

Baylor University
Hankamer School of Business
Department of Economics

ECO/INB 4334: Economic Development (Undergraduate)
ECO/INB/AST 4335: Asian Economic Development (Undergraduate)
ECO 5334: Economic Development (Graduate)

2:00 – 3:20pm MW
HCB 305

Instructor: Dr. Steve Green
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Office Hours: 3:30 – 4:30 MTWR & by appointment¹

Course Web Page:

http://business.baylor.edu/Steve_Green/Economic_Development.doc

COURSE OBJECTIVES:

This course provides a detailed examination of economic phenomena in poor countries. Although all countries are unique, developing countries have many common features. This course aims to identify and explore those common features. By the end of the semester, you should have acquired an understanding of the factors that make poor countries different from rich countries. In particular, you should be able to:

- Explain how a wide range of economic institutions in developing countries are, at root, responses to something economists call “market failure.”
- Explain the implications of market failure for the lives of individuals.
- Discuss the pros and cons of possible responses of government policy to various kinds of market failure.

Basic economics courses tend to focus on how markets work. In contrast, this course focuses on how, when, and where markets *do not* work – or at least do not work very well.

¹ As department chair, I must attend many meetings. As a result, I will sometimes not be in my office during office hours. I will try to notify you in class and/or on the course web page when this will happen. I would very much appreciate it if you will email or call ahead of time and let me know when you plan to come. If you cannot come during my office hours, we can arrange a mutually suitable time.

PREREQUISITES:

The stated prerequisites for this course are Eco 2306 (“Principles of Microeconomics”) and Eco 2307 (“Principles of Macroeconomics”), with a minimum grade of “C” in each, or Eco 1305 (“Survey of Economic Principles”). If you somehow managed to register for this course without having met these prerequisites, please let me know.

This course is essentially a senior level Economics elective that is cross listed as INB (International Business) and AST (Asian Studies) and which, with some enhancements, can be taken for graduate credit. In the course, we will rely rather heavily on graphical and mathematical reasoning. If you have taken the Principles courses and done well, you should already be proficient at graphical analysis (for example: supply & demand graphs; production possibility frontiers; average, total, and marginal cost curves; the Keynesian cross). In particular, you should be able to provide an intuitive explanation of the meaning of the slope, intercept, and curvature of a line or curve in a 2-dimensional graph. You should also be proficient at basic algebra. That is, you should be able to interpret algebraic equations, make substitutions, and find solutions.

If you are concerned about whether your skills in mathematics will be adequate for this course, you may take the handed out on the first day of class. The quiz is also posted at:

http://business.baylor.edu/Steve_Green/mathquiz.pdf

TEXTBOOK:

Ray, Debraj. (1998). *Development Economics*. (Princeton, NJ: Princeton Univ. Press). REQUIRED.

Other reading materials will be accessible on the Internet or handed out in class.

CURRENT EVENTS AND WEB-BASED RESOURCES:

You are strongly encouraged to follow current events relating to developing countries using the source of your choice. Good options include the *Financial Times* and the *Economist* magazine. A good guide to web-based resources related to Economic Development is available on Dr. Steve Gardner’s web site:

http://business.baylor.edu/Steve_Gardner//CESCH05.HTM

Three very good electronic resources are available through the Baylor Library: the National Bureau of Economic Research (*NBER*), *EconLit*, and *JSTOR*. NBER contains the full text of a large number of “working papers” in economics, some of which involve economic development issues. (A “working paper” is a scholarly paper circulated prior to publication.) EconLit is a large index of publications in economics, with primarily references and only a few complete papers. JSTOR has full text of a large number of

scholarly journals in many disciplines (including economics) for all but the last two or three years. In many cases you can find reference to a paper in EconLit and find the paper itself in JSTOR.

