

Economics 305: Economic Development

Dr. Jeffrey Bloem

Fall 2020*

E-mail: Jeffrey.Bloem@Gordon.edu

Office Hours: T & TH 5:00 pm EST or by appointment

Office: Zoom

Web: www.JeffBloem.com

Class Hours: Asynchronous

Class Room: N/A

"A study of least developed countries is to economics what the study of pathology is to medicine: by understanding what happens when things do not work well, we gain insight into how they work when they do function as designed. The difference is that in economics, pathology is the rule: less than a quarter of mankind lives in the developed economies."

– Joseph E. Stiglitz (1989), 2001 Nobel Memorial Prize in Economics Sciences Co-Winner

"Most people in the world are poor. If we knew the economy of being poor, we would know much of the economics that really matter. Most of the world's poor people earn their living in agriculture. If we knew the economics of agriculture, we would know much of the economics of being poor."

– Theodore W. Schultz (1989), 1979 Nobel Memorial Prize in Economics Sciences Co-Winner

Course Description

"Economic development" refers to material progress, in all its dimensions. Few topics are as important for the world as a whole and, in particular, for Christians. And few topics are as controversial: from questions about the appropriateness of industrialization and economic growth, the role of multinational firms, and the effects of foreign aid, to questions of how to eliminate hunger, economic development is one of the central issues of our time. It is also the core of modern-day economics. Four out of the last nine winners of the Nobel Prize in Economics have been development economists.

This course analyzes the economic development of low- and middle-income countries and the policies that may lead to material gains. It focuses on introducing students to applying economic theory and statistics to the analysis of development issues. As there is not a unified body of theory that explains the processes and types of economic development, the course is organized topically. We will analyze economic development topic by topic, drawing on theory and statistics to inform on particular topics as needed.

*Last Updated: 08/16/2020

Required Materials

- **Abhijit Banerjee and Esther Duflo.** *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty.* Public Affairs. Available on Amazon.com for under \$12.
- **Bruce Wydick.** *Shrewd Samaritan: Faith, Economics, and the Road to Loving Our Global Neighbor.* Thomas Nelson. Available on Amazon.com for under \$9.
- The majority of the other required readings come from the *Journal of Economic Perspectives*. This is an academic journal that aims to summarize topics, concepts, theory, and evidence from across the various fields of economics. These articles are freely available and written using plain English—rather than math.

Prerequisites

ECB 102: Principles of Macroeconomics

Course Learning Objectives

By the end of this course, students will be able to:

1. **Explain** differences in classical and modern growth theories, including linear stage theories, structural change models, dependency theory, neoclassical theory, and poverty traps.
2. **Demonstrate** an ability to **critique** each of the above theories and **use** various indicators to **evaluate** a country's level of development.
3. **Identify** and **evaluate** specific issues related to poverty and inequality in developing countries
4. **Articulate** the roles of education, health, agriculture, microfinance, foreign aid, and international trade in promoting or hindering economic development.
5. **Consider** economic development in light of what Christians are called to do by God. We consider what Christians can and should do, nationally and individually; we consider the work of Christian aid and development agencies.
6. **Plan for and design** a specific small-scale development project in a low-income country.

Course Structure

Class Structure

This course will be asynchronous. Teaching in this way is new for me and participating in virtual classes is likely relatively new for you. I ask that we all practice patience, a willingness to try new things, and adjust as necessary.

Weekly Assignments

These assignments are designed to aid you in engaging with the assigned reading material and with your classmates. It is best to think of these weekly assignments as short (e.g., 400-500 words) blog-post-style summaries of the interesting or important details from the reading. That is, pretend you are writing for someone who has not read the assigned reading but is generally knowledgeable about economics and international development. These can take a variety of forms:

1. You can write a "layman's" translation of what you learned from the required readings.
2. You can identify and describe the "muddiest point" (e.g., a point of confusion) from the required readings.
3. You can discuss how the required readings apply to your development project paper (see below).
4. You can think of two questions relating to the required readings that you'd like to discuss with your classmates.

These assignments must be submitted via Canvas on Monday of each week with assigned readings. There are 13 weeks with assigned readings in the semester, but you are only required to hand in 10 total weekly assignments. That means you have 3 weeks when we have assigned readings and you do not need to turn in an assignment. *Try not to use these too early in the semester.*

Development Project Paper

Much of this class will focus on how one-size-fits-all development policies do not work. The course project is designed to give you practice in identifying a project that will enhance development. You will be required to write a 10-page paper. In the paper, you will identify a specific country context, define a development objective, and design a program that may achieve that objective. You must discuss relevant course material, including relevant theories and evidence that supports your program. (Note: Be sure to use the available library resources on the [ECB 305 library page](#).)

