McGill University
Department of Economics

ECON314-002: Economic Development 2
Winter 2020
Preliminary Outline

Instructor Contact Information:
Prof. Franque Grimard
Leacock, room 417
Telephone: 398-4717
e-mail: Franque.grimard@mcgill.ca (Please see my e-mail policy below)
Office hours: Friday: 13:00-14:30 * see p.8 for details

Regular Classes:
Times: Tuesday and Thursday: 2:35 p.m. to 3:55 p.m.
Room: SADB 2/36
Strathcona Anatomy and Dentistry building

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

Course Description:
Theories of economic development and empirical evidence on macro trends and special
topics. Not open to students who have taken ECON 313D. This is a three (3) credit course.

Course Evaluations:
Midterm 1: February 11th (In class)
Midterm 2: March 26th (In class)
Final examination Date and location TBA, set by University

Grading Scheme:
Your grade = [0.25 x Midterm1 + 0.25 Midterm2+ 0.50 x Final] x 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, and only with a valid (medical) excuse, then you will
  write a make-up midterm at a time and date to be determined. If this situation
  applies, then you must provide me with a valid medical note within 7 days of midterm
  2
• 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 (midterms and final),
  short answer questions, short problems and/or essay questions.
• The supplemental examination is worth 100% of your final grade.

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

Last Updated: 01/07/2020
Classes:

- 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 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. In addition, conferences will be held before the written work is due. The TAs and conferences are there to help you understand the material through revisions of class material and discussions.

Teaching Assistants:

1) Aranya Chakraborty
2) Shuxin Sun
3) Thomas Kokossou

Office hours: TBA

TA e-mail policy: The TA e-mail policy is similar to the Professor's e-mail policy (see 2nd last page): 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.

Conferences:* Dates and locations to be confirmed
*Note: please do not attend all – only attend the one that best suits your schedule.

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.
- 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.

Last Updated: 01/07/2020
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 before the lecture, and add to them during the lecture.

If you miss a lecture, it is your responsibility to arrange with a classmate to borrow his/her notes.

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.

PRELIMINARY COURSE OUTLINE:

<table>
<thead>
<tr>
<th>Week</th>
<th>Date:</th>
<th>Topic:</th>
<th>Readings:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Jan 7th</td>
<td>Welcome Introduction</td>
<td>Chp 1, T&amp;S 1</td>
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<tr>
<td></td>
<td>Jan 9th</td>
<td></td>
<td></td>
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<tr>
<td>2</td>
<td>Jan 14th, 16th</td>
<td>Macro and Growth</td>
<td>Chp 4, T&amp;S 4</td>
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<tr>
<td>3</td>
<td>Jan 21st, 23rd</td>
<td>Structural Transformation</td>
<td>Chp 5, T&amp;S 3</td>
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<td>4</td>
<td>Jan 28th, Jan 30th</td>
<td>International trade and Development</td>
<td>Chp 6 T&amp;S 12, 13</td>
</tr>
<tr>
<td>5</td>
<td>Feb 4th, Feb 6th</td>
<td>International trade and Development</td>
<td>Chp 6 T&amp;S 12, 13</td>
</tr>
<tr>
<td>6</td>
<td>Feb 11th, Feb 13th</td>
<td>MIDTERM 1 Fiscal Institutions and Taxation</td>
<td>Chp 8, Chp 10 T&amp;S 11, 15</td>
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<td>7</td>
<td>Feb 18th, Feb 20th</td>
<td>Fiscal Institutions and Taxation</td>
<td>Chp 10 T&amp;S 11, 15</td>
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<td>8</td>
<td>Feb 25th, Feb 27th</td>
<td>Corruption</td>
<td>Chp 19, T&amp;S 11</td>
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<td>9</td>
<td>Mar 5</td>
<td>MARCH BREAK</td>
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<td>10</td>
<td>Mar 10th, Mar 12th</td>
<td>Corruption</td>
<td>Chp 19, T&amp;S 11</td>
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<td>11</td>
<td>Mar 17th, Mar 19th</td>
<td>Foreign Aid (Intro): Prof. Jamal Saghir</td>
<td>Chp 5 T&amp;S 14</td>
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<tr>
<td>12</td>
<td>Mar 24th, Mar 26th</td>
<td>Foreign Aid (SDGs)</td>
<td></td>
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<tr>
<td>13</td>
<td>Mar 31st, Apr 2th</td>
<td>MIDTERM 2 Foreign Aid (Financing)</td>
<td>Chp 5 T&amp;S 14</td>
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<tr>
<td>14</td>
<td>Apr 7th, Apr 9th</td>
<td>Foreign Aid (Financing): Prof. Christian Novak</td>
<td>See detailed list below</td>
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<tr>
<td>15</td>
<td></td>
<td>Climate Change</td>
<td></td>
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</tbody>
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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 discussed in class and/or announced on MyCourses.
3. I may be travelling (conferences, fieldwork…) on some dates. I will be announcing in class and on MyCourses any changes that would be related to travel.
4. We will have guest lectures from McGill ISID’s Professors of Practice, Profs Saghir and Novak. They will be announced on mycourses when the dates are confirmed and the syllabus will be modified accordingly.

**Required Textbook (also being used in other sections):**


The textbook has its own [website](#) where you can take quizzes and download additional materials. This book is not inexpensive. Thus, you have several options should you be uncomfortable paying the price:
1) Several copies will be placed at the reserve desk in Redpath.
2) The text book may also be purchased used.
3) You can consider investing in the book with a classmate.

