

## **Economics 116: Economic Development**

January 10, 2024

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Course web page: <https://canvas.ucsd.edu/courses/51688/>

Class time: Tuesdays and Thursdays, 9:30 – 10:50; 11:00 – 12:20

Class location: PETER 104

All times should be assumed to be in PDT.

**\*\* Note:** Below is the proposed syllabus. While I intend to closely follow the syllabus, there may be some changes as the semester progresses. All changes will be announced on canvas and reflected in an updated syllabus.

### **Course Overview:**

We will consider a number of important questions in the field of development economics: Why are some countries so rich and others so poor? What factors have determined which countries prosper? Which are the root causes and which are the proximate causes of economic underdevelopment? Can these factors be changed with specific economic policies? If so, what are they and how are they best implemented? Are there country-specific characteristics that determine economic fate? Or, is prosperity just the result of luck? Does the enjoyment of the rich somehow depend on the continuing suffering of the poor? We will consider these questions and more.

The course is intended to not only provide a general overview of the dominant views about economic development and policy, but to also provide students a sense of the most recent research in the field. For this reason, the course will go beyond the usual textbook summary of the field. Students will also examine recent journal articles that have made important contributions to the field of development economics.

**Class communication and logistics:**

1. All classes and office hours will be held in person. Any future changes will follow University guidelines.
2. Please check Canvas regularly for announcements.
3. All readings will be posted on Canvas.
4. Slides for each lecture will be posted on Canvas.
5. All assignments will be submitted on canvas.

**Grading:**

1. Mid-term exam 40%

The mid-term exam will be taken in class on February 8, 2024. It will cover material from the first five weeks of class.

3. Final exam 45%

The exam will consist of questions, where the students are expected to draw from and synthesize the theoretical, descriptive, and qualitative evidence covered in the readings and during in-class discussion. Details about the specific nature of the exam will be provided in class.

The assigned final exam date and time are on the UCSD course catalog.

3. Pop quizzes 10%

You should expect a mix of pop-quizzes that will cover the main points of the reading material for that day, as well as the material we've been talking about in class. For the reading-based ones, the quizzes are intended to be fairly easy if you've done the reading, but hard if you haven't — think of them as a commitment device for you to do the reading, and to pay attention in class. Note, we will drop your lowest quiz grade.

4. Class participation and attendance 5%

The quality of remarks, questions, and involvement in lecture will contribute to the final grade.

**Academic integrity:**

Academic dishonesty will not be tolerated. Students are expected to do their own work, as outlined in the UCSD Policy on Integrity of Scholarship. All suspected cases of academic dishonesty will be reported to the Academic Integrity Coordinator. In addition to the penalties imposed by the Academic Integrity Review Board, we also reserve the right to fail students found guilty of academic misconduct.

The following are a few examples of academic dishonesty in this class:

1. Having another student complete an assignment for you or give you answers to specific questions
2. Having someone else take your exam for you
3. Lying about having taken an exam or completed an assignment
4. Sharing information on the content of an exam with others

### **Administrative issues:**

If you have a documented disability, please inform the Professor or the TA immediately. If you believe that you have a disability and desire accommodation, please register with the Office for Students with Disabilities.

UCSD now has automated waitlists. If you have any questions regarding adding the class, please contact the undergraduate advisors in Economics.

### **Textbook:**

- 1.) Weil, David N. 2013. Economic Growth, 3rd edition. New York: Addison Wesley.
- 2.) Easterly, William. 2001. The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics. Cambridge, MA: MIT Press.
- 3.) Koyama, Mark and Jared Rubin. 2022. How the World Became Rich. Cambridge: UK: Polity Press.

These books, in addition to journal articles, constitute the core readings in the course. The book by David Weil is a textbook on Economic Growth and Development. It will provide the theoretical and conceptual basis for the course. Chapters that are required reading will be posted on canvas in the relevant module. The book by William Easterly is a book written for the general public. It is a quick read, and it does a nice job tying economic theory and research to the real world, examining how well economic theories fare when put into practice. The book by Koyama and Rubin gives a nice overview of development from an historical perspective.

