

Development Economics  
ECONOMICS EC3325B  
Department of Economics  
Western University

January 2023

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**Office Hours:** M/W 8:30-9:30.

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

**Classroom meeting time(s) & location:** M 11:30-12:30, W 10:30-12:30, AHB 1B06

**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 are 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 (35%), Homework (15%), Class participation (10%), and a Final exam (40%)

**Exams:** The midterm will be in class on Wednesday, February 15 (tentative). The final exam date and time is TBA. The exams will be closed book and closed note, and electronics free. The final exam will be cumulative with an emphasis on more recent material. There will be no make-up midterm exam. If a student misses the midterm due to sickness or other acceptable excuse the student must present an official document justifying the absence and the weight of the midterm 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 January 25, February 13, March 22, and April 10. 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.

### **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.

### **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 Economic 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.

#### Agriculture in Development

- “The Role of Agriculture in Development,” Gollin, Parente, and Rogerson, *AEA Papers and Proceedings*, May 2002.

- Read Sections 1 and 2 of: “Farm work, home work and international productivity differences,” Gollin, Parente, and Rogerson, *Review of Economic Dynamics*, 7, 2004.

**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.

**Please Note**  
**Department & University Policies for Winter 2023**

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

1. **Guidelines, policies, and your academic rights and responsibilities** are posted online in the current Western Academic Calendar at: <http://westerncalendar.uwo.ca>. Claiming that “you didn’t know what to do” is not an acceptable excuse for not following the stated policies and procedures.
2. Students must familiarize themselves with the “**Rules of Conduct for Examinations**” [http://www.uwo.ca/univsec/pdf/academic\\_policies/exam/administration.pdf](http://www.uwo.ca/univsec/pdf/academic_policies/exam/administration.pdf).
3. **Cheating as an academic offence:** Students are responsible for understanding what it means to “cheat.” The Department of Economics treats cheating incidents 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 other Economics courses or programs. The University may impose further penalties such as suspension or expulsion.
4. **Plagiarism:** Students must write their essays and assignments in their own words. When taking an idea/passage from another author, it must be acknowledged with quotation marks where appropriate and referenced with footnotes or citations. Plagiarism is an academic offence (see Scholastic Discipline for Undergraduate Students in the Western Calendar at [http://westerncalendar.uwo.ca/PolicyPages.cfm?Command=showCategory&PolicyCategoryID=1&SelectedCalendar=Live&ArchiveID=#Page\\_20](http://westerncalendar.uwo.ca/PolicyPages.cfm?Command=showCategory&PolicyCategoryID=1&SelectedCalendar=Live&ArchiveID=#Page_20)).

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.

5. It is a Department of Economics policy that **NO** assignments be dated, stamped or accepted by staff. Students must submit assignments to the instructor.
6. **Appeals:** University policies and procedures for appealing a mark can be found in the Student Academic Appeals section in the current Western Academic Calendar at: [http://westerncalendar.uwo.ca/PolicyPages.cfm?Command=showCategory&PolicyCategoryID=1&SelectedCalendar=Live&ArchiveID=#Page\\_14](http://westerncalendar.uwo.ca/PolicyPages.cfm?Command=showCategory&PolicyCategoryID=1&SelectedCalendar=Live&ArchiveID=#Page_14). **Please note the relevant deadlines.**

Department of Economics procedures for appealing a mark can be found here: [https://economics.uwo.ca/undergraduate/program\\_counselling/responsibilities\\_policies.html#appeals](https://economics.uwo.ca/undergraduate/program_counselling/responsibilities_policies.html#appeals). 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 proceed to submit an appeal to [econugrd@uwo.ca](mailto:econugrd@uwo.ca). Please follow the instructions and use the appeal form shown in the above link.

7. **Systematic adjustments of a class grade distribution** (either up or down) can occur in Economics courses. The fact that grades have been adjusted is **not** grounds for an appeal.
8. Note the following **add and drop deadlines**:
  - Deadline to add a second term half course: **Tuesday, January 17, 2023**
  - Deadline to drop a second term half course: **Tuesday, March 7, 2023**

### **Policy Regarding Makeup Tests and Final Examinations**

Faculty of Social Science policy states that oversleeping or misreading an exam schedule is NOT grounds for a makeup. This rule applies to midterm and final exams in the Department of Economics.

### **Policies Regarding Academic Accommodation**

- Academic accommodation will not be granted automatically on request. Students must demonstrate by documentation that there are compelling medical or compassionate grounds before academic accommodation will be considered. The Faculty of Social Science's policies on academic accommodation are found at [https://counselling.ssc.uwo.ca/procedures/academic\\_consideration.html](https://counselling.ssc.uwo.ca/procedures/academic_consideration.html)
- **Accommodation for Students with Disabilities:** Students with disabilities or accessibility challenges should work with Accessible Education (formerly SSD, see [http://academicsupport.uwo.ca/accessible\\_education/index.html](http://academicsupport.uwo.ca/accessible_education/index.html)), 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](#).
- **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. Students must also book travel arrangements AFTER final exam dates have been posted as they must not conflict with test or final exams.
- Unless medically incapable of doing so, students must notify their instructor prior to the test date or at least within **24 hours** when requesting a makeup exam. Failure to follow this procedure may result in denial of academic accommodation and a grade of zero. Students should also set up an appointment as soon as possible to meet with their instructor. If the instructor is not available, send an email message to the instructor, copying the Undergraduate Coordinator at [econugrd@uwo.ca](mailto:econugrd@uwo.ca). **Notifying instructors of a missed exam does not automatically entitle students to a makeup.**

- For medical illnesses, students may consult Student Health Services and request a Student Medical Certificate from the physician. If assessed by an off-campus doctor, students must obtain a certificate from his/her office at the time of the visit/assessment. Student Medical Certificate (SMC) is available here:  
[https://www.uwo.ca/univsec/pdf/academic\\_policies/appeals/medicalform.pdf](https://www.uwo.ca/univsec/pdf/academic_policies/appeals/medicalform.pdf)
- **Documentation for Accommodation:** 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.
- **Western University policy on Consideration for Student Absence** is available here:  
[https://counselling.ssc.uwo.ca/procedures/probation\\_rtw/appeals.html](https://counselling.ssc.uwo.ca/procedures/probation_rtw/appeals.html)
- **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.

### **Statement on Remote Proctoring:**

While Western intends to hold most classes, mid-terms and finals in-person, the London-Middlesex Health unity may require western to teach in a remote format. If this occurs, all assessments will be done remotely and may involve the use of remote proctoring software (i.e., Proctorio, ProctorTrack). Instructors will provide information on the details should the need arise.