

**Economic Development
Eco 324Y1Y
Fall 2013 - Winter 2014
University of Toronto**

COURSE DESCRIPTION

The big question for development economics and this course is: What economic policies can bring about an improvement in the lives of the world's poor? This is a very complex question. Economics gives us a framework to think through these issues theoretically and empirically. This course is an overview of the issues and problems faced by developing countries. We will critically examine the debates and prescriptions related to economic policy in developing countries.

The topics covered include, theories of growth and development, education, health, credit markets, insurance, inequality, institutions, trade and the role of aid.

By the end of this course, a student should be able to critically analyze economic arguments related to economic development. A course goal is for the student to be able to explore a development topic in depth and with reference to a particular country and be able to convey this to a general audience

COURSE INFORMATION

Lectures: Mondays 2-4pm

Location LM 161

Tutorials: Fridays 2-3pm

Location LM 161

We will occasionally use tutorial time as additional lecture time to cover class material. I will announce in class if I plan to use tutorial time that week.

Instructor

Kripa Freitas

Department of Economics

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Office hours

Tuesdays 11-1pm

Location: GE 224

TA

TA information and office hours will be posted on Blackboard under the Contacts tab

COURSE MATERIALS

Textbooks

The *required* textbook for this course is

[Development Economics](#) – Debraj Ray, Princeton University Press, 1998

Recommended books

[Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty](#), Abhijit Banerjee and Esther Duflo; Public Affairs, 2012

[The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics](#) by William R. Easterly; MIT Press - This is available online via the library

There is a single copy of the books on course reserves at Robarts. Since we will be using the recommended books a lot you may want to consider purchasing them.

Readings

In addition to the textbook there are required readings. Links to these will be provided on Blackboard.

For each of these I will expect you to be able to summarize and critically evaluate the main arguments and results of the paper. You will be tested on this in the exams. The assigned readings are meant to be more comprehensive than the material presented in class. Students are responsible for learning any information presented in class or assigned in the readings.

Website

We will be using Blackboard for this course (<http://www.portal.utoronto.ca>). All course material, announcements, problem sets, assignments etc. will be posted on the website. It will be the primary means of communication for this class. You will be responsible for checking the Blackboard course site regularly for class work and announcements. Any communication will be emailed to the class list as it appears on Blackboard.

Prerequisites

Students must have the following prerequisites as per the Calendar to be able to take this course: ECO200Y1/ECO204Y1/ECO206Y1, ECO202Y1/ECO208Y1/ECO209Y1, ECO220Y1/ECO227Y1/(STA247H1,STA248H1)/(STA250H1,STA255H1)/(STA257H1,STA261H1)

It is your responsibility to make sure you satisfy the prerequisites. The Economics Department strictly enforces them and you will be dropped from the course if you do not satisfy them.

I will assume familiarity with the material in these courses. Specifically, I will expect you to know basic calculus (especially partial derivatives), basic microeconomics (especially game theory) and basic econometrics.

EVALUATION

The grade for this class will be based on two midterms, a term paper, five (announced) quizzes and a final exam. The dates and weight for each component is as follows:

| Component | Weight | | Date | Time |
|-------------------------|--------------|-----------------------------|--------------------|-----------------|
| Midterm 1 | 20% | 18-Nov | in class | 2-4pm |
| Midterm 2 | 20% | 10-Feb | in class | 2-4pm |
| Final | 30% | Final exam | period | TBD |
| Term Paper | 20% total | Country choice: | 23-Sep | 2:00 PM |
| | | country profile: | 28-Oct | 2:00 PM |
| | | Proposal: | 6-Jan | 2:00 PM |
| | | First draft: | 24-Feb | 2:00 PM |
| | | Peer Review: | 3-Mar | 2:00 PM |
| | | Final draft and reflection: | 17-Mar | 2:00 PM |
| Quizzes (total of 5) | 10% | Announced the | during semester | During Class |

Midterms and Final

In general midterms are not cumulative and cover material from the lecture after the previous midterm up to and including the lecture before the midterm. The final is **cumulative** and will cover **all** of the material from the course

Quizzes

There will be a total of 5 quizzes. They will be held in class and announced the lecture before the quiz.