**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.

**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 I: Introduction**
* Roland Chp 1 (entire chapter)

https://ourworldindata.org/a-history-of-global-living-conditions-in-5-charts


**Topic : Macro Theories**
* Roland Chp 4. (entire chapter)

**Topic: Structural transformation**

* Roland (Chapter, 5)

**Topic: International trade and Development**

Roland (Chapters 4 and 6).

**Topic: Fiscal Institutions and taxation**

*Roland (Chapters 8 and 10)

**Topic: Corruption**

- Roland (Chapter 19)
- Benjamin A. Olken and Rohini Pande, 2012, Corruption in Developing Countries, Annu. Rev. Econ. 2012. 4:479–509
- Nicholas Shaxson, Tackling Tax Havens, FINANCE & DEVELOPMENT, SEPTEMBER 2019, VOL. 56, NO. 3  

**Topic: Foreign Aid**

- Roland (Chapter 5)
- Nancy Qian. 2015, Making Progress on Foreign Aid Annu. Rev. Econ. 2015. 7:277–308
http://www.oecd.org/dac/


https://www.brookings.edu/topic/development-financing/

https://www.brookings.edu/topic/sustainable-development-goals/

**Topic : Climate Change**


Amit Prakash, Boiling Point, Finance & Development, September 2018, vol. 55, no. 3


Pierpaolo Grippa, Jochen Schmittmann, and Felix Suntheim, Climate Change and Financial Risk FINANCE & DEVELOPMENT, DECEMBER 2019, VOL. 56, NO. 4


Ian Parry, FINANCE & DEVELOPMENT, JUNE 2019, VOL. 56, NO. 2 What Is Carbon Taxation?


Kenneth Gillingham, Carbon Calculus, FINANCE & DEVELOPMENT, DECEMBER 2019, VOL. 56, NO. 4


Security issues:


Foreign aid


_Last Updated: 01/07/2020_


**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](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](http://www.mcgill.ca/students/srr).

**Mobile computing and communications (MC2):**

1. All McGill policies must be respected at all times; those of particular relevance are highlighted. The use of MC2 devices must, in all cases, respect policies and regulations of the University, including in particular the following:
   1. The [Code of Student Conduct and Disciplinary Procedures](http://www.mcgill.ca/students/srr);
   2. The [Policy Concerning the Rights of Students with Disabilities](http://www.mcgill.ca/students/srr);

Last Updated: 01/07/2020
3. The Policy on the Responsible Use of McGill IT Resources.

2. Due to the potential use of MC2 devices for recording and voice communication, such use is not permitted without explicit permission. No audio or video recording of any kind is allowed in class without the explicit permission of the instructor. MC2 devices are not to be used for voice communication without the explicit permission of the instructor.

3. MC2 devices are allowed as long as not disruptive: Mobile computing and communications devices are permitted in class under the following conditions only:
   a. When “No technology time” is not in effect.
   b. Only for the specified use; e.g., note taking, consulting relevant online resources;

My e-mail policy: 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 or email me for an appointment.

Please check the FAQs and the discussion page first, before you e-mail, to see if your question or concern is answered there.

My Office Hours:

- First-come first-serve drop-in office hours on Fridays from 13:00 to 14:30
- If needs arise, I will also organize an appointment session. If so, I will create a doodle appointment schedule and a doodle link for 10-minute time slots will be made available on my courses the week prior.
- I will also be holding extra office hours a day or two before the midterm and finals (times TBA). Please note that under no circumstances will I answer questions pertaining to the examination the day of the exam. If you have questions pertaining to the exam, I will gladly answer them on other days and especially during the special office hours that are dedicated for that purpose.

Note: There will be days where I will not be in because of travel to fieldwork, 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 and post my absences from Office Hours on myCourses.

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.
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 100 students and thus there are several ground rules to follow to maximize your learning environment and experience.

1) **Class participation:** Class participation is encouraged. Please raise your hand if you wish to speak. 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 class-room 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) **Please be considerate and cooperative with your classmates:** please arrive to class on time (preferably a few minutes before), turn off your cell phones, iPhones, android phones, and any new electronic technology that might appear over the course of the semester and keep any shuffling of papers and so on to a strict minimum.

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

5) **The use of laptops in class:** Increasingly, faculty members across North America are prohibiting the use of laptops in their classes. I will not do so in this class this year. I do, however, encourage you to use your laptop for class-related activities. I discourage you from using your laptops for other activities (such as non-class related internet browsing, social networking i.e. Facebook, e-mailing) – you can always do that when you are not in class. While I can tell you why I think using laptops in class only for class-related purposes, I won’t. That said, I encourage you to read the following article from the Chronicle of Higher Education "Law Professors Rule Laptops Out of Order in Class": [http://chronicle.com/free/v54/i40/40a00104.htm](http://chronicle.com/free/v54/i40/40a00104.htm) (though I recommend you read it *after* class). A recent study shows the detrimental effect of the use of laptops in the classroom on learning. This is also this advice from a professor of Education at the University of Michigan who emphasizes the negative externality that the use of laptops imposes on students who do not use their laptops in class. Please read these before considering using a laptop in this course.

6) **Institute for the Study of International Development:** McGill University's Institute for the Study of International Development hosts a seminar series which features high-profile guest speakers from different disciplines and different universities discussing development issues. I encourage you to attend these as your schedule permits. See the ISID website for details: [http://www.mcgill.ca/isid/](http://www.mcgill.ca/isid/).
7) **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!