

Econ 209: Economic Development, Spring 2021

Department of Economics, Oberlin College

Class Time and Location:

Tuesdays and Thursdays – 9:30-10:50 am

Location: King 306 and via Zoom

Class link: <https://oberlin.zoom.us/j/95946492371>

Instructor: Henrique Veras

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Office: Rice Hall 210

Office Hours: Tue 2:00-4:00, Thu 2:00-4:00,
or by appointment

Schedule an appointment [here](#)

COURSE DESCRIPTION:

This course aims to analyze the economic problems associated with newly developing nations; emphasize their economic structures, their factor scarcities, and their programs for development. The course is designed to expose students to the major theories of economic development and underdevelopment, as well as current areas of research in the field. Topics covered include proximate and fundamental causes of economic development, as well as the study of the various micro- and macro-level factors that contribute to the vast disparities in living standards across different regions of the world.

COURSE OBJECTIVES

The general learning objectives of this course are twofold. First, students should be able to understand and analyze the world through the lens of the theories of economic growth and development and develop a critical sense on the patterns and policies pursued by developing countries. Second, the course aims to equip students with modern statistical tools that are necessary for identifying and analyzing *causal* empirical relationships.

More specifically, at the completion of this course, students will be able to:

1. Develop analytic skills while broadening their perspectives of the wide scope of the field
2. Draw independent conclusions as they confront development problems, their sometimes ambiguous evidence, and real-life development policy choices - ultimately to play an informed role in the struggle for economic development and poverty alleviation.
3. Understand real conditions and institutions across the developing world.
4. Apply the statistical tools learned in class to a wide range of data analysis in the development context.

TEXTBOOKS AND MATERIALS:

Textbooks

There is no standard textbook for the class. Lectures will be based on several different sources, including selected research articles, which are described below on the (Tentative) Course Outline. However, some lectures will be based on two important textbooks:

- *Economic Development*, by Michael P. Todaro and Stephen C. Smith 12nd Edition, Ed. Pearson
- *Economic Growth*, by David N. Weil, 3rd Edition, Ed. Routledge

Additionally, we will use three important non-technical best-sellers in the Development Economics literature, with highly accessible language:

- *Why Nations Fail: The origins of Power, Prosperity and Poverty* by Acemoglu and Robinson
- *Poor Economics* by Banerjee and Duflo
- *The Elusive Quest for Growth* by William Easterly

For additional reading on topics in development economics, the following books are great sources of knowledge:

- *The End of Poverty* by Jeffrey Sachs
- *The White Man's Burden* by William Easterly
- *Economic Gangsters* by Raymond Fisman and Edward Miguel
- *Development as Freedom* by Amartya Sen
- *Guns, Germs, and Steel: The Fates of Human Societies* by Jared Diamond
- *The Great Escape* by Angus Deaton
- *A Farewell to Alms* by Gregory Clark

For technical discussion on econometric tools applied to this class, students can refer to the following book:

- *Mastering Metrics: The Path from Cause to Effect*, by Joshua Angrist and Jörn-Steffen Pischke.

Blackboard

Lecture notes, assignments, and course announcements will be posted on the Blackboard page for this course. You will also have access to your grades through Blackboard. It is your responsibility to check Blackboard frequently for relevant course information.

EXAMS:

There will be two exams for the class: Midterm Exam on **Thursday, March 18th** and a Final Exam on **Monday, May 10th**. Any material covered in the lectures and/or the assigned readings is fair game. Notice that the final exam is scheduled by the College and there will be **NO** change on its scheduled date. **Please program any trips and your Summer plans taking this information under consideration.**

PROBLEM SETS:

There will be about 4 assignments throughout the semester. There will be 2 assignments due before the midterm and 2 assignments due after the midterm and prior to the Final Exam. The assignments will be available on Blackboard with sufficient time for its completion (at least one week), and will be due on the Tuesday following the week in which the topics were covered.

The assignments will be structured in one large question, usually an application of a theory or a replication of a given research paper, and a set of smaller essay questions, which will be similar to exam questions. **Late assignments will NOT be accepted.**

Below you can find the due dates for the problem sets:

Problem set 1 - (02/23/21)

Problem set 2 - (03/23/21)

Problem set 3 - (04/20/21)

Problem set 4 - (05/04/21)

Students must submit your assignments through the platform Gradescope by the end of the due date (instructions and important information on Blackboard). Late assignments after 24 hours past the due date will NOT be accepted.

