

ECO 324
TOPICS IN DEVELOPMENT ECONOMICS AND POLICY
Department of Economics University of Toronto
Fall 2019

Class: Mondays 2:10 pm - 4:00 pm

Location: MP137

Dr. Arthur Blouin
Assistant Professor
Department of Economics
Max Gluskin House
150 St. George Street, Room 305

Phone: 416-946-3404
email: a.blouin@utoronto.ca

Office hour:
Monday 10:00-11:00

Course Description:

This course will focus on major topics in development economics. Broadly, the focus of the course will be on the causes of economic underdevelopment. This is intended as an introduction to development, so my aim is to touch on each of the big topics in the field. Each course is based around an active area of development economics.

Pre-requisites:

Microeconomic Theory: ECO200Y/204Y/206Y

Quantitative Methods in Economics: ECO220Y/227Y/STA(247H,248H)/250H,255H)/(257H, 261H)

Grades:

- Term paper (30%)

Final paper due: December 2.

Late Penalty: If late, papers will be penalized by 10% per day late.

- Mid-term exam (30%)

Date: October 21 in class

- Final exam (40%)

Date: TBD

Term Project: Choose a topic in development economics that we are not covering in class. Write a critical review of the literature on that topic.

Your paper should start with an introduction that explains the topic and includes discussion of why it is important for economic development. You should then devote 1.5-2 pages each to the 4-6 most influential papers in the literature. For each paper, spend 1-2 paragraphs summarizing the findings of the paper as an introduction and conclude each of these subsections with a 1-2 paragraph discussion of the contribution of the paper to the literature. Devote the rest of the space to a critical evaluation of the paper. Conclude the paper with your thoughts on the future direction that the literature should take, including at least one precise question in the literature that remains unanswered.

Mid-term: A grade of 0 will be given to students who do not write the midterm exam unless an appropriate and convincing note is received within one week of the missed test, explaining why the test was missed.

If the student misses the test due to illness:

- The note must be provided using the University of Toronto medical certificate. No other documentation will be accepted. You can find a copy of the form here: <http://www.healthservice.utoronto.ca/pdfs/medcert.htm>

- The form must be completed by a Medical Doctor, and include the doctor's OHIP registration number.
- Only original notes will be accepted. I will not accept photocopies or emailed certificates.
- The note must clearly state that on the date of the test, the student was too sick to write the test. Notes that simply state that a doctor saw the student on the date of the midterm will not be accepted. Illness before the test is not sufficient grounds for missing the test. Nor will I accept notes that indicate that the student would have performed "sub-optimally".
- To comply with these requirements, it is expected that the student will have met with the doctor on the date of the test.
- **The student must email me the day of the test to indicate that they will not be able to write the test.**
- I will review each sick note to determine whether there are sufficient grounds for a student to be excused from a test. Part of this review process may include meeting with the student, and/or following up with a physician.
- It is an academic offense to feign illness to avoid a test.

If the student misses a term test due to another excused absence (e.g., funeral, car accident):

- The note must be accompanied by a note from a responsible third party that I can verify *in order for excusal to even be considered*. The validity of the excuse will also be evaluated by academic staff in the Department of Economics.

If a student has been excused from the midterm exam, he or she will be permitted to write a make-up test. Consistent with university policy, there is no "make-up test" for the make-up test. No medical excuses or scheduling conflicts will be accepted, and a grade of zero will be applied if a student fails to write the make-up test.

Course Website

The UofT Quercus system will be used for this course. I'll use it to make announcements to the class and to post lecture notes, additional readings, practice questions, etc. It is therefore vital that you log-on at least once a week.

Email Policy

I am definitely happy respond to quick emails during normal business hours, but email is a pretty inefficient way to communicate, so I may end up asking you to come see me in my office if the conversation drags on. Please don't email with urgent or time sensitive issues, for that come to my office.

Academic Misconduct

Students should note that copying, plagiarizing, or other forms of academic misconduct will not be tolerated. Any student caught engaging in such activities will be subject to academic discipline ranging from a mark of zero on the assignment, test or examination to dismissal from the university as outlined in the academic handbook. Any student abetting or otherwise assisting in such misconduct will also be subject to academic penalties.

As a student it is your responsibility to ensure the integrity of your work and to understand what constitutes an academic offence. If you have any concerns that you may be crossing the line, always ask your instructor. Your instructor can explain, for example, the nuances of plagiarism and how to use secondary sources appropriately; he or she will also tell you what kinds of aids -- calculators, dictionaries, etc. -- are permitted in a test or exam. **Ignorance of the rules does not excuse cheating or plagiarism.** For more information regarding the Code of Behaviour on Academic Matters please visit (<http://www.governingcouncil.utoronto.ca/policies/behaveac.htm>).

Outline and Reading list (subject to change):

September 9: Introduction

September 16: Institutions

Engerman and Sokoloff (2000) *Institutions, Factor Endowments, and Paths of Development in the New World*

Acemoglu, Johnson and Robinson (2001) "The Colonial Origins of Comparative Development: An Empirical Investigation". *The American Economic Review*

Nunn (2008) "Long Term Effects of Africa's Slave Trades". *Quarterly Journal of Economics*.

