

Wealth of Nations (CORES-AD-2)

NYUAD, Fall 2017

Instructor: Mario L. Chacón

Office: A5 155

E-mail: mario.chacon@nyu.edu

Tel: +971 26284450

Course description:

This course examines the determinants of economic prosperity. We begin by debating fundamental measures of human welfare and reviewing the main theories that have been argued to be the main cause for cross-country differences in wealth and consumption. The course then focuses on the role of political and economic institutions, culture, religion, geography and luck as deeper causes of development. To this end, we analyze the long-run economic development of different regions of the world, including Western Europe, The Americas, Sub Saharan Africa, and the Middle East. We conclude by studying the challenges faced by poor countries which may hinder their current economic performance.

The motivating questions addressed throughout the course are: Why are there such large in income per capita across countries? Why have some countries grown steadily over the past 200 years while many others have not? What prevents poor countries from adopting the technologies, organizations, and institutions that seem to define the success of richer countries? Why do some governments adopt policies that promote development while others set up barriers to economic activity? Can rich nations help the poorer countries? We examine these questions in a historical and cross-cultural perspective.

Credits: 4.

Learning Outcomes:

Analyze and evaluate different concepts of welfare and their measurement.

Describe the long-term economic development of the different regions of the world.

Examine and question mainstream theories of comparative development.

Critically analyze how some key historical events have influenced the long-run path of development of countries

Analyze the role of institutions and culture in the functioning of markets and in economic behavior.

Learn about the latest debates in the literature.

Design, develop, and write an original case study to evaluate the theories advanced in class.

Teaching and Learning Methodologies: The course is thought through lectures and discussions. Each week will contain a presentation of stylized facts and the main theoretical concepts and a discussion. Students should be prepared to answer questions and explain the main concepts of the assigned readings. Class sessions are accompanied by visual aids (e.g., maps, scatterplots) and slides.

Course books:

The required books are:

- Diamond, Jared. 1997. *Guns, Germs, and Steel: The Fates of Human Societies*. New York: W.W. Norton.
- Goetzmann, William. 2016. *Money Changes Everything: How Finance Made Civilizations Possible*. Princeton.

These books will be available for purchase at the NYUAD book store and on reserved in the DTC Library. All other readings, class slides, papers, and additional materials will be posted on the NYU Classes site (<https://newclasses.nyu.edu>).

In addition, the following (very short) book provides a wonderful to the class:

- Allen, Robert. *Global Economic History. A Very Short Introduction*. New York: Oxford UP.

Also, the following blogs usually provide comments and discussions which will be relevant to the class:

- <http://rodrik.typepad.com/>
- <http://chrisblattman.com/>
- <http://www.nyudri.org/>
- <https://priceconomics.com/>

Time and location: MoWe 11:50AM - 1:05PM, Social Science A5-001.

Office hours: Sundays 9 to 11am.

Prerequisite: none.

Participation and attendance: Attendance is mandatory and class participation will count in the final grade (see below the distribution of points). Students are expected to have completed all the required readings for each day **before** the class meeting and their participation is strongly encourage. There is also some optional and background readings for some weeks, you will not be expected to have read these before class.

Assignments:

- Memos (3): Short writing assignments (memos) should be a short response (no more than two single-spaced pages) to a question given in class about the readings of that particular week. This response could contain a very short summary of the readings and a critical evaluation of the main idea/evidence of the week's readings based on the question posed. Since you only have two pages, the summary should be concise (one paragraph maximum), and the main focus of memo should be the evaluation of the argument and evidence presented.

Memos will be given a grade from 1 to 5: 5 =outstanding, 4=interesting, original and well written, 3=well written but not original, 2=needs improvement in the writing and analysis, and 1=poor. Late memos will receive a score of zero.

- Wikipedia assignment: development of a new Wikipedia article or a substantial improvement of an existing one. The motivation behind this assignment is for each student to create a public good in the field of development and to improve this way the public understanding of a particular topic or case. This contribution should be based on rigorous social scientific knowledge. We will have help from the Wiki Education Foundation (Wiki Ed), a non-profit that aims to promote the integration of Wikipedia into coursework and to improve education while also improving the quality, quantity, and diversity of knowledge of Wikipedia.
- Case Study: Due at the end of the term and should be based on a single country (selected independently by each student in consultation with the instructor). The main objective of this assignment is to interpret the economic trajectory of a particular country in the light of the theories discussed during the semester, and to explore how its current development was been shaped by other international and domestic factors. The maximum number of pages for this assignment is 15.