You are expected to discuss your proposed development project with me and your classmates a couple of times during the semester. You will need to submit a proposal for your development project before the beginning of **week 6**. This will constitute 5% of your total grade for this project. Please note that you will have to discuss with me and provide a justified reason to change your development project once you have submitted this proposal.

The first draft of each project will be reviewed by several classmates. Peer review is a well-established practice in the scientific community. It helps both the reviewer and reviewee in enhancing the quality of work. Your first draft is due before the beginning of **week 12**. This will constitute 5% of your total grade. Your peer review is due before the beginning of **week 14**. You will be responsible for reviewing one of your classmate's first draft and this will constitute 5% of your total grade. The final draft of the paper is due on **December 3**. A complete summary of the grading structure for this project is shown below.

Exams

We will have two exams, a midterm exam and a final exam. Exams will be open book and open internet. The answers will be difficult to simply look up in your book or Google, however. They will require understanding of course material and critical thought. Exams will be timed. If you do not know the answers, it will be difficult to look them up and complete the exam on time.

Grading

The grading of this course is as follows:

- Weekly assignments: 30%
 - 10 required weekly assignments (out of 13 weeks with assigned readings), 3% each
- Development Project Paper: 30%
 - Development Project Proposal, 5% (Due: week 6)
 - First Draft, 5% (Due: week 12)
 - Peer Review, 5% (Due: Week 14)
 - Final paper, 15% (Due: Week 15)
- Midterm: 15%
- Final Exam: 15%
- Participation: 10%
 - Participation is based on engaging with your classmate's weekly assignments, which will be posted as discussions on Canvas. A good way to earn all participation points is to read and comment on your classmate's comments and questions about the assigned readings.

Grading Scale:

- 93-100% A
- 90-93% A-
- 88-90% B+
- 83-88% B
- 80-83% B-
- 78-80% C+
- 73-78% C
- 70-73% C-
- 60-70% D
- Below 60% F

Course Policies

COVID-19 Precautions

This is obviously an unprecedented time. A lot is being asked of college students. You are being asked to take courses online, which is not what you signed up for when you chose Gordon College. You are being asked to refrain from many forms of in-person social interactions, which is probably what many of you like most about college. I hope that you will all do what is necessary to keep each other, and yourselves safe. Even if you consider yourself low risk, people around you may not be. I understand that some, if not many, students will participate in high risk activities like attending parties, going to restaurants, shopping in crowded stores, or attending in-person religious services, etc. If you do these things, I encourage you to take advantage of the option to take your courses this semester completely online. There are a few more protections I am putting in place for the purposes of our collective well-being:

- Office hours will be conducted on Zoom. During my office hours I will be in a Zoom room and you can pop in, or you can make an appointment for an online meeting that fits your schedule. I wish we could meet in-person, but this is an entirely virtual and asynchronous class this semester.
- If you feel at all sick, or have a temperature, please get tested. In this class, you can attend all lectures online, and complete all projects and exams online. If you test positive, email me and we can discuss how to handle the situation.

Attendance Policy

This is an asynchronous class and so obviously I will not be able to observe your attendance as I would if we were meeting in-person. Instead "attendance" will be based on your participation and completion of online class activities and assignments.

Communication Policy

E-mail is my preferred method of communication. E-mails sent between Monday and Friday will be responded to within twenty-four hours. Please do not wait until the last minute to send questions. Also, note that e-mails sent after 7pm will typically not be read until the next day.

Late Assignments Policy

Late assignments will not be accepted. If you anticipate that you will complete an assignment late due to unforeseen circumstances or events, please notify me *before* the assignment due date. If you experience challenges with technology, please notify me as soon as possible.

Physical and Mental Health

Your physical and mental health is important. I encourage you to take full advantage of the services provided by Gordon College to facilitate your physical and mental health.