### **Overview:**

January 9, 2024: Introduction to economic development

January 11, 2024: Traditional theories of economic growth and development 1

January 16, 2024: Traditional theories of economic growth and development 2

January 18, 2024: Health

January 23, 2024: Education

January 25, 2024: Population growth

January 30, 2024: Technology

February 1, 2024: Governance, institutions, and corruption

February 6, 2024: Leaders

February 8, 2024: IN CLASS MID TERM EXAM

February 13, 2024: Historical determinants of development

February 15, 2024: Geography  
February 20, 2024: Culture 1  
February 22, 2024: Culture 2  
February 27, 2024: Ethnicity  
February 29, 2024: Gender  
March 5, 2024: Foreign aid  
March 7, 2024: External influence  
March 12, 2024: Conflict  
March 14, 2024: Culture and policy

### **Reading List and Class Schedule:**

#### **Week 1**

##### **1. January 9, 2024: Introduction to economic development**

Weil Book, Chapter 1

Easterly Book, Chapter 1

Koyama and Rubin Book, Chapter 1

##### **2. January 11, 2024: Traditional theories of economic growth and development 1**

Harrod-Domar Model, Rostow Stages of Growth, and Lewis Model

Todaro, John P. and Stephen C. Smith (2006), Economic Development. Pearson Addison. Wesley. pp. 104-115.

#### **Week 2**

##### **3. January 16, 2024: Traditional theories of economic growth and development 2**

Solow Model

Weil Book, Chapter 3

Easterly Book, Chapter 3

##### **4. January 18, 2024: Health**

Weil Book, Chapter 6

Miguel, Edward and Michael Kremer. (2004). "Worms: Identifying Impacts on Education and Health in the Presence of Treatment Externalities," *Econometrica*, 72(1): 159-217.

Baird, Sarah, Joan Hamory Hicks, Michael Kremer, and Eduard Miguel. (2016). "Worms at Work: Long-Run Impacts of a Child Health Investment," *Quarterly Journal of Economics*, 4(1): 1637-1680.

### **Week 3**

#### **5. January 23, 2024: Education**

Weil Book, Chapter 6

Easterly Book, Chapter 4

Duflo, Esther. (2001). "Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment," *American Economic Review*, 91(4): 795-813.

Kremer, Michael. (2006). "Randomized Evaluations of Educational Programs in Developing Countries: Some Lessons," *American Economic Review Papers and Proceedings*, 93(2): 102-106.

#### **6. January 25, 2024: Population growth**

Weil Book, Chapter 4

Easterly Book, Chapter 5

Rogall, Thorsten and David Yanagizawa-Drott. (2014). "The Legacy of Political Mass Killings: Evidence from the Rwandan Genocide," Harvard University, working paper.

### **Week 4**

#### **7. January 30, 2024: Technology**

Weil, Chapter 8

Easterly, Chapter 9

Bloom, Nicholas, Benn Eifert, Aprajit Mahajan, David McKenzie, and John Roberts. (2013). "Does Management Matter? Evidence from India," *Quarterly Journal of Economics*, 128 (1): 1-51.

Cristia, Julian. Pablo Ibarra, Santiago Cueto, Ana Santiago, and Eugenio Severin. (2017). "Technology and Child Development: Evidence from the One Laptop Per Child Program" *American Economic Journal: Applied Economics*, 9 (3): 295-320.

## **8. February 1, 2024: Governance, institutions, and corruption**

Weil Book, Chapter 12

Easterly Book, Chapters 11 and 12

Koyama and Rubin Book, Chapter 3.

Reinikka, Ritva, and Jakob Svensson. (2004). "Local Capture: Evidence from a Central Government Transfer Program in Uganda," *Quarterly Journal of Economics*, 119(2): 679-705.

Olken, Benjamin. (2007). "Monitoring Corruption: Evidence from a Field Experiment in Indonesia," *Journal of Political Economy*, 115(2): 200-249.

## **Week 5**

## **9. February 6, 2024: Leaders**

Weil Book, Chapter 12

Easterly Book, Chapter 11

Stackhouse, John, "A Despot's Delight," Chapter 7 in Out of Poverty. Random House Canada, pp. 99-104.

Jones, Ben and Benjamin Olken. (2005). "Do Leaders Matter? National Leadership and Growth since World War II," *Quarterly Journal of Economics*, 120 (3): 835-864.

Duflo, Esther and Raghavendra Chattopadhyay. (2004). "Women as Policy Makers: Evidence from a Randomized Policy Experiment in India," *Econometrica* 72 (5): 1409-1443.

## **10. February 8, 2024: IN CLASS MID-TERM EXAM.**

## **Week 6**

## **11. February 13, 2024: Historical determinants of development**

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

Nunn, Nathan. (2008). "The Long-Term Effects of Africa's Slave Trades," *Quarterly Journal of Economics*, 123(1): 139-176.

Alesina, Alberto, Paola Giuliano and Nathan Nunn. (2013). "On the Origins of Gender Roles: Women and the Plough," *Quarterly Journal of Economics*, 128(2): 469-530.

## **12. February 15, 2024: Geography**

Weil Book, Chapter 15

Koyama and Rubin Book, Chapter 2.

Diamond, Jared. (2002). "Evolution, Consequences and Future of Plant and Animal Domestication," *Nature*, 418 (8): 700-707.

