

ECO 403
TOPICS IN DEVELOPMENT ECONOMICS AND POLICY
Department of Economics University of Toronto
Winter 2023
Class: Tuesdays 10:10 am - 12:00 pm
Location: FE326

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Office hour:
Monday 9:00-10:00, GE305

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 is the role of institutions in economic development?
2. How does living in poverty affect decision making?

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 (25%)

Final paper due: April 4th, submit on Quercus.

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

- Tutorial Group Presentation (25%)

Dates: Tutorials starting (hopefully) after reading week (subject to class size)

- Mid-term exam (25%)

Date: February 14th

- Final exam (25%)

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 demanding. 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.

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 choose a presentation date and topic in the first few weeks of class. You should discuss your proposed topic with me before getting started. If you would like to be assigned to a group, I can help arrange that. Anyone who has not been assigned a group by the end of January will be assigned to a group by me.

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 around reading week, we will have group presentations which will include a detailed presentation of your topic. Think of the presentation as a detailed proposal for your paper. This should include a research design, a clear statement of the research question and a detailed literature review. The presentation should last about 20-25 minutes.

Dina O'Brien, the TA for the class, will lead the presentation classes, and will provide feedback during the presentation. You are expected to incorporate any comments / suggestions into your paper. Dina will hold office hours throughout the year, where you can discuss your term project, and get feedback prior to presenting or submitting the associated paper. I'll post her office hours on Quercus early in the term.

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 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 Tuesday February 14th. It will be open book and you will have 3hrs in class to write the exam. The exam will be held in the regular class time / location. The open book rules are that any hard-copy materials are permitted (within reason with respect to quantity and space constraints) and no electronics are permitted, including phones, tablets, laptops, calculators, smart watches, etc.

Missed Assessments:

We will (of course) follow the University policy regarding missed assessments. As of early January, that means that you need to complete the self-declaration form online for any missed deadlines. 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.

Rumours are that discussions are ongoing with respect to reverting to the pre-COVID policy, and if so, we will follow suit. If the University switches to this policy, I will make an announcement on Quercus and in class.

That would mean the following (just to cover all bases).

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.
- 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.

Final Exam: The final will be governed by the University's rules for final exams. It will be open book and you'll get 3hrs. The open book rules are the same as the mid-term. Any hard-copy materials are permitted (within reason with respect to quantity and space constraints) and no electronics are permitted, including phones, tablets, laptops, calculators, smart watches, etc.

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 an inefficient way to communicate complex ideas / concepts. If the email requires a detailed response, please find me during office-hours.

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):

January 10th: Introduction

January 17th: Institutions

Sokoloff, K.L. and Engerman, S.L., 2000. Institutions, factor endowments, and paths of development in the new world. *Journal of Economic Perspectives*, 14(3), pp.217-232.

Acemoglu, D., Johnson, S. and Robinson, J.A., 2001. The colonial origins of comparative development: An empirical investigation. *American Economic Review*, 91(5), pp.1369-1401.

Mayshar, J., Moav, O. and Pascali, L., 2022. The Origin of the State: Land Productivity or Appropriability?. *Journal of Political Economy*, 130(4), pp.1091-1144.

January 24th: Political Economy of Development

Burgess, R., Jedwab, R., Miguel, E., Morjaria, A. and Padró i Miquel, G., 2015. The value of democracy: evidence from road building in Kenya. *American Economic Review*, 105(6), pp.1817-51.

Eifert, B., Miguel, E. and Posner, D.N., 2010. Political competition and ethnic identification in Africa. *American Journal of Political Science*, 54(2), pp.494-510.

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

January 31st: Institutional Legitimacy

Banerjee, A. and Iyer, L., 2005. History, institutions, and economic performance: The legacy of colonial land tenure systems in India. *American Economic Review*, 95(4), pp.1190-1213.

Michalopoulos, S. and Papaioannou, E., 2013. Pre-colonial ethnic institutions and contemporary African development. *Econometrica*, 81(1), pp.113-152.

Sánchez De La Sierra, R., 2020. On the origins of the state: Stationary bandits and taxation in eastern congo. *Journal of Political Economy*, 128(1).

February 7th: Corruption

Olken, B.A., 2007. Monitoring corruption: evidence from a field experiment in Indonesia. *Journal of Political Economy*, 115(2), pp.200-249.

Fisman, R. and Miguel, E., 2007. Corruption, norms, and legal enforcement: Evidence from diplomatic parking tickets. *Journal of Political Economy*, 115(6), pp.1020-1048.

Hanna, R. and Wang, S.Y., 2017. Dishonesty and selection into public service: Evidence from India. *American Economic Journal: Economic Policy*, 9(3), pp.262-90.

February 14th: Mid-Term

February 21st: Reading Week

February 28th: The Value of Relationships

Greif, A., 1993. Contract enforceability and economic institutions in early trade: The Maghribi traders' coalition. *American Economic Review*, pp.525-548.

Macchiavello, R. and Morjaria, A., 2015. The value of relationships: evidence from a supply shock to Kenyan rose exports. *American Economic Review*, 105(9), pp.2911-45.

March 7th: Poverty, Information, Media, Propaganda

Mani, A., Mullainathan, S., Shafir, E. and Zhao, J., 2013. Poverty impedes cognitive function. *Science*, 341(6149), pp.976-980.

Yanagizawa-Drott, D., 2014. Propaganda and conflict: Evidence from the Rwandan genocide. *The Quarterly Journal of Economics*, 129(4), pp.1947-1994.

March 14th: Ethnic Fractionalization and Discrimination

Alesina, A., Devleeschauwer, A., Easterly, W., Kurlat, S. and Wacziarg, R., 2003. Fractionalization. *Journal of Economic Growth*, 8(2), pp.155-194.

Michalopoulos, S., 2012. The origins of ethnolinguistic diversity. *American Economic Review*, 102(4), pp.1508-39.

Alesina, A., Michalopoulos, S. and Papaioannou, E., 2016. Ethnic inequality. *Journal of Political Economy*, 124(2), pp.428-488.

March 21st: Trust

Nunn, N. and Wantchekon, L., 2011. The slave trade and the origins of mistrust in Africa. *American Economic Review*, 101(7), pp.3221-52.

Guiso, L., Sapienza, P. and Zingales, L., 2004. The role of social capital in financial development. *American Economic Review*, 94(3), pp.526-556.

Bloom, N., Sadun, R. and Van Reenen, J., 2012. The organization of firms across countries. *The Quarterly Journal of Economics*, 127(4), pp.1663-1705.

Algan, Y. and Cahuc, P., 2010. Inherited trust and growth. *American Economic Review*, 100(5), pp.2060-92.

March 28th: Culture

Cohen, Dov, et al. "Insult, aggression, and the southern culture of honor: An" experimental ethnography." *Journal of Personality and Social Psychology* 70.5 (1996): 945.

Alesina, A., Giuliano, P. and Nunn, N., 2013. On the origins of gender roles: Women and the plough. *The Quarterly Journal of Economics*, 128(2), pp.469-530.

Miguel, E., 2005. Poverty and witch killing. *The Review of Economic Studies*, 72(4), pp.1153-1172.

April 4th: Time for any necessary catch-up and Q&A and exam review