

McGill University  
Department of Economics

## ECON313-003: Economic Development Winter 2021

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**Instructor Contact Information:**

Prof. Sonia Laszlo  
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e-mail: [sonia.laszlo@mcgill.ca](mailto:sonia.laszlo@mcgill.ca) (Please see my e-mail policy below)  
Virtual office hours: Thursdays 11:00am – 1:00pm on Zoom starting Thursday Jan 7<sup>th</sup>

**Regular Classes:** **Times:** Tuesdays and Thursdays: 2:35 p.m. to 4:55 p.m. **Room:** Zoom via MyCourses

**Teaching Assistants:**

TA	[math] Diego Albuja Arellano	Aranya Chakraborty
e-mail	<a href="mailto:diego.albujaarellano@mail.mcgill.ca">diego.albujaarellano@mail.mcgill.ca</a>	<a href="mailto:Aranya.chakraborty@mail.mcgill.ca">Aranya.chakraborty@mail.mcgill.ca</a>
Office Hours (Zoom)	Wednesdays 9:00-11:00 am	Monday 10:30-11:30 am
Conferences	N/A	Mon and Wed 3:05 - 4:25 pm
TA	Violet Lasdun	Leslie Le
e-mail	<a href="mailto:Violet.lasdun@mail.mcgill.ca">Violet.lasdun@mail.mcgill.ca</a>	<a href="mailto:To.le@mail.mcgill.ca">To.le@mail.mcgill.ca</a>
Office Hours (Zoom)	Tuesdays 8:00-9:00 pm	Thursday 8:30-9:30 am
Conferences*	Tues and Wed 9:05-10:25 pm	Mon and Fri 8:35-9:55 am

\***Conferences:** Will take place on specific weeks – please consult MyCourses for details

**Instructor and TA e-mail policy:** Short e-mails that can be answered by a yes or a no are more likely to be answered quickly. Long e-mails or e-mails requiring long responses may or may not be answered. If your question is long or requires a complex answer, please go to see the TA or the professor during office hours.

**Prerequisites:** ECON 208 and either ECON 209 or one development course.

**Course Description:**

Microeconomic theories of economic development and empirical evidence on population, labour, land, firms, poverty, inequality and environment. Not open to students who have taken ECON 313D. This is a three (3) credit course.

**Course Evaluations:**

Midterm 1 (25%): February 11<sup>th</sup>  
Midterm 2 (25%): March 23<sup>rd</sup>  
Make-up Midterm (50%): April 1<sup>st</sup> (**only** if you missed Midterm 1 AND Midterm 2)  
Final examination (50%): Date TBA, set by University.

**Grading Scheme:**

Your grade =  $[0.25 \times \text{Midterm1} + 0.25 \times \text{Midterm2} + 0.50 \times \text{Final}] \times 100$

- If you miss either midterm 1 **OR** midterm 2, the weight of the missed exam will be placed on your final exam (which will be worth 75%). No medical note is required.
- Only if you miss both midterms, then you will write a cumulative make-up midterm worth 50% of your grade, due April 1<sup>st</sup>.

- In case of absence at the final exam for medical reasons, please refer to the University Regulations Concerning Final Examinations. This is entirely out of my jurisdiction
- The examinations will consist of some true, false, uncertain questions, short answer questions, short problems and/or essay questions.
- The supplemental examination is worth 100% of your final grade.
- Mid-terms will be accessible for 180 minutes within a 48 hour window up to the due date/time (due at the end of scheduled class – so 4:00pm on Feb 11<sup>th</sup> and March 23<sup>rd</sup>, respectively. Similarly, the make-up midterm, only for students who have not completed Midterms 1 and 2, will be accessible for 360 minutes within a 48 hour window due at 4:00pm on April 13.
- All exams are open book but individual – Communicating with anyone other than the instructor or TAs about the exam is strictly prohibited.

### Instructional Methods:

- All lectures will take place during scheduled time (synchronous) and will be recorded and uploaded in MyCourses.
- Lecture sessions will include derivation and description of models as well as some problem solving.
- The analytical level of this course is designed to accommodate both specialists and non-specialists. That said, the course will draw heavily on **graphical approaches** to economic models. Occasionally, some **basic algebra** will be employed to illustrate key concepts. Basic high school math knowledge should suffice here.
- This course draws on cross-country comparisons of major economic development indicators.
- Continuous attendance in Zoom is strongly encouraged, and any points raised in class but not covered in the text are just as likely to end up in the examinations.

