

EC 310: Economics of Developing Countries

Updated 4/13/2021
May Be Subject to Change

Class Zoom link: <https://msu.zoom.us/j/97801687451>
Password: SOLOW

Instructor

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Office Hours: Mondays 11 am - 12:30 pm
and by appointment

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Teaching assistant

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appointment

Office Hours Zoom link:
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Password: 731989

Email policy

I will do my best to reply to all emails within 48 hours. If you email late Friday afternoon, you may not receive a reply until Monday. If it has been less than 48 hours and your situation has not changed, please do not email again. If your question can be answered by reading the syllabus, you may not receive a reply.

Class format and lecture schedule

Class Zoom link (again): <https://msu.zoom.us/j/97801687451>
Password (again): SOLOW

Class Meetings: Tuesday & Thursday, 3-4:20 pm
Final Exam: Thursday, April 29th, 5:45pm - 7:45pm

Help

There are two main resources for assistance: my office hours, and the TA's office hours. You are free to come to my office hours at any time without an appointment. If you are unable to attend my or the TA's regularly scheduled office hours, please email me for an appointment. Office hours are available beginning the first week of class and extending through finals week. The TA and I are there ready to assist you with homework questions, exam preparation, and review. Please do not come to office hours expecting answers to homework. We will not provide answers to problem sets, only guidance, tips, examples, and further explanations.

Course description

Development economics seeks to understand why some nations (or people groups) are richer and some are poorer. The ultimate goal is to discover processes and policies, if any, that can be undertaken by or for a nation desiring to go from poor to rich. These questions are some of the most important ones in economics. Yet they are far from the best understood.

Development economics is also partly concerned with how best to measure economic and human progress. Measures as simple as the average level of income in a society are used, as well as broader measures that take into account health outcomes, political freedoms, and the distribution of income. Effects of policies on poverty and/or inequality, or on certain subsegments of society in a given country, are also given special attention.

This class will address economic development from all of these standpoints. We begin with an overview of development: history and current status of economic development across countries, basic terms, and the questions surrounding how to define economic development. Next, we focus on economic growth, taking a look at recent growth experience across countries, asking what the key ingredients of growth are, and analyzing basic models of growth. These will highlight the roles played by savings, investment, education, health, and population growth. We will next take a look at poverty and inequalities between and within developing countries, as well as the education and health policies that relate to them. We will then finish by taking a more detailed look at savings and investment, examining the roles of the private sector, including the financial sector; the government sector; and foreign capital flows in promoting development.

Pre-requisites: EC 201 or EC 251H. The material will also require use of some basic mathematical and graphical analysis.

Credit Hours: 3

Course objectives

After completion of this course, students will be able to:

- Describe key concepts and results in the development economics literature
- Apply introductory micro and macroeconomic principles to the context of developing countries
- Describe how we define countries as more or less economically developed
- Provide suitable answers to the questions of how countries develop economically and why some countries are more economically developed than others

Textbook

Perkins, Radelet, Lindauer, Block (PRLB). *Economics of Development*, 7th Ed. W. W. Norton, 2013.

Can be rented for about the same price as buying the 6th edition, no need to purchase permanently. Lectures are based largely on this text, but also cover some additional material.

A calculator that can handle any exponent and the natural log function (\ln) is also required. This should be available on your computer's or smart phone's calculator app.

Technology policies

The following policies apply for pre-recorded lectures, live class sessions on Zoom, blog posts, and office hours. If you anticipate having trouble following these policies, please let me know me as soon as possible so we can discuss appropriate remedies.

Zoom etiquette

1. Display name: Please ensure that your Zoom display name contains your first and last (family) name. If you would like to go by a different name, you are welcome to use that instead. You may also specify your preferred pronouns in your display name.
2. Background: I understand that many of us are restricted in where we can sit when participating in Zoom calls. I do not expect that you will always have a distraction- or interruption-free environment, but please do your best to keep distractions to a minimum. In addition, you should ensure that your background does not contain any offensive or derogatory language, images, symbols, etc. You will be asked to turn off your camera if this is the case.
3. Audio: Please keep your microphone muted whenever you are not speaking.