- Schedule time to exercise. Run, walk, do something to move around as you are able.
- Care of yourself mentally. Take breaks from your studies, spend time with friends and family, do something to rest from your most pressing task.
- Familiarize yourself with available mental health resources: <https://www.gordon.edu/counselingcenter/>
- Other available resources:
 - Depression and Bipolar Support Alliance: <https://www.dbsalliance.org/>
 - Suicide Prevention Crisis line: 1-800-273-8255 or <https://suicidepreventionlifeline.org/>

Accommodations for Disabilities

Gordon College is committed to assisting students with documented disabilities. A student with a disability who may need academic accommodations should follow this procedure:

1. Meet with a staff person from the Academic Support Center (ASC) Jenks 412, (x4746) to:
 - (a) make sure documentation of your disability is on file in the ASC,
 - (b) discuss the accommodations for which you are eligible,
 - (c) discuss the procedures for obtaining the accommodations, and
 - (d) obtain a Faculty Notification Form.
2. Deliver a Faculty Notification Form to each course professor within the first full week of the semester; at that time make an appointment to discuss your needs with each professor.

Failure to register in time with your professor and the ASC may compromise our ability to provide the accommodations. Questions or disputes about accommodations should be immediately referred to the Academic Support Center. (See also Grievance Procedures in Student Handbook.)

Academic Support Center: If you need additional help in this course, please do the following:

- Talk to me during my office hours. If you are not available during my normal office hours (held via Zoom), please schedule an appointment with me by E-mail.
- If you require more support, you will find help at the academic support center (<http://www.gordon.edu/asc>), which can point you in the right direction for additional resources, such as the writing center or language resource center. There are also private tutors available in some circumstances.

Lauren's Promise

I will listen and believe you if someone is threatening you.

Lauren McClusky, a 21-year-old honors student athlete, was murdered on October 22, 2018 by a man she briefly dated on the University of Utah campus. We must all take actions to ensure this never happens again.

If you are in immediate danger call 911. Do not hesitate.

If you are experiencing sexual assault, domestic violence, or stalking please seek help from the police whether or not you are in immediate danger.

- Campus police: 978-867-3333 (for things that happen on campus)
- Wenham Police: 978-468-5500 (for things that happen off campus)

Additional resources:

- The Red Flag Campaign: <http://www.theredflagcampaign.org/>
- HAWC (Healing Abuse, Working for Change): <https://hawcdv.org/>
- National Center on Domestic and Sexual Violence: <http://www.ncdsv.org/>
- National Coalition Against Domestic Violence: <https://ncadv.org/>

Gordon College also has Counseling Services that can help you in the aftermath of an incident: 978-867-4301.

I can also help connect you to the appropriate resources, or put you in touch with a female colleague faculty member who will do so. You can learn more about a variety of resources related to all aspects of sexual assault, domestic violence, or predatory behavior at Gordon College here: <https://www.gordon.edu/counselingcenter/selfhelp>.

Academic Integrity and Honesty

Academic dishonesty is regarded as a major violation of both the academic and spiritual principles of this community and may result in a failing grade or suspension. Academic dishonesty includes plagiarism, cheating, and abuse or misuse of library materials when such abuse or misuse can be related to course requirements.

Schedule

The schedule is tentative and subject to change. The midterm and final exams will test material covered to-date in the course. Therefore, the final exam will be cumulative and cover the material from the entire semester.

Introduction

August 20: Syllabus Review

Week 1, What is Development?

August 25 — Required Reading:

- Foreword from *Poor Economics*, (pp. vii-xi).
- Banerjee, A. and Duflo, E. (2007) "The Economic Lives of the Poor," *Journal of Economic Perspectives*, vol. 21, no. 1, pp. 141-168. [Available here.](#)

August 27 — Required Reading:

- Introduction, Chapter 1, and Chapter 2 from *Shrewd Samaritan*, (pp. xiii-32).

Week 2, Comparative Economic Development

September 1 — Required Reading:

- Pritchett, L. (1997) "Divergence, Big Time," *Journal of Economic Perspectives*, vol. 11, no. 3, pp. 3-17. [Available here.](#)

September 3 — Required Reading:

- Chapter 1 and Chapter 2 from *Poor Economics*, (pp. 1-40).

Week 3, Classic Theories of Economic Development

September 8 — Required Reading:

- Gollin, D. (2014) "The Lewis Model: A 60-Year Retrospective," *Journal of Economic Perspectives*, vol. 28, no. 3, pp. 71-88. [Available here.](#)

September 10 — Required Reading:

- North, D.C. (1991) "Institutions," *Journal of Economic Perspectives*, vol. 5, no. 1, pp. 97-112. [Available here.](#)

Week 4, Contemporary Theories of Economic Development

September 15 — Required Reading:

- Kraay, A. and McKenzie, D. (2014) "Do Poverty Traps Exist? Assessing the Evidence," *Journal of Economic Perspectives*, vol. 28, no. 3, pp. 127-148. [Available here.](#)

September 17 — Required Reading:

- Chapter 3, Chapter 4, and Chapter 5 in *Shrewd Samaritan*, (pp. 35-87).