### Teaching Assistants and Conferences:

The Teaching Assistants (TA) will help you with the course materials by holding office hours and conferences. For instance, we will post on *myCourses* sample problems for discussion. The TAs will discuss them during the conferences as well as reviewing class concepts. The conferences are not mandatory, but it is your responsibility to attend them. The TAs and conferences are there to help you understand the material through revisions of class material and discussions.

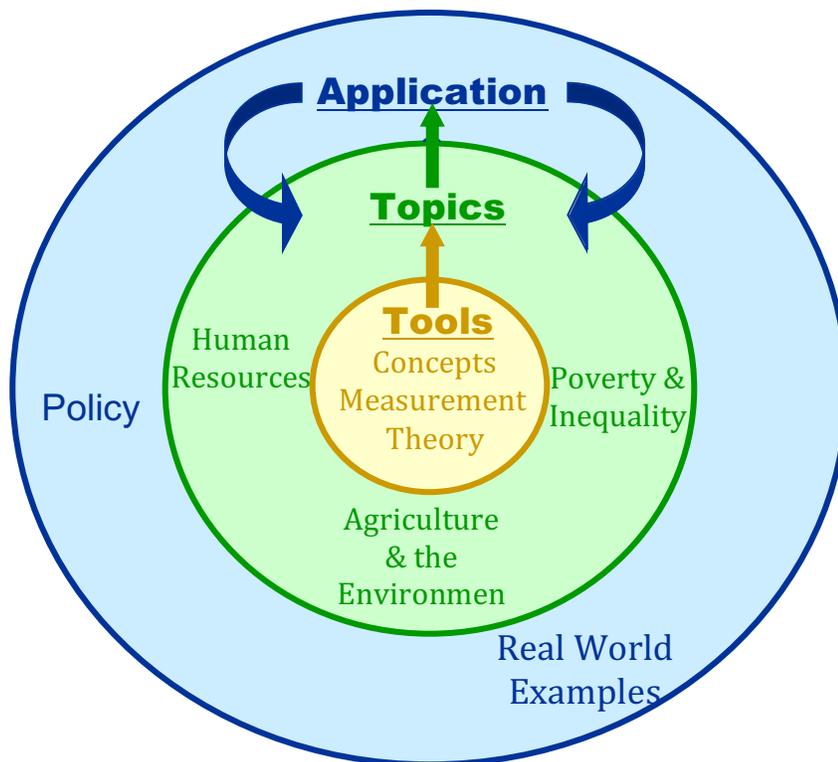
### *myCourses*:

- This course utilizes MyCourses for course management and posting of relevant materials. Please check the website on a regular basis for announcements.
- **It is your responsibility to stay well-informed of course management and announcements on MyCourses.**
- Students are required to check *myCourses* weekly to download any materials that shall be used in class, **prior to lectures**. For instance, I will often bring in data and graphs to class and it would be useful for students to have downloaded and printed any relevant graphs or tables in order to take notes.
- **Detailed lecture outlines (but not complete lectures) will be placed on *myCourses*:** I will be placing detailed outlines of my lecture presentations on-line before the lecture. If you so wish, you can print them off or download them before the lecture, and add to them during class.
- A discussion page will be made available for you to communicate with your classmates. The purpose of this page is to let you debate the issues that we discuss in class amongst each other outside of class time and conferences. While we (the instructor and TAs) will be monitoring the discussion from time to time, we will neither be participating, nor responding to questions or comments in this forum.

**In the event of extraordinary circumstances beyond the University's control, the content and/or evaluation scheme in this course is subject to change.**

**Learning Outcomes:** By the end of this semester, you will be able to:

- Define and critique the meaning of economic development
- Evaluate causal relationships
- Interpret data trends
- Evaluate and compare major competing theories of economic development
- Illustrate relationships between key economic development variables using real world examples
- Calculate and interpret measures of poverty and inequality
- Evaluate the role of human resources in economic development
- Evaluate the role of agriculture (and the environment) in economic development
- Gain the foundation for the next course in economic development (ECON314)