Privacy

All class sessions will be recorded and posted on D2L for students who are unable to attend live. You may not share any portion of a video or another student's posts on D2L in any form outside of our course's D2L page. Any external sharing of visual, audio, or written material involving another student may violate Family and Educational Rights and Privacy Act (FERPA) guidelines.

Course grade components

Students will receive grades based on their performance in three broad categories: exams, homework, and quizzes. The table below shows the weight I will assign to each component.

Your lowest grade between midterms 1 and 2 and the cumulative section of the final exam will be downweighted by 10 percentage points.

Component	Weight
Midterm 1	15%
Midterm 2	15%
Final exam (total)	35% (total)
Midterm 3	15%
Cumulative section	20%
Homework	25%
Participation	20%

Exams

This course will have three multiple choice exams:

- Midterm 1 on Thursday, February 18th, during class
- Midterm 2 on Thursday, March 25th, during class
- Final Exam on Thursday, April 29th at 5:45pm - 7:45pm (further details below)

I will post both midterm exams at 2pm ET on D2L, and students will have two hours to begin the exam and one hour to complete it and submit their answers on D2L once the exam is started.

Grades for all exams will be done on a curve. A tentative grading scale for each midterm and the final will be announced once grades for each exam are released.

The final exam will consist of two parts, each one hour in length. The first part will focus exclusively on the material after midterm 2. The second will be cumulative with material drawn equally from the midterm 1 and midterm 2 portions of the course.

All exams will be open notes. However, collaborating or communicating with other students during exams is strictly forbidden (see academic dishonesty section). Exams will not be proctored, but any academic dishonesty will automatically result in a failing grade for the assignment.

Exam Policy

For a funeral/grief absence, please follow the university policy found here (<https://reg.msu.edu/ROInfo/Notices/GriefAbsence.aspx>), and also email me and the TA.

For school-sponsored events, please email a letter from the organization's advisor to the Head TA. For illnesses and doctor's appointments, please email a doctor's note to the Head TA.

For religious commitments, please email the Head TA.

For reasons that can be anticipated (e.g., university-sponsored events, religious observances, significant time-zone differences), an alternative midterm exam time will be set for a time before the scheduled exam. Notice must be given in writing at least one week before the scheduled

exam. No make-up midterm exams will be provided after the original scheduled exam for reasons that can be anticipated.

For reasons that cannot be anticipated or documented other than the above, (e.g., sickness, family emergency), the portion of your grade determined by that exam will be reassigned to your remaining exams. No make-ups after the exam date will be given, except as directed by the university funeral or grief policy (see above).

Per Academic Programs – General Information, Policies, Procedures and Regulations, A student who does not turn in a final examination without a satisfactory explanation will receive a grade of 0.0 on the numerical system, NC on the CR-NC system, or N in the case of a course authorized for grading on the P-N system. Students unable to take a final examination because of illness or other reason over which they have no control should notify the associate deans of their colleges immediately.

Homework

Many of the economic concepts and theories in this class are best learned through practice and application. To this end, I will assign short problem sets throughout the semester. Completed problem sets should be turned in to D2L by 2pm ET on the class date listed for each assignment.

There will be 11 multiple-choice homework assignments given throughout the semester. The multiple-choice homework assignments will be in the form of D2L quizzes, which you will be allowed to complete three times each and your final grade will be calculated as the average of your three attempts.

Late submissions will not be accepted without a valid excuse. The lowest homework grade for each student will be dropped.

Participation

For the participation section of their grade, students will have two options for each week. Either they can (1) attend both lectures during the class time and participate in Zoom polls (not graded for accuracy, only participation)¹, or (2) they can watch the lecture videos after the fact and complete the weekly quiz. Attending lecture live is highly recommended for those who are able to do so, as it allows for more engagement and feedback with the instructor. However, because some students are in different time zones or have other mitigating circumstances, attendance for this course is not mandatory.

¹ Students experiencing technology issues that prevent them from answering all Zoom polls or sever their connection to the lecture may still receive credit for attendance provided they email me within 12 hours of the lecture's end. In your email, please describe the issue and provide what proof you can (screenshots, photo of your router/modem being down, etc.).