Note: Students with little training and experience in essay writing are strongly encouraged to visit the Writing Center. You can schedule an appointment by going to <https://nyuad.mywconline.com>. The GAFs there can help you to structure and improve the presentation of your assignments.

Final grade: the final grade for the class is based on a weighed average across the different assignments. The weight of each is the following:

- 3 memos 21% (7% each)
- Wiki article 24%

- Case study 40%
- Class participation 15%

Class Policies:

- – Texting, internet browsing, chatting, etc, are not allowed during class.
- Lateness will be noted and can reduce your participation grade, please be on time for class!
- Late memos and case studies will not be accepted.
- Students are always expected to comply with the highest standard of academic integrity. Please reference to the NYUAD Academic Integrity Policy: <https://students.nyuad.nyu.edu/academics/academic-policies/the-nyuad-communitys-commitment-to-integrity>.

Class outline and weekly contents:

- **Week 1 a. Introduction and Motivation**

- Deaton, Angus. 2013. *The Great Escape: Health Wealth, and the Origins of Inequality*. Princeton. Chapter 1.
- Pritchett, Lant. 1997. “Divergence, Big Time.” *Journal of Economic Perspectives*, Vol 11, 3: 3–17

Background Reading:

- – Sen, Amartya. 2000. *Development as Freedom*. Anchor. Introduction & Chapters 1.
- **Week 1 b. Approaches to Comparative Development**

- Acemoglu, Daron. 2008. *Introduction to Modern Economic Growth*. Chapter 4.

Background Reading:

- Acemoglu, Daron, Simon Johnson, and James Robinson. 2005. “Institutions as the Fundamental Cause of Long-Run Growth.” *Handbook of Economic Growth*, Vol 1A. (Edited by P. Aghion and S. Durlouf).

- **Week 2. The Ascent of Money and Nation States (Sep 11 & 13)**

- Goetzmann, William. *Money Changes Everything*. Part I.
- Harari. *Sapiens*. Chapter 10 and 11.

Background Reading:

- – Anderson, Benedict. *Imagined Communities*. Chapters 1, 2 and 3.
- Weber, Eugene. 1976. *Peasants into Frenchmen: The Modernization of Rural France, 1870-1914*. Stanford. Chapters 1, 2, 3, 12, and 13.

*** September 17: Add/Drop deadline for 14-week courses ***

- **Week 3. Are Capital and Technology Enough? (Sep 18 & 20)**

- Weil, David. 2008. *Economic Growth* (2nd Ed). Chapters 3 and 8.
- Easterly, William. 2002. *The Elusive Quest for Growth*. Chapters 3 and 4.

- **Week 4. Is Geography Destiny? (Sep 25 & 27)**

- Diamond, Jared. 1997. *Guns, Germs, and Steel: The Fates of Human Societies*. New York: W.W. Norton. Parts I, II and III.
- Harari. *Sapiens*. Chapter 1, 3, 4, and 5.

Background Reading:

- – Montesquieu, Baron de (Charles de Secondat). 1899. *The Spirit of Laws*. Book XIV (pp. 221-234).
- **Week 5. The Role of Culture, Norms, and Ideology** (Oct 2 & 4)
 - Weber, Max. 2002. *The Protestant Ethic and the Spirit of Capitalism*. New York: Penguin. Part I.
 - Tabellini, G. 2010. “Culture and institutions: economic development in the regions of Europe.” *Journal of the European Economic Association*, 8(4), 677-716.