## **Week 7**

## **13. February 20, 2024: Culture 1**

Weil Book, Chapter 14

Henrich, Joseph. 2015. The Secret to our Success: How Culture is Driving Human Evolution, Domesticating our Species, and Making us Smarter, Princeton: Princeton University Press. Chapters 2 & 3.

Giuliano, Paola and Nathan Nunn. (2021). "Understanding Cultural Persistence and Change," *The Review of Economic Studies* (88(4): 1541-1581. **(Sections 1 and 2 required. The rest is not required.)**

Henrich, Joseph, Robert Boyd, Sam Bowles, Colin Camerer, Herbert Gintis, Richard McElreath and Ernst Fehr. (2001). "In search of Homo Economicus: Experiments in 15 Small-Scale Societies," *American Economic Review*, 91(2): 73-79.

## **14. February 22, 2024: Culture 2**

Koyama and Rubin Book, Chapter 4.

Stackhouse, John, "Daddy George," Chapter 6 in Out of Poverty. Random House Canada, pp. 80-98.

Squires, Munir. (2021). "Kinship Taxation as an Impediment to Growth: Experimental Evidence from Kenyan Microenterprises," Working paper, Vancouver School of Economics. **(Not responsible for the model.)**

Nunn, Nathan and Raul Sanchez de la Sierra. (2017). "Why Being Wrong can be Right: magical Warfare Technologies and the Persistence of False Beliefs," *American Economic Review Papers and Proceedings*, 107 (5): 582-587.

## **Week 8**

### **15. February 27, 2024: Ethnicity**

Easterly Book, Chapter 13

Habyarimana, James, Macartan Humphreys, Daniel N. Posner, and Jeremy M. Weinstein. (2007). "Why Does Ethnic Diversity Undermine Public Goods Provision?" *American Political Science Review*, 101(4): 709-725.

Hjort, Jonas. (2014). "Ethnic Divisions and Production in Firms," *Quarterly Journal of Economics*, 129(4): 1899-1946.

### **16. February 29, 2024: Gender**

Bursztyn, Leonardo, Alessandra Gonzalez, and David Yanagizawa-Drott. 2020. "Misperceived Social Norms: Women Working Outside the Home in Saudi Arabia," *American Economic Review*, 110(10): 2997-3029.

Lowes, Sara. (2022). "Matrilineal Kinship and the Family," NBER Working Papers Series.

## **Week 9**

### **17. March 5, 2024: Foreign aid**

Easterly Book, Chapter 6

Nunn, Nathan and Nancy Qian. (2014). "U.S. Food Aid and Civil Conflict," *American Economic Review*, 104 (6): 1630-1666.

Crost, Benjamin, Joseph Felter, and Patrick B. Johnston. (2014). "Aid Under Fire: Development Projects and Civil Conflict," *American Economic Review*, 104 (6): 1833-1856.

### **18. March 7, 2024: External influence**



Easterly, William, Daniel Berger, Nathan Nunn and Shanker Satyanath. (2013). "Commercial Imperialism? CIA Interventions and Trade During the Cold War," *American Economic Review*, 103 (2): 863-896.

Kuziemko, Ilyana and Eric Werker. (2006). "How Much is a Seat on the UN Security Council Worth?" *Journal of Political Economy*, 114: 905-930.

Dreher, Axel, Jan-Egbert Sturm, and James Vreeland. (2009.) "Global Horse Trading: IMF Loans for Votes in the United Nations Security Council" *European Economic Review*, 53: 742-757.

## **Week 10**

### **19. March 12, 2024: Conflict**

Dube, Oeindrila and Juan F. Vargas. (2010). "Commodity Price Shocks and Civil Conflict: Evidence from Colombia," *Review of Economic Studies*, 80 (4):1384-1421.

Miguel, Edward, Shanker Satyanath, and Ernest Sergenti. (2004). "Economic Shocks and Civil Conflict: An Instrumental Variables Approach," *Journal of Political Economy*, 112 (4): 725-53.

Dell, Melissa, and Pablo Querubin. (2018). "Nation Building Through Foreign Intervention: Evidence from Discontinuities in Military Strategies," *Quarterly Journal of Economics*, 133 (2): 701-764.

### **20. March 14, 2024: How can history inform policy?**

Lowes, Sara and Eduardo Montero. 2021. "The Legacy of Colonial Medicine in Central Africa," *American Economic Review*, Vol. 111, No. 4, pp. 1284-1314.

Ashraf, Nava, Natalie Bau, Nathan Nunn, and Alessandra Voena. 2020. "Bride Price and Female Education," *Journal of Political Economy*, 128 (2): 591-641.