

Econ 413: Comparative Economic Development, Fall 2020

Department of Economics, Oberlin College

*Though I've tried to find the answer to all the questions they ask
Though I know it's impossible to go living through the past
Don't tell no lie*

- Bob Marley, "Natural Mystic" (1977)

Class Time and Location:

Fridays – 1:30pm-2:50pm

Location: King 235, Remote accessible via Zoom
(<https://oberlin.zoom.us/j/95946492371>)

Instructor: Henrique Veras

Email: hveras@oberlin.edu

Office: Rice Hall 210

Office Hours: T-Th, 09-11am (via Zoom)

Make an appointment [here](#)

COURSE DESCRIPTION:

This course aims to analyze the deep roots of comparative economic development. The course is designed to expose students to some of the most relevant papers in this literature, covering topics related to the roles of factors such as culture, institutions, geography, and diversity in explaining why some places are rich and some are poor. Most of the readings will devote emphasis to causal questions 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.

LEARNING GOALS

The general learning objectives of this course are threefold. First, students should be able to understand and analyze the inequality in the income distribution around the world through the lens of the theories of long-run economic growth and development and develop a critical sense on the historical patterns and persistence in income levels by developing countries. Second, the course aims to equip students with modern statistical tools that are necessary for identifying and analyzing *causal* empirical relationships. Third, the course aims to develop students' ability to write academic research papers.

PREREQUISITES

There are basically two important prerequisites for this course: Econ 253 (Intermediate Microeconomics) and Econ 255 (Econometrics), with a slightly more emphasis on the latter. Readings are primarily empirical papers, addressing causal relationships. Students should be comfortable with econometric techniques such as Fixed Effects Estimation, Regression Discontinuity, Differences-in-Differences, Instrumental Variables. We will review these methods and concepts in class as we move on with the readings.

COURSE MATERIALS:

- Most of the readings will come from relevant and influential scientific articles by some of the leading scholars in the field of long-run economic development and comparative economic development. These papers will be posted on Blackboard, and we will discuss (at least) one of them each week.
- **Mastering 'Metrics by Angrist and Pishke:** Although not required reading, students might find this book a valuable resource to better understand the empirical techniques applied in some of the papers discussed in class. This is an interesting resource to senior undergraduate students who are proficient in econometric analysis.

Blackboard

Papers to be discussed in class, course announcements, as well as your grades will be posted on the Blackboard page for this course. It is your responsibility to check Blackboard frequently for relevant course information.

GRADING:

As a senior seminar, this course will be an introduction to the process of economic research. Students are expected to attend class, read all assigned readings, and participate in class discussions. In addition to developing skills in reading and evaluating empirical papers, you will write a paper including your own empirical research. Your grade will be based on the following four components:

Class presentations (20%)

Each week one paper will be discussed in class in details. One student will be assigned to prepare a 30-35-minute presentation of each paper. Assignment of presentation will take place at the beginning of the semester. Notice that presentations should include a critical

discussion and student's take on the paper and NOT only a summary or descriptive presentation. Points that should be addressed include:

- Research question and its relevance
- Do the authors employ a credible strategy to answer the proposed question? What are the shortcomings of the strategy employed?
- Robustness of the findings: are there any alternative explanations for the obtained results?
- Possible extensions/future research on the topic

Class participation/Discussion (20%)

Class revolves around discussion. It is extremely important that students read the week's assigned papers before class and participate in discussion around the topic.

Referee report (10%)

Each student will write a referee report on one of their classmate's research paper draft. The report should politely and constructively address the following points:

- Research question and motivation: Is the research question clear? Does the author motivate the question with its importance?
- Literature review: Are the related literature relevant? Are there any other references that the author should include? Importantly, does the author relate her/his paper to the literature?
- Data and research method: Are the data and method chosen appropriate to answer the research question? Are there any limitations/shortcomings to the author's choice that was not addressed but should?
- Results: Are the results of the paper reasonable? Does the author provide the correct interpretation and generalization of the findings? If not, explain how you would do differently.
- Other: Are any other points that should be addressed by the author? For example, inclusion of additional robustness checks, suggestions for organization, or even correcting typos.

