

Natural Resources and International Economic Development

AAEC 5309

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Classroom: Ag 308

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Class Hours: TR 2:00 - 3:20 pm

Office Hours: By Appointment

Course Description

This course investigates why some nations are rich while others are poor. Its goal is to provide you with a framework for exploring this question and to examine "answers" that economists have offered in response to it. The focus of the material is on the central ideas and debates about economic development in the broader literature, but those ideas will also be applied more specifically to agriculture and natural resources. We will also spend time applying these ideas to regional development issues. A second aim of this course is to help you develop the skills required to generate original research in the field of development economics. Towards this end, you will internalize important prevailing strands in the existing literature and work on developing, organizing, and conveying original insights that build on these ideas through written work.

This course is discussion based. I will assign readings ahead of each class period. It is imperative to do the readings and come to class prepared to discuss them.

Expected Learning Outcomes

1. Understand the foundations of economic wealth and poverty.
2. Engage with various debates within the development literature such as those dealing with institutions, natural resources, foreign aid, migration, and policy.
3. Be able to synthesize existing ideas about economic development in the literature and build on these ideas to generate novel contributions to this literature.

Required Texts

All readings will be on JSTOR or on the course Blackboard page. They are also all linked below.

Grading

Your grade is based on class participation (30%), three short papers (30%), presentations (10%), and a final research paper (30%).

- Short Paper 1 - February 2 - (10%)
- Short Paper 2 - March 2 - (10%)
- Short Paper 3 - April 20 - (10%)
- Final Research Paper - May 5 - (30%)
- Presentations - (10%)
- Class Participation - (30%)

Short Papers & Final Research Paper

There will be three (3) short papers due throughout the semester and then a final research paper. The short papers should be about 5-7 pages (excluding references). The final research paper has no arbitrary page minimum but is expected to be (and will be graded relative to the ideal of) the first draft of a publishable academic journal article.

Each of the short papers will be designed as a proposal for the final research paper. In other words, outline a research project you would like to pursue and defend it as interesting, novel, and relevant to the existing literature. You should also outline the available data if your idea is empirical. Though proposals, these papers should look, read, and "feel" like academic journal articles.

One of your shorter papers should be the basis for your final research paper. A rough draft of your final paper is due April 25th. This rough draft will not be graded, but it will allow me to give you comments before turning in the final version on May 5th.

Short papers should be emailed to me before 11:59 PM on their due dates. The final paper will be due by email by 11:59 PM on May 5th. Late assignments will not be accepted.

Presentations

Each week following your short paper submissions, you will each do a 5-10 minute "elevator pitch" presentation based on your short paper idea. The idea is to be able to convey your general research idea to an audience that has not read your proposal. (Worth 5% of your grade.)

We will use the last two class sessions for final research paper presentations. You will each do a 15-minute conference style presentation summarizing your research paper. Each presentation will be followed by a 5-10 minute Q&A session from the audience. Participation in this Q&A session will also count towards class participation. If we have too many students, we will use our final exam slot (May 5) to finish presentations. (Worth 5% of your grade.)

Class Participation

Each week you will submit 2 questions on Blackboard related to the required reading for the week. Questions should be substantive (25-100 words each including setup). They will be due Monday night (by 11:59 PM). Each question should cover a different reading. In addition, since this class is held twice weekly, you should submit 1 question per class session (one for Tuesday, one for Thursday). For weeks where there is only one discussion based class, your 2 questions may cover different readings from the same class session.

Each set of questions will be graded based on two criteria: evidence that you have done the reading and thoughtfulness. Good questions will be circulated at the beginning of class to stimulate discussion.

You are also expected to participate in discussions following research presentations of other students.

Tips on Reading

1. What is the main point / argument / take away? 2. What is the evidence offered in support? 3. How appropriate is the argument / evidence? 4. Does the statistical analysis make sense? 5. Biggest strength / Biggest weakness? 6. Can you think of extensions or refutations? 7. What would you have done differently? 8. What new ideas have you come up with from reading the paper?

Readings & Schedule

** Indicates required reading. All other readings are optional.

1. Introduction and Perspectives - January 12

- ** Easterly (2001). "Chapter 3: Solow's Surprise: Investment is Not the Key to Growth" in *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics*, pp. 47-69.
- ** Banerjee and Duflo (2007). "The Economic Lives of the Poor" *Journal of Economic Perspectives* 21, 141-167.
- **Optional Readings**
- Jones (2015). "The Facts of Economic Growth" NBER Working Paper Series No. 21142.
- Lucas (1990). "Why Doesn't Capital Flow from Rich to Poor Countries?" *American Economic Review* 80(2), 92-96.

2. Economic Development in the Long, Long Run - January 17 & 19

- **Tuesday, January 17**
- ** Nunn (2009). "The Importance of History for Economic Development" *Annual Review of Economics* 1, 65-92
- ** Spolaore and Wacziarg (2013). "How Deep Are the Roots of Economic Development?" *Journal of Economic Literature* 51, 325-369.
- **Thursday, January 19**
- ** Putterman (2008). "Agriculture, Diffusion, and Development: Ripple Effects of the Neolithic Revolution" *Economica* 729 - 748.
- ** Fiszbein (2022). "Agricultural Diversity, Structural Change, and Long-Run Development: Evidence from the United States. *American Economic Journal: Macroeconomics* 14(2), 1-43.
- **Optional Readings**
- Spolaore and Wacziarg (2009). "The Diffusion of Development" *The Quarterly Journal of Economics* 124: 469-529.
- Comin, Easterly, and Gong (2010). "Was the Wealth of Nations Determined in 1000 B.C.?" *American Economic Journal: Macroeconomics* 2: 65-97.
- Putterman and Weil (2010). "Post-1500 Population Flows and The Long-Run Determinants of Economic Growth and Inequality" *Quarterly Journal of Economics* 125: 1627-1682.
- Galor and Ozak (2016). "The Agricultural Origins of Time Preference" *American Economic Review* 106, 3064-3103.
- Bologna Pavlik and Young (2019). "Did Technology Transfer More Rapidly East-West than North-South?" *European Economic Review* 119: 216-235.
- Franck and Galor (2021). "Flowers of Evil? Industrialization and Long Run Development" *Journal of Monetary Economics* 117, 108-128.

3. Institutions and Development & The Long, Long Run - January 24 & 26

- **Tuesday, January 24**
- ** Acemoglu, Johnson, and Robinson (2001). "The Colonial Origins of Comparative Development: An Empirical Investigation" *American Economic Review* 91(5), 1369-1401.
- ** Dell (2010). "The Persistent Effects of Peru's Mining Mita" *Econometrica* 78(6), 1863-1903.
- **Thursday, January 26**
- ** Acemoglu, Egorov, and Sonin (2020). "Institutional Change and Institutional Persistence" NBER: Working Paper Series No. 27852.
- ** Bugge and Nafziger (2021). "The Slow Road from Serfdom: Labor Coercion and Long-Run Development in the Former Russian Empire" *The Review of Economics and Statistics* 103(1), 1-17.
- **Optional Readings**
- La Porta, Lopez-de-Silanes, Shleifer, and Vishny (1999). "The Quality of