Term Paper

There will be one, **individual** term paper for this class. More details will be provided on the course webpage. The purpose of this paper is for you to take the concepts learnt in class and see how they apply to a country. It will help develop your economic reasoning and communication skills. It will also give you the opportunity to explore more in depth, any development topic that may be interesting to you in the context of a country.

For the term paper you will be asked to choose a developing or middle income country. You then have to write a 1000 word paper on a topic with reference to that country.

The paper will have six stages. More details will be provided during the course on Blackboard. Briefly, the **first** stage is a country choice. The second stage is to submit a country profile. The third stage is to submit a short proposal.

The next three stages are as follows, stage 4 you will hand in a **first draft**. After that you will be randomly assigned the first drafts of three of your classmates and will need to complete a **peer review** for each one of them. When you get your peer reviews back, you will need to hand in a revised **final draft** together with an **explanation** of what changes you made (if any) based on your peers' reviews and anything else you may have learnt during the peer review process.

Stages 1-3 need to be submitted online via Blackboard under the Assignments tab and a hard copy needs to be handed in during class. For these parts, no late submissions will be accepted for any reason, no exceptions.

I expect to be using **PeerScholar** for this Term paper. You will need to submit **parts** of this assignment (first draft, peer reviews, final draft and reflection) online on PeerScholar. In addition, the final draft will need to be handed in via **Turnitin.com** and as a **hard copy** in class. The dates for all stages are listed above.

First drafts submitted after the due date and time will not be accepted and you will get a grade of zero for the entire peer assessment part of the assignment. If you submit your peer evaluations after the due date and time, you will get a grade of zero for the peer assignment part. Final drafts submitted late are penalized at 10 percentage points (out of 100) for every 24 hours starting right after the deadline.

Problem sets

I will occasionally post ungraded problem sets on Blackboard. The purpose of the problem sets is help you work through the concepts introduced in class and to apply them to different examples. You do not need to hand them in. You are strongly encouraged to work on them as they are good preparation for the midterms. If you have any questions on these problem sets please see me or the TA during office hours.

COURSE TOPICS AND READINGS

NOTE: The list is subject to change during the semester. Please check Blackboard regularly for the latest version.

Any readings linked to JSTOR are free if you have a U of T ip address. If you are accessing it off campus, please use VPN

1. Introduction – Economic Development

- Ray, Chapters 1 and 2
- Ray Chapter 8.2.2
- Banerjee and Duflo, Chapter 1 “Think Again, Again”
- Banerjee and Duflo, Chapter 2 “A Billion Hungry People”
- Sen, Amartya Chapters 1 and 4 in [Development as Freedom](#), Oxford : Oxford University Press 1999

2. Growth Models

- Ray, Chapters 3, 4-4.3
- Easterly, Chapter 2 “Aid for Investment”
- Easterly, Chapter 3 “ Solow's Surprise: Investment Is Not the Key to Growth”
- Besley, Timothy and Robin Burgess “[Halving Global Poverty](#)” Journal of Economic Perspectives—Volume 17, Number 3—Summer 2003—Pages 3–22

3. Health and Education

- Banerjee and Duflo, Chapter 3, “Low Hanging Fruit for Better (Global)”
- Banerjee and Duflo, Chapter 4, “Top of the Class”
- Easterly, Chapter 4, “Educated For What?”
- *Esther Duflo, “[Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment](#)” The American Economic Review, 2001, Vol 91, No 4, pp 795-813

4. Population

- Ray, Chapter 9
- Banerjee and Duflo, Chapter 5 "Pak Sudarno's Big Family"
- Easterly, Chapter 5 "Cash for Condoms"
- Schultz, T. Paul “[Fertility and Income](#)” - in Understanding Poverty (eds.) A. Banerjee, R. Benabou, and D. Mookerjee, , Oxford University Press, New York, , 2006.
- Duflo, Esther “[Women's Empowerment and Economic Development](#)”, *Journal of Economic Literature* 2012, 50(4), 1051–1079
- *Anderson, Siwan and Debraj Ray “[Missing Women: Age and Disease Population](#)”, Review of Economic Studies, Vol. 77, Issue 4, pp. 1262-1300, October 2010

5. Expectations and Development

- Ray Chapter 5
- Murphy, Kevin M.; Andrei Shleifer; Robert W. Vishny "[Industrialization and the Big Push](#)" Journal of Political Economy, October, 1989, Vol. 97, no. 5