Lateness will be penalized according to the following rule:

Within 1 hour of lateness: 20% penalty.

After 1 hour (within 24 hours): 30% penalty.

After 24 hours: not accepted

Exceptions can be made for documented reasons.

Students are permitted (and encouraged) to work in a group of **three students or fewer** on assignments, but please hand in your own assignments, especially in questions with a written component. Students are responsible for assigning their own groups and have the option to work individually if they choose to do so.

GRADING:

The course grade will be determined by the combination of four factors (weights in parentheses):

- Problem Sets (36%),
- Midterm Exam (30%),
- Final Exam (30%),
- Class Participation (4%)

Grade Breakdown: I plan to use the following point range for final grades:

A+ (98+)	B+ (87-89)	C+ (77-79)	Below a C- (0-69)
A (94-97)	B (83-86)	C (73-76)	
A- (90-93)	B- (80-82)	C- (70-72)	

Additionally, if the course average is below a B, I will increase grades so that the average is a B.

RELIGIOUS HOLIDAYS:

Although classes may be held on religious holidays, students may have excused absences for any conflicting religious practice. Students who will miss class in order to observe a holy day must notify me **well in advance** and arrange to make up any work missed. This general policy applies to all religious holidays observed by students and is not restricted to those observances recognized as major holidays for our community.

DISABILITIES:

I will make any necessary accommodation for any student with a documented disability. If you have a specific physical, psychiatric or learning disability and require accommodations, please contact the [Disability Resources at the Center for Student Success](#) for the necessary documentation.

ACADEMIC INTEGRITY:

Students must strictly adhere to the Oberlin's Honor code. Please be aware that the consequences for plagiarism or other forms of academic dishonesty will be severe. Students who violate university standards of academic integrity are subject to disciplinary action, according to the Oberlin College's rules. Please refer to the Oberlin College [Academic Integrity Guidelines](#) for detailed information.

Students are expected to write or type the pledge "I have adhered to the Honor Code in this assignment" on every assignment and sign their names in agreement.

STATEMENT OF INCLUSION:

All students are protected by law against any discrimination and harassment based on race, color, sex, marital status, religion, creed, national origin, disability, age, military status, sexual orientation, family relationship to an employee of Oberlin College, and gender identity and expression. The classroom should reflect an environment free of any type of discriminatory and exclusive behavior. Please refer to the [Office of Equity, Diversity, and Inclusion](#) for more relevant information.

CLASS POLICY:

To create an effective learning environment for all students, please arrive on time to class, refrain from any behaviors that might be disruptive to fellow students. Classroom discussions will be respectful to both fellow students and differing points of view.

I will not take attendance. However, since the course material will come largely from the lecture notes, it is strongly encouraged that you attend each class.

Lecture slides will be provided before class. It is recommended that students print them out and bring to class. The lecture notes are **incomplete** and it is students' responsibility to fill out the blank spaces. Graphing and phone calculators will not be allowed during exams, with no exceptions.

(TENTATIVE) COURSE OUTLINE:

1. INTRODUCTION

Topics:

- What do development economists study?
- Measures of Economic Development: GDP vs. HDI vs. Happiness vs. Satellite Data
- Correlation vs. Causation: The importance of empirical identification

Readings:

- Todaro and Smith, Ch 1
- Henderson, J. V., Storeygard, A., & Weil, D. N. (2012). Measuring economic growth from outer space. *American economic review*, 102(2), 994-1028.
- *Mastering Metrics*, Ch 1

2. THEORIES ON ECONOMIC GROWTH, DEVELOPMENT, AND UNDERDEVELOPMENT

Topics:

- Characteristics of rapidly growing economies
- Solow Growth Model

Readings:

- Todaro and Smith, Ch 3

3. UNDERLYING CAUSES OF GROWTH

Topics:

- Proximate vs. Fundamental Causes
- Origins of Comparative Economic Development
- Culture
- Geography
- Institutions

Readings:

- Weil, Ch 2, 14
- *Guns, Germs, and Steel*, Ch 3-4, 10
- Olsson, O., & Hibbs Jr, D. A. (2005). Biogeography and long-run economic development. *European Economic Review*, 49(4), 909-938.
- Putterman, L., & Weil, D. N. (2010). Post-1500 population flows and the long-run determinants of economic growth and inequality. *The Quarterly journal of economics*, 125(4), 1627-1682.
- Ashraf, Q., & Galor, O. (2013). The Out of Africa hypothesis, human genetic diversity, and comparative economic development. *American Economic Review*, 103(1), 1-46.
- Spolaore, E., & Wacziarg, R. (2009). The diffusion of development. *The Quarterly journal of economics*, 124(2), 469-529.
- Bloom, David, and Jeffrey Sachs. (1998). "Geography, Demography, and Economic Growth in Africa," *Brookings Papers on Economic Activity*, 2, 207-295.
- Acemoglu, Daron, Simon Johnson, and James A. Robinson. (2002). "Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution," *The Quarterly Journal of Economics*, 117 (4), 1231-1294.
- *Why Nations Fail*, Preface, Ch 1-3, Ch 9, Ch 11-12

- Acemoglu, Daron, Simon Johnson, and James A. Robinson. (2001). "The Colonial Origins of Comparative Development: An Empirical Investigation," *American Economic Review*, 91, 1369-1401.
- Dell, M. (2010). The persistent effects of Peru's mining mita. *Econometrica*, 78(6), 1863-1903.
- Michalopoulos, S., & Papaioannou, E. (2013). Pre-colonial ethnic institutions and contemporary African development. *Econometrica*, 81(1), 113-152.
- Nunn, Nathan. (2008). "Slavery, Institutional Development, and Long-run Growth in Africa, 1400- 2000", *Quarterly Journal of Economics*, 123 (1), 139-176.
- Nunn and Puga. (2012). "Ruggedness: The Blessing of Bad Geography in Africa," *Review of Economics and Statistics*, 94 (1), 20-36

4. STRUCTURAL TRANSFORMATION/INDUSTRIALIZATION

Topics:

- Stylized Facts of Structural Transformation
- Malthusian Trap
- Industrial Revolution

Readings:

- Todaro and Smith, Ch 3
- Weil, Ch 4
- Herrendorf, B., Rogerson, R., & Valentinyi, Á. (2014). Growth and structural transformation. In *Handbook of economic growth* (Vol. 2, pp. 855-941). Elsevier.
- Clark, Ch 1

5. DEMOGRAPHY/ETHNIC HETEROGENEITY

Topics:

- Demographic transition
- Determinants of Fertility
- Measuring ethnic and linguistic diversity
- Role of ethnic heterogeneity in development: public goods and productivity

Readings:

- *Poor Economics*, Ch 5
- Todaro and Smith, Ch 6
- Easterly, William, and Ross Levine. (1997). "Africa's growth tragedy: policies and ethnic divisions", *The Quarterly Journal of Economics*, 112, 1203-1250.
- Miguel, E. (2004). Tribe or nation? Nation building and public goods in Kenya versus Tanzania. *World politics*, 56(3), 327-362.
- Hjort, Jonas. (2014). "Ethnic Divisions and Production in Firms," *The Quarterly Journal of Economics*, 129 (4), 1899-1946.
- Ashraf, N., Bau, N., Nunn, N., & Voena, A. (2016). Bride price and female education

6. HUMAN CAPITAL/EDUCATION

Topics:

- Returns to Education
- Randomized Control Trials, the link between health and education

Readings:

- *Poor Economics*, Ch 4
- Todaro and Smith, Ch 8
- Duflo, E. (2001). Schooling and labor market consequences of school construction in Indonesia: Evidence from an unusual policy experiment. *American economic review*, 91(4), 795-813.
- Schultz, P. (2004) "School Subsidies for the Poor: Evaluating the Mexican Progresa Poverty Program," *Journal of Development Economics* 74(1), 199 – 250.
- Kremer M., Miguel E. and Thornton R. (2009) "Incentives to Learn," *Review of Economics and Statistics*, 91 (3), 437-456.
- Miguel E. and M. Kremer. (2004). "Worms: Identifying Impacts on Education and Health in the Presence of Treatment Externalities," *Econometrica*, 72 (1), 159-217

7. HEALTH

Topics:

- Health and productivity
- HIV/AIDS, malaria, tuberculosis
- Fetal Origins
- Nutrition-based poverty traps

Readings:

- *Poor Economics*, Ch 3
- Todaro and Smith, Ch 8
- Fox, Matthew, et al. (2004). "The Impact of HIV/AIDS on Labour Productivity in Kenya," *Tropical Medicine and International Health*, 9 (3), 318-324.

