

Development Economics  
ECONOMICS EC3325B  
Department of Economics  
Western University

January 2021

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**Zoom Office Hours:** M/W 12:30-1:30. M link on Owl. Email me for W link.

**Recording policy:** The participants in the course are not allowed to record during office hours or class.

**Classroom meeting time(s) & location:** M 9:30-11:30, W 10:30-11:30, 3M 3250

**Course website:** <https://owl.uwo.ca/portal>

**Undergraduate Inquiries:** 519-661-3507 or SSC room 4075 or [econugrd@uwo.ca](mailto:econugrd@uwo.ca)

**Registration:** You are responsible for ensuring you are registered in the correct courses. If you are not registered in this course, the Department will not release any of your marks until your registration is corrected. You may check your timetable by using the Login on the Student Services website at <https://student.uwo.ca>. If you notice a problem, please contact your home Faculty Academic Counsellor immediately.

**Prerequisite Note:** The prerequisite(s) for this course is (are) Economics 2221A/B and Economics 2261A/B

*Prerequisite(s) for your course can be found in the Western Calendar at:*

<http://westerncalendar.uwo.ca/Courses.cfm?Subject=ECONOMIC&SelectedCalendar=Live&ArchiveID>

You are responsible for ensuring that you have successfully completed all course prerequisites, and that you have not taken any anti-requisite courses. Lack of prerequisites may not be used as a basis for appeal. If you are found to be ineligible for a course, you may be removed from it at any time and you will receive no adjustment to your fees. This decision cannot be appealed.

If you find that you do not have the course prerequisites, it is in your best interest to drop the course well before the end of the add/drop period. Your prompt attention to this matter will not only help protect your academic record but will ensure that spaces become available for students who require the course in question for graduation.

**Course Description/Overview:** In this course we will explore why some countries are so rich and other so poor. We will start by studying the Malthusian model and theories behind the Industrial Revolution. We will study models of fertility to try to understand the demographic transition and its implications for income differences across countries. We will next develop the Solow model, where we will incorporate human capital, both quantity and quality, and discuss its successes and limitations in explaining cross-country income differences. We will

investigate the impacts inter-generational and intra-generational borrowing constraints have on human capital accumulation. Time permitting, we will touch on institutional explanations for differences in income per capita across countries.

### **Course Learning Outcomes:**

1. Students will understand the forces underlying stagnation in the Malthusian model.
2. Students will be familiar with the leading theories behind the Industrial Revolution, and will understand how behavioral economists think about decision making of the poor.
3. Students will understand how to model fertility choices and how these models can be used to account for income differences across countries.
4. Students will be able to identify the key predictors for income differences across countries within the Solow model.
5. Students will be able to incorporate human capital into the Solow model.
6. Students will understand how much human capital quantity and quality differences across countries can account for income differences across countries.
7. Students will understand the role borrowing constraints play in limiting efficient investment in human capital.

**Textbook/Resources:** There is no required text for this course. You are responsible for all content covered in lecture and any material posted on OWL. Note that I do not supply class notes.

**Grading:** Your final grade will be based on a Midterm (30%), Homework (20%), Class participation (10%), and a Final exam (40%)

**Midterm:** There will be one exam held in class, March 1. The exam will be closed book and closed note, and electronics free. There will be no make-up exam. If a student misses the exam due to sickness or other acceptable excuse the student must present an official document justifying the absence and the weight will be added to the final exam. In cases of lack of justification for the absence, a grade of zero will be attributed to the midterm.

**Homework:** There will be four homework assignments, due February 3, February 24, March 24, and April 12. The homework assignments must be submitted by the START of the class period in which they are due. Assignments turned in once class has started will not be accepted. The lowest score will be dropped.

**Class participation:** Your grade will depend on your presence in class and participation in discussions when they occur.

**Final exam:** The final exam date and time is TBA.

## Class Conduct:

- Please turn off and put away all electronic devices during class. You will get much more out of this course if your attention is on the lecture, and students who are multitasking are a distraction to me.
- No pictures/recording during class.
- If you miss class, get notes from a classmate.
- The syllabus and your class notes are full of information. Please consult these for answers to frequently asked questions.

**Registration Note:** You are responsible for ensuring you are registered in the correct courses. If you are not registered in a course, the Department will not release any of your marks until your registration is corrected. You may check your timetable by using the Login on the Student Services website at <https://student.uwo.ca>. If you notice a problem, please contact your home Faculty Academic Counselor immediately.

## Topics Covered and Readings:

### Introduction to Growth – Facts

- Lec2TablesFigures.pdf
- “On the Evolution of the World Income Distribution,” Jones, *Journal of Economic Perspectives*, Summer, 1997, pp. 19-25.
- “Divergence, Big Time,” Pritchett, *Journal of Economic Perspectives*, Summer, 1997, pp. 3-17.

