

Eco 324H1: Economic Development, Fall 2015

Prof. Freitas, Department of Economics, University of Toronto

Course Description and Learning Objectives

Development economists try to understand the lives of the world's poor – how did things get this way and what can be done to improve them? We use theory to work through mechanisms and data to help guide and discipline our thinking and policy prescriptions. There are no easy answers and the complexity of different countries, their histories and cultures, various aspects of development, feedback effects etc. make this a challenging and interesting subfield of economics.

Because of the human impact of these problems we need to go beyond a superficial understanding of the issues. We will use tools from various fields in economics to carefully examine some topics in the field. We will be as rigorous as we can paying close attention to the assumptions in the models, moving from theory to data and from micro to macro. The goal is to develop a deep, nuanced understanding of development.

Given the wide variation in situations across countries, debates play a central role. We will examine some of the main ones. We will also focus on building communication skills. Being able to explain your analysis accurately, precisely and articulately in simple English is important for a development economist.

By the end of this course, successful students should be able to:

- Characterize a broad set of topics and tools in development.
- Understand and explain the role of evidence - what constitutes good evidence, issues in establishing causality, explaining data analysis conducted in articles.
- Apply economic tools to different development settings. Explain precisely basic mechanisms behind some of the observed outcomes, paying careful attention to the limits of the analysis and how the predictions depend on underlying assumptions.
- Use economic tools to critically analyze arguments - Identify implicit and explicit assumptions, check validity of predictions and logical consistency, evaluate supporting evidence.
- Communicate any economic analysis precisely, using simple English, to a wide range of audiences.
- Explore recent developments in a topic of interest independently and in-depth.
 - Link real world ideas in development to class tools.
 - Be able to methodically work through and articulate exactly how and why a policy could affect outcomes.
 - Provide critical feedback to peers.

Class Information

Section: Meeting times (location)

L0101: Thu 10-12pm (SS 1073), Fri 10-12pm: 10-11am (SS 2118)

L0201: Thu 2-4pm (LM 162), Fri 10-12pm: 11-12pm (SS 2118)

Office hours: Type (location) – day, time

Drop in (GE 213) – Mon 1-2pm

By Appointment only (GE 224)-Fridays 2-3pm. Book at: <https://www.timetrade.com/book/X8372>

Contact: 416-978-2268, k.freitas@utoronto.ca

Course Website: [Portal](#) and <http://freitas.faculty.economics.utoronto.ca/eco324-2/>

TA: Julian Dyer, office hours Information under the contacts tab in Portal

Course Materials

Required Textbooks (A copy of each is available on Course Reserves at Robarts) :

- [Development Economics](#) – Debraj Ray, Princeton University Press, 1998. Available online via the library : <http://go.utlib.ca/cat/8839558>
- [Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty](#), Abhijit Banerjee and Esther Duflo; Public Affairs, 2012

Required Readings: In addition to the textbook there are required readings. For each of these I will expect you to be able to summarize and critically evaluate the main arguments and results of the article. You will be tested on this in the exams. The assigned readings are meant to be more comprehensive than the material presented in class and complementary. Students are responsible for learning any information presented in class or assigned in the readings. The Reading List will be updated throughout the course. Please check it regularly.

Lectures and Tutorials

You are free to attend either section's lecture/tutorials, as long as there is enough space. Lectures will usually be on Thursdays. Handouts will be posted on Portal. They are **not lecture notes**. I will also *not* be posting marked up slides. Please bring the handouts to class and supplement them with your own notes. Tests will be held on Fridays for the entire 2 hour block. Occasionally we may use this time for tutorials and/or additional lecture time.

Prerequisites

You will be dropped from the course if you do not have the required prerequisites listed at:

http://www.artsandscience.utoronto.ca/ofr/calendar/crs_eco.htm#ECO324H1 . See:

<http://www.economics.utoronto.ca/index.php/index/undergraduate/load/prerequisites>

I will expect you to be comfortable with the material in the prerequisite courses.

