

ECON 199
Winter 2025
First Year Seminar: Economics Seminar

Times:

Tuesday 2:35pm-5:25pm, SH680 451

Course Description:

What are the causes of the wealth of nations? This question has captivated the minds of economists since Adam Smith. Recently, it has been argued that “institutions”, i.e. the rules of the game, matter more than other explanations such as geography or culture. In some countries, institutions are “inclusive”, the rules of the game are conducive to business and the same for all, such that the entire population is included in the process of economic growth. In other countries, institutions are “extractive”, the rules of the game are not conducive to business and not the same for all in society, with negative consequences on poverty and inequality. In this course, we will start by reviewing what this theory is.

We will then wonder what this theory means for Canada in particular, and for developed countries in general. Is Canada “inclusive” in the sense of this theory? To answer this question, students will access publicly available datasets to measure institutions and their inclusiveness. Note that there are no statistical prerequisites for this course; detailed explanations will be given throughout the course on how to achieve this, with very simple data analysis.

This is an important part of the course: there is more and more data available publicly and manipulating data in a sensible way is an important tool of economists. The goal is that, by the end of the course, you are comfortable using and manipulating large datasets.

Students will be able to access data on Canada, the US, Europe, African and Asian countries, depending on their interest, with the common goal of measuring the inclusiveness of institutions around the World.

Another theme of this course will be to evaluate the impact of reforms implemented in Canada (or any other country) that attempted to increase (or decrease) the inclusiveness of institutions, and measure their effects on economic development. Detailed instructions and help will be given in class on how to do so.

The overall goal of the class is to gain an understanding of the keys to economic prosperity and suggest policy recommendations on how to achieve this.

Prerequisites:

There are no prerequisites for this course.

Course Instructor: Professor Matthieu Chemin

My research is on development economics and will be presented throughout the course (<https://www.matthieuchemin.com/>). In my research, I use field experiments and natural experiments to analyze the effect of various development programs on poverty and economic development. To collect data from the field and implement randomized experiments, I operate a research office in Kenya called ELIMU (EvaLUation Impact Unit <https://elimu.lab.mcgill.ca/>), elimu also means education in Swahili).

Leacock Building, Room 419 (LEA 419)

Office hour: Thursday 2:30-3:30

e-mail: matthieu.chemin@mcgill.ca

Topics:

The articles or books marked with an * are also suggested readings before class. The other articles not marked with * are other sources I use in the lectures, and recommended if you want to dig more in the topic.

Topic 1: Economic Development

We will review the main tools used by economists to measure economic development. Using these tools, we will look at the gap in economic development between countries. We will also see whether this gap is growing or not.

*Sen (1999), "Development as Freedom", e-book at the McGill library (<https://www.mcgill.ca/library/>): Introduction, chapters 1 and 2

Deaton (2005), "Measuring Poverty in a Growing World (or Measuring Growth in a Poor World)", The Review of Economics and Statistics VOL. LXXXVII

Topic 2: Causes of Economic Prosperity

I will present the theory of institutions. It is highly recommended to read the first three chapters of:

*Acemoglu, Daron, and James A Robinson. 2012. [Why Nations Fail: The Origins of Power, Prosperity and Poverty](#) (1st). 1st ed. New York: Crown, 529.

It is also recommended to read the two papers below (at least the abstract and introduction to understand the main concepts, you can skip the statistical analysis, which is quite technical):

*Acemoglu, Daron; Simon Johnson; James A. Robinson (2001), "[The Colonial Origins of Comparative Development: An Empirical Investigation](#)", *American Economic Review*, 91 (5): 1369- 1401.

*Acemoglu, Daron; Simon Johnson; James A. Robinson (2001), "[Reversal of Fortunes: Geography and Institutions in the Making of the Modern World Income Distribution](#)", *Quarterly Journal of Economics*, 117(4): 1231-1294.

Acemoglu, Daron ; Simon Johnson ; James Robinson (2005), "[The Rise of Europe: Atlantic Trade, Institutional Change, and Economic Growth](#)," *American Economic Review*, American Economic Association, vol. 95(3), pages 546-579, June.

Topic 3: Lessons for Canada

What are the lessons of this theory for Canada? Is Canada really “inclusive”, in the sense of the theory? Are all groups equally included in the process of economic growth?

To answer this question, we will access large datasets to measure the inclusiveness of these institutions, for Canada, but also the US, European countries, as well as African and Asian countries. You will select your country of choice and work on the following assignment.

Assignment 1: Measuring Institutions

I will explain how to access large datasets to measure the inclusiveness of these institutions. I will teach you how to manipulate the data and perform simple commands. There are no prerequisites for this task, I will explain in detail how to do so.

Expectations for assessment tasks: you will pick a country, measure institutions, and compare the results to predictions from the theory. There will be multiple questions, the precise grading scheme will be provided with the questions.

