

Econ 224, GHL 224, PPE 264 Economic and Political Development

Spring 2023

MWF 3:10–4:00

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I believe that the most important economic problem in the world today is figuring out how to help the world's poor. Unfortunately it turns out that solving this problem is very difficult. If it were easy, it would have been done already. This class will explore economic and political issues related to the world's poorer countries. What obstacles keep them poor, and how can these obstacles be overcome? In trying to answer these questions we will learn that economics, politics, and ethics are intertwined and cannot be separated.

Course Goals

1. Understand the problems faced by developing countries.
2. Articulate an ethical response to those problems.
3. Become familiar with current debates on how to solve these problems, and evaluate the various policies suggested.
4. Collect and analyze data to support your claims.

Teaching Method

In this course I will keep lectures to a minimum. You will learn by discussing the readings. To make this work, you must participate. The advantage for you is that it will be much more fun than listening to me lecture.

Office Hours

Connecting with faculty outside of class is an important part of your Wabash education. Don't miss out! You are welcome to use office hours to discuss the course material, or anything else on your mind. You may make an appointment if you like, but appointments are not necessary. You are welcome any time I am in, and you do not need to e-mail ahead. I am generally in 1-3 pm MWF, most of the day on Tuesday, and Thursday mornings. My schedule varies, so I will post a weekly schedule on my door.

Assignments

Readings: You are expected to do the assigned reading and come to class ready to discuss it. There will be homework questions to make sure you understand what you read, which you will turn in. I will also distribute discussion questions for you to think about while reading the text.

Daily Grades: You will receive a discussion grade for each class period. Also expect a homework every day.

Geography Quiz: To improve your knowledge of the developing world, I will quiz you on the location of countries.

Ethics Essay: I will ask you to articulate your own ethical position on our responsibility to the developing world in an essay of 800 to 1500 words.

Exams: You will have two midterm exams and one final exam.

Paper and Presentation on a Country: You will choose a developing country and diagnose its situation. You will share your diagnosis both in a 10-minute presentation to the class, and in a paper of 1800 to

2500 words. Your research will include data collection, and your project will include two graphs that you created yourself.

Grading

Homework	10%
Participation	10%
Ethics Essay	7%
Geography Quiz	4%
Two Exams	14% each
Final	17%
Research Paper	20%
Presentation	4%

Academic Honesty

Your work must be your own and original for this class and its assignments. You may discuss the readings with your classmates, but your answers to the homework questions must be in your own words. In the research paper cite your sources. All direct quotations should be in quotation marks and should have a citation including the page number.

For more details see <http://www.wabash.edu/news/docs/AcademicHonestyGuide.pdf>.

Academic Credit

This course complied with the Wabash College Academic Credit Policy. In addition to regular class meetings, direct faculty instruction takes place in this course through faculty office hours and individual advising for papers.

Books

Jeffrey Sachs, *The End of Poverty: Economic Possibilities of Our Time*, New York, Penguin Press, 2005

William Easterly, *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics*, MIT Press, 2001

Abhijit Banerjee and Esther Duflo, *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*, New York: Public Affairs, 2011

This book is available in as a library e-book: <https://wabash.on.worldcat.org/v2/oclc/759838415>.

Other readings will be available on Canvas.

Outline

A. What is development?

What are the goals of development? How do we measure it? Do I have an ethical duty to others?

Amartya Sen, *Development as Freedom*, Oxford Univ. Press, 1999, pp. 13-41.

Martha Nussbaum, *Creating Capabilities: The Human Development Approach*, Belknap Press, 2011, pp. 32-40, 46-68

Jan Narveson "Morality and Starvation" in William Aiken and Hugh La Follette, *World Hunger and Moral Obligation*, Prentice-Hall, 1977, pp. 49-65.

B. Is worldwide inequality getting better or worse over time?

Lant Pritchett, "Divergence, Big Time" *Journal of Economic Perspectives*, 1997

Xavier Sala-i-Martin, "The World Distribution of Income: Falling Poverty and . . . Convergence, Period" *Quarterly Journal of Economics*, May 2006

Maxim Pinkovskiy and Xavier Sala-i-Martin, "Africa is On Time" *Jnl of Economic Growth*, 2014

C. Diagnosing the Problem

What causes poverty? What obstacles do developing countries face?

a. *Overview*

Jeffrey Sachs, *The End of Poverty*, Ch. 1, 3–4

b. *Inflation*

Jeffrey Sachs, *The End of Poverty*, Ch. 5

c. *Trade*

World Bank, *World Development Report 1987*, Oxford Univ. Press, Ch. 5 “Trade Policy and Industrialization”

d. *Health*

Jeffrey Sachs, *The End of Poverty*, Ch. 10

Film: *Bending the Arc*

e. *Famine*

Amartya Sen, *Poverty and Famines*, Clarendon Press, 1981, Ch. 1 & 7

f. *Population*

g. *Institutions*

Daron Acemoglu and James Robinson, *Why Nations Fail*, Crown Business, 2012, Ch. 11-12

h. *Corruption*

Andrei Shleifer and Robert Vishny, "Corruption", *Quarterly Jnl. of Economics*, 1993, 108:599-617.

