

ECON 360-003
Economics of Developing Areas
Class Time: TR 3:00 – 4:15 PM; Room: Innovation Hall 209

Instructor: John Kroencke
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Office Location: Mercatus Suite, Buchanan Hall
Office Hours: T 11:00 – 1:00 and by appointment

Prerequisites: ECON 103 and 104

Mason Core, Global Understanding:

This course qualifies as a Mason Core class under the Global Understanding category. As such it has the following learning outcomes and objectives:

Learning Outcomes:

The goal of the global understanding category is to help students see the world from multiple perspectives, reflect upon their positions in a global society, and be prepared for future engagement as global citizens. While it may include a historical perspective, global understanding courses focus primarily on a contemporary understanding of one's place in a global society.

Learning Objectives:

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

Course Description:

Why are some countries rich and some countries poor? What causes *sustained* economic growth? Is there anything rich countries can do to spur economic growth in the least developed countries? These are just a few questions we will cover in Econ 360. Over the course of the semester we will explore some of the different explanations that economists have offered for these eternal questions. Your performance in the course will be determined by your ability to articulate the reasoning (including the relevant quantitative components) of the explanations covered in the course.

Important Dates:

10/4	Midterm 1
10/9	No class due to Fall Break
11/15	Midterm 2
11/20	No class
11/21-11/25	Thanksgiving Break
12/13	Final Exam (1:30 pm – 4:15 pm)

¹ Note: Students must use their MasonLive email account to receive important University information, including communications related to this class. I will not respond to messages sent from or send messages to a non-Mason email address nor will I communicate from a non-Mason email.

Required Books (available at bookstore):

- 1) William Easterly, *The Elusive Quest for Growth*
- 2) Douglass North, *Institutions, Institutional Change and Economic Performance*

Additional Material²: Listed on the *tentative* schedule. All readings and podcasts are required, unless otherwise stated.

Grading:

Your final grade in the class be determined as follows:

Quizzes	20%	(1% each, only top 20 count)
Problem Sets	20%	(5% each)
Midterms	35%	(17.5% each)
Final Exam	25%	

Letter grades will be determined as follows:

A+: 98-100 A: 92-97 A-: 90-91
B+: 88-89 B: 82-87 B-: 80-81
C+: 78-79 C: 72-77 C-: 70-71
D: 60-69 F: <60

Quizzes:

Every class meeting will begin with a short 2-3 question quiz on the readings. In addition to incentivizing you to keep up with the readings (and show up for class), these quizzes will give you a chance to see the type of questions which will show up in the multiple choice and true/false sections of the midterms and final. Your top 20 quiz scores will be averaged for your quiz grades. Assuming no additional class meetings are canceled, your bottom four quizzes will be dropped. There will be no make-up quizzes.

Problem Sets:

Every few weeks, I will assign a problem set composed of short and longer answer questions. I encourage, but do not require you to work in groups. These will give you a chance to see the types of questions which will show up on the exams. The details of how to submit problem sets will be covered when the first problem set is assigned. The tentative dates are on the provided schedule. My evaluation of problem sets will include a basic evaluation of the writing itself.

Exams:

I will give two midterms and a final to assess your familiarity with the topic. The exams will consist of a mix of multiple choice, true/false, short answer, and longer answer questions. There will be no make-up exams. Any missed exams will have their weight shifted to the final.

Electronics:

Please be respectful of your peers and your instructor and do not engage in activities that are unrelated to class.

² All readings are available through the George Mason Library. I use Zotero to keep track of papers I read and for use in future work. I will provide additional information on how to set up Zotero for those of you who are interested.

Some Relevant George Mason Policies:

In addition to the course policies listed above I will follow GMU policy on all matters. Some relevant policies are listed below:

Disability Services:

All accommodations for disabilities must be set up at the beginning of the semester with the Office of Disability Services. They can be reached at (703)-993-2474 or ods@gmu.edu. Additional information about GMU policy can be found at ds.gmu.edu.

Academic Honesty:

It is expected that students adhere to the George Mason University Honor Code as it relates to integrity regarding coursework and grades. The Honor Code reads as follows:

To promote a stronger sense of mutual responsibility, respect, trust, and fairness among all members of the George Mason University community and with the desire for greater academic and personal achievement, we, the student members of the University Community have set forth this: Student members of the George Mason University community pledge not to cheat, plagiarize, steal and/or lie in matters related to academic work.

More information about the Honor Code, including definitions of cheating, lying, and plagiarism, can be found at the Office of Academic Integrity website at <http://oai.gmu.edu>

Enrollment:

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.)

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 procedure.