Research paper (50%)

Students will write a research paper on their topic of choice related to the field of comparative economic development. Papers should be 15-20 pages long and will involve a series of steps throughout the semester before final submission. Below is a description of these steps and their respective due dates:

- Description of research question, **due September 11th (ungraded)**
 - o Up to three well-defined (and reasonably answerable) research questions to be shared and discussed in class.
- Literature review, **due September 25th (5%)**
 - o Detailed discussion of key academic papers in the area of your chosen topic, including main arguments, evidence for the arguments, data used, main takeaways for each paper. Importantly, discussion of how each of these papers relate to one another and potential areas of improvements in the literature should be detailed.
- Detailed proposal, **due October 9th (10%)**
 - o Defined research question, with detailed discussion of its importance for the field of your choice, as well as potential methodologies to answer the question along with possible datasets that could be used. Finally, provide a detailed outline of how you imagine the first draft of the paper will be structured.
- Methods, data, preliminary results, **due October 30th (ungraded)**
 - o Data description (summary statistics, preliminary analysis) and method discussion. Ideally, some preliminary estimation results (with tables).
- Rough draft, **due November 20th (ungraded)**
 - o The rough draft will be peer reviewed by one student and I, providing feedback by December 4th
- Presentation, **December 4th (10%)**
 - o Students will present their research project for 20-25 minutes
- Final paper, **due December 16th (25%)**
 - o Your final paper will be graded based on the following criteria:
 - ✓ Clarity of the research question
 - ✓ Relevance of the paper to the related literature
 - ✓ Quality of the application of the selected method to answer the research question
 - ✓ Interpretation and discussion of the results obtained
 - ✓ Overall organization of the paper
 - o The final paper should (roughly) have the following structure:
 - Introduction (1-2 pages)
 - Literature Review (2-4 pages)
 - Methodology (2-4 pages)
 - Data and Descriptive Statistics (2-4 pages)
 - Results (3-5 pages)

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

A+ (99+)	B+ (87-89)	C+ (77-79)	Below a C- (0-69)
A (94-98)	B (83-86)	C (73-76)	
A- (90-93)	B- (80-82)	C- (70-72)	

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 talking/texting on cellphones, and any other 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 class discussion and students' presentations, it is strongly encouraged that you attend each class.

RECOMMENDED READINGS:

OVERVIEW

*Nunn, N. (2009). The importance of history for economic development. *Annu. Rev. Econ.*, 1(1), 65-92.

Nunn, N. (2020). The historical roots of economic development. *Science*, 367(6485).

Spolaore, E., & Wacziarg, R. (2013). How deep are the roots of economic development?. *Journal of economic literature*, 51(2), 325-69.

PERSISTENCE

*Two thousand years of history (history)
Could not be wiped away so easily.*

- *Zion Train ("Uprising", 1980)*

*Comin, D., Easterly, W., & Gong, E. (2010). Was the wealth of nations determined in 1000 BC?. *American Economic Journal: Macroeconomics*, 2(3), 65-97.

*Maloney, W. F., & Valencia Caicedo, F. (2016). The persistence of (subnational) fortune. *The Economic Journal*, 126(598), 2363-2401.

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.

Acemoglu, D., Johnson, S., & Robinson, J. A. (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.

Chanda, A., Cook, C. J., & Putterman, L. (2014). Persistence of fortune: Accounting for population movements, there was no post-Columbian reversal. *American Economic Journal: Macroeconomics*, 6(3), 1-28.

INSTITUTIONS

*I'm just a Buffalo Soldier in the heart of America
Stolen from Africa, brought to America
Said he was fighting on arrival, fighting for survival
Said he was a Buffalo Soldier win the war for America*

- *Buffalo Soldier ("Confrontation", 1983)*

*Iyer, L. (2010). Direct versus indirect colonial rule in India: Long-term consequences. *The Review of Economics and Statistics*, 92(4), 693-713.

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

Dell, M. (2010). The persistent effects of Peru's mining mita. *Econometrica*, 78(6), 1863-1903.

Nunn, N. (2008). The long-term effects of Africa's slave trades. *The Quarterly Journal of Economics*, 123(1), 139-176.

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

Albouy, D. Y. (2012). The colonial origins of comparative development: an empirical investigation: comment. *American Economic Review*, 102(6), 3059-76.

Glaeser, E. L., La Porta, R., Lopez-de-Silanes, F., & Shleifer, A. (2004). Do institutions cause growth?. *Journal of economic Growth*, 9(3), 271-303.

Rodrik, D., Subramanian, A., & Trebbi, F. (2004). Institutions rule: the primacy of institutions over geography and integration in economic development. *Journal of economic growth*, 9(2), 131-165.

Sachs, J. D. (2003). *Institutions don't rule: direct effects of geography on per capita income* (No. w9490). National Bureau of Economic Research.