GRADE DETERMINATION:

At the end of the term, I will compute a **FINAL NUMERICAL AVERAGE** based on the following scores:

EXAM I:	15%
EXAM II:	15%
EXAM III:	15%
4 ASSIGNMENTS:	15%
FINAL EXAM:	15%
WRITTEN REPORT:	12.5%
ORAL REPORT:	7.5%

The exam dates are given below. All exams will consist of short essay questions and perhaps some problems that must be solved with graphical or algebraic analysis. The exams will have NO true-false, multiple choice, or matching questions. The final exam **will be comprehensive**.

If you have a question about the grading of an exam, you must see me about it *within one week* after I return the exam to you to be eligible for any additional points that may be warranted. If you make a higher grade on the final exam than on one or more of the first three exams, I will replace your lowest grade from Exams I-III with your final exam grade. At most one grade will be replaced.

I will **ASSIGN COURSE GRADES** on the basis of the distribution of final averages. A final average over 90 will guarantee a course grade of "A", a final average over 80 will guarantee a course grade of "B", etc., but the actual cutoffs might be a bit lower (e.g., 89 for an A). I tend to look for "large gaps" in setting those cutoffs.

In **AWARDING FINAL GRADES**, I normally give "consideration" (i.e., move people up who are close to but below the maximum cut-off point for a higher course grade) for the following: a good grade on the comprehensive final, good class attendance, good class participation, and improvement over the semester. All such consideration must be fair to other students and is made entirely at my discretion.

During the semester, I will ask you to complete **FOUR (4) HOMEWORK ASSIGNMENTS**. In each case I will hand out the assignment one week before its due date. The assignments will be designed to extend and reinforce the basic concepts covered in class and to give you some idea of what to expect on the exams.

REPORTS:

In the “Reports” assignments you will be required to read a book or series of published papers related to issues discussed in this course. You will write up a 5-10 page report on what you have read, emphasizing how it relates to the material we have covered in class. You will also be required to prepare a short presentation (7-8 minutes) for the class. Student presentations will be made on the last four days of class. More detail about the requirements of the reports (both written and oral) will be provided in a separate document that will be posted on the course web page.

The nature of the report you prepare will in general depend on the particular course in which you are registered. Those in ECO/INB 4334 may report on a book or 2-3 papers involving any topic related to the course. Those in ECO/INB/AST 4335 must report on a book or 2-3 papers related to *Asian* economic development. Those in Eco 5334 must report on *scholarly* publications (most likely in refereed economics journals) rather than trade or mass market publications.

Thus students in ECO/INB 4334 might choose one of the following books:

- * Diamond, Jared. (1999). *Guns, Germs, and Steel*. (W. W. Norton & Co.)
- * DeSoto, Hernando. (2003). *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*. (Basic Books).
- * Easterly, William. (2002). *The Elusive Quest for Growth: Economists’ Adventures and Misadventures in the Tropics*. (MIT Press).
- * Adams, Dale W., Graham, Douglas H., and J. D. Von Pischke. (1984). *Undermining Rural Development with Cheap Credit*. (Boulder and London: Westview Press).

Students in ECO/INB 4335 might choose one of the following:

- * Takatoshi Ito and Anne Kreuger (eds) *Growth Theories in the Light of East Asian Experience*, Univ. of Chicago Press, 1995.
- * Frank-Jurgen Richter, *The East Asian Development Model: Economic Growth, Institutional Failure, and the Aftermath of Crisis*, Palgrave Macmillan, 2000, pp. 288.

Students in ECO/INB 5334 might review papers from among the following:

- * Deaton, Angus. (2003, July). “Measuring Poverty in a Growing World (or Measuring Growth in a Poor World).” NBER working paper No. w9822. Available on the NBER web site at <http://80-www.nber.org.ezproxy.baylor.edu/papers/w9822>.