6. Credit Markets

- Ray Chapter 14
- Banerjee and Duflo, Chapter 7 "The Men from Kabul and the Eunuch of India: The (Not So) Simple Economics of Lending to the Poor"
- Aleem, Irfan "[Imperfect Information, Screen and the Costs of Informal Lending: A Study of a Rural Credit Market in Pakistan](#)" World Bank Economic Review, 1990
- Banerjee, Abhijit; Esther Duflo, Rachel Glennerster and Cynthia Kinnan "[The miracle of microfinance? Evidence from a randomized evaluation](#)", 2010

7. Insurance

- Ray Chapter 15
- Banerjee and Duflo Chapter 6 "Barefoot Hedge-Fund Managers"
- *Murdoch, Jonathan "[Micro-insurance: the next revolution](#)" – in Understanding Poverty (eds.) A. Banerjee, R. Benabou, and D. Mookerjee, , Oxford University Press, New York, , 2006.

8. Inequality

- Ray Chapter 6
- Ray Chapter 7
- *Pikety, Thomas "[The Kuznets' Curve, Yesterday and Tomorrow](#)" "in Understanding Poverty (eds.) A. Banerjee, R. Benabou, and D. Mookerjee, , Oxford University Press, New York, , 2006.

9. Trade

- Ray Chapter 16
- Ray Chapter 17
- Rodrik, Dani "[Trading in Illusions](#)" Foreign Policy No. 123 (Mar. - Apr., 2001), pp. 54-62

10. Institutions

- Acemoglu, Daron ; Simon Johnson and James A. Robinson, "[The Colonial Origins of Comparative Development: An Empirical Investigation](#)" The American Economic Review, Vol. 91, No. 5 (Dec., 2001), pp. 1369-1401
- Sokoloff and Engerman, "[History Lessons: Institutions, Factors Endowments, and Path of Development in the New World](#)"

- *Nunn, Nathan "[The Importance of History for Economic Development](#)," *Annual Review of Economics*, Vol. 1, No. 1, September 2009, pp. 65-92
- Acemoglu, Daron ; Simon Johnson and James A. Robinson, "[An African Success Story: Botswana](#)," in *In Search of Prosperity: Analytical Narrative on Economic Growth*. Edited by Dani Rodrik, Princeton University Press, 2003
- *Qian, Yingyi "[How Reform Worked in China](#)" ,," in *In Search of Prosperity: Analytical Narrative on Economic Growth*. Edited by Dani Rodrik, Princeton University Press, 2003

11. Aid

- Easterly ,William "[Can Foreign Aid Buy Growth?](#)" –The Journal of Economic Perspectives, Volume 17, Number 3, 1 August 2003 , pp. 23-48
- Sachs, Jeff "[The Development Challenge](#)", *Foreign Affairs*, March/April 2005.
- Sanchez , Pedro et al "[The African Millennium Villages](#)" , Proceedings of the National Academy of Sciences Special Feature: Sustainability Science, 104 , no. 43 (October, 23 2007): 16775–80
- "[Millenium Bugs](#)", *The Economist*, Feast and Famine Blog, May 14th, 2012
- Kremer, Michael and Edward Miguel (2007). "[The Illusion of Sustainability](#)." *Quarterly Journal of Economics* 122 (3): 1007-1065.

MISSING TERM TESTS (i.e. MIDTERMS and QUIZZES)

Term tests are an important part of this class. Missing a test results in a mark of zero unless you have a valid documentable reason for missing it, follow the instructions below and your excuse is accepted.

If your reason is accepted the weight for a quiz gets transferred to the final. If you miss a midterm you will need to take the make-up. Please note that the make-up midterm can only substitute for *one* missed test.

If you need to miss a term test you need to do the following:

STEP 1 (EMAIL): You need to [email me](#) BEFORE the exam/quiz to say that you will not be taking it. In case of extreme emergencies (e.g. traffic accident right before the test) you have till 24 hours after the test to send the email.

The email should be sent from your official University of Toronto email address (no gmail, hotmail etc. email ids)

The FORMAT of the email is as follows

1. The subject line should be "Eco 324 missed midterm/quiz"

2. The content of the email should be as follows
 - The first part should concisely explain your reasons for missing the test. You should specify why your reason does not permit you to take the test (*not being able to perform well is not an excuse*).
 - This should then be followed with a list of classes and term work due the day of the midterm and two days before and after the midterm/quiz. If no term work was due please state that for each other class you are taking.
 - Whether you attended (or will attend) the classes and/or turned (or will turn in) in any term work due.
 - Names and contact information for the professors of those classes. I may contact them to verify the information you have provided.
3. The email should end with the following sentence "I understand that it is a punishable academic offence to present false or misleading information in support of my request for accommodation for missed term work"
4. This sentence should be followed by your name and student number.

STEP 2 (DOCUMENTATION):

- If you missing the midterm/quiz for a medical reason you will need to hand in a medical note. At minimum it should be from the University of Toronto Health Service. It needs to be completed by a qualified medical doctor (e.g., not an acupuncturist, chiropractor, or other health care professional)
- If you need to miss the midterm for any *unexpected* other reason (like funerals etc..) you must provide documentation (like a funeral program/obituary, air tickets etc..). In addition I will need a note from a responsible adult which also has their contact information so I can verify the details.
- You have till one week after the term test to follow up the email with the documentation. Please attach a copy of the email you sent me to the documentation. This needs to be handed in at the economics reception desk at Max Gluskin house.

STEP 3: When you email me you will get a short response with information for the make-up test if you missed the midterm. If your reason is not accepted then you will be informed after writing the make-up midterm test and will meet with me to discuss the issue. If you reason is accepted for the quiz the weight will be shifted to the final.

If you do not email me or your email doesn't conform the format above or you do not provide the documentation in time or if your reason is not accepted then you will be assigned a grade of 0 for the midterm/quiz. The final decision to accept any reason lies with me or the undergraduate chair.

Please note that you may get your grades for the make-up midterm *after* the drop deadline. The format may be different from the class midterm. Consistent with

university policy, there is no “make-up” test for the make-up test. No medical excuses will be accepted, and grade of zero will be applied if a student fails to write the make-up test.

GENERAL CLASS POLICIES

Email Policy

I will try to respond to emails within 24 hours outside of weekends. However, I do not respond to emails that ask a question that can be answered by looking at the syllabus or course website. Most questions cannot be answered adequately over the email (usually those requiring more than a one sentence answer or questions requiring a discussion). For such questions, please come see me during office hours. Questions on grades will only be answered during office hours.

Re-Grades

Requests for re-grades will be accepted in writing up to two weeks after each exam or assignment is returned. When requesting a re-grade, it is important to attach a detailed note on the front indicating the problem you want us to take a look at, as well as why you think your grade should be changed. We re-grade entire exams, not just individual questions, so your grade could go up or down.

Academic Integrity¹

Academic integrity is fundamental to learning and scholarship at the University of Toronto. Participating honestly, respectfully, responsibly, and fairly in this academic community ensures that the U of T degree that you earn will be valued as a true indication of your individual academic achievement, and will continue to receive the respect and recognition it deserves.

Familiarize yourself with the University of Toronto’s *Code of Behavior on Academic Matters* (<http://www.governingcouncil.utoronto.ca/policies/behaveac.htm>). It is the rule book for academic behavior at the U of T, and you are expected to know the rules.

The University of Toronto treats cases of academic misconduct very seriously. All suspected cases of academic dishonesty will be investigated following the procedures outlined in the *Code*. The consequences for academic misconduct can be severe, including a failure in the course and a notation on your transcript. If you have any questions about what is or is not permitted in this course, please do not hesitate to contact me. If you have questions about appropriate research and citation methods, seek out additional information from me, or from other available campus resources like the U of T Writing Website (<http://www.writing.utoronto.ca/>). If you are experiencing

¹ From the UofT Academic Integrity Statement and Checklist

personal challenges that are having an impact on your academic work, please speak to me or seek the advice of your college registrar.

Plagiarism is a concern with writing assignments. You can find details about what constitutes plagiarism and how to avoid it in class at <http://www.utoronto.ca/academicintegrity/> . Being unaware of what constitutes plagiarism is not a defense.

You will be required to submit your writing term assignments on Turnitin.com. The University disclaimer on Turnitin.com is as follows:

"Normally, students will be required to submit their course essays to Turnitin.com for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the Turnitin.com reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University's use of the Turnitin.com service are described on the Turnitin.com web site".