

Poverty and Development

PSC/IR 255

Spring 2018 Syllabus

Professor:

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Office: HARK 320B
Hours: Wed 10:00-12:00

Teaching Assistant:

TBD

Classroom & Time: Dewey 1-101, TR 11:05-12:20

Course Overview

Why are some countries poor, while others enjoy a high standard of living? Why some enjoy stability and freedoms, while others suffer with corruption, repression and violence? Why countries stagnate or decline in their economic development. This course is designed to provide a broad theoretical framework for thinking about these problems, focusing on the political and institutional causes of differences in economic development across countries.

Lectures and Readings

There is no textbook for this course. Most readings will come from recent academic papers on the subject, and those are available for download at the library website. Book chapters that are not available for download will be posted on blackboard.

Readings marked with an * are "required", which means that any component of them could appear in the exams. The other readings are "recommended", which means that they are relevant to the subject in question, and have some "testable" components, as long as I talk about them in the lectures. The lectures will focus on the main ideas being presented by each paper. Many of the readings, however, are quite technical. Here are a few tips on how to better read academic papers in this course:

1. Focus on the main idea. What is the research question being answered? How does it fit in the themes discussed so far in the course? How does it relate to the other readings? These components are usually well summarized in the first few pages of the paper.
2. Every empirical paper has a section explaining the context for the case study (i.e., details of the policy being evaluated, details on the country in question, etc.). Read this part carefully, so you can understand what the researcher is doing. Do not dwell on specific events, but think about how information from the case study provides insight into the broader themes of the course.
3. The empirical methodology or the mathematical model, when present, can be quite challenging. Do not focus on this part. When necessary or relevant, I will provide accessible explanations during the lectures. This means, however, that you might face questions on the intuition of the statistical analysis or models in the exams (as long as I talk about it in the lectures).
4. In order to understand quantitative results in a paper, focus on the conclusion.
5. Be prepared. If you do not read in advance, you might not be able to follow the lectures.

Assessment and Grading (for details on the W section, see the last page)

There will be four in-class exams with 2-3 essay questions each. These will be taken from a list of 4-5 questions that I will distribute (on blackboard) the day before each exam. The exams will last 60 minutes, and the material for each exam is non-cumulative. The weight of each exam in the final grade is as follows: lowest grade (5%), highest grade (45%), the remaining two (25% each).

Letter grades will be assigned as follows:

| | |
|------|----------|
| A | 93-100 |
| A- | 85-92 |
| B+ | 80-84 |
| B | 75-79 |
| B- | 70-74 |
| C+ | 66-69 |
| C | 63-66 |
| C- | 60-62 |
| D+ | 56-59 |
| D | 53-55 |
| D- | 50-52 |
| Fail | below 50 |

In the exams, provide clear and concise arguments. A good answer would include your opinion, based on a thoughtful analysis of the theory and evidence presented in the readings and lectures. The more you prepare in advance, the better you will do in the exams. Also, prepare your OWN answers in advance (see academic honesty below). The grade for students missing exams will be zero. If a true emergency arises, contact me before the exam. If I determine that the excuse is justifiable, then we'll reschedule a make-up exam.

Academic Honesty

Tempted to cheat? Don't do it. Fortunately, there are few possible opportunities for cheating in this course. Students are encouraged to talk to each other about the readings, and to study them together. The only exception is that students are NOT ALLOWED to share written answers to potential exam questions preceding each exam. Students should prepare their own answers. Attempting to plagiarize someone else's work in the exam (and in life!) will only make your own answers to appear shallow, weak and unoriginal. The university's academic honesty policy can be found at: <http://www.rochester.edu/college/honesty>.

Anything else

If any of this is unclear or if there are other relevant details for your situation, please contact me sooner rather than later. If you have a disability for which you may request an academic accommodation, you are encouraged to contact both myself and the access coordinator for your school to establish eligibility for academic accommodations (please see <https://www.rochester.edu/disability/students.html>). I hope this course will be an enjoyable experience for everyone.

Schedule and Readings

Jan 18 Introductory Class (Syllabus discussion)

Introduction

Jan 23 Rodrik, D. (2013). The Past, Present, and Future of Economic Growth. Global Citizen Foundation Working Paper 1 (2013). Up to Section 2

Easterly, W (2002). *The Elusive Quest for Growth* Cambridge: Harvard University Press. Chapters 1-3.

Todaro, M. P., Smith S. (2015) *Economic Development* (12th edition) New York: Pearson Addison Wesley. Chapter 3.

Jan 25 Acemoglu, D., Robinson, J. (2012). *Why nations fail: the origins of power, prosperity, and poverty* (Vol. 4). New York: Crown Business. Chapters 1-3.

Acemoglu, D., Johnson, S., Robinson, J. (2006). Institutions as a Fundamental Cause of Long-Run Growth. *Handbook of Economic Growth*, Aghion, P. and Durlauf, S., eds. Amsterdam; North-Holland. Pages 1-20.

Acemoglu, D., Dell, M. (2010). Productivity Differences between and within Countries. *American Economic Journal: Macroeconomics*, 2(1), 169-88.

Part I. The Historical Legacy of the West

Jan 30 *Acemoglu, D., Johnson, S., & Robinson, J. A (2001). "The Colonial Origins of Comparative Development: An Empirical Investigation." *The American Economic Review*, 91(5), 1369-1401.

Feb 01 *Iyer, L., Banerjee, A. (2005). History, Institutions, and Economic Performance: The Legacy of Colonial Land Tenure Systems in India. *American Economic Review*, 95(3), 1190-1213.

Feb 06 *Dell, M. (2010). The persistent effects of Peru's mining mita. *Econometrica* 78(6): 1863-1903.

Dell, M., Lane N., Querubin P. (2016). State Capacity, Local Governance, and Economic Development in Vietnam. Working Paper.

Feb 08 *Nunn, N. and L. Wantchekon (2011). The Slave Trade and the Origins of Mistrust in Africa. *American Economic Review* 7:3221-52.

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

Feb 13 *Nunn, N., and N. Qian (2014). U.S. Food Aid and Civil Conflict. *American Economic Review* 1630-1666

Feb 15 EXAM 1

Part II. Geography, Natural Resources and Conflict

- Feb 20 *Engerman, S., Sokoloff K. (2000). Institutions, Factor Endowments, and Paths of Development in the New World. *Journal of Economic Perspectives* 14(3): 217-232.
- *Easterly, W. (2007). Inequality Does Cause Underdevelopment. *Journal of Development Economics* 84 (2): 755-776
- Easterly, W., Levine R. (2003). Tropics, germs, and crops: the role of endowments in economic development. *Journal of Monetary Economics* 50(1): 3-39
- Feb 22 *Acemoglu, D., Johnson, S., Robinson, J. (2002). Reversal of fortune: Geography and institutions in the making of the modern world income distribution. *Quarterly journal of economics* 1231-1294
- Rodrik, D. Subramaniam A., Trebbi F. (2004). Institutions Rule: The primacy of institutions over Geography. *Journal of Economic Growth* 9(2): 131-165
- Feb 27 *Dell, M., Jones, B. F., Olken, B. A. (2012). Temperature shocks and economic growth: Evidence from the last half century. *American Economic Journal: Macroeconomics*, 4(3), 66-95.
- Mar 01 *Robinson, J.A., Torvik, R., Verdier, T. (2006). Political foundations of the resource curse. *Journal of Development Economics* 79:447-468 (read 447-451)
- Ross, M. (1999). Review: The Political Economy of the Resource Curse. *World Politics* 51(2): 297-322.
- Mar 06 *Dube, O., Vargas, J. (2013). Commodity Price Shocks and Civil Conflict: Evidence from Colombia. *Review of Economic Studies* 80: 1384-1421
- Mar 08 EXAM 2

Spring Break

- Mar 13 No class
- Mar 15 No class

Part III. Democracy, Corruption, Political Accountability and Patronage

- Mar 20 *Acemoglu, D., Robinson, J. (2006). *Economic Origins of Dictatorship and Democracy* Cambridge University Press. Pages 1-43.
- Aghion, P., Alesina, A., Trebbi, F. (2007). *Democracy, Technology, and Growth*. NBER Working Paper.
- Mar 22 *Olken, B. (2007). Monitoring Corruption: Evidence from a Field Experiment in Indonesia. *Journal of Political Economy* 115: 200-249
- Mar 27 *Ferraz, C., Finan, F. (2011). Electoral Accountability and Corruption: Evidence from the Audits of Local Governments. *American Economic Review* 101(4): 1274-1311.
- Mar 29 *Anderson, S., Francois P., Kotwal A. (2015). Clientelism in Indian Villages. *American Economic Review* 105(6): 1780-1816. (read 1780-1790, 1810-1815)
- Apr 03 *Frey, A. (2015). Cash Transfers, Clientelism, and Political Enfranchisement: Evidence from Brazil. Working paper.

Apr 05 No class
Apr 10 EXAM 3

Part IV. Culture, Gender, Ethnicity and Religion

Apr 12 *Tabellini, G. (2010). Culture and Institutions: Economic Development in the Regions of Europe. *Journal of the European Economics Association* 8(4): 677-716
Nunn N. (2012). Culture and the Historical Process. *Economic History of Developing Regions* 27: 108-126.

Apr 17 *Greif, A. (1991). Cultural Beliefs and the Organization of Society: A Historical and Theoretical Reflection on Collectivist and Individualist Societies. *Journal of Political Economy* 102(5): 912-950
Algan, Y., Cahuc, P. (2010). Inherited Trust and Growth. *American Economic Review* 100(5): 2060-92.

Apr 19 *Chattopadhyay, R., Duflo, E. (2004). Women as policy makers: Evidence from a Randomized Policy Experiment in India. *Econometrica* 72(5): 1409–1443.

Apr 24 *Alesina, A., La Ferrara, E. (2005). Ethnic Diversity and Economic Performance. *Journal of Economic Literature* 43: 762-800
Habyarimana, J., Humphreys M., Posner D., Weinstein, J. (2007). Why Does Ethnic Diversity Undermine Public Goods Provision? *American Political Science Review* 101 (4): 709-725

Apr 28 *Daniel, B., Choi, J., Fisher, G. (2015). Religious Identity and Economic Behavior. Working paper
Barro, R., McCleary, R. (2002). Religion and Political Economy in an International Panel. NBER Working Paper No. 8931

May 01 EXAM 4

For W Students Only

There will be a final paper of 10-12 pages, which will represent 25% of the final grade (the average of the exams will represent 75% of the grade). The paper provides students with an opportunity to examine the topics discussed in class from the in-depth perspective of one or several empirical cases of their choosing. The paper will require W students to cite at least six academic sources not among assigned readings.

The topic is your choice, as long as it is somewhat related to the topic of this course. The paper should roughly be comprised of four main components:

- (1) Introduction. It is where you state the research question that you intend to answer, or ponder on. In the introduction the idea is to convince readers that your question is interesting and relevant;
- (2) Context. Here you will provide enough information on the context of the question. For example, if your question is specific to a certain country and/or period of time. Some information is required for the readers to understand the paper;
- (3) Literature review. It is where you summarize what other people have said about the question you've posed. This is the body of the paper;
- (4) Your personal view on the subject. This is more or less like a conclusion, where you comment on the answers provided by the literature you've reviewed, and weight in with your thoughts.

The paper should be written in font size 12, one-half line spacing, and no more than 10 pages including a page with bibliographical references at the end (cover page does not count). In the text, you should cite at least 6 academic works that are not part of the literature being reviewed in the lectures. Cite with the following format (Frey, 2015), and include the full reference in the bibliography.

Deadlines:

Anytime before Feb 28, please come to my office hours with your proposed idea. We'll talk about it, and I might give you some recommendations for the literature. A first draft of the paper is due on April 15, by email. After that, we'll get together again to discuss potential improvements for the final version. The final version is due May 2, by email.