Evaluation

The grade for this class will be based on the term tests below. Please bring a non-programmable calculator and your T-card to all tests. You may be assigned extra readings and/or study materials before tests and exams.

Test	Weight		Due Date	Time	Location
Midterm	30%		30-Oct	10-12pm	TBA
Portal Quizzes	10%		Weekly	Mon 9:00 AM	Portal
Assignment stages	0.5%	Choice Proposal:	9-Oct	10:00 AM	Portal (Peer Scholar)
	1.5%	First Draft:	6-Nov	10:00 AM	Portal (Peer Scholar)
	2.5%	Peer Review:	13-Nov	10:00 AM	Portal (Peer Scholar)
	9.5%	Final Draft:	20-Nov	10:00 AM	Portal (PS)+Turnitin + hardcopy
	1%	Reflection:	20-Nov	10:00 AM	Portal (Peer Scholar)
Final Exam	45%			Determined by A&S	(3 hours)

Midterm and Final: Exact coverage will be posted before the midterm. The final is **cumulative** and will cover all of the material from the course.

Portal quizzes

These will be due weekly and made available on Thursday late evenings. The purpose is twofold (1) to get you actively engaged with the material as we do it in class but at the same time giving you enough time to think

through your responses, maybe engage with some data and (2) to keep you up-to-date with the readings and material. This is why they will be graded coarsely, unlike exams. Due to the nature of the topics we cover, coverage can include material from the earlier weeks as well.

Please keep all your class notes, slides and readings with you when starting the quiz. You should have completed making thorough notes for the week's readings (See [Note-taking](#) by the ASC). You will have to complete the quiz once you start it and the time allocated for each quiz will be on the quiz. **No extensions** are granted for any reason (illness, computer problems etc.) Make sure you start with enough time to finish well before the deadline. A single make-up quiz will be offered at the end of the course which will substitute for the lowest two Portal quiz scores.

Term Writing Assignment

There will be one, **individual** term writing assignment for this class. Further details will be provided on Portal. It is an essential part of the course. It will give you the opportunity to explore more in depth, a development topic that may be interesting to you. It will build analytic skills by applying your tools to more open-ended real contexts. It will help develop your communication skills by making you to explain your reasoning in words. Most importantly, it will engage you with important issues in the field and give you a taste for ways development is being addressed in the real world.

It will be submitted in stages. Please see the instructions on Portal for details, due dates and submission instructions. As part of this assignment you will have to provide feedback on three of your classmates' first drafts. I expect to use **Peer Scholar through Portal** for this. The final draft will need to be submitted on Portal, **Turnitin** and as a hard copy in class.

First drafts submitted after the due date and time will not be accepted and you will get a grade of **zero** for the entire peer assessment part of the assignment. If you submit your **peer evaluations** after the due date and time, you will get a grade of **zero** for the peer assignment part. Final drafts submitted late are penalized at 10 percentage points (out of 100) for every 24 hours starting right after the deadline. **No extensions** are granted for any reason (illness, computer problems etc.)

Class Participation

The primary purpose is to get you **actively engaged** with the material being presented. I will ask you to answer a few in class questions using an online service called [Socrative](#). This will be for *non-graded* class participation. It is a free service. Please download the app on your phone or bring a wireless enabled laptop to class.

Problem sets

I will occasionally post ungraded problem sets on Portal. You do not need to hand them in. You are strongly encouraged to work on them. If you have any questions on them please see us during office hours.

Re-Grades

Requests for re-grades will be accepted in writing up to two weeks after term work is returned. Fill in the regrade request form available on Portal. We will re-read your entire exam so your mark could go up or down or remain unchanged.

Communication -Email, Website and Portal

All course material, past exams, problem sets, assignments etc. will be posted on Portal. You are responsible for checking it regularly. All email communication will be sent to the class list on Portal. We will use the website (<http://freitas.faculty.economics.utoronto.ca/eco324-2/>) to communicate general information and/or announcements.

