder/15min>. 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. If you cannot come to a meeting that you scheduled, then please cancel it through the calendly website as soon as possible.

**Regrade Requests** Appeals regarding the grading of an exam or assignment must be submitted to me in writing within two weeks of your receipt of the graded work.

**Preliminary Course Outline and Reading** My classroom presentation sometimes differs from that in the textbook. In this case, you are responsible for the material that I covered in class. You are not responsible for the textbook chapters that were 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 readings may be assigned during the lecture or 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): 141168

<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\\_machines?utm\\_source=tedcomshare&utm\\_medium=referral&utm\\_campaign=tedspread](https://www.ted.com/talks/erik_brynjolfsson_the_key_to_growth_race_em_with_em_the_machines?utm_source=tedcomshare&utm_medium=referral&utm_campaign=tedsspread)

Robert Gordon, 2013, "The death of innovation, the end of growth"

[https://www.ted.com/talks/robert\\_gordon\\_the\\_death\\_of\\_innovation\\_the\\_end\\_of\\_growth?utm\\_source=tedcomshare&utm\\_medium=referral&utm\\_campaign=tedspread](https://www.ted.com/talks/robert_gordon_the_death_of_innovation_the_end_of_growth?utm_source=tedcomshare&utm_medium=referral&utm_campaign=tedspread)

### **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**

Esther Duflo: “Social Experiments to Fight Poverty”, TedTalk, 2010

[https://www.ted.com/talks/esther\\_duflo\\_social\\_experiments\\_to\\_fight\\_poverty](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](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-off>

### **Chinas Growth and Transformation**

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

### **Infrastructure and Development**

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>

Alder, Simon, 2017, “Chinese Roads in India: The Effect of Transport Infrastructure on Economic Development”(not full article)

[https://sites.google.com/site/simonalderch/downloads/Alder\\_ChineseRoadsInIndia.pdf](https://sites.google.com/site/simonalderch/downloads/Alder_ChineseRoadsInIndia.pdf)

### **African Economic Development and Lessons from Asia**

Charles Robertson: “Africas next boom”, TedTalk, 2013

[https://www.ted.com/talks/charles\\_robertson\\_africa\\_s\\_next\\_boom?language=en](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>

### **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>

### **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>

### **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**

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 full article)

[https://sites.google.com/site/simonalderch/downloads/AlderWang\\_DivideAndRule.pdf](https://sites.google.com/site/simonalderch/downloads/AlderWang_DivideAndRule.pdf)

### **Pillars of Prosperity (time permitting)**

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>

**Syllabus version:** August 20, 2018.