Criteria to Describe Elements of Student Learning: the goal is to access data, manipulate the data and perform simple commands, to measure the inclusiveness of institutions in your chosen country.

Detailed explanations will be given during the lectures.

This will be individual work.

Topic 4: Policy Implications for Canada

After Topic 3, the goal here will be to find and evaluate institutional reforms, in Canada or in your chosen country from Assignment 1, that attempted to improve the inclusiveness of institutions for a particular group studied in Assignment 1. The purpose is to answer the question: can institutions be made more inclusive?

Assignment 2: Evaluating the Impact of Institutional Reforms

Expectations for assessment tasks: After Assignment 1, the goal here will be to pick a country (it can be the same as in Assignment 1) and evaluate the impact of an institutional reform, i.e., a large shock to one of the institutions seen in this course, attempting to make it more (or less) inclusive. We will use the same data and measures than in Assignment 1. I will provide examples in class on what these institutional reforms can be. I will teach you how to produce graphs to analyze the data. Again, no prerequisites are expected. You will also prepare a short presentation of your results (5 minutes).

Criteria to Describe Elements of Student Learning: the goal is to access data, manipulate the data and perform simple commands, to measure the impact of an institutional reform in your chosen country.

More detailed explanations and examples of reforms will be given during class.

These are the papers used in Topic 4:

Sachs, Jeffrey, 2005, "[The end of poverty : economic possibilities for our time](#)"

Clemens and Demombynes (2010), "[When Does Rigorous Impact Evaluation Make a Difference? The Case of the Millennium Villages](#)", Journal of Development Effectiveness Volume 3, 2011 - Issue 3.

Bertrand, Black, Jensen, Llera-Muney (2019), "[Breaking the Glass Ceiling? The Effect of Board Quotas on Female Labour Market Outcomes in Norway](#)", The Review of Economic Studies

Aragon (2015), "[Do better property rights improve local income?: Evidence from First Nations' treaties](#)", Journal of Development Economics

Aragon and Kessler (2020), "[Property rights on First Nations reserve land](#)", Canadian Journal of Economics

Chemin (2021), "[Can judiciaries constrain executive power? Evidence from judicial reforms](#)", Journal of Public Economics, 2021, vol. 199, issue C

Persson, Tabellini (005), "[The Economic Effects of Constitutions](#)", MIT Press.

Besley, Burgess (2002), [“The Political Economy of Government Responsiveness: Theory and Evidence from India”](#), The Quarterly Journal of Economics, Volume 117, Issue 4, November 2002, Pages 1415–1451

Acemoglu, Robinson (2019), [“The Narrow Corridor: States, Societies, and the Fate of Liberty”](#), Penguin Press New York 2019

Time permitting, we will explore how other topics relate to the theory of institutions:

Topic 5: Institutions and the Environment:

What is the place of the environment in the theory of institutions? Inclusive institutions that brought about prosperity also brought about environmental destruction. Is the focus on inclusive institutions thus misplaced?

Hunt Allcott and Todd Rogers. (2014). [“The Short-Run and Long-Run Effects of Behavioral Interventions: Experimental Evidence from Energy Conservation”](#), American Economic Review 2014, 104(10): 3003–3037

Topic 6: Inequality:

Inequality is at the center of the theory of institutions since it determines the institutional choices made in society. How to measure inequality? Is it decreasing or increasing? What are the consequences?

Piketty (2013). “Capital in the Twenty-First Century”, eBook 2018 Cambridge, MA : Harvard University Press. Ebook available through the McGill library.

Piketty. (2003), “Les Hauts Revenus en France au XXe siècle: Inégalités et redistributions (1901-1998)”, Grasset.

Autor, Dorn, Hanson. (2013). [“The China Syndrome: Local Labor Market Effects of Import Competition in the United States”](#), American Economic Review, 103(6): 2121-68.

Autor, Dorn, Hanson, Majlesi. (2020). [“Importing Political Polarization? The Electoral Consequences of Rising Trade Exposure”](#), American Economic Review, 110(10), 3139-83.

Autor, Levy, Murmane. (2003). [“The Skill Content of Recent Technological Change: An Empirical Exploration”](#), The Quarterly Journal of Economics, 118(4), 1279-1333.

Acemoglu, Autor. (2011). [“Skills, Tasks and Technologies: Implications for Employment and Earnings”](#), Handbook of Labor Economics Volume 4, Part B, 2011, Pages 1043-1171

Topic 7: Technological Progress

Inclusive institutions unleash technological progress. However, recent research highlights some potential dangers of the new wave of technologies, which could replace workers more than creating new tasks (with automation, robots, and AI replacing even skilled labor). The labor share (the share of income to workers) is declining, which might increase poverty and inequality in the future, and propel countries in an extractive feedback loop. Therefore, are inclusive institutions setting the seeds for extractive institutions in the future? Or can technological progress be redirected in a more human-centric way, where machines and AI complement workers rather than replace them?