Questions on the material are best answered in person as they usually cannot be adequately addressed over email. Please see us during office hours or before/after class. If your email can be answered briefly, we will try

to respond to within 3 business days. If you do not get a reply please check Portal/the website, syllabus or see us.

Course Topics

The tentative topics to be covered are listed below. **The list is subject to change during the semester.** Please check the Reading list available at: <http://freitas.faculty.economics.utoronto.ca/eco324-2/#readinglist> regularly for the latest version. All the material we cover in class, tutorials, textbooks, readings, problem sets and Portal quizzes is considered testable material. All the material in the chapter, including appendices are included unless explicitly excluded. You may have to do additional readings which will be posted during the course.

1. Introduction- Poverty Measurement and Traps
 - Ray: Chapters 1,2, 8.2, 8.3, 8.4.2, 8.4.3
 - Banerjee and Duflo, Chapters 1 and 2
 - Easterly, William R. "[Africa's Poverty Trap](#)." *Wall Street Journal* (2007).
 - Sachs, Jeffrey D. "[Breaking the Poverty Trap](#)." *Scientific American* 297, no. 3 (2007): 40-42.
2. Health
 - Banerjee and Duflo, Chapter 3
 - Malaney, Pia, Andrew Spielman, and Jeffrey Sachs. "[The malaria gap](#)." *The American journal of tropical medicine and hygiene* 71, no. 2 suppl (2004): 141-146.
3. Education
 - Banerjee and Duflo, Chapter 4
 - Hanushek, Eric A., and Ludger Wößmann. "[Education and economic growth](#)." (2010): In: Penelope Peterson, Eva Baker, Barry McGaw, (Editors), *International Encyclopedia of Education*. volume 2, pp. 245-252. Oxford: Elsevier.
 - Duflo, Esther. "[Schooling and labor market consequences of school construction in Indonesia: Evidence from an unusual policy experiment](#)." *The American Economic Review* 91, no. 4 (2001): 795-813.
 - Udry, Christopher. "[Child Labor](#)" in Banerjee, Abhijit Vinayak, Roland Benabou, and Dilip Mookherjee, eds. *Understanding poverty*. Oxford University Press, 2006.
4. Fertility
 - Ray Chapter 9
 - Banerjee and Duflo Chapter 5
 - Schultz, T. Paul. "[Fertility and Income](#)" in Banerjee, Abhijit Vinayak, Roland Benabou, and Dilip Mookherjee, eds. *Understanding poverty*. Oxford University Press, 2006.
5. Credit
 - Ray Chapter 14
 - Banerjee and Duflo Chapter 7
 - Banerjee, Abhijit V., and Esther Duflo. "[Giving Credit Where It Is Due](#)." *Journal of Economic Perspectives* 24, no. 3 (2010): 61-80.
 - Banerjee, Abhijit, Dean Karlan, and Jonathan Zinman. "[Six Randomized Evaluations of Microcredit: Introduction and Further Steps](#)." *American Economic Journal: Applied Economics* 7, no. 1 (2015): 1-21.
 - Aleem, Irfan. "[Imperfect information, screening, and the costs of informal lending: a study of a rural credit market in Pakistan](#)." *The World Bank Economic Review* (1990): 329-349.