The quizzes will be structured as follows: half of each quiz's grade will be certifying that they have watched both lecture videos and the other half will be two questions whose answers are given in the week's lectures. Quizzes will be due one hour before the following Tuesday's class.

Students will receive a participation grade for each week for a total of 15 weeks. As there are no lectures on exam days, attendance in weeks with midterms will only be graded for the single day of lecture. Each week, student attendance and Zoom poll participation will be verified. For the students who do not attend and participate in either lecture, their participation grade will then become their grade for that week's quiz. If a student attends class for one of the lectures but not the other, the student will receive half of their weekly participation grade from attendance and half from their quiz score. Out of the 15 grades for participation, the lowest three participation grades for each student will be dropped.

Extra credit

I will be giving *at least* three opportunities for extra credit:

- 1) Attending office hours *in the first half of the semester*, either mine or the TA's, and asking one question about the material. (1 point)

To receive the credit, you must tell me or the TA your full name when you ask your question and receive a response or confirmation from me or the TA that we have heard you. To make sure that you receive this credit, come earlier in the semester to avoid overcrowded office hours. If there are too many students at a particular office hour, the TA and I will answer questions on a first-come-first-served basis, and whoever we do not have time to answer will not receive the extra credit for attending that time.

Last Day to Attend: Mariama's Office Hours on 3/4/21 at 10 am

- 2) Posting a link to a news article and commenting on another student's post. (1.5 points)

Students may earn this extra credit by posting a link to a news article to the D2L forum that relates to a topic we covered in class, along with a short description of how the article relates to at least one concept we have covered. Additionally, students must respond to the post of one other student with a *substantive* response to earn this extra credit point. The post must come from a reputable news site and be justifiably related to something we have learned in class.

Please post this news article, description, and comment on D2L to the discussion forum in the Homework>Extra Credit folder titled: "Extra Credit: News Articles Relating to the Course".

Due: 4/27/21 at 11:59 PM

- 3) Writing a one-page summary of a recently published journal article on development economics. (2.5 points)

Students may earn this extra credit point by writing a one-page (double spaced, Times New Roman, 12-point font) review of a journal article on the topic of economic development published January 2020 or later. The following journals are acceptable:

[Journal of Development Economics](#)

[World Development](#)

[The World Bank Economic Review](#)

The [International Monetary Fund – Regional Economic Outlooks Reports](#) are also acceptable for this exercise.

Summaries should be in your own words, not copy-pasted from any outside sources or other classmates², and should include a full citation of the article you are summarizing. To find an article, I recommend skimming the titles and abstracts on the websites linked above. If the article cannot be accessed on the journal websites without payment, then you can obtain access through the [MSU Library website](#) by copying and pasting the article name and authors into the search bar.

Please submit this assignment on D2L to the submission form in the Homework>Extra Credit folder titled: “Extra Credit: Journal Article Summary”.

Due: 4/27/21 at 11:59 PM

I may add additional opportunities for extra credit, such as responding to a survey, as the semester progresses. Extra credit points are added onto your final grade out of a 100-point scale after weighting, curves, and final adjustments as described above are applied.

Final grade distribution

To calculate a student’s course grade, I will multiply their grade for each grade component by the component’s weight. The lowest of the three midterms will be counted for one third. Extra credit will then be added in to calculate each student’s final score. Here is the formula:

$$\begin{aligned} \text{Final grade} = & (\text{Midterm 1} * 0.15 + \text{Midterm 2} * 0.15 + \text{Cumulative Final} * 0.2) \\ & - \text{Lowest of three scores} * 0.1 \\ & + \text{Midterm 3} * 0.15 + \text{Homework} * 0.25 + \text{Participation} * 0.2 + \text{Extra Credit} \end{aligned}$$

Where all grade items except extra credit will be scaled to be out of 100 points before weighting.

² The MSU academic honesty policy applies here as well. In addition to invalidating the extra credit point, plagiarism will result in further alterations to your grade that will result in a significant decrease.

The student's grade on a 4-point scale will be determined according to the thresholds stated below.

