

McGill University  
Department of Economics

## ECON313-001: Economic Development Fall 2023

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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)  
Office hours: Wednesdays 1:00pm – 2:30pm in LEA526

### Teaching Assistants:

**\*Conferences:** Will take place on specific weeks in preparation for and review of midterm and final exams – please check on MyCourses for details: Week of Sept 18<sup>th</sup>, Week of October 2<sup>nd</sup>, Week of October 23<sup>rd</sup> (MT1 solutions), Week of November 6<sup>th</sup>, Week of November 27<sup>th</sup>

**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:	October 12 <sup>th</sup> , 2:25-3:55pm (in class)
Midterm 2:	November 14 <sup>th</sup> , 2:25-3:55pm (in class)
Make-Up midterm*:	November 23 <sup>rd</sup> , 2:25-3:55pm (in person, location TBA)
Final examination:	Date TBA

### Grading Scheme:

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

- In case of absence at the mid-terms (**Medical notes are NOT required**):
  - If you miss **ONE** midterm (either midterm 1 **OR** midterm 2), the weight of the missed exam will be placed on your final exam (which will be worth 75%).
  - \*If you miss **BOTH** midterms (midterm 1 **AND** midterm 2), there is a make-up exam worth 25% covering the cumulative material and the remaining 25% will be placed on your final exam (which will be worth 75%).

- 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 Multiple-Choice Questions, True/False/Uncertain questions, short answer questions, short problems and/or essay questions.
- The supplemental examination is worth 100% of your final grade.
- All exams are closed book and in-person
- See the course grade re-read policy on page 8 of this outline.

### **Instructional Methods:**

- All lectures will take place in class and will not be recorded.
- 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 classes 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. Conferences are not weekly, but we will announce them in class in advance.

### ***MyCourses:***

- This course utilizes *MyCourses* for course management and posting of relevant materials. Please check the website on a regular basis for announcements.
- Slides will be posted after the lecture
- **It is your responsibility to stay well-informed of course management and announcements on *MyCourses*.**

**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
- Understand causal relationships in the economics of development
- 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
- Gain familiarity with the increasing importance of Women's Economic Empowerment in Development Economics and Development policy.

**PRELIMINARY COURSE OUTLINE:**

<b>Topic</b>	<b>Date</b>	<b>Readings</b>
Welcome	Aug 31 <sup>st</sup>	
1. Introduction	Sept 5 <sup>th</sup> Sept 7 <sup>th</sup>	<u>Chp 1, Duflo (2003)</u> , Bardhan (1993), Sen (1999), Nunn (2019)
2. Poverty and Inequality (Part 1): Measurement concepts and theory	Sept 12 <sup>th</sup> Sept 14 <sup>th</sup>	<u>Chp 2</u> , Bourguignon & Morrison (2002), Chen & Ravallion (2010), Haushofer & Fehr (2014)
Poverty and Inequality (Part 2): Targeting and policies	Sept 19 <sup>th</sup> Sept 21 <sup>st</sup> Sept 26 <sup>th</sup>	<u>Chp 2</u> , Besley & Kanbur (1990), Ravallion (2013), Haushofer & Shapiro (2013), Dutta et al. (2012), Lawry (2017), Ozler (2017)
3. Growth Theories (Part 1): Solow Model	Sept 28 <sup>th</sup> Oct 3 <sup>rd</sup> Oct 5 <sup>th</sup>	<u>Chp 4 (p. 82-97)</u> , Rodrik (2017)
<b>Fall Reading Break</b>	Oct 10 <sup>th</sup>	
<b>MIDTERM 1</b>	Oct 12 <sup>th</sup>	
Growth Theories (Part 2): Endogenous growth, institutions (part 1), empirical analysis	Oct 17 <sup>th</sup> Oct 19 <sup>th</sup>	<u>Chp 4 (p. 97-111)</u> , Ravallion (2004), Acemoglu et al. (2001), Dell (2010), Easterly and Levine (2003), Maloney and Caceido (2016) Nunn (2020)
4. Institutions (part 2)	Oct 24 <sup>th</sup>	<u>Chp 7</u> , Cardenas and Carpenter (2008), Nunn and Wantchekon (2011)
5. Labour and Human Capital (Part 1): Population	Oct 26 <sup>th</sup> Oct 31 <sup>st</sup>	<u>Chp 3</u> , Ashraf et al. (2014)
Labour and Human Capital (Part 2): Health	Nov 2 <sup>nd</sup>	<u>Chp 16</u> , De Walque (2006), Duflo et al. (2015), Leonard (2003), Lowes and Montero (2021)
Labour and Human Capital (Part 3): Education	Nov 7 <sup>th</sup> Nov 9 <sup>th</sup>	<u>Chp 17</u> , Basu (1999), Das et al. (2005), Duflo (2001), Glewwe et al. (2011), Rocha et al. (2017)
<b>MIDTERM 2</b>	Nov 14 <sup>th</sup>	
6. Capital and Credit Markets	Nov 16 <sup>th</sup> Nov 21 <sup>st</sup>	<u>Chp 15</u> , Ashraf et al. (2006), Banerjee et al. (2015) Karlan (2007), Morduch (2000), Udry (1997)
<b>Review solutions to MT2</b>	Nov 23 <sup>th</sup>	<b>Make-Up Exam*</b> Only students who missed BOTH midterms.
7. Women's Economic Empowerment in Developing Countries	Nov 28 <sup>th</sup> Dec 5 <sup>th</sup>	<u>Kabeer (1999), Duflo (2012)</u> , Alesina et al. (2013), Anderson (2022), Bursztyn et al. (2020), Clark et al. (2019), Laszlo et al. (2020)

- 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:** Sept 12<sup>th</sup>: Add/drop deadline

**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.

Instructions to access the library copies:

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2. Choose the chapter you'd like to download and click on its title.
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4. Once you have downloaded your chapter, close the ebook so that a classmate can use the ebook.
5. If you reach your download limit, to reset the download counter, you can try opening the book in a new web navigator or waiting 24 hours to try to download additional chapters.

