

ECO 403
TOPICS IN DEVELOPMENT ECONOMICS AND POLICY

Department of Economics University of Toronto

Summer 2019

Class: Wednesdays 10:10 am - 1:00 pm

Friday 10:10am – 1:00pm

Location: LM157

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Office hours:

Wednesdays 3:00-5:00, GE305

TA Office Hours (for presentation or paper)

Tuesdays 2:00-3:00, GE213

Course Description:

This course will focus on major topics in development economics. Broadly, the focus of the course will be focused in two areas:

1. What causes some regions to be poorer than others?
2. How do people make decisions differently in the context of living in poverty?

Pre-requisites:

Microeconomic Theory: ECO200Y/204Y/206Y

Macroeconomic Theory: ECO202Y/208Y/209Y

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

Grades:

- Term paper (20%)

Final paper due: June 14th, submit on Quercus.

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

- Tutorial Group Presentation (20%)

Dates: June 5th and June 7th in class

- Mid-term exam (20%)

Date: May 24th in class 10am-1pm LM157

- Final exam (40%)

Date: TBD

Term Paper and Presentation:

You should work in groups of 3 and write an original research paper on a topic in development of your choosing. The distinguishing feature of a 400-level class is that the writing requirement is high. Accordingly, I expect you to find data to test a hypothesis related to Development Economics. You can find off-the-shelf data such as the Latino Barometer, Afro Barometer, etc. or you can use the World Values Survey, or the Demographics and Health Survey. Or you can survey students on campus and compare responses of people that grew up in different countries (I will take the effort required to write/design/implement an original survey into account and the bar will therefore be much lower in other areas).

This is a major project that will take the whole term to complete and I expect you to form groups now and start thinking of topics. I expect everyone to come to the TA office hour in the first two weeks to tell him the make-up of your group and your topic. If you would like to be randomized into a group, you can let me know by email. Anyone who has not been assigned a group by May 18th will be randomly assigned to a group.

The project can be on anything you want, subject to the following constraints: (a) it must be about development economics; (b) it must involve empirical investigation.

Starting on June 5th, we will have group presentations which will include a detailed presentation of your topic. This should include a research design, a clear statement of the research question and a detailed literature review. The presentation is worth 20% of your overall grade and should last about 20-25 minutes. Once you come (as an entire group) to the TA office hour to get your group and topic approved you will be able to sign up for a presentation slot. There are 36 people in the class (12 groups), and we will do 6 presentations per class, so we will have 2 presentation classes (June 5th and June 7th). The TA will lead the presentation classes, and he will provide feedback during the presentation. You are expected to incorporate any comments / suggestions into your paper.

The paper should include the following sections:

1. Introduction
2. Background to research question
3. Data
4. Empirical Strategy
5. Results
6. Conclusion

I will post a grading rubric later on Quercus.

I suggest that each group ensure that they have at least one member that is good with data (i.e. is very comfortable with Stata, Matlab, R or Python) and I would also suggest including at least one team member who is a very strong writer. Further, I would suggest checking your writing on both app.grammarly.com and hemmingwaypp.com before handing it in. Neither is always right, but they are both useful in flagging some potentially serious issues with spelling, grammar and sentence structure.

Mid-term:

The midterm is Friday May 24th from 10am-12pm in LM157.

It will be open book. This means that any notes, books, etc that you want to bring is fine, but anything electronic is not ok, only because we need to be able to ensure that people are not texting/messaging each other during the exam.

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 be considered.

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.

Final Exam: The final will be governed by the University's rules for missing final exams. It will be three hours long and subject to the same "open book" rules as the mid-term.

Course Website

Quercus 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 will respond to quick emails during normal business hours, but email is a pretty inefficient way to communicate. If the following apply, please see me in person during office hours:

- If your question takes more than a paragraph to answer.
- If your question is related to grades, exam solutions, etc.
- If there's more than one back and forth over email, or you want a follow-up to something I addressed over email.

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):

May 8th: Introduction

May 10th: 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*.

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

May 15: Institutions continued / Political Economy of Development

Micholopolous and Papaioannou (2012) "Pre-colonial Ethnic Institutions and Contemporary African Development" *The Quarterly Journal of Economics*

Burgess, Jedwab, Miguel, Morjaria, Pedro I Miguel (2015) "The Value of Democracy: Evidence from Road Building in Kenya", *American Economic Review*

Eifert, Miguel and Posner (2010), *Political Competition and Ethnic Identity in Africa*, *American Journal of Political Science*

Beath, Andrew and Fortini Christia and Ruben Enikolopov (2018), *Do Elected Councils Improve Governance? Experimental Evidence on Local Institutions in Afghanistan*.

May 17: Corruption / The Value of Relationships

Olken (2007), "Monitoring Corruption: Evidence from a Field Experiment in Indonesia." *Journal of Political Economy*.

Fisman and Miguel (2007), "Corruption, Norms and Legal Enforcement: Evidence from Diplomatic Parking Tickets". *Journal of Political Economy*

Hanna and Wang (2014) "Dishonesty and Selection into the Public Service". *Unpublished*

Grief (1993), "Contract Enforceability and Economic Institutions in Early Trade: The Maghribi Traders' Coalition"

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

May 22: The Value of Relationships continued / Poverty, Information, Media, Propaganda

Blouin and Macchiavello (2018) "Strategic Default in the International Coffee Market," *Quarterly Journal of Economics*.

Mani, Mullainathan and Shafir, "Poverty Impedes Cognitive Function", *Science*, 2013

Blouin and Mukand (2018) "Erasing Ethnicity? Propaganda and Nation Building in Rwanda", *Journal of Political Economy*, forthcoming.

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>

May 24th: Mid-Term

May 29: Ethnic Fractionalization and Discrimination

Alesina, Devleeschauwer, Easterly, Kurlat, Wacziarg, (2002), Fractionalization, *Journal of Economic Growth*

Jonas Hjort (2014) “Ethnic Divisions and Production in Firms” *Quarterly Journal of Economics*

Micholopoulos (2012) “*The Origins of Ethnolinguistic Diversity*”, *American Economic Review*

Alberto Alesina, Stelios Micholopoulos and Elias Papaianou (2016) “Ethnic Inequality”, *Journal of Political Economy*

May 31: Trust

Nunn, Wantchekon (2011), “The Slave Trade and the Origins of Mistrust In Africa”, *American Economic Review*

Guiso, Sapienza, and Zingales (2007) The Role of Social Capital in Financial Development

Bloom, Sadun, and Van Reenen (2008), “The Organization of Firms Across Countries”, *The Quarterly Journal of Economics*

Algan and Cahuc (2012), “Inherited Trust and Growth”, *American Economic Review*

June 5: Presentations 1

June 7: Presentations 2

June 12: Culture

Cohen et al (1996). “Culture of Honour: The Psychology of Violence in the South” Boulder: Westview Press

Alesina et al. (2012) *On the Origins of Gender Roles: Women and the Plough*

Miguel (2005), “Poverty and Witch Killing”, *The Review of Economic Studies*.

June 14: Time for any necessary catch-up and Q&A and exam review