GEOGRAPHY

*'Cause just like a tree planted - planted by the rivers of water
That bringeth forth fruits - bringeth forth fruits in due season;
Everything in life got its purpose,
Find its reason in every season,
Forever, yeah!*

- Forever loving Jah ("Uprising", 1980)

- *Alsan, M. (2015). The effect of the tsetse fly on African development. *American Economic Review*, 105(1), 382-410.
- *Bugge, J. C. (2017). *Growing collectivism: Irrigation, group conformity and technological divergence*. working paper.
- Nunn, N., & Puga, D. (2012). Ruggedness: The blessing of bad geography in Africa. *Review of Economics and Statistics*, 94(1), 20-36.
- 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.
- Galor, O., & Özak, Ö. (2016). The agricultural origins of time preference. *American Economic Review*, 106(10), 3064-3103.
- Vollrath, D. (2011). The agricultural basis of comparative development. *Journal of Economic Growth*, 16(4), 343-370.
- Andersen, T. B., Jensen, P. S., & Skovsgaard, C. V. (2016). The heavy plow and the agricultural revolution in Medieval Europe. *Journal of Development Economics*, 118, 133-149.
- Litina, A. (2016). Natural land productivity, cooperation and comparative development. *Journal of Economic Growth*, 21(4), 351-408.

CULTURE

*(I heard her praying, praying, praying)
I said, I heard my mother,
She was praying (praying, praying, praying)
And the words that she said (the words that she said),
They still linger in my head (lingers in my head),
She said, "A child is born in this world,
He needs protection,
God, guide and protect us,
When we're wrong, please correct us.
(When we're wrong, correct us).
And stand by me." yeah!*

- High tide or low tide ("Catch a fire", 1973²)

- *Grosjean, P. (2014). A history of violence: The culture of honor and homicide in the US South. *Journal of the European Economic Association*, 12(5), 1285-1316.
- *Schulz, J. (2018). *The catholic church, kin networks, and institutional development*. Working Paper.
- Algan, Y., & Cahuc, P. (2010). Inherited trust and growth. *American Economic Review*, 100(5), 2060-92.
- Schulz, J., Bahrami-Rad, D., Beauchamp, J., & Henrich, J. (2018). The origins of weird psychology. Working Paper.
- Tabellini, G. (2010). Culture and institutions: economic development in the regions of Europe. *Journal of the European Economic Association*, 8(4), 677-716.
- Guiso, L., Sapienza, P., & Zingales, L. (2009). Cultural biases in economic exchange?. *The Quarterly Journal of Economics*, 124(3), 1095-1131.
- Alesina, A., & Giuliano, P. (2010). The power of the family. *Journal of Economic growth*, 15(2), 93-125.
- Enke, B. (2018). Kinship systems, cooperation, and the evolution of culture. Working Paper 23499. National Bureau of Economic Research.

¹ The song was released in the 2001 remastered version of the album as a bonus track.

STATE FORMATION AND PERSISTENCE IN STATE CAPACITY

*Babylon system is the vampire,
Suckin' the children day by day
Me say: de babylon system is the vampire, falling empire,
Suckin' the blood of the sufferers
Building church and university
Deceiving the people continually
Me say them graduatin' thieves and murderers;
Look out now: they suckin' the blood of the sufferers*

- *Babylon system ("Survival", 1979)*

- *Gennaioli, N., & Rainer, I. (2007). The modern impact of precolonial centralization in Africa. *Journal of Economic Growth*, 12(3), 185-234.
- *Mayshar, J., Moavz, O., Neeman, Z., & Pascali, L. (2016). Cereals, appropriability and hierarchy (No. 2068-2018-1276).
- Besley, T., & persson, T. (2009). The origins of state capacity: property rights, taxation, and politics. *American economic review*, 99(4), 1218-44.
- Alesina, A., & Spolaore, E. (1997). On the number and size of nations. *The Quarterly Journal of Economics*, 112(4), 1027-1056.
- Campante, F. R., & Do, Q. A. (2014). Isolated capital cities, accountability, and corruption: evidence from us states. *American economic review*, 104(8), 2456-81.

* Papers marked with asterisks (*) are mandatory reading. Remaining papers are suggested for further references.

(TENTATIVE) COURSE OUTLINE:

Date	Topic	Papers	Assignments due
1 Sep. 4	Introduction	Syllabus, course overview	
2 Sep 11	Persistence	Comin, Easterly, Gong (2010)	Research questions
3 Sep. 18	Persistence	Maloney and Valencia Caicedo (2016)	
4 Sep. 25	Institutions	Iyer (2010)	Literature review
5 Oct. 2	Institutions	Michalopoulos and Papaioannou (2013)	
6 Oct. 9	Geography	Alsan (2015)	Detailed proposal
7 Oct. 16	Geography	Buggle (2018)	
8 Oct. 23	Discussion		
9 Oct. 30	Culture	Grosjean (2014)	Methods, data, preliminary results
10 Nov. 6	Culture	Schulz (2018)	
11 Nov. 13	State capacity	Gennaioli and Rainer (2007)	
12 Nov. 20	State capacity	Mayshar et al (2016)	Rough draft
13 Nov. 27	Thanksgiving break		
14 Dec. 4	Presentations		Referee report