**PRELIMINARY COURSE OUTLINE:**

<b>Topic</b>	<b>Date</b>	<b>Readings</b>
Welcome	Jan 7 <sup>th</sup>	
1. Introduction	Jan 12 <sup>th</sup>	<u>Chp 1</u> , <u>Bardhan (1993)</u> , <u>Duflo (2003)</u> , Sen (1999)
2. Poverty and Inequality (Part 1): Measurement concepts and theory	Jan 14 <sup>th</sup> Jan 19 <sup>th</sup>	<u>Chp 2</u> , Bourguignon & Morrison (2002), Chen & Ravallion (2010), Haushofer & Fehr (2014)
Poverty and Inequality (Part 2): Targeting and policies	Jan 21 <sup>st</sup>	<u>Chp 2</u> , Besley & Kanbur (1990), Ravallion (2013), Haushofer & Shapiro (2013), Dutta et al. (2012), Lawry (2017), Ozler (2017)
Poverty and Inequality (Part 3): <b>Guest lecture</b> by Dr. Arjan de Haan (IDRC) "Inequality and Social Policy"	Jan 26 <sup>th</sup>	<u>De Haan (2020)</u>
3. Growth Theories (Part 1): Solow Model	Jan 28 <sup>th</sup> Feb 2 <sup>nd</sup>	<u>Chp 4 (p. 82-97)</u> , Rodrik (2017)
Growth Theories (Part 2): Endogenous growth, institutions, empirical analysis	Feb 4 <sup>th</sup> Feb 9 <sup>th</sup>	<u>Chp 4 (p. 97-111)</u> , Ravallion (2004), Acemoglu et al. (2001), Easterly and Levine (2003)
<b>MIDTERM 1</b>	Feb 11 <sup>th</sup>	
4. Institutions (Part 1)	Feb 16 <sup>th</sup> Feb 18 <sup>th</sup>	<u>Chp 7</u> , Cardenas and Carpenter (2008), Nunn and Wantchekon (2011)
Institutions (Part 2): <b>Guest lecture</b> by Dr. Ricardo Fort (GRADE, Peru) "Institutional Genesis and its Persistence Over Time: The Enduring Consequences of Informal Urbanization"	Feb 23 <sup>rd</sup>	<u>Keefer et al. (2019)</u>
5. Labour and Human Capital (Part 1): Population	Feb 25 <sup>th</sup>	<u>Chp 3</u> , Ashraf et al. (2010)
<b>MARCH BREAK</b>	Mar 2 <sup>nd</sup> Mar 4 <sup>th</sup>	
Labour and Human Capital (Part 2): Health	Mar 9 <sup>th</sup> , Mar 11 <sup>th</sup>	<u>Chp 16</u> , De Walque (2006), Duflo et al. (2005), Leonard (2003)
Labour and Human Capital (Part 3): Education	Mar 16 <sup>th</sup> Mar 18 <sup>th</sup>	<u>Chp 17</u> , Basu (1999), Das et al. (2005), Duflo (2001), Glewwe et al. (2011), Laszlo (2013)
<b>MIDTERM 2</b>	Mar 23 <sup>rd</sup>	
6. Capital and Credit Markets	Mar 24 <sup>th</sup> , Mar 30 <sup>th</sup>	<u>Chp 15</u> , Ashraf et al. (2006), Banerjee et al. (2015), Karlan (2007), Morduch (2000), Udry (1997)
<b>MAKE-UP MIDTERM*</b>	Apr 1 <sup>st</sup>	
7. Land and Agriculture	Apr 6 <sup>st</sup> Apr 8 <sup>th</sup>	<u>Chp 5</u> , <u>Chp 12</u>
Review session (if necessary)	Apr 13 <sup>th</sup>	

- Notes:**
1. Topics might spill over from one week to the next if necessary.
  2. Due to time constraints, it is possible that some topics will not be covered, or some topics added. I maintain discretion regarding changes in this outline. Any changes will be announced on MyCourses.
  3. Required readings are underlined. Other readings are optional.
  4. \*only for students who have missed both Midterm 1 and 2.

**Key dates:**  
 Jan 22<sup>nd</sup>: Add/drop  
 Mar 14<sup>th</sup>: Change to Eastern Daylight time

**Required Textbook:**

Roland, G. Development Economics, Pearson Education, 2014.

You can access this [e-textbook](#) for free from the McGill Library website. The ProQuest version allows for 9 students to simultaneously access the ebook and the Ebsco version allows for 3 people to simultaneously access it. I would encourage you to download the chapter you want as a pdf and then close the ebook. If you find that all the copies are being used at once, check back after about 15 minutes.

