

EC 450U/550, MWF 11:30-12:35
Cramer Hall 158
Winter 2008
Economics Department
Portland State University

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Office Hours: MW 12:40-1:40
and by appointment

Economics 450U/550: Development Economics

This course investigates the economic situation of most of the world. How do we define development? What have been countries' experiences with economic development and what have been the causes? What has been relationship between inequality, poverty, and economic growth? How does population, health and education affect economic growth, and how does growth affect population, health and education? What is necessary to make economic development environmentally sustainable, and what are the possible impacts of global climate change on developing countries? What is the effect of trade and globalization on developing countries? What is the impact of foreign aid, and how can it be made more effective?

Each student will be expected to read all the assigned material, participate in classroom discussions, and complete the written assignments. Students' own experience and ideas are important to the course. Squaring them with the theories and data we study is a central goal.

Undergraduate grades are determined by

- 15% on short in-class quizzes
- 30% on 4 page paper
- 45% on a final exam, and
- 10% on class participation.

Regular attendance is vital for understanding the material, so attendance will be noted as part of class participation. All assignments are due in class on the dates announced and will be marked down if late. It's always better to turn in an assignment late than to decide not to turn it in at all.

Do not plagiarize or engage in any other form of academic dishonesty. While I encourage you to discuss your assignments with other people, the final product must be your own, containing full citations to any work on which you draw.

Topics and Readings

The course will use the text *Economics of Development* by Perkins, Radelet, and Lindauer. Price at PSU bookstore \$136 (no used or swaps available). On Amazon.com \$127.50 (used \$80-100).

All other readings are on the WebCT site. We are reading substantial parts of Sachs, *The End of Poverty*, so you may prefer to buy the book (although it is not in the PSU bookstore; Amazon \$10.88) instead of reading it on WebCT.

There will be short weekly quizzes about the readings each Monday.

- Week 1 (January 7-11)
 - Introduction and History of Economic Development.
 - Jeffrey Sachs, “The Spread of Economic Prosperity”
 - Perkins, Radelet, and Lindauer, Chapter 1
 - *Recommended*: Jared Diamond, “The Worst Mistake In The History Of The Human Race”

- Week 2 (January 14-18)
 - Concept and Measurement of Development
 - Amartya Sen, “Introduction” of *Development as Freedom*
 - Brad DeLong review of Ben Friedman
 - Perkins, Radelet, and Lindauer, Chapter 2

- Week 3 (January 23-25) *nb.* January 21, MLK Jr. Day, is a university holiday
 - ***paper topics due*** January 23rd
 - Economic Growth: Concepts and Patterns
 - Jeffrey Sachs, “Why Some Countries Fail to Thrive”
 - Perkins, Radelet, and Lindauer, Chapters 3

- Week 4 (January 28-February 1)
 - Theories of Economic Growth
 - Gallup, Sachs, and Mellinger, “Geography and Economic Development”
 - Perkins, Radelet, and Lindauer, Chapters 4

- Week 5 (February 4-8)
 - Inequality and Poverty
 - *Economist*: “The Mountain Man and the Surgeon”
 - Perkins, Radelet, and Lindauer, Chapter 6

- Week 6 (February 11-15)
 - Population and Education
 - Glaeser and others, “Do Institutions Cause Growth?”
 - Perkins, Radelet, and Lindauer, parts of Chapters 7 & 8:
 - Chapter 7: Population
 - pp. 240-244 The Demographic Transition
 - pp. 255-258 Population Growth and Human Development (up to Population and Accumulation)
 - pp. 266-269 Family Planning
 - Chapter 8: Education
 - pp. 275-276 Introduction
 - pp. 282-286 Schooling versus Education; The Benefits of Education
 - pp. 295 (next to last line on page)-313 Controversies and Puzzles; Making Schooling More Productive

- Week 7 (February 18-22)
 - ***4 page papers due*** February 22nd
 - Health
 - Jeffrey Sachs, “Africa: The Voiceless Dying”
 - Perkins, Radelet, and Lindauer, Chapter 9

- Week 8 (February 25-29)
 - Sustainable Development
 - Scott Fields, "Why Africa's Climate Change Burden Is Greater"
 - Perkins, Radelet, and Lindauer, Chapter 20

- Week 9 (March 3-7)
 - Trade
 - Jeffrey Sachs, "China: Catching Up After Half a Millenium"
 - Friedman, Thomas L. "While I Was Sleeping," in *The World Is Flat* (outsourcing in India)
 - Perkins, Radelet, and Lindauer, Chapter 19

- Week 10 (March 10-14)
 - Foreign Aid
 - Jeffrey Sachs, "Myths and Magic Bullets" and "Why We Should Do It"
 - Perkins, Radelet, and Lindauer, Chapter 14

- Final Thursday, March 20th, 12:30 – 2:30pm

Readings

Delong, J. Bradford. "Growth is Good: An Economist's Take on the Moral Consequences of Material Progress," *Harvard Magazine*, January-February 2006.

Diamond, Jared. "The Worst Mistake In The History Of The Human Race," *Discover*, May 1987, pp. 64-66.

Fields, Scott. "Continental Divide: Why Africa's Climate Change Burden Is Greater," *Environmental Health Perspectives* 113(8):A534-A537 (August 2005).

Friedman, Thomas L. "While I Was Sleeping," in *The World Is Flat*. New York: Garrar, Strauss, and Giroux, pp. 12-29.

Gallup, John Luke, Jeffrey D. Sachs, and Andrew D. Mellinger, "Geography and Economic Development," *International Regional Science Review* 22(2): 179–232 (August 1999).

Glaeser, Edward, Rafael LaPorta, Florencio Lopes-de-Silanes, and Andrei Shleifer. "Do Institutions Cause Growth?" *Journal of Economic Growth* 9(3): 271-303 (2004).

Scott Fields. "Why Africa's Climate Change Burden Is Greater," *Environmental Health Perspectives* 13(8):A534-A537, August 2005.

"The Mountain Man and the Surgeon: Reflections on Relative Poverty in North America and Africa," *Economist*. December 20, 2005.

Perkins, Dwight H., Steven Radelet, and David L. Lindauer. *Economics of Development*. New York: Norton, Sixth Edition, 2006.

Sachs, Jeffrey D. *The End of Poverty: Economic Possibilities for Our Time*. New York: Penguin Books, 2005.

Sen, Amartya. "Introduction," *Development as Freedom*. New York: Anchor Books, 1999, Chapter 1, pp. 3-11.