North, D. C. (1990). Institutions, institutional change, and economic performance. Cambridge, Cambridge University Press.

September 23: Aid

Jeffrey Sachs, *The End of Poverty*, Ch 15

William Easterly, "The Big Push Déjà vu: A Review of Jeffrey Sachs' *The End of Poverty: Economic Possibilities for our Time*," *Journal of Economic Literature*, Vol. XLIV March 2006, pp. 96-105.

Easterly, *The White Man's Burden*, Ch. 1-2

Banerjee and Duflo. *Poor Economics*. Ch. 1

Nicholas Kristof, "Aid: Can it Work?" *New York Review of Books*. Vol. 53, No. 15, October 2006

Jeffrey Sachs, "How Aid Can Work" (Letter to the Editor) *New York Review of Books*, Vol. 53, No. 20, December 21, 2006

The Economist, "Special Report: The \$25 billion question – Aid to Africa" July 2, 2005, Vol. 376, Issue 8433.

September 30: Health

Jessica Cohen and Pascaline Dupas (2010) "Free Distribution or Cost-sharing? Evidence from a Randomized Malaria Prevention Experiment" *Quarterly Journal of Economics*

Edward Miguel and Michael Kremer (2004) "Worms: Identifying the Impacts on Education and Health in the Presence of Treatment Externalities" *Econometrica*.

Marcella Alsan (2012). "The Effect of the Tse Tse Fly on African Development," *American Economic Review*

Acemoglu, Johnson and Robinson (2003), *Disease and Development in Historical Perspective*. *Journal of the European Economic Association* 1(2-3): 397-405

October 7: Education

Esther Duflo (2001) "Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment", *American Economic Review*.

Rema Hanna, Esther Duflo and Stephen Ryan (2007) "Monitoring Works: Getting Teachers to Come to School", Unpublished

Banerjee, Cole, Duflo and Linden (2007) "Remedying Education: Evidence from Two Randomized Experiments in India", *Quarterly Journal of Economics*

Jensen, Robert (2012). "Do Labor Market Opportunities Affect Young Women's Work and Family Decisions? Experimental Evidence from India," *Quarterly Journal of Economics*

October 14: Thanksgiving

October 21: Mid-term

October 28: Credit

de Mel, McKenzie and Woodruff (2008), "Returns to Capital In Microenterprises: Evidence from a Field Experiment" *The Quarterly Journal of Economics*

Banerjee and Duflo (2014), "Do Firms Want to Borrow More? Testing Credit Constraints Using a Directed Lending Program" *The Review of Economic Studies*

Abhijit Banerjee (2013), "Microcredit Under the Microscope: What Have We Learned in the Past Two Decades, and What Do We Need to Know" *Annual Review of Economics*. Vol 5:487-519.

Banerjee, Duflo, Glennerster and Kinnan. (2015) "The Miracle of Microfinance? Evidence from a Randomized Evaluation" *American Economic Journal: Applied Economics*. 7.1 22-53.

November 4: Reading Week

November 11: Consumption smoothing - Savings and Insurance

Ashraf, Nava, Dean Karlan, and Wesley Yin. "[Tying Odysseus to the mast: Evidence from a commitment savings product in the Philippines.](#)" *The Quarterly Journal of Economics* (2006): 635-672.

Pascaline Dupas and Jonathan Robinson (2013) "Why Don't the Poor Save More? Evidence from Health Savings Experiments," *American Economic Review*

Morduch, Jonathan. "[Microinsurance: The Next Revolution?](#)" in Banerjee, Abhijit Vinayak, Roland Benabou, and Dilip Mookherjee, eds. *Understanding poverty*. Oxford University Press, 2006.

Robert Townsend (1994) "Risk and Insurance in Village India," *Econometrica*

November 18: Geography and the Natural Resources Curse

Angrist and Kruger (2008), "Rural Windfall or a New Resource Curse? Coca, Income, and Civil Conflict in Colombia" *The Review of Economics and Statistics*

Nunn, Nathan, and Diego Puga. (2010). "Ruggedness: The Blessing of Bad Geography in Africa." *Review of Economics and Statistics* 94 (1): 20–36.

Harding and Venables (2010). "The Implications of Natural Resources for Non-Export Exports" *OxCarre Working Papers*.

November 25: Conflict

[On the Origin of States: Stationary Bandits and Taxation in Eastern Congo](#), Raul Sanchez de la Sierra, *Journal of Political Economy*

Macchiavello and Morjaria (2015), "The Value of Relationships: Evidence from a Supply Shock to Kenya Rose Exports", *American Economic Review*.

Propaganda and Conflict: Evidence from the Rwandan Genocide, David Yanagizawa-Drott. *The Quarterly Journal of Economics*, Volume 129, Issue 4, 1 November 2014, <https://doi.org/10.1093/qje/qju020>

December 2: Q&A - Review for Final Exam