Alternatively, can purchase online access to the ebook on this website:

<https://www.vitalsource.com/en-ca/products/development-economics-gerard-roland-v9781315510552>

**Other required readings:** In addition to the required text chapters underlined references in the table above and with asterisks in the reading list below are also required. These online sources provide additional materials to help illustrate some of the key concepts and help push the debate further

**Complementary Sources:** Any undergraduate textbook in introductory & intermediate microeconomics and macroeconomics provide good sources for the material covered in class.

Many of the topics covered by Roland are also covered in Todaro, M. and S. Smith, Economic Development, Twelfth Edition, Addison Wesley, 2012. Should you use this text, it is your responsibility to ensure that you are covering the right materials and are aware of the errata in earlier editions. This text is also available at the library's reserve desk.

**Optional readings:** We will discuss these in class, and you will be responsible for the material covered in the lectures related to these readings. Additional complementary sources may be added over the course of the term.

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**DETAILED (PRELIMINARY) READING LIST:**

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The reading list is as follows, \* **indicating compulsory (required)**. The articles are hyperlinked and are free of charge through the McGill Library, but you need to be connected via McGill VPN or be on campus to access the articles from the McGill library.

**Topic 1: Introduction**

- \* Roland Chp 1 (entire chapter)
- \* Bardhan, P. (1993) "[Economics of Development and the Development of Economics](#)" *Journal of Economic Perspectives* Vol 7(2): 129-142
- \* Dulfo, E. (2003) "[Poor but Rational](#)" MIT working paper

In case you wanted to learn more, I used these references for my lectures:

Sen, A. (1999) Development as Freedom, Anchor Books, 1999

**Topic 2: Poverty and Inequality**

- \* Roland Chp 2, (Entire chapter)
- \* Haushofer, J. and J. Shapiro. 2013. "[Policy Brief: Impacts of Unconditional Transfers](#)" (Attachment is optional)
- \* Lowry, A. 2017. "[The Future of Not Working](#)" *The New York Times Magazine* Feb 23<sup>rd</sup>, 2017.
- \* Ozler, B. 2017. "[Fact checking universal basic income: can we transfer our way out of poverty?](#)" World Bank Development Impact Blog, Feb 27<sup>th</sup>, 2017.
- \* Haan, Arjan. (2020). "[Inequality and Social Policy](#)." 10.13140/RG.2.2.34525.84960.

In case you wanted to learn more, I used these references for my lectures:

- Besley, T. and R. Kanbur. 1993. "[The Principles of Targeting](#)" in Lipton, M. and J. van derGaag (eds.) Including the Poor, Washington, D.C. The World Bank (linked article is the 1990 working paper)
- Bourguignon, F. and C. Morrison. 2002. "[Inequality among World Citizens: 1820-1992](#)" *American Economic Review* Vol. 92(4): 727-744.
- Chen, S. and M. Ravallion. 2010. "[The developing world is poorer than we thought, but no less successful in the fight against poverty](#)" *Quarterly Journal of Economics* 125 (4): 1577-1625.
- Dutta, P., R. Murgai, M. Ravallion, and D. van de Walle. 2012. "[Does India's Employment Guarantee Scheme Guarantee Employment?](#)" *World Bank Policy Research Working Paper* 6003.
- Haushofer, J. and E. Fehr. 2014. "[On the Psychology of Poverty](#)" *Science* 344: 862-867
- Ravallion, M. 2013. "[The Idea of Anti-Poverty Policy](#)" NBER Working Paper #19210

### Topic 3: Growth Theories

- \* Roland Chp 4. (entire chapter)
- \* Ravallion, M. 2004. "[Pro-Poor Growth: A Primer](#)" *World Bank Policy Research Working paper* 3242.
- \* Rodrik, D. 2017. "[Rescuing Economics from Neoliberalism](#)" *Boston Review* Nov. 6, 2017

In case you wanted to learn more, I used these references for my lectures:

- Acemoglu, D., S. Johnson and J. Robinson. 2001. "[The Colonial Origins of Comparative Development: An Empirical Investigation](#)" *American Economic Review* 91(5): 1369-1401
- Easterly, William and Ross Levine. 2003. "[Tropics, Germs and Crops: How Endowments Influence Economic Development.](#)" *Journal of Monetary Economics* 50(1): 3-39.

