

Econ 175a  
**Introduction to Economics of Development**

**Instructor:** Paul Deng  
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**Office Hours:** MW 4-5pm  
PhD Room in Sachar Hall

### Overview

This course introduces you to an important branch of economics. Economics, as of today, has evolved into a complex system of many sub-fields and has certainly become much more advanced than the years of Adam Smith. However, economists have yet to figure out the panacea for development: the majority of poor countries still stay poor after all these years. So how do economists go about explaining this? What really matters to economic development? What are the roles of technology, markets, government, and institutions?

In this course, we will constantly ask these interesting questions. To differentiate from other courses on economic development, this course puts a slight focus on the role of institutions. After completing the course, you should be able to appreciate more deeply the major issues in economics of development and how human beings respond to incentives and constraints.

**Prerequisite:** ECON 2a or permission of the instructor.

### Course Materials

#### *Required*

1. Perkins, Dwight, et al. *Economics of Development*. 6th Edition. New York: Norton, 2006. (5th edition is also acceptable)
2. Easterly, William. *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics*. Cambridge: MIT Press, 2002.

#### *Recommended*

Levitt, Steven, et al. *Freakonomics: A Rogue Economist Explores the Hidden Side of Everything*. New York: William Morrow, 2005.

### Grading

Class participation:	20%
4 Quizzes:	20%
2 Midterms:	40%
One short essay:	20%

Class participation (20%): It is an essential part of the course. **Come fully prepared and actively take part in class discussions.** You can find the detailed guideline to class participation at [http://www.econlearning.com/discussion\\_guideline.html](http://www.econlearning.com/discussion_guideline.html).

Quiz (20%): There will be four (4) small quizzes, each including **8-10 multiple-choice questions**. They are designed to help you refresh your memories and be prepared for the mid-term exams. All quizzes will be administered at the beginning of the class. The duration of each quiz will be **15 minutes**.

Two mid-term exams (40%): Each accounts for 20%. They are not comprehensive. No late make-up exams will be offered unless official proof of absolute emergency is provided.

One short essay (20%): Use what you have learned in class to analyze a real problem related to economic development. The essay should be concise and right to the point. I will not accept any essay in exceed of six (6) pages. For details on my expectations of the essay and the guideline to write a good academic paper, please go to [http://www.econlearning.com/paper\\_guideline.html](http://www.econlearning.com/paper_guideline.html). **The submission deadline is by 9pm, April 25<sup>th</sup>.** You should submit both a print-out version (to my desk in PhD room) and an electronic version of your paper via email. Late submission will be penalized: your grade will be deducted by 10% for each-additional-day late.

### **Academic Integrity**

You are expected to be honest in all of your academic work. The University policy on academic honesty is distributed annually; see the University's Rights and Responsibilities handbook (sections 3 and 18-24) (<http://www.brandeis.edu/studentlife/sdc/ai/>). Instances of alleged dishonesty will be forwarded to the Office of Campus Life for possible referral to the Student Judiciary system. Sanctions may include failure in the course and suspension from Brandeis. If you have any questions about expectations, please ask.

### **Disabilities**

If you are a student with a documented disability on record at Brandeis University, and if you wish to request a reasonable accommodation for this class, please see me immediately. Please keep in mind that reasonable accommodations are not provided retroactively.

## **Tentative Course Schedule**

(go to [econlearning.com](http://www.econlearning.com) for recent update)

01/15 *Martin Luther King Day: No class.*

1. 01/17 Course introduction and overview

### **Part I Introduction to the field**

2. 01/22 Introduction to economics of development: Basic concepts  
- Perkins Chapter 1, 2 (excluding p.41-45)

3. 01/24 Economic development: A brief history
  - Perkins Chapter 2 (p.41-45)
  - "The Road to Riches." *Economist Magazine* (Millennium Special Edition), 1999.
  - Great Divergence: The rise of Western Europe and the fall of China.
  
4. 01/29 The framework of economic analysis and methodology
  - Levitt Chapter 1
  - Friedman, Milton. "The Methodology of Positive Economics" in Friedman, M. *Essays in Positive Economics*, 3-43. Chicago: University of Chicago Press, 1966.
  - Becker, G. "The Economic Approach to Human Behavior" in Becker, G. *The Economic Approach to Human Behavior*, 3-14. Chicago: University of Chicago Press, 1976.

## **Part II Basic Theories of Economic Growth & Development**

5. 01/31 Basic theories of economic growth: Harrod-Domar (HD) growth model
  - Perkins Chapter 4, p.103-117
  - Perkins Chapter 10
  - "The Economics of Saving: The shift away from thrift." *Economist Magazine*, April 7<sup>th</sup>, 2005.
  
6. 02/05 Basic theories of economic growth: Solow growth model
  - Perkins Chapter 4, p.117-147
  - Easterly Chapter 2
  
7. 02/07 **Quiz #1**  
Review and extension of basic growth theories
  - Easterly Chapter 3, 9
  - "The Growth of Growth Theory." *Economist Magazine*, May 18<sup>th</sup>, 2006.
  
8. 02/12 Outside speaker (tentative)  
Otherwise, continue to discuss Easterly chapter
  
9. 02/14 **First Mid-term Exam**

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02/19 Presidents Day: No class.

02/21 Mid-term Recess: No class.  
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10. 02/26      Basic theories of economic development: Population and the role of labor  
                  - Perkins Chapter 7  
                  - “Does Population Matter.” *Economist Magazine*, Dec. 5<sup>th</sup>, 2002.
11. 02/28      Basic theories of economic development: Lewis two-sector migration model  
                  - Agriculture and industry  
                  - Industrialization and urbanization
12. 03/05      Basic theories of economic development (continued)  
                  - Big-push theory  
                  - Balanced and unbalanced growth  
                  - Perkins Chapter 18  
                  - Easterly Chapter 8

### **Part III      Institutions and Economic Development**

13. 03/07      **Quiz #2**  
                  How to establish counterfactuals  
                  - Levitt Chapter 4
14. 03/12      Economic systems and development  
                  - Perkins Chapter 5  
                  - Easterly Chapter 11
15. 03/14      Economic systems and development (continued)  
                  - PBS video: Commanding Heights---The battle of ideas
16. 03/19      Democracy and development  
                  - “Poverty and the Ballot Box: Why are poor democracies not better at ending poverty?” *Economist Magazine*, May 12<sup>th</sup>, 2005.  
                  - The relationship between political freedom and economic freedom
17. 03/21      **Term paper prospectus due**  
                  Legal institutions and development  
                  - Property rights and rule of law  
                  - Constitutions
18. 03/26      **Quiz #3**

Financial institutions and development

- Perkins Chapter 13
- Financial linkage, credit market
- Micro lending and financing

19. 03/28     **Second mid-term Exam**

04/02     *Spring Recess: No class*

04/04     *Spring Recess: No class*

04/09     *Spring Recess: No class*

**Part IV     Special Topics in Economic Development**

20. 04/11     Trade and development  
              - Perkins Chapter 17

21. 04/16     Trade and development (continued)  
              - Perkins Chapter 19  
              - PBS video: Commanding Heights ---The new rules of the game

22. 04/18     **Quiz #4**  
              Environment and development  
              - Perkins Chapter 20

23. 04/23     Foreign aid and foreign debt  
              - Perkins Chapter 14  
              - Easterly Chapter 7

24. 04/25     **Term paper due**  
              Inequality and development  
              - Perkins Chapter 6

25. 04/30     Religion and development  
              - “God, Man and Growth.” *Economist Magazine*. Nov. 13<sup>th</sup>, 2003.  
              - Barro, Robert and McCleary, Rachel. 2003. “Religion and Economic Growth”.  
              *NBER Working Paper no. 9682*.

26. 05/02     **Last day of class**  
              Frontiers of development economics