Tentative Schedule

Date	Note	Topic	Readings
8/28	First Class	Intro, Syllabus, What is Economic Development? The Great Fact, The Great Divergence	
8/30		Intro, Syllabus, What is Economic Development? The Great Fact, The Great Divergence II	WE Prologue and Ch 1, https://foreignpolicy.com/2013/09/16/the-great-escape/
9/4		Brief History of Economic Development	(Rodrik & Bank, 2006), (Leeson 2010)
9/6		Growth Traps I	(Sachs & Warner, 2001)
9/11		Growth Traps II	WE 5, (Gallup & Sachs, 2001)
9/13		Growth Modeling I	WE 2
9/18		Growth Modeling II	WE 3
9/20		Growth Modeling III	WE 4
9/25		Loans/Debt Forgiveness	WE 6, 7
9/27		Proven Ways to Kill Growth I	WE 11
10/2		Proven Ways to Kill Growth II	WE 12
10/4	Exam 1		
10/9	No Class		
10/11		Aid?	(Djankov, Montalvo, & Reynal-Querol, 2008), http://www.peterleeson.com/What_Can_Aid_Do.pdf
10/16		Institutions I	(Williamson, 2000), DN 1-3
10/18		Institutions II	DN 4-8
10/23		Institutions III	(Acemoglu, Johnson, & Robinson, 2001)
10/25		Market-Preserving Federalism	(Weingast, 1995)
10/30		Democracy?	(Barro, 1996)
11/1		Property Rights	(Demsetz, 1967)
11/3		Property Rights	(Acemoglu & Johnson, 2005)
11/6		Fractionalization	WE 13
11/8		Legal Origins	(Porta, Lopez-de-Silanes, & Shleifer, 2008)
11/13		Institutional Stickiness	(Boettke, Coyne, & Leeson, 2008)
11/15	Exam 2		
11/20	No Class		TBD, I will assign a YouTube video or EconTalk episode in lieu of class lecture
11/22	Thanksgiving		
11/27		Why no RCTs?	(Acemoglu, 2010)
11/29		More than just GDP? Creating Capabilities	http://www.econtalk.org/martha-nussbaum-on-creating-capabilities-and-gdp/
12/4		Anarchy?	(Rajan, 2004), (Leeson, 2007)
12/6	Final Review	Final Review	
12/13	Final Exam	1:30 pm – 4:15 pm	

Journal Articles (listed alphabetically)

- Acemoglu, D. (2010). Theory, General Equilibrium, and Political Economy in Development Economics. *The Journal of Economic Perspectives*, 24(3), 17–32.
- Acemoglu, D., & Johnson, S. (2005). Unbundling institutions. *Journal of Political Economy*, 113(5), 949–995.
- Acemoglu, D., Johnson, S., & Robinson, J. A. (2001). The Colonial Origins of Comparative Development: An Empirical Investigation. *The American Economic Review*, 91(5), 1369–1401.
- Barro, R. J. (1996). Democracy and growth. *Journal of Economic Growth*, 1(1), 1–27.
<https://doi.org/10.1007/BF00163340>
- Boettke, P. J., Coyne, C. J., & Leeson, P. T. (2008). Institutional Stickiness and the New Development Economics. *American Journal of Economics and Sociology*, 67(2), 331–358.
<https://doi.org/10.1111/j.1536-7150.2008.00573.x>
- Demsetz, H. (1967). Toward a Theory of Property Rights. *The American Economic Review*, 57(2), 347–359.
- Djankov, S., Montalvo, J. G., & Reynal-Querol, M. (2008). The curse of aid. *Journal of Economic Growth*, 13(3), 169–194. <https://doi.org/10.1007/s10887-008-9032-8>
- Gallup, J., & Sachs, J. (2001). The economic burden of malaria. *The American Journal of Tropical Medicine and Hygiene*, 64(1_suppl), 85–96. <https://doi.org/10.4269/ajtmh.2001.64.85>
- Leeson, P. T. (2007). Better off stateless: Somalia before and after government collapse. *Journal of Comparative Economics*, 35(4), 689–710. <https://doi.org/10.1016/j.jce.2007.10.001>
- Leeson, P. T. (2010). Two Cheers for Capitalism? *Society*, 47(3), 227–233.
<https://doi.org/10.1007/s12115-010-9305-7>
- Porta, R. L., Lopez-de-Silanes, F., & Shleifer, A. (2008). The Economic Consequences of Legal Origins. *Journal of Economic Literature*, 46(2), 285–332. <https://doi.org/10.1257/jel.46.2.285>
- Rajan, R. (2004). Why an orthodox economic model may not be the best guide for policy, 2.
- Rodrik, D., & Bank, W. (2006). Goodbye Washington Consensus, Hello Washington Confusion? A Review of the World Bank's "Economic Growth in the 1990s: Learning from a Decade of Reform." *Journal of Economic Literature*, 44(4), 973–987.
- Sachs, J. D., & Warner, A. (2001). The Curse of Natural Resources. Retrieved from <http://www.earth.columbia.edu/sitefiles/file/about/director/pubs/EuroEconReview2001.pdf>
- Weingast, B. R. (1995). The economic role of political institutions: Market-preserving federalism and economic development. *Journal of Law, Economics, & Organization*, 1–31.
- Williamson, O. E. (2000). The New Institutional Economics: Taking Stock, Looking Ahead. *Journal of Economic Literature*, 38(3), 595–613.