Week 5, Poverty and Inequality

September 22 — Required Reading:

- Besley, T. and Burgess, R. (2003) "Halving Global Poverty," *Journal of Economic Perspectives*, vol. 17, no. 3, pp. 3-22. [Available here.](#)

September 24 — Required Reading:

- Milanovic, B. (2011) "More or Less," *Finance & Development*, vol. 48, no. 3, pp. 6-11. [Available here.](#)

Week 6, Urbanization and Migration

September 29 — Required Reading:

- Marx, B., Stoker, T., and Suri, T. (2013) "The Economics of Slums in the Developing World," *Journal of Economic Perspectives*, vol. 27, no. 4, pp. 187-210. [Available here.](#)

October 1 — Required Reading:

- Gibson, J. and McKenzie, D. (2011) "Eight Questions about Brain Drain," *Journal of Economic Perspectives*, vol. 25, no. 3, pp. 107-128. [Available here.](#)

Due: Development Project Proposal

Week 7, Health

October 6 — Required Reading:

- Chapter 3 in *Poor Economics*, (pp. 41-70).

October 8 — Required Reading:

- Chapter 6 and Chapter 8 in *Shrewd Samaritan*, (pp. 91-101 and pp. 116-133).

Week 8, Midterm Exam

October 13 — Review and Questions

October 15 — Midterm Exam

Week 9, Education

October 20 — Required Reading:

- Bold, T., Filmer, D., Martin, G., Molina, E., Rockmore, C., Svensson, J., and Wane, W. (2017) "Enrollment without Learning? Teacher Effort, Knowledge, and Skill in Primary Schools in Africa," *Journal of Economic Perspectives*, vol. 31, no. 4, pp. 185-204. [Available here.](#)

October 22 — Required Reading:

- Chapter 4 in *Poor Economics*, (pp. 71-101).

Week 10, Agriculture and Natural Resources

October 27 — Required Reading:

- Venables, A.J. (2016) "Using Natural Resources for Development: Why Has It Proven So Difficult?," *Journal of Economic Perspectives*, vol. 30, no. 1, pp. 161-184. [Available here.](#)

October 29 — Required Reading:

- Dragusanu, R., Giovannucci, D., and Nunn, N. (2014) "The Economics of Fair Trade," *Journal of Economic Perspectives*, vol. 28, no. 3, pp. 217-236. [Available here.](#)

Week 11, Roles of the Market, State, and Civil Society

November 3 — Required Reading:

- Kruger, A.O. (1990) "Government Failures in Development," *Journal of Economic Perspectives*, vol. 4, no. 3, pp. 9-23. [Available here.](#)

November 5 — Required Reading:

- Svensson, J. (2005) "Eight Questions about Corruption," *Journal of Economic Perspectives*, vol. 19, no. 3, pp. 19-42. [Available here.](#)

Week 12, Foreign Aid

November 10 — Required Reading:

- Easterly, W. (2003) "Can Foreign Aid Buy Growth?," *Journal of Economic Perspectives*, vol. 17, no. 3, pp. 23-48. [Available here.](#)

November 12 — Required Reading:

- Stromberg, D. (2007) "Natural Disasters, Economic Development, and Humanitarian Aid," *Journal of Economic Perspectives*, vol. 21, no. 3, pp. 199-222. [Available here.](#)

Due: Development Project Paper, First Draft

Week 13, Credit and Insurance

November 17 — Required Reading:

- Chapter 6, Chapter 7, and Chapter 9 in *Poor Economics*, (pp. 133-182 and pp. 205-134)

November 19 — Required Reading:

- Chapter 7 and Chapter 9 in *Shrewd Samaritan*, (pp. 102-115 and pp. 134-149).

Week 14, Wrap-up

November 24 — Required Reading

- Chapter 10, Chapter 11, and Chapter 12 in *Shrewd Samaritan*, (pp. 153-198).

Due: Peer Review

November 26 — Thanksgiving, no class.

Week 15, Final Exam

December 1 — Review and Questions

December 3 — Final Exam

December 3 — *Due:* Development Project Paper, Final Draft