

**University of Pennsylvania
Economics 024, Spring 2012
Development Economics**

Instructor: Matthias Kredler
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Office Hours: Monday 3.00-4.00pm

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Office Location: McNeil Building #476
Office Hours: Monday 4.00-5.30pm, Thursday 3.00-3.30pm.

Course Web Page

We will use the blackboard software.

Classes

Tuesday and Thursday 1.30-2.45pm
David Rittenhouse Labs 2C4 (Walnut and 33rd St.)

Departmental Course Policies

The Department of Economics has a common set of course policies which you should be aware of and is listed on:

<http://www.econ.upenn.edu/Undergraduate/Department%20%20Policies.htm>

Course Description

Economics 024 introduces students to development economics for students who are not planning to major in economics. The objective of the course is for students to learn the fundamental topics in development and how to critically think about them.

Prerequisites:

You will not be allowed to enroll in this course unless you have satisfied the minimum Departmental Prerequisites for Econ 024.

Course Material:

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.

Course Requirements

Homework and reading assignments (20%): There will be about 8 homeworks or reading assignments. They will be due in the beginning of the class.

Midterm Exam 1 (20%): **February 16th**, closed books and notes. There will be no make-up examination for the midterm. If a student is excused from the midterm exam, his or her other exams will be weighted accordingly.

Midterm Exam 2 (20%): **March 29th**, closed books and notes. There will be no make-up examination for the midterm. If a student is excused from the midterm exam, his or her other exams will be weighted accordingly.

Midterm Exam 3 (20%): **April 24th**, closed books and notes. There will be no make-up examination for the midterm. If a student is excused from the midterm exam, his or her other exams will be weighted accordingly.

Final Exam (20%): Closed books and notes, to be given on the date and location scheduled in the University calendar for final exams. If a student is excused from the final exam, a make-up final will be scheduled according to the university rules at the beginning of the Fall-2012 Semester.

Course Outline

Topic 1: Introduction to economics of development - Basic concepts (4 classes)

- Perkins Chapter 1, 2.
- Report by the Commission on the Measurement of Economic Performance and Social Progress (Chapter 1, pp 21-40).
- The Millennium Development Goals: Global Targets, Local Ingenuity. The Economist, September 23rd, 2010.

Topic 2: Economic development: A brief history

- Perkins Chapter 3
- "The Road to Riches." The Economist (Millennium Special Edition), 1999.

3. The framework of economic analysis and methodology

- 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.
- Lucas, R. "What Economists Do" , Manuscript, University of Chicago.

4. 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 7th, 2005.

5. Basic theories of economic growth: Solow growth model

- Perkins Chapter 4, p.117-147
- Easterly Chapter 2

6. Inequality and Development

- Perkins Chapter 6.
- Class Notes: Development and Fast Reduction in Inequality: A South-American Case.

7. Basic theories of economic development: Population and the role of labor

- Perkins Chapter 7
- Does Population Matter. Economist Magazine, Dec. 5th, 2002.
- The 9 Billion People Problem, Economist Magazine, February, 2011.
- Class Notes: Fertility - The Quality-Quantity Interaction.
- Class Notes: Fertility and Old-Age Security.
- Class Notes: What is Technology for Economists?
- Class Notes: The Role of Population Growth for Technological Progress.
- Class Notes: The Romer (1990) Endogenous Growth Model.

- Easterly Chapter 5.
- The Growth of Growth Theory. Economist Magazine, May 18th, 2006.

8. Investments in Human Capital: Education

- Perkins Chapter 8.
- Easterly Chapter 4.
- Class Notes: The Technology of Skill Formation: Human Capital Formation over the Lifecycle.
- The Schools In the View of an Economist, or Groucho Marx ' s "I refuse to join any club that would have me as a member."

9. Investments in Human Capital: Health

- Perkins Chapter 9.
- Class Notes: The Complementarity between Investments in Health and Investments in Human Capital.

10. Basic theories of economic development

- Class Notes: The O-Ring Theory of Economic Development.
- Class Notes: Rosenstein-Rodan ' s (1943) Big-push theory.
- Class Notes: Health, Education and the Problem of Technology Adoption in Developing and Underdeveloped Countries.
- Perkins Chapter 18
- Easterly Chapter 8
- Easterly Chapter 9

11. Frontiers of development economics