### Malthusian Model

- Popvwage.pdf

### Theories of the Industrial Revolution

- “Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England,” North and Weingast, *Journal of Economic History*, December, 1989.
- “The Industrial Revolution Past and Future,” Lucas, *The Region*, May, 2004.
- “Population Growth and Technological Change: One Million B.C. to 1990,” Kremer, *Quarterly Journal of Economics*, 1993 (Just read the introduction, up to start of Section 1.)
- endogenous growth.pdf
- “In Dusty Archives, a Theory of Affluence,” Wade, *The New York Times*, August 7, 2007.
- Planet Money podcast on the Luddites:  
<http://www.npr.org/player/embed/404805568/404807971>
- “Your Brain on Poverty: Why Poor People Seem to make Bad Decisions,” Thompson, *The Atlantic*, November 22, 2013.
- “The Science of Scarcity: A behavioral economist's fresh perspectives on poverty,” Feinberg, *Harvard Magazine*, May-June 2015.

### Demographic Transition and Modeling Fertility

- Figure 1 from “Explaining International Fertility Differences,” Manuelli and Seshadri, *Quarterly Journal of Economics*, May 2009.
- Figure 1 from “Mortality, Fertility, and Saving in a Malthusian Economy,” Boldrin and Jones, *Review of Economic Dynamics*, 5, 2002.
- Figure 7 from “The Great Escape: The Industrial Revolution in Theory and in History,” Clark, September 2003.
- Figures 1, 3, 4, 5, and 6, and text up to Figure 6 from “An Economic History of Fertility in the U.S.: 1826-1960,” Jones and Tertilt, *NBER Working Paper No. 12796*, December 2006.
- Use as a resource: “Fertility Theories: Can They Explain the Negative Fertility-Income Relationship?,” Jones, Schoonbroodt, and Tertilt, Chapter in NBER book *Demography and the Economy*, 2011.

### Solow Model

- Solowfigures.pdf

### Solow Model with Human Capital

- Use as a resource: “Why do Some Countries Produce so Much More Output per Worker Than Others?,” Hall and Jones, *Quarterly Journal of Economics*, February 1999.
- Use as a resource: “How Important is Human Capital for Development? Evidence from Immigrant Earnings,” Hendricks, *American Economics Review*, 2002, 92.
- Read the introduction of: “Education Quality and Development Accounting,” Schoellman, *Review of Economic Studies*, 2012, 79.

### Other Models of Cross-country Human Capital Differences - Borrowing Constraints

- “Education for all. A welfare-improving course for Africa?,” Caucutt and Kumar, *Review of Economic Dynamics*, 2007, 10.
- Use as a resource: “Intergenerational Persistence of Earnings: The Role of Early and College Education,” Restuccia and Urrutia, *American Economic Review*, 2004, 94.
- Read the introduction of: “Early and Late Human Capital Investments, Borrowing Constraints, and the Family,” Caucutt and Lochner, *Journal of Political Economy*, 2020, 128.
- “How Important is Human Capital: A Quantitative Theory Assessment of World Income Inequality,” Erosa, Koreshkova, and Restuccia, *Review of Economic Studies*, 2010, 77.

### Institutions and Development

- “Political Economy, Governance, and Development - Political Losers as a Barrier to Economic Development,” Acemoglu and Robinson, *AEA Papers and Proceedings*, May 2000.
- “Institutions as a Fundamental Cause of Long-Run Growth,” Acemoglu, Johnson, and Robinson, In *Handbook of Economic Growth, Volume 1A*, 2005.

**Copyright:**

Lectures and course materials, including power point presentations, outlines, and similar materials, are protected by copyright. Students may take notes and make copies of course materials for their own educational purposes. Students may not record lectures, reproduce (or allow others to reproduce), post or distribute lecture notes, wiki material, and other course materials publicly and/or for commercial purposes without written consent.

**Contingency Plan:**

In the event of a COVID-19 resurgence during the course that necessitates the course delivery moving away from face-to-face interaction, all remaining course content will be delivered entirely online, either synchronously (i.e., at the times indicated in the timetable) or asynchronously (e.g., posted on OWL for students to view at their convenience). The grading scheme will not change. Any remaining assessments will also be conducted online as determined by the course instructor.

Please Note  
Department & University Policies for 2020-2021

The University expects all students to take responsibility for their own Academic Programs. Students should check their registration to ensure they are enrolled in the correct courses.

**Academic Rights and Responsibilities:** Students should be familiar with their “Academic Rights and Responsibilities” as outlined [here](#) in the Western Academic Calendar. Claiming that “you didn’t know what to do” is not an acceptable excuse for not following the stated procedures.

**Guidelines and Policies for Students** are posted online in the current Western Academic Calendar at <http://westerncalendar.uwo.ca>. Undergraduate information for the Faculty of Social Science can be found at: <https://www.ssc.uwo.ca/undergraduate/index.html> and for the Department of Economics at: <https://economics.uwo.ca/undergraduate/index.html>.

**Rules of Conduct for Examinations:** Students are expected to know the university’s Rules of Conduct for Examinations, available [here](#).

**Cheating and Academic Offences:** Students are responsible for understanding what it means to “cheat.” The Department of Economics treats cheating and other academic offences very seriously and will investigate any suspect behavior. Students found guilty will incur penalties that could include a failing grade or being barred from future registration in Economics courses or programs. The University may impose further penalties such as suspension or expulsion.