- * Galor, Oded, Moav, Omer, and Dietrich Vollrath. (2003). "Land Inequality and the Origin of Divergence and Overtaking in the Growth Process: Theory and Evidence." (Brown University Department of Economics Working Paper No. 2003-04). Web link: http://www.econ.brown.edu/2003/2003-4_paper.pdf.
- * Kochar, Angini. (2000, October). "Parental Benefits from Intergenerational Coresidence: Empirical Evidence from Rural Pakistan." *Journal of Political Economy* 108(6), pp. 1184-1209. Available on JSTOR at: <http://links.jstor.org/sici?sici=0022-3808%28200012%29108%3A6%3C%3E1.0.CO%3B2-K>

Please note that these are only *examples* of acceptable books and articles. Please keep in mind the following very important rule:

Any particular book or paper may be reviewed by only one student.

If you want to "claim" a book or article as the subject for your reports, please send me an email to that effect (Steve.Green@baylor.edu) with the title and full reference. I will enter that information into a list posted at the following location:

http://business.baylor.edu/Steve_Green/Economic_Development_Reserved_Articles.doc

You may reserve at most one book (1) or three (3) articles. You are free to change your mind and substitute a new item for one you have already reserved, in which case the original item will be removed from the list. I *strongly recommend* that you get my approval for a book or article before you spend a lot of time reading it, writing up your report, and preparing your presentation.

As the semester progresses, I would be pleased to discuss possible book and/or article sources for your reports with each of you. I suggest that you wait at least 2 or 3 weeks to get a sense of the nature of the material before spending a lot of time looking for books or articles. Only after we are well into the semester will you have the knowledge base necessary to do an adequate job on your report.

TARDINESS:

My tardiness policy is that *your first two tardies each count as one-half absence each, after which each tardy counts as one absence*. You are "tardy" if you enter the room after I have checked the roll (which I will never do before the official class starting time). If tardiness becomes a problem for the class, I will be inclined to give very easy pop quizzes at the beginning of class. The quizzes will be graded pass/fail, and for each failed quiz I will subtract *two points* from your final exam score. If you have a legitimate reason for being habitually late (a job, a class on the other side of campus, etc.), you should notify me during the first week of class. After I have verified your excuse, we can make appropriate arrangements.

ABSENCES:

Baylor policy allows me to assign you a grade of "F" for the course on the basis of excessive absences (more than 25%, meaning **8 or more** absences in this class) alone. If you have a legitimate reason for being habitually absent, you should notify me during the first week of class. After I have verified your excuse, we can make appropriate arrangements. On the second day of class (Wednesday, August 27), I will make a seating chart. This will help me learn your names and make it easier to take attendance. If you have a strong seating preference, you might plan to arrive early on August 27.

MAKE-UP EXAMS:

I will permit a student to take a make-up exam if two conditions are both met: (1) you contact me by phone or e-mail -- preferably in advance unless there are extenuating circumstances -- and obtain permission to take the exam at another time. If you are calling and I am not in my office, leave a message on my Voice Mail. The day and time of the message will be automatically recorded. (2) The reason for rescheduling the exam is a compelling one, such as being out of town on a Baylor-related trip (letter from sponsor, coach, or advisor required), serious illness (note from health center or personal physician required), death in the family, or severe psychological or other problems. Reasons of the latter type need not be explained to me, but at my discretion I may require a letter from the Dean of Students. Although I reserve the right to consider each case on its own merits, reasons that will **not** generally be considered compelling include an exam in one of your other courses, a desire to leave campus early (or return late) to have a long weekend, etc.

CLASSROOM ETIQUETTE:

It is the policy of the Hankamer School of Business that food and drink (other than water) are NOT allowed in Hankamer classrooms. Please respect this policy. If you forget, I will ask you to remove your food and/or drink from the classroom.

ACADEMIC MISCONDUCT:

I enforce the academic misconduct policy outlined on the Baylor web site, which may be accessed as follows:

1. Go to the following web site: <<http://www.baylor.edu/path/current.asp>>
2. Under "Campus Life," click on "Student Policies and Procedures."
3. On the left side of the screen, click on "Policies and Procedures."
4. On the left side of the screen, click on "Constitution of the Baylor University Honor System" and "Academic Appeals and Policy Procedure."

IMPORTANT DATES:

Exam dates are subject to change with at least one week's notice.