### Topic 4: Institutions

- \* Roland (Chapter 7)
- \* Keefer, P., A. Espinoza, M. Espinoza, R. Fort. 2019. "[The Impact of Social Ties and Third Party Enforcement on Collective Action and Growth](#)" IDB Working Paper Series IDB-WB-1061.

In case you wanted to learn more, I used these references for my lectures:

- Cardenas, J.-C. and J. Carpenter. 2008. "[Behavioural Development Economics: Lessons from Field Labs in the Developing World.](#)" *Journal of Development Studies* Vol. 44(3): 311-338.
- Nunn, N. and L. Wantchekon. 2011. "[The Slave Trade and the Origins of Mistrust in Africa](#)" *American Economic Review* Vol. 101: 3221-3252

### Topic 5: Labour and Human Capital

- \* Roland (Chapters 3, 16 and 17).
- \* Basu, K. (1999) "[Child Labor: Cause, Consequence, and Cure, with Remarks on International Labor Standards](#)" *American Economic Review* Vol. 37 (3): 1083-1119

In case you wanted to learn more, I used these references for my lectures:

Population:

- Ashraf, N., E. Field and J. Lee. 2014. "[Household Bargaining and Excess Fertility: An Experimental Study in Zambia](#)" *American Economic Review* Vol. 104(7): 2210-2237

Health:

- De Walque, D. 2006. "[How does the impact of an HIV/AIDS information campaign vary with educational attainment? Evidence from rural Uganda](#)" *Journal of Development Economics* 84(2): 686-714.
- Duflo, Esther, Pascaline Dupas, and Michael Kremer. 2015. "[Education, HIV, and Early Fertility: Experimental Evidence from Kenya.](#)" *American Economic Review*, 105(9): 2757-97.

Leonard, K. 2003. "[African traditional healers and outcome-contingent contracts in health care](#)" *Journal of Development Economics* 71(1): 1-22

Education:

Das, J., Q.-T. Bo and B. Özler. 2005. "[Reassessing Conditional Cash Transfer Programs](#)." *World Bank Research Observer* Vol. 20 (1): 57-80.

Duflo, E. (2001) "[Schooling and labor market consequences of school construction in Indonesia: Evidence from an unusual policy experiment](#)" *American Economic Review* Vol. 91 (4): 795-813.

Glewwe, P., E. Hanushek, S. Humpage, and R. Ravina. 2011. "[School Resources and Educational Outcomes in Developing Countries](#)" NBER Working paper #17554.

Laszlo, S. 2013. "[Breaking down the barriers to rural education: Recent evidence from natural and randomized experiments in developing countries](#)" ISID Research to Practice Policy Brief.

### Topic 6: Capital and Credit Markets

\*Roland (Chapter 15)

In case you wanted to learn more, I used these references for my lectures:

Ashraf, N., D. Karlan, W. Yin. 2006. "[Tying Odysseus to the Mast: Evidence from a Savings Commitment Product in the Philippines](#)." *Quarterly Journal of Economics* Vol. 121 (2): 635-672.

Banerjee, Abhijit, Esther Duflo, Rachel Glennerster, and Cynthia Kinnan. 2015. "[The Miracle of Microfinance? Evidence from a Randomized Evaluation](#)." *American Economic Journal: Applied Economics*, 7(1): 22-53.

Karlan, D. 2007. "[Social Capital and Group Banking](#)" *Economic Journal* 117: F52-F84.

Morduch, J. 2000. "[The Microfinance Schism](#)" *World Development*, 28 (4): 617 - 629.

Udry, C. 1994. "[Risk and Insurance in a Rural Credit Market: an Empirical Investigation in Northern Nigeria](#)," *Review of Economic Studies*: 495-526.

### Topic 7: Land, Agriculture and Development

\* Roland (Chapters 5 and 12)

\* Evenson, R. and D. Gollin 2003. "[Assessing the impact of the green revolution](#)" *Science* 300: 758.

\* Pingali, P. and Raney, T. 2005. "[From the Green Revolution to the Gene Revolution: How will the Poor Fare?](#)" *FAO ESA Working Paper* 05-09.

In case you wanted to learn more, I used these references for my lectures:

Dulfo, E., M. Kremer and J. Robinson. 2011. "[Nudging farmers to use fertilizer: Theory and experimental evidence from Kenya](#)" *American Economic Review* 101 (6): 2350-2390.