6. Savings
 - Banerjee and Duflo Chapter 8
 - 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.
7. Insurance
 - Ray Chapter 15
 - Banerjee and Duflo Chapter 6
 - Morduch, Jonathan. "[Microinsurance: The Next Revolution?](#)" in Banerjee, Abhijit Vinayak, Roland Benabou, and Dilip Mookherjee, eds. *Understanding poverty*. Oxford University Press, 2006.
8. Property Rights
 - Udry, Christopher. "[Land tenure.](#)" *The Oxford Companion to the Economics of Africa* 1 (2011).
 - Woodruff, Christopher. "[Review of de Soto's "The Mystery of Capital"](#)." (2001): 1215-1223.
 - Field, Erica, Matthew Levinson, Rohini Pande, and Sujata Visaria. "[Segregation, Rent Control, and Riots: The Economics of Religious Conflict in an Indian City.](#)" *The American Economic Review* (2008): 505-510
9. Corruption
 - Ray Chapter 5 - 5.1, 5.2.1, 5.2.2, 5.5.1
 - Laffont, Jean-Jacques. "[Corruption and Development](#)" in Banerjee, Abhijit Vinayak, Roland Benabou, and Dilip Mookherjee, eds. *Understanding poverty*. Oxford University Press, 2006.
 - Fisman, Ray, and Edward Miguel. *Economic gangsters: corruption, violence, and the poverty of nations*. Princeton University Press, 2010.
 - Chapter 1: [Fighting For Economic Development](#)
 - Chapter 4: [Nature or Nurture? Understanding the Culture of Corruption](#)
 - Svensson, Jakob. "[Eight questions about corruption.](#)" *The Journal of Economic Perspectives* 19, no. 3 (2005): 19-42.

Missed Tests

Missing a test does not automatically mean that a make-up test will count for your grade. You need to follow ALL the steps below. If this is an issue that lasts for more than a few days contact your College Registrar immediately. Make-up tests are **cumulative** and will be scheduled at a date and time chosen by the professor with as little as one business days' notice by email. You can only use the make-up to substitute for *one* missed test.

Step 1: Send an email to the professor that follows the format below:

1. It is sent BEFORE the midterm
2. It is sent from your official University of Toronto email address (no gmail etc. email ids)
3. The subject line should be "Eco 324: Fall 2015 Missed Test"
4. It explains concisely (less than 150 words) why you are not able to take the exam – keep the tone appropriate to an academic setting.
5. It lists all your current courses and professors with their contact information.
6. It lists all the course work due for all your classes the week of the class midterm.
7. It explains briefly all the effort you have undertaken to study for Eco 206 and your other courses the week of the midterm or says that you have not done anything.
8. The email should end with the following sentence exactly as written "I understand that it is a punishable academic offence to present false or misleading information in support of my request for accommodation for

missed term work”

9. This sentence should be followed by your FULL NAME and STUDENT NUMBER.

10. If documentation is required, I will ask you for it.

Step 2: Check your email for a response with the make-up information. You will get an email within 3 business days of the missed exam. Note: I may follow up with your other professors.

Step 3: Take the make-up exam. As per university policy, there is no “make-up” for the make-up test. You will get zero if you miss the make-up exam.

NOTE: The final decision to accept any excuse lies with me or the undergraduate chair. You may get your grades for the make-up *after* the drop deadline. The format may be different from the class test.

Academic Integrity and Resources

Academic Integrity is taken very seriously. You are expected to know the University of Toronto’s [Code of Behavior on Academic Matters](#). Please see: <http://www.artsci.utoronto.ca/osai> for more details.

All suspected cases of academic dishonesty will be reported to the Department of Economics and OSAI and the consequences can be severe. Being unaware of the policies or what constitutes plagiarism is not a defense. Your writing assignments must be submitted to **Turnitin.com**. The University policy on it is:

“Normally, students will be required to submit their course essays to Turnitin.com for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the Turnitin.com reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University’s use of the Turnitin.com service are described on the Turnitin.com web site”.

If you need accessibility services/accommodation see: <http://www.accessibility.utoronto.ca/>. If you need help, please get it as soon as possible. Resources available at the UofT are listed at: <http://life.utoronto.ca/get-smarter/academic-support/>. For course related issues, please get in touch with us and your College Registrar. If you are having longer run issues or issues outside our course please contact your College Registrar immediately - <http://life.utoronto.ca/get-help/your-registrar/>.