

Eco 324Y1Y Section L0101: Economic Development, Summer 2014
Kripa Freitas, Department of Economics, The 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 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: Tue and Thu 2-4pm

Location BA1210

Contact information

Prof. Kripa Freitas

Email: k.freitas@utoronto.ca

Office location: Max Gluskin House, Room 224

Phone: (416) 978-2268

Office hours:

Drop in: Wed 2-4pm, no appointment needed.

By appointment: Please book at 15 minute slot using the following link:

<https://www.timetrade.com/book/2P41J>

TA Ayesha Ali ayesh.ali@mail.utoronto.ca

Website: <http://www.portal.utoronto.ca>

All course material, announcements, problem sets, assignments etc. will be posted on Blackboard. You are responsible for checking it regularly. All communication will be sent to the class list on Blackboard.

COURSE MATERIALS

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.

Prerequisites

You will be dropped from the course if you do not have the required pre-requisites:
ECO200Y1/ECO204Y1/ECO206Y1, ECO202Y1/ECO208Y1/ECO209Y1,
ECO220Y1/ECO227Y1/(STA247H1,STA248H1)/(STA250H1,STA255H1)/
(STA257H1,STA261H1)

See: <http://www.economics.utoronto.ca/index.php/index/undergraduate/load/prerequisites>

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), macroeconomics and econometrics.

EVALUATION

The grade for this class will be based the following term work:

| Term Work | Weight | | Location | Time |
|--------------|--------|---------------------------------------|------------------|---------|
| Midterm 1 | 20% | June 17th, | in class | 2-4pm |
| Midterm 2 | 20% | July 22nd, | in class | 2-4pm |
| Final | 30% | Final exam period | TBD | TBD |
| Term Paper | 0% | Country choice: May 20 th | Online | 2:00 PM |
| | 2% | country profile: June 3 rd | online+hard copy | 2:00 PM |
| | 1% | Proposal: July 3 rd | online+hard copy | 2:00 PM |
| | 3% | First draft: July 29 th | online | 2:00 PM |
| | 3% | Peer Review: Aug 5 th | online | 2:00 PM |
| | 9% | Final draft: Aug 12 th | online+hard copy | 2:00 PM |
| | 2% | Reflection: Aug 12 th | online | 2:00 PM |
| Assignment 1 | 5% | June 5 th | online+hard copy | 2:00 PM |
| Assignment 2 | 5% | July 15 th | online+hard copy | 2:00 PM |

Note: online means that it needs to be submitted on Blackboard and/or PeerScholar AND Turnitin.com before the deadline. See assignment instructions for details.

Midterms and Final

Midterms are not cumulative. Exact coverage will be posted before each midterm. The final is **cumulative** and will cover **all** of the material from the course.

Assignments

There will be a total of two, **individual** assignments. They will need to be handed in online via Blackboard and a hard copy brought to class. The assignments will also be submitted to Turnitin.com (see university policy below).

The purpose of the assignments is to build course skills. They will be short writing assignments. More details will be provided on the course website.

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 seven 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 **reflection** on 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 with PeerScholar and/or Blackboard for the last four stages of the Term paper. In addition, the final draft will need to be handed as a **hard copy** in class. Note your term papers will also be submitted to Turnitin.com. 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 during office hours.

ACADEMIC INTEGRITY¹

Academic integrity is fundamental to learning and scholarship at the University of Toronto. You are expected to know the University of Toronto's *Code of Behavior on Academic Matters* (<http://www.governingcouncil.utoronto.ca/policies/behaveac.htm>). Cases of academic misconduct are taken very seriously and the consequences can be severe. All suspected cases of academic dishonesty will be reported to the Department of Economics and OSAI.

Plagiarism is a concern with writing assignments. Your writing assignments must be submitted to turnitin.com which is now integrated within Blackboard. Being unaware of what constitutes plagiarism is not a defense. You can find details about what constitutes plagiarism and how to avoid it in class at <http://www.utoronto.ca/academicintegrity/>.

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/>).

The University disclaimer on Turnitin.com

"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".

¹ From the UofT Academic Integrity Statement and Checklist

GENERAL CLASS POLICIES

Re-Grades

Requests for re-grades will be accepted in writing up to two weeks after term work is returned. Attach a detailed note with your request that explains with reference to course materials as to why you think you deserve a different mark. The entire exam is re-checked so your mark could go up or down.

Email Policy

I will try to respond to emails within 48 hours, outside of weekends. Email is best for quick answers. For questions on course material it is best to see me in office hours so they can be answered adequately. If you do not get a reply please check Blackboard, the syllabus or see me or the TA during office hours. Questions on grading will only be answered during office hours.

MISSING A MIDTERM

Term tests are an important part of this class. The make-up can only substitute for one missed test. If you miss a second midterm you will get a zero for that.

Missing a test does not automatically mean that the make-up test will count for your grade. You need to follow the procedure below.

- You need to [email me](#) BEFORE the exam to say that you will not be taking the exam. (There will be a 5% penalty per 24 hours for late emails)
- The email should be sent from your official University of Toronto email address (no gmail, hotmail etc.. email ids)
- The subject line should be “Eco 324 missed midterm”
- The body of the email should concisely explain your reasons for being unable to take the test. Not being able to perform well is not an excuse.
- This should then be followed by
 - A list of all your classes,
 - Term work due and whether or not completed the week of the midterm
 - Contact information for the professors. I may contact the other professors to verify details.
- 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”
- This sentence should be followed by your name and student number.

DOCUMENTATION: Within a week you need to submit original documentation to the economics reception desk at Max Gluskin House.

- A medical note, completed by a qualified medical doctor (e.g., not an acupuncturist, chiropractor, or other health care professional) with their OHIP number. Use the official [Verification of Student Illness or Injury form](#)
- Any other *unexpected* other reason (like funerals etc..) needs 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.

MAKE-UP: When you email me you will get a short response with the information for the cumulative make-up test. 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 *after* the drop deadline. The format may be different from the class midterm. Consistent with university policy, there is no “make-up” 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.

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”

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.