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Spring 2021

DIPL 4170 Undergraduate Topics in Economic Development

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Undergraduate Topics in Economic Development

Seton Hall University
DIPL 4170

Spring 2021

Professor Robert Shaver
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Wednesdays, 11:00 AM to 1:30 PM
Office Hours by Appointment

Course Description

This course is an introduction to economic development for undergraduate students. After introducing basic approaches to economic development, we consider dilemmas such as the alleviation of poverty, the provision of healthcare, education, and other services, the promotion of entrepreneurship, the importance of human rights and democracy, the role of knowledge in advancing economic and social well-being, and the effectiveness of the state in the changing world. We analyze experiences of different countries in Latin America, Africa, East Asia, Eastern Europe, and the Middle East.

Classes will be roughly evenly divided between lecture and discussion, and students are expected to come to class having read the assigned readings in detail and prepared to provide their thoughts to the rest of the class. In addition to the assigned readings, students should regularly read the international section of a major daily newspaper such as *The New York Times*, *Washington Post*, or *Wall Street Journal* to keep abreast of and discuss current affairs. Particular articles may be assigned in class and are to be considered required reading.

Each class will begin with a short, ungraded quiz, in which students will be asked to define one or more of the key concepts from the assigned reading.

As a final project, students will write an 8-10 page paper. Further guidelines for the paper will be distributed in class.

Course Objectives

The goal of this course is to provide students with the necessary tools and concepts to understand the basic problems of and approaches to economic development. By understanding how international leaders and institutions think about economic development, students will learn to think critically about the events they read about in the news or deal with in their future professional careers.

Course Materials

There are two required texts for this course:

- Amartya Sen, *Development as Freedom*, Anchor Books 1999.
- Abhijit V. Banerjee and Esther Duflo, *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*, PublicAffairs, 2011

Additional Readings will be posted on Teams in PDF format.

Assignments

Participation

Students are expected to contribute to class discussion on a regular basis. Students will not be judged by what they say, but simply by their participation. Failure to participate will result in loss of points.

Quizzes

Two Quizzes will be given, in classes 4 and 8. These quizzes will focus on definitions of the key concepts listed in every class.

Short Papers

Students are required to write two 400-500 word responses to the readings, one for each of the first two sections. Students are free to choose which readings they choose to respond to, and may turn in their papers at any time, but the second paper must address readings from the second section. Papers must be written in complete sentences and paragraphs (no bullet points), and include a word count. These papers will not be graded on their quality, but only on meeting the requirements.

Final Exam

A final exam will be given at the end of Section II. The exam will include definitions, short answers, and longer responses.

Final Papers

Students will submit a final paper of 8-10 pages by email, due on May 12th (Class 16). The final papers may address any topic of the student's choosing, as long as it relates to economic development. Students must have their topics approved by the professor by the end of April. Late papers will lose a third of a grade per day.

Grading

The Course will be graded as follows:

Participation:	10%
Quizzes	20%
Short Papers:	20%
Final Exam:	20%
Final Paper:	30%

Grading Scale

A: 94+	A-: 90-93	B+: 87-89	B: 84-86	B-: 80-83	C+: 77-79
C: 74-76	C-: 70-73	D+: 67-69	D: 64-66	F: 0-63	

Computer Use Policy

The use of computers for discrete note-taking is permissible in class. The use of computers for other purposes such as checking e-mail or surfing the internet is not permissible. Inappropriate

computer use is not only disruptive to fellow students who are attempting to concentrate on class discussion, but it also tends to lead to lower grades for students engaged in non-class activity. Students who choose not to abide by this policy will be asked to leave class.

Citations

Papers should utilize one of the *Chicago Manual of Style* citation formats: Author-Date or Notes and Bibliography. The guidelines for these formats are on the course Blackboard page

Disability Services Statement

It is the policy and practice of Seton Hall University to promote inclusive learning environments. If you have a documented disability you may be eligible for reasonable accommodations in compliance with University policy, the Americans with Disabilities Act, Section 504 of the Rehabilitation Act, and/or the New Jersey Law against Discrimination. Please note, students are not permitted to negotiate accommodations directly with professors. To request accommodations or assistance, please self-identify with the Office for Disability Support Services (DSS), Duffy Hall, Room 67 at the beginning of the semester. For more information or to register for services, contact DSS at (973) 313-6003 or by e-mail at DSS@shu.edu.

Academic Integrity & Dishonesty

Plagiarism and other forms of academic dishonesty will be reported to the administration, and may result in a lowered or failing grade for the course and up to possible dismissal from the School of Diplomacy. See University and School standards for academic conduct here: <https://www.shu.edu/student-life/upload/Student-Code-of-Conduct.pdf> and <http://www.shu.edu/academics/diplomacy/academic-conduct.cfm>

Policy on Incompletes

Incompletes will be given only in exceptional cases for emergencies. Students wishing to request a grade of Incomplete must provide documentation to support the request accompanied by a Course Adjustment Form (available from the Diplomacy Main Office) to the professor *before* the date of the final examination. If the incomplete request is approved, the professor reserves the right to specify the new submission date for all missing coursework. Students who fail to submit the missing course work within this time period will receive a failing grade for all missing coursework and a final grade based on all coursework assigned. Any Incomplete not resolved within one calendar year of receiving the Incomplete or by the time of graduation (whichever comes first) automatically becomes an “FI” (which is equivalent to an F). It is the responsibility of the student to make sure they have completed all course requirements within the timeframe allotted. Please be aware that Incompletes on your transcript will impact financial aid and academic standing.

Section I: Approaches to Economic Development

January 27 – Class 1 – Introduction

- Introductions
- Go through syllabus
- What is Economic Development?

Key Concepts:

- Politics vs. Economics vs. Sociology
- Polis
- Oeconomos
- Political Economy
- International Political Economy
- Market
- Economy
- Gross Domestic Product (GDP)
- Gross National Product (GNP)
- Gross National Income (GNI)
- Per Capita
- Purchasing Power Parity
- Development
- Economic Growth
- Globalization

February 3 – Class 2 – Development in Historical Perspective

Required Reading:

- Harry Truman, 1949 Inaugural Address
- Albert O. Hirschman, “The Rise and Decline of Development Economics,” in *Essays in Trespassing: Economics to Politics and Beyond* (New York: Cambridge University Press, 1981), pp. 1-24
- Arndt, H.W. “Economic Development: A Semantic History” *Economic Development and Cultural Change*, Vol. 29 No. 3 (April 1981), pp. 457-466
- Economist, “Economic History – What Was the Great Divergence?”

Key Concepts:

- The Great Divergence
- Global North vs. Global South
- Developed, developing, less developed, advanced, third-world, backward
- Poverty, extreme poverty, poverty line
- United Nations Development Program (UNDP)
- Human development. human development index (HDI)
- Gini coefficient
- Basic vs. enhanced capabilities
- Cold War
- Marshall Plan
- First-world, Second-world, third-world
- Decolonization
- Modernization Theory
- Keynesianism
- Liberal international order
- Bretton Woods Conference

- The “trilemma”
- International Monetary Fund (IMF)
- World Bank
- International Bank for Reconstruction and Development (IBRD)
- General Agreement on Tariffs and Trade (GATT)
- World Trade Organization (WTO)
- Late industrialization

February 10 – Class 3 – Development in International Context

Required Reading:

- W.W. Rostow, “The Stages of Economic Growth”, *The Economic History Review*, Vol. 12 No. 1, 1959
- Frank, “The Development of Underdevelopment,” *Monthly Review*, 1989
- Wallerstein, “The Rise and Future Demise of the World Capitalist System: Concepts for Comparative Analysis”

Key Concepts:

- Stages of Economic Growth
- Take-off
- Value Chain
- Value-added
- Four industrial revolutions
- Solow-Swan Model
- Harrod-Modar Model
- Endogenous Growth Theory
- Balanced vs. unbalanced growth
- Dependency theory
- World-systems theory
- Global North vs. global South
- Core, semi-periphery, periphery
- Metropole
- Underdevelopment
- Raw materials/resources vs. manufactured goods
- Deindustrialization
- Protectionism vs. free trade
- Neocolonialism
- Neoimperialism
- Kicking away the ladder

February 17 – Class 4 – The Role of Institutions

Quiz I

Required Reading:

- Acemoglu and Robinson, Why Nations Fail, Chapters 3-4

Key Concepts:

- Institution
- Critical Junctures
- Extractive vs. Inclusive Institutions
- Slavery
- Property Rights
- Intellectual Property
- Washington Consensus
- Fiscal Policy
- Monetary Policy

February 24 – Class 5 – Development and the State

Required Reading:

- T. J. Pempel, “The Developmental Regime in a Changing World Economy” in The Developmental State, Ed. Meredith Woo-Cummings, Cornell University Press, 1999
- Wade, Robert, Governing the Market, Chapter 1
- Economist, “Special Report: Asian Tigers, New Stripes”, Selections

Key Concepts:

- Development(al) state
- East Asian tigers
- Entrepot
- Land reform
- Embedded autonomy
- Industrial policy
- Infant industries
- Import substitution industrialization (ISI)
- Export-led growth (ELG)/export-led industrialization (ELI)
- Comparative vs. competitive advantage
- Conglomerate, chaebol, zaibatsu
- State capitalism

March 3 – Class 6 – Experimentalist and Capabilities Approaches

Required Reading:

- Banerjee and Duflo, Poor Economics, pp.1-18
- Sen, Development as Freedom, pp.3-53

Key Concepts:

- Experimentalist economics
- Natural experiment
- Randomized control trial
- Foreign development assistance (FDA), aka foreign aid
- Poverty trap

- Middle income trap
- Big push
- Ends vs. means in development
- Freedom vs. unfreedom
- Positive vs. negative freedoms
- Agency
- Economic justice
- Sen's five kinds of freedom
- Processes and opportunities
- Libertarians vs. authoritarians
- Fierce vs friendly development
- Growth vs. quality of life
- Freedom as primary end vs. principle means
- Utilitarianism
- Libertarianism
- Rawlsian justice

Section II: Topics in Economic Development

March 10 – Class 7 –Poverty

Required Reading:

- Banerjee and Duflo, Poor Economics, pp. 19-40
- Sen, Development as Freedom, pp. 87-110

Key Concepts:

- International poverty line
- Nutrition-based poverty trap
- Flight to quality
- Malnutrition
- Subsidies
- The Great Society, war on poverty
- Wealth transfers
- Unemployment
- Missing women

March 17 – Class 8 - Healthcare and Education

Quiz II

Required Reading:

- Banerjee and Duflo, Poor Economics, pp. 41-102

Key Concepts:

- Healthcare poverty trap
- Diarrhea, Malaria, Tuberculosis, HIV/AIDS, Polio

- Water scarcity
- Cures vs. preventions
- Perceived value
- Anti-vaccination movement
- Incentives
- Nudges
- Paternalism
- Opioid epidemic
- Conditional cash transfers
- Truancy
- Teacher absenteeism
- Literacy
- Numeracy
- Supply wallahs vs. demand wallahs
- Public vs. private schooling
- S-shaped myth
- Elitism

March 24 – Class 9 - Population and Gender

Required Reading:

- Banerjee and Duflo, Poor Economics, pp. 103-129
- Sen, Development as Freedom, pp. 189-203

Key Concepts:

- Population growth vs. wealth
- Malthusian trap
- Population poverty trap
- Children as investments
- Well-being vs. agency
- Cooperative conflict
- Entitlement
- Empowerment
- Education-fertility correlation
- Gender inequality index
- Social norms index
- Financial independence

March 31 – Class 10 – Markets and Insurance

- Banerjee and Duflo, Poor Economics, pp. 133-156
- Sen, Development as Freedom, pp. 111-145

Key Concepts:

- Pareto-optimality
- Liberalism, neoliberalism

- Market-related liberties
- Competitive vs. oligopolistic and monopolistic markets
- Arrow-Debreu model
- Utilities
- Substantive freedoms
- Rent-seeking
- Vested interests
- Interest groups
- Public goods, private goods, common-resource goods, club goods
- Targeting
- Means-testing
- Agents vs. patients
- Financial/fiscal conservatism
- Risk
- Microinsurance
- Moral hazard
- Adverse selection

April 7 – Class 11 – Microfinance and Entrepreneurship

Required Reading:

- Banerjee and Duflo, Poor Economics, pp. 157-234

Key Concepts:

- Microfinance, microlending, microcredit
- Informal lending
- Informed lending
- Entrepreneurship, micro-entrepreneurship
- Nominal vs. real wages

April 14 – Class 12 - Democracy and Human Rights

Required Reading:

- Sen, Development as Freedom, pp. 146-159. 227-249
- Banerjee and Duflo, Poor Economics, pp. 235-273

Key Concepts

- Lee thesis, Asian values debate
- Poverty vs. liberty
- Freedom index, democracy index
- Policies vs. politics
- Institutions
- Human rights
- Legitimacy critique, coherence critique, cultural critique
- Human rights index

April 21 – Class 13 – Final Exam

Section III: Comparative Studies

April 28 – Class 14 – Africa, the Middle East, and Latin America

Required Reading:

- IMF Regional Economic Outlook: Sub-Saharan Africa, Selections
- Economist, “Special Report: The 1.2 Billion Opportunity”
- IMF Regional Economic Outlook: Middle East and Central Asia, Selections

May 5 – Class 15 – India and China

- IMF Regional Economic Outlook: Asia and Pacific, Selections

May 12 – Class 16 - Final Papers Due – NO FINAL - NO CLASS