Acemoglu, Simon Johnson (2023), "Power and progress: our thousand-year struggle over technology and prosperity", available as an e-book in the McGill library

Allcott, Braghieri, Eichmeyer, Gentzkow (2020), "[The Welfare Effects of Social Media](#)", American Economic Review 2020, 110(3): 629–676

Due to time constraints, it is possible that some topics will not be covered, or some topics added. The instructor maintains discretion regarding changes in this outline. Any changes will be discussed in class and/or announced on MyCourses.

Attendance:

- Continuous attendance is mandatory, any points raised in the seminars can end up in the examinations. In addition, you may miss important administrative information discussed during class.
- Any scheduling conflicts should be resolved before the course drop-date, as no exceptions will be made for lost grades due to absences caused by such conflicts.
- If you miss a lecture, it is your responsibility to arrange with a classmate to borrow his/her notes.

Evaluation Methods:

- Assignment 1: 20%
- Assignment 2: 20%
- Presentation: 5%
- Mid term: 35% (March 18)
- Quiz: 10% (April 8)
- Participation: 10%

Expectations for assessment tasks: The mid-term and quiz will be on the material covered in the lectures. They can include questions on papers seen in class or not (extensive details will be provided on the papers if they are not covered in class). The exams can also include questions on code and output related to assignments 1 and 2.

The dates are provisional and can be changed depending on the pace of the lectures.

Students who miss the mid-term or quiz for medical reasons will have to take a make-up final exam, which will cover all the material covered during class.

The make-up exam is both a deferred and supplemental exam. If students miss the mid-term, the weight on the make-up exam is 35%. If students miss the mid-term and the quiz, the weight on the make-up exam is 45% (35+10=45).

MyCourses:

This course utilizes MyCourses for course management and posting of relevant materials. Students are thus expected to have access to a computer and to the Internet. There are a number of campus computer labs for students who might not have a computer and/or access to the Internet at home.

Textbooks:

There is no mandatory textbook.

Academic Policies:

- **Academic Integrity:** McGill University values academic integrity. Therefore all students must understand the meaning and consequences of cheating, plagiarism and other academic offences under the Code of Student Conduct and Disciplinary Procedures (see www.mcgill.ca/students/srr for more information).
En français: L'université McGill attache une haute importance à l'honnêteté académique. Il incombe par conséquent à tous les étudiants de comprendre ce que l'on entend par tricherie, plagiat et autres infractions académiques, ainsi que les conséquences que peuvent avoir de telles actions, selon le Code de conduite de l'étudiant et des procédures disciplinaires (pour de plus amples renseignements, veuillez consulter le site www.mcgill.ca/students/srr).
- **A Note about the final exam:** According to Senate regulations, instructors are not permitted to make special arrangements for final exams. Please consult the Calendar, section 4.7.2.1, General University Information and Regulations at www.mcgill.ca.
- In accord with McGill University's Charter of Students' Rights, students in this course have the right to submit in English or in French any written work that is to be graded.

- If you have a disability please contact the Office for Students with Disabilities
- Additional policies governing academic issues which affect students can be found in the McGill Charter of Students' Rights (online at <http://ww2.mcgill.ca/students-handbook/chapter1.html>)

My E-mail Policy:

Please check the syllabus, lectures, ask your teammates and colleagues, before you e-mail, to see if your question or concern is answered there.

I will try to reply to your e-mail within 48 hours. However, given the large number of students in my classes, this will not always be possible. Also, please keep the e-mails short and simple:

- Short e-mails to which I can answer 'yes' or 'no' will be answered more quickly.
- Long e-mails that require long answers may or may not be answered, and are likely to take longer to answer. If your query is that involved, please stop by during office hours.

My Office Hours:

There will be days where I will not be in because of travel to conferences and seminars. My office hours and sometimes lectures will be cancelled and rescheduled in these cases. I will try to announce these in advance.

Extraordinary Circumstances Statement:

In the event of extraordinary circumstances beyond the control of McGill University, assessment tasks in a course are subject to change, provided students are sent adequate and timely communications regarding the change.

Copyright of lectures Statement:

All slides, video recordings, lecture notes, etc. remain the instructor's intellectual property. As such, you may use these only for purposes of your own learning (and research, with proper referencing/citation). You are not permitted to disseminate or share these materials; doing so may violate the instructor's intellectual property rights and could be cause for disciplinary action.

AI tools

Students may use artificial intelligence tools to proofread and edit their assignment if they really think the meaning is conveyed more clearly and concisely, but the first draft must be original work produced by the individual student alone. New ideas introduced by the AI during the editing process must be appropriately cited as generated by the AI tool.