Alternatively, can purchase the textbook via the University Bookstore if you would like your own copy.

**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, Thirteenth Edition, Addison Wesley, 2020 (or older editions). 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.

**DETAILED (PRELIMINARY) READING LIST:**

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)
- \* Dulfo, E. (2003) "[Poor but Rational](#)" MIT working paper

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

- Bardhan, P. (1993) "[Economics of Development and the Development of Economics](#)" *Journal of Economic Perspectives* Vol 7(2): 129-142
- Nunn, N. (2019) "[Rethinking Economic Development](#)" *Canadian Journal of Economics* Vol. 52(4): 1349-1373
- Sen, A. (1999) [Development as Freedom](#), Anchor Books, 1999

**Topic 2: Poverty and Inequality**

- \*Roland Chp 2, (Entire chapter)

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
- Haushofer, J. and J. Shapiro. 2013. "[Policy Brief: Impacts of Unconditional Transfers](#)"
- 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.
- 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.

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
- Dell, M. 2010. "[Persistent Effects of Peru's Mining Mita](#)" *Econometrica* Vol. 78 (6): 1863-1903
- Easterly, W. and R. Levine. 2003. "[Tropics, Germs and Crops: How Endowments Influence Economic Development.](#)" *Journal of Monetary Economics* 50(1): 3-39.
- Maloney, W. and F. Caceido. 2016. "The Persistence of (Subnational) Fortune" *Economic Journal*, Vol. 126 (598): 2363-2401
- Nunn, N. 2020. "[The Historical Roots of Economic Development](#)" *Science* Vol. 367, eaaz9986
- Rodrik, D. 2017. "[Rescuing Economics from Neoliberalism](#)" *Boston Review* Nov. 6, 2017

**Topic 4: Institutions**

- \* Roland (Chapter 7)

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
- Lowes, S. and E. Montero. 2021. "[The Legacy of Colonial Medicine in Central Africa](#)" *American Economic Review* Vol. 111(4): 1284-1314

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.
- Rocha, R., C. Ferraz, and R. Soares. 2017. "[Human Capital Persistence and Development.](#)" *American Economic Journal: Applied Economics*, Vol. 9(4): 105-36.

### 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: Women's Economic Empowerment in Developing Countries

- \* Kabeer, N. 1999. "[Resources, Agency, Achievements: Reflections on the Measurement of Women's Empowerment](#)" *Development and Change* Vol. 30(1): 435-464

- \* Duflo, E. 2012. “[Women’s Empowerment and Economic Development](#)” *Journal of Economic Literature* Vol. 50(4): 1051-1079

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

- Alesina, A., P. Giuliano, and N. Nunn. 2013. “[On the Origins of Gender Roles: Women and the Plough](#)” *Quarterly Journal of Economics* Vol 128(2): 469-530.
- Anderson, S. 2022. “Unbundling Female Empowerment” *Canadian Journal of Economics*, Vol 55(4): 1671-1701.
- Bursztyjn, L., A. Gonzalez, and D. Yanagizawa-Drott. 2020. “[Misperceived Social Norms: Women Working Outside the Home in Saudi Arabia](#)” *American Economic Review* Vol. 110(1): 2997-3029.
- Clark, S., C. Kabiru, S. Laszlo, and S. Muthuri. 2019. “The Impact of Childcare on Poor Urban women’s Economic Empowerment in Africa” *Demography* Vol. 56(4): 1247-1272.
- Laszlo, S., K. Grantham, E. Oskay, and T. Zhang. 2020. “[Grappling with the Challenges of Measuring Women’s Economic Empowerment in Intrahousehold Settings](#)” *World Development* Vol. 132: 104959

**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)

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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](#).” (Approved by Senate on 29 January 2003) (See McGill’s [guide to academic honesty](#) for more information.)  
*« 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. » (Énoncé approuvé par le Sénat le 29 janvier 2003) (pour de plus amples renseignements, veuillez consulter le guide pour l’honnêteté académique de McGill.)*
- **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.
- **Language of Instruction:** “In accord with McGill University’s [Charter of Student Rights](#), students in this course have the right to submit in English or in French written work that is to be graded. This does not apply to courses in which acquiring proficiency in a language is one of the objectives.” (Approved by Senate on 21 January 2009)  
*« 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. » (Énoncé approuvé par le Sénat le 21 janvier 2009)*
- As the instructor of this course, I endeavor to provide an inclusive learning environment. However, if you experience barriers to learning in this course, do not hesitate to discuss them with me and/or the Office of [Student Accessibility and Achievement](#).
- Additional policies governing academic issues which affect students can be found in the [McGill Charter of Students’ Rights](#)

**Grade 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 lectures, even though I will not be taking attendance. [Evidence](#) shows that class attendance leads to higher course grades and GPA.
- Please arrive on time to settle into the lecture hall by the time the lecture begins
- I will be posting worksheets on *MyCourses* for in-class derivation of some models, please make sure to download these in advance.
- That said, I will post lecture slides only after lectures because (1) [evidence](#) suggests stronger learning outcomes when slides aren't provided in advance and (2) we inevitably find typos etc. during class.
- Check *MyCourses* prior to each lecture in case of important information

**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) 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!