Marianne Bertrand, Simeon Djankov, Rema Hanna, and Sandhil Mullainathan, “Obtaining a Driver’s License in India: An Experimental Approach to Studying Corruption,” *Quarterly Jnl. of Economics*, Nov. 2007, 122:1639-1676

D. Finding a Cure

What can we do about it? What is the best way to reduce poverty?

a. *Past Mistakes*

Paul Krugman, 2009, *The Return of Depression Economics*, Ch. 3 & 4

b. *Current proposals*

Jeffrey Sachs, *The End of Poverty*, Ch. 13–17

William Easterly, *The Elusive Quest for Growth*

William Easterly, “The Big Push: A Review of Jeffrey Sachs’s *The End of Poverty*” *Journal of Economic Literature*, 2006, 44:96–105.

Abhijit Banerjee and Esther Duflo, *Poor Economics*

Schedule

Date	Tasks	Topic	Reading
Jan. 16		Introduction	
18		Goals	Sen, <i>Development as Freedom</i> , pp. 13–41
20		Goals	Nussbaum, <i>Creating Capabilities</i> , pp. 32–40, 46-62
23		Ethics	Narveson "Morality and Starvation"
25		Ethics Deliberation	
27		Celebration of Student Research - No Class	
30	Ethics Essay	Measures	
Feb. 1		Measures	
3	Geography Quiz	Convergence	
6		Convergence	Pritchett, “Divergence, Big Time”
8		Convergence	Sala-I-Martin, "The World Distribution of Income"
10		Convergence	Pinkovskiy and Sala-i-Martin, "Africa is On Time"

13		Diagnosis	Sachs, <i>End of Poverty</i> , Ch.1, 3, 4
15		Inflation	Sachs, <i>End of Poverty</i> , Ch.5
17		Trade	<i>World Development Report 1987</i> , Ch. 5
20	Test One		
22		Health	Sachs, <i>End of Poverty</i> , Ch. 10
24		Health	"Bending the Arc"
27		Famine	Sen, <i>Poverty and Famine</i> , Ch. 1 & 7
Mar. 1	Annotated Bibliography	Population	
3		Institutions	Acemoglu and Robinson, <i>Why Nations Fail</i> , Ch. 11
Spring Break			
13		Institutions	Acemoglu and Robinson, <i>Why Nations Fail</i> , Ch. 12
15		Corruption	Shleifer and Vishny "Corruption"
17		Corruption	Bertrand, Djankov, Hanna, and Mullainathan, "Obtaining a Driver's License in India"
20	Presentations		
22	Presentations		
24	Presentations		
27	Paper Due	World Bank/IMF	
29		Asian Crisis	Paul Krugman, <i>Return of Depression Economics</i> , Ch. 4-5
31		Sachs' Solution	Sachs, <i>End of Poverty</i> , Ch.13–15
Apr. 3		Sachs' Solution	Sachs, <i>End of Poverty</i> , Ch.16–17
5	Test Two		
7		Easterly's Diagnosis	Easterly, <i>The Elusive Quest</i> , Ch. 2–3
10		Education & Population	Easterly, <i>The Elusive Quest</i> , Ch. 4–5
12		Debt Relief	Easterly, <i>The Elusive Quest</i> , Ch. 6–7
14		Easterly's Diagnosis	Easterly, <i>The Elusive Quest</i> Ch. 8–10
17		Easterly's Diagnosis	Easterly, <i>The Elusive Quest</i> Ch. 11–13
19		Sachs vs. Easterly	Easterly, "The Big Push"
21		Poverty Action Lab	Banerjee and Duflo, <i>Poor Economics</i> , Ch. 1–2
24		Poverty Action Lab	Banerjee and Duflo, <i>Poor Economics</i> , Ch. 3–4
26		Poverty Action Lab	Banerjee and Duflo, <i>Poor Economics</i> , Ch. 5, 7
28		Banerjee and Duflo vs. Sachs vs. Easterly	Banerjee and Duflo, <i>Poor Economics</i> , Ch. 10 + Conclusion
May 5 1:30 pm	Final Exam		