August 29 (Friday): Last day to file for December graduation

September 17 (Wednesday): Exam I

September 19 (Friday): Courses dropped after this date will be recorded as WP or WF, according to the report of the professor

October 10 (Friday): Deficiency reports due in Registrar's Office

October 21 (Tuesday): Courses dropped after this date will be recorded as failed

October 13 (Monday): Exam II

November 5 (Wednesday): Exam III

December 9-10 (Tuesday-Wednesday): Study days

December 11-17: Final examinations (includes Saturday, December 13)

December 20 (Saturday): Commencement

The FINAL EXAM date will be *either* Monday December 15 (4-6pm) *or* Friday December 12 (1:30-3:30pm). The choice will be determined by a class vote to be held on Wednesday, August 27. In the event of a tie, I will make the decision.

SCHEDULE:

The schedule on the course web page (a copy of which appears on the next page of this document) should be regarded as *tentative*. I will do my very best to adhere to it closely, but circumstances may make some changes necessary. If necessary, I will update it as the semester progresses. I will give you advance notice of at least one week of any change in an exam date.

It will usually be the case that we will not undertake a detailed examination of the entire content of each chapter in the text. As the semester progresses, I will let you know which sections of each chapter are the most important for our purposes.

GENERAL DISCLAIMER:

I reserve the right to make changes in the policies described in this syllabus if in my judgment the changes are warranted. I will notify you in writing of any changes, and I will also post the changes on the course web page.

ECO/INB 4334; ECO/INB/AST 4335; ECO 5334
Fall 2003 SCHEDULE (Version #1: 8-25-03)

Class Number	MONTH	DATE	DAY OF WEEK	TOPIC (Chapter in Ray's <i>Development Economics</i>)
1	August	25	M	Introduction (1)
2		27	W	Overview (2); <i>VOTE ON FINAL EXAM DATE;</i> <i>Make seating chart</i>
3	September	1	M	Economic Growth (3)
4		3	W	Economic Growth (3), continued
5		8	M	The New Growth Theories (4); Assignment #1 handed out
6	<i>(Parents Weekend Coffee)</i>	10	W	History, Expectations, and Development (5)
7		13	Sa	
8		15	M	Catch-up; Exam preparation; Assignment #1 due
9		17	W	EXAM I
10		22	M	Economic Inequality (6)
11		24	W	Inequality and Development: Interconnections (7)
12	October	29	M	Poverty and Undernutrition (8)
13		1	W	Population Growth and Economic Development (9); Assignment #2 handed out
14		6	M	Rural and Urban (10)
15		8	W	Catch-up; Exam Preparation; Assignment #2 due
16		13	M	EXAM II
17		15	W	Markets in Agriculture: An Introduction (11)
18	<i>(Fall Break)</i>	17-19	F-Su	
19		20	M	Land (12)
20		22	W	Labor (13)
21		27	M	Credit (14); Assignment #3 handed out
22		29	W	Insurance (15)
23	November	3	M	Catch-up; Exam Preparation; Assignment #3 due
24		5	W	EXAM III
25	<i>(Homecoming)</i>	7-8	Fri-Sat	
26		10	M	International Trade (16)
27		12	W	Trade Policy (17)
28		17	M	Multilateral Approaches to Trade Policy (18); Assignment #4 handed out
29		19	W	Student Presentations
30		24	M	Student Presentations; Assignment #4 due
31		26	W	NO CLASS (Thanksgiving)
32	<i>(Thanksgiving Break)</i>	26-30	W-Sun	
33	December	1	M	Student Presentations
34		3	W	Student Presentations
35		8	M	Review & Exam Preparation (Last Day of Class)
		TBA*	TBA*	FINAL EXAM

* The final exam will be offered at *either* the 1MWF time (4-6pm on Monday, 12/15) *or* at the 12MWF time (1:30-3:30pm on Friday, 12/12). The choice will be determined by a class vote to be held on **Wednesday, August 27**. In the event of a tie, the choice will be made by the instructor.