Engle-Warnick, J., J. Escobal and S. Laszlo. 2011. "[Ambiguity Aversion and Portfolio Choice in Small-Scale Peruvian Farming](#)" *B.E. Journal of Economic Analysis and Policy* 11(1): article 68

Udry, C. 1996. "[Gender, Agricultural Production and the Theory of the Household](#)" *Journal of Political Economy* 104 (5): 1010-1046.

**Economics Librarian:** Should you have any questions about accessing any of these materials, you should contact the Economics Librarian, Michael David Miller:

- Email: [michael.david.miller@mcgill.ca](mailto:michael.david.miller@mcgill.ca)
- Instant Message: [MS Teams](#)
- Consultation Booking System: [MS Teams](#)

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**ACADEMIC POLICIES:**


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- **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](http://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](http://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](http://www.mcgill.ca).*
- **Copyright of course materials:** © Instructor generated course materials (e.g., handouts, notes, summaries, exam questions, etc.) are protected by law and may not be copied or distributed in any form or in any medium without explicit permission of the instructor. Note that infringements of copyright can be subject to follow up by the University under the Code of Student Conduct and Disciplinary Procedures.
- **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.**  
*En français: "Conformément à la Charte des droits de l'étudiant de l'Université McGill, chaque étudiant a le droit de soumettre en français ou en anglais tout travail écrit devant être noté (sauf dans le cas des cours dont l'un des objets est la maîtrise d'une langue)."*
- If you have a disability please contact the instructor to arrange a time to discuss your situation. It would be helpful if you contact the Office for Students with Disabilities at 398-6009 before you do this.
- Additional policies governing academic issues which affect students can be found in the [McGill Charter of Students' Rights](#)

**Recording of sessions:**

Please read the Guidelines on Remote Teaching and Learning [<https://www.mcgill.ca/tls/instructors/class-disruption/strategies/guidelines-remote>] and the course outline for this course in myCourses. You will be notified through a 'pop-up' box in Zoom if a lecture or portion of a class is being recorded. By remaining in sessions that are recorded, you agree to the recording, and you understand that your image, voice, and name may be disclosed to classmates. You also understand that recordings will be made available in myCourses to students registered in the course.

**My Re-read policy:**

We understand that mistakes occasionally happen. We do our very best to ensure fair grading and to minimize errors. Nevertheless, if you disagree with the grade you have received in your mid-term exam, you may opt to have your exam re-read. Before you do, please make sure you first carefully compare your answers to the solutions we provide you. To request a re-read, you must submit to me (the instructor, not the TAs) your exam with a written justification for the re-read, specifying the question which you felt was incorrectly graded. I will then re-read and reassess the answer. Please note your grade may go up, down, or stay the same. I may also review the entire exam. This written request for re-read must be submitted within 7 days of receiving the exam. Policies on final exam re-reads are determined by the Faculty of Arts.

**Important Miscellanea:**

Please note that this is a very large class with over 200 students and thus there are several ground rules to follow to maximize your learning environment and experience.

**1) Expectations for Class participation:**

- It is important for you to attend the fixed lectures, even though the recordings will be available on MyCourses.
- I will attempt to use the Chat function, but note that it is difficult to monitor this while presenting. You may also use the raise hand function.
- While I encourage you to keep the camera on if you are comfortable doing so, I would request that you make sure you are muted at all times except when you are asking a question or making a comment in class.
- Because of the class size, it will not always be possible to take up all of your questions. (There are venues for your unasked question to be heard – see below)

**2) 'Hot topics':** Most of the topics that we will cover are associated with many different points of view. We will be covering many 'hot topics', some of which may be controversial to some, if not many. Many of these 'hot topics' are ideal for open class-room debate. However, we will not always have the time or the resources to open the debate to the classroom in its fullest extent. We will nonetheless attempt to approach the subjects as objectively and scientifically as possible. That said, there are numerous venues for you to further the debate: you can (and should!) use the instructor and TA office hours, the conferences, and the Discussion Page on *myCOURSES*.

**3) Frequently Asked Questions:** during the course of the semester, I will undoubtedly receive Frequently Asked Questions. I will maintain an FAQ page on *myCourses*.

**4) Have any more questions, now or during the semester?** There are a number of places for you to go to have them answered. Use the instructor's and the TAs office hours – they are there for you!