**Plagiarism:** Plagiarism is an academic offence. Students must write their essays and assignments in their own words. Ideas/passages taken from another author must be referenced with footnotes or citations and acknowledged with quotation marks where appropriate. Western University uses software to check for plagiarism and students may be required to electronically submit their work. Those found guilty will be penalized as noted in point 3. See Scholastic Discipline for Undergraduate Students [here](#) in the Western Academic Calendar.

**Academic Appeals:** Students should refer to the Student Academic Appeals section [here](#) in the Western Academic Calendar. Please note the relevant deadlines.

**Department Appeals Procedures:** The Department will not consider an appeal unless an attempt has been made to settle the matter with the instructor first. Students who remain dissatisfied with the outcome may submit a written appeal to the Undergraduate Director in Economics, stating the reasons for their appeal. Information on the Department of Economics’ appeals procedure and the appeals form are available [here](#).

**Systematic Adjustments:** Systematic adjustments of class grade distributions (either up or down) can occur in Economics courses. The systematic adjustment of a class grade distribution is **not** grounds for an appeal.

Add/drop deadlines:

Deadline to add a second term half course:

**Tuesday January 19, 2021**

Deadline to drop a second term half course:

**Sunday March 14, 2021**

**Oversleeping or Misreading the Exam Schedule:** Faculty of Social Science policy states that oversleeping or misreading the exam schedule is NOT grounds for a makeup. This rule applies to all exams in the Department of Economics.

**End of Term Travel:** Students must book travel arrangements AFTER final exam dates have been posted; travel is not an acceptable excuse for absence from a final exam.

**Rewriting Exams and Retroactive Reweighting are NOT Permitted:** Students who proceed to write a test or examination must be prepared to accept the mark. Rewriting tests or examinations, or retroactive reweighting of marks, is **not** permitted.

**Accommodation Policies:** Students with disabilities should work with Accessible Education (formerly SSD), which provides recommendations for accommodation based on medical documentation or psychological and cognitive testing. The accommodation policy can be found here: [Academic Accommodation for Students with Disabilities](#).

**Academic Consideration for Missed Assessments/Exams due to Student Absence:** Students will have up to two (2) opportunities during the regular academic year to receive academic consideration if they self-report a missed assessment using the online portal, provided the following conditions are met: the assessment is missed due to an absence of no more than 48 hours in duration, and the assessment for which consideration is being sought is worth 30% or less of the student's final grade. Students are expected to contact their instructors within 24 hours of the end of the period of the self-reported absence, unless noted otherwise on the syllabus. Students are not able to use the self-reporting option in the following circumstances:

- for exams scheduled by the Office of the Registrar (e.g., December and April exams)
- absence of a duration greater than 48 hours
- assessments worth more than 30% of the student's final grade
- if a student has already used the self-reporting portal twice during the academic year

If the conditions for a Self-Reported Absence are *not* met, students will need to provide a Student Medical Certificate (SMC) if the absence is medical or provide appropriate documentation if there are compassionate grounds for the absence in question. Students are encouraged to contact their Faculty academic counselling office for more information about the relevant documentation. It is strongly recommended that students notify the instructor as soon as possible, ideally before the assessment, when they become aware of an absence. University policy is that students must communicate with their instructors no later than 24 hours after the end of the period covered by the SMC or immediately upon their return from their documented absence. Failure to follow University policy and procedures may result in denial of academic accommodation and a grade of zero.

Individual instructors are not permitted to receive documentation directly from a student, whether in support of an application for consideration on medical grounds or for other

reasons. **All required documentation for absences that are not covered by the Self-Reported Absence Policy must be submitted to the Academic Counselling office of a student's Home Faculty.**

For Western University policy on Consideration for Student Absence, see:

[Policy on Academic Consideration for Student Absences - Undergraduate Students in First Entry Programs.](#)

For the Student Medical Certificate (SMC), see:

[http://www.uwo.ca/univsec/pdf/academic\\_policies/appeals/medicalform.pdf](http://www.uwo.ca/univsec/pdf/academic_policies/appeals/medicalform.pdf).

**Religious Accommodation:** Students should consult the University's list of recognized religious holidays and should give reasonable notice in writing, prior to the holiday, to the Instructor and an Academic Counsellor if their course requirements will be affected by a religious observance. Additional information is given in the [Western Multicultural Calendar](#).

**Policy Regarding Class Attendance and Engagement:** If the instructor deems a student's attendance or engagement in the class to be unsatisfactory, that student may be prohibited from writing the final examination. Examples of unsatisfactory class engagement include frequent absences from an in-person or synchronous online class, lack of assignment submissions, and inadequate use of online course materials. Instructors who intend to make use of this policy will notify the student in advance.

**Statement on Mental Health and Support Services:** Students under emotional/mental distress should visit [http://uwo.ca/health/mental\\_wellbeing/](http://uwo.ca/health/mental_wellbeing/) for more information and a complete list of resources on how to obtain help.