- Almond, Doug, and Janet Currie. (2011). "Killing Me Softly: The Fetal Origins Hypothesis," *Journal of Economic Perspectives*, 25 (3), 153-172.
- Bleakley, H. (2010). Malaria eradication in the Americas: A retrospective analysis of childhood exposure. *American Economic Journal: Applied Economics*, 2(2), 1-45.
- Cohen, J., & Dupas, P. (2010). Free distribution or cost-sharing? Evidence from a randomized malaria prevention experiment. *Quarterly Journal of Economics*, 125(1), 1.
- Dupas, P. (2011). Health behavior in developing countries. *Annu. Rev. Econ.*, 3(1), 425-449.

8. MIGRATION/URBANIZATION

Topics:

- Urban Development
- Rural-Urban Migration
- Informal Sector

Readings:

- Todaro and Smith, Ch 7
- Michael Clemens. "Think Again: Brain Drain", *Foreign Policy*, October 22, 2009.
- Yang D. (2011). "Migrant Remittances," *Journal of Economic Perspective*, 25 (3), 129 – 152.

9. CREDIT MARKETS

Topics:

- Moral hazard and Adverse selection
- Formal and informal credit markets, Microfinance

Readings:

- *Poor Economics*, Ch 6-7
- Cull R., A. Demirguc-Kunt, and J. Morduch. (2009). "Microfinance Meets the Market," *Journal of Economic Perspectives*, 23 (1), 167-192.

10. CONFLICT/CORRUPTION

Topics:

- Definition and causes of corruption
- Civil war and growth
- Effects of conflict

Readings:

- Svensson J. (2005) Eight Questions about Corruption. *Journal of Economic Perspectives*, 19(3), 19-42.
- Fisman, Ray, and Edward Miguel. (2007). "Corruption, Norms, and Legal Enforcement: Evidence from Diplomatic Parking Tickets," *Journal of Economic Perspectives*, 115 (6), 1020 - 1048.
- Blattman C., and Miguel E. (2010). "Civil War," *Journal of Economic Literature*, 48 (1), 3-57.
- Akresh R. et al. (2012) War and stature: growing up during the Nigerian Civil War. *The American Economic Review*, 102 (3), 273-277.

11. LABOR/DISCRIMINATION

Topics:

- Women's participation in the workforce
- Labor market discrimination
- Agricultural Origins of the Role of Women on the labor market

Readings:

- Mammen K., and Paxson C. (2000). "Women's Work and Economic Development," *Journal of Economic Perspectives*, 14 (4), 141-164.
- Bertrand, M., & Mullainathan, S. (2004). Are Emily and Greg more employable than Lakisha and Jamal? A field experiment on labor market discrimination. *American economic review*, 94(4), 991-1013.
- Goldin, C., & Rouse, C. (2000). Orchestrating impartiality: The impact of "blind" auditions on female musicians. *American economic review*, 90(4), 715-741.
- Alesina, A., Giuliano, P., & Nunn, N. (2013). On the origins of gender roles: Women and the plough. *The Quarterly Journal of Economics*, 128(2), 469-530.

12. ENVIRONMENT/SUSTAINABLE DEVELOPMENT

Topics:

- Sustainable development definitions
- Economic models of environmental issues
- Climate change

Readings:

- Todaro and Smith, Ch 10
- Hsiang, S., & Kopp, R. E. (2018). An economist's guide to climate change science. *Journal of Economic Perspectives*, 32(4), 3-32.

Disclaimer: We will NOT be able to cover all assigned readings on this course. I will point out which readings we'll cover in lecture. The remaining ones are designed to serve as reference to those students who wish to further understand the topics discussed in class. I reserve the right to adjust the contents, including changes in the structure of the topics and introduce further reading, if I identify that it would be beneficial for the entire class.