Minimum grade required	4-point course grade
90%	4.0
85%	3.5
80%	3.0
75%	2.5
70%	2.0
65%	1.5
60%	1.0

Accommodations for students with disabilities

Michigan State University is committed to providing equal opportunity for participation in all programs, services and activities. Requests for accommodations by persons with disabilities may be made by contacting the Resource Center for Persons with Disabilities at 517-884-RCPD or on the web at rcpd.msu.edu. Once your eligibility for an accommodation has been determined, you will be issued a verified individual services accommodation ("VISA") form. Please present this form to me at the start of the term and/or two weeks prior to the accommodation date (e.g., exam date). I may not be able to honor requests received after this date.

COVID-19 accommodations and assistance

Many of us are navigating extraordinary and difficult situations due to the pandemic. If at any point you feel like you are unable to meet the expectations for the class, please feel free to reach out to me so we can make the appropriate accommodations. Alternatively, you may contact any of the following University resources, and they can provide you with assistance and options for the semester: your academic adviser for general concerns with maintaining your current schedule, Technology at MSU (<https://tech.msu.edu/support/help>) for technological assistance, MSU Health Services at Olin (<https://olin.msu.edu/>) and Counseling & Psychiatric Services (<https://caps.msu.edu>) for physical and mental health needs, Student Affairs and Services (<https://studentaffairs.msu.edu>) for financial assistance, and MSU Food Bank (<https://foodbank.msu.edu>) for food assistance.

Academic dishonesty policy

Per General Student Regulation 1.00, Protection of Scholarship and Grades, no student shall:

- 1.01 claim or submit the academic work of another as one's own.
- 1.02 procure, provide, accept or use any materials containing questions or answers to any examination or assignment without proper authorization.
- 1.03 complete or attempt to complete any assignment or examination for another individual without proper authorization.

- 1.04 allow any examination or assignment to be completed for oneself, in part or in total, by another without proper authorization.
- 1.05 alter, tamper with, appropriate, destroy or otherwise interfere with the research, resources, or other academic work of another person.
- 1.06 fabricate or falsify data or results.

Any student found in violation of this policy will *automatically* receive a failing grade for the relevant assignment. Additional grade penalties, up to and including failure of the course, may be assessed depending on the severity of the action. Furthermore, in accordance with University policy, I *must* submit an Academic Dishonesty Report to the student, the student's dean, and the Dean of Undergraduate studies. An Academic Dishonesty Report will remain on a student's academic record unless the student successfully grieves the allegation, the instructor filing the report requests it be removed, or upon conferral of the student's degree if only one report has been filed, the student has successfully completed the required course on academic integrity, and no additional sanctions were requested by the instructor.

Tentative course outline

- INTRODUCTION TO ECONOMIC DEVELOPMENT (PRLB Chs. 1&2)
 - The meaning of economic development
 - Historical features and current status of economic development
 - How to measure and compare economic development across countries
- UNDERSTANDING ECONOMIC GROWTH (PRLB Chs. 3&4)
 - What has recent growth looked like?
 - Where does growth come from?
 - Growth accounting
 - What are key channels of growth, and relevant policies?
 - Economic theories of growth:
 - Harrod-Domar ("Farmer") model
 - Solow model
 - Do the rich get richer and the poor get poorer, or vice versa?
 - Convergence
 - How long can growth be sustained?
 - Sustainability
 - Is growth a zero-sum game?
 - International spillovers in growth
- Should development come from GOVERNMENT OR MARKETS? (PRLB Ch. 5)
 - Strengths and weaknesses of governments and markets
 - Historical trends
 - The Washington Consensus
 - Common policy recommendations
 - Did it work?
- DISTRIBUTION OF HUMAN RESOURCES (PRLB Ch. 6, 8, 9)

- Education
- Health
- SAVING & INVESTMENT, FINANCE, PRODUCTIVITY, AND GROWTH (PRLB Chs. 10-15)
 - Empirical patterns of saving and investment;
 - Sources of funds for investment
 - Private Savings – Theories of private savings and investment, the role of the financial sector, informal finance and microcredit
 - Government Savings – Role of government in investment and raising funds for investment; public expenditure and revenue collection in developing countries
 - Foreign Savings – Foreign direct investment (outsourcing); external commercial borrowing, debt overhang, financial crises
 - Foreign aid

Note: All contents of the syllabus are subject to change; however, notice will be given to the class and an updated syllabus will be posted on D2L.