Background Readings:

- – Banfield, Edward C. 1958. *The Moral Basis of a Backward Society*. Free Press
- Roland, Gerard. *Development Economics*. Pearson. Chapter 11.
- **Week 6. Institutions, The Rules of the Game** (Oct 9 & 11)
 - North, Douglass C., 1994. “Economic Performance Through Time.” *American Economic Review*, Vol. 84, 3: 359-368.
 - Acemoglu, Daron and James Robinson. *Why Nations Fail*. Chapters 1, 2 and 3.
- **Week 7. The Weight of History: The Case of Colonialism** (Oct 16 & 18)
 - Sokoloff, Kenneth., and Stanley Engerman. 2000. “History Lesson: Institutions, Factors Endowments, and Paths of in the New World.” *Journal of Economic Perspectives*, Vol 14, 3: 217-232.
 - Acemoglu, Daron, Simon Johnson, and James Robinson. 2001. “The Colonial Origins of Comparative Development; An Empirical Investigation.” *American Economic Review*, 91 (5): 1369-1401.

Background Readings:

- – Banerjee, Abhijit, and L. Lyer. 2005. “History, Institutions, and Economic Performance: The Legacy of Colonial Land Tenure Systems in India.” *The American Economic Review*, 95.
- Dell, Melissa. 2010. “The persistent effects of Peru’s mining mita.” *Econometrica* 78, 6: 1863-1903.

***October 23-24: No classes or midterms Final exams for 7-week courses
 October 25-28 (Wed-Sat): Fall break***

- **Week 8. State Capacity and Economic Development** (Oct 30 & Nov 1)
 - Olson, Mancur. 1993. "Dictatorship, Democracy, and Development". *American Political Science Review* 87 (3): 567–576.
 - Herbst, Jeffrey. 2000. *States and Power in Africa*. Part I and II.

Background Readings:

- – Tilly, Charles. 1990. *Coercion, Capital and European States, AD 990-1992*. Blackwell.
- **Week 9. Why the West?** (Nov 6 & 8)

- Ferguson, Niall. 2012. *Civilization: The West and the Rest*. Chapters TBD

Background readings:

- – Morris, Ian. 2010. *Why the West Rules-For Now. The Patterns of History, and What They Reveal About the Future*. New York. Chapters 1 and 2.
- Clark, Gregory. 2007. *A Farewell to Alms: A Brief Economic History of the World*. Princeton.

*** November 9: Withdrawal and change of grading basis deadline for 14-week courses***

- **Week 10. The Americas: Reversal of Fortune?** (Nov 13 & 15)

- Daron Acemoglu, Simon Johnson, James A. Robinson. 2002. “Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution,” *The Quarterly Journal of Economics*, Vol. 117, No. 4, pp. 1231-1294.
- Maloney, William, Felipe Valencia. 2016. “The Persistence of (Subnational) Fortune,” *Economic Journal*.

- **Week 11. The Middle East and Sub-Saharan Africa** (Nov 20 & 22)

- Nunn, Nathan. 2008. “The Long-Term Effects of Africa’s Slave Trades.” *Quarterly Journal of Economics*, Vol. 123(1):139-176.
- Timur, Kuran. 2010. *The Long Divergence: How Islamic Law Held Back the Middle East*. Princeton. Chapters TBD.

- **Week 12. Why Governments Kill Growth?** (Nov 27 & 29)

- Bates, Robert. 2005. *Markets and States in Tropical Africa. The Political Basis of Agricultural Policies*. California

- **Week 13. The Correlates of Poverty: Corruption, Violence, and Inequality** (Dic 4 & 6)

- Bardhan, Pranab. 1997. “Corruption and Development: A Review of Issues.” *Journal of Economic Literature*, Vol 25:1320-1346.
- Reinikka, Ritva and Jakob Svensson. 2004. “Local Capture: Evidence from a Central Government Transfer Program in Uganda.” *Quarterly Journal of Economics*, 119.

Background Readings:

- – Roland, Gerard. *Development Economics*. Pearson. Chapter 19 and 20.
- Klitgaard, Robert. 1991. *Tropical Gangsters: One Man’s Experience with Development and Decadence in Deepest Africa*. Basic Books.
- **Week 14. What can Rich Nations Do to Help?** (Dic 11 & 13)
- Easterly, William. 2014. *The Tyranny of Experts: Economists, Dictators, and the Forgotten Rights of the Poor*. Basic Books. Chapters 1 and 2.

*** December 14 (Thursday): Last day of classes
December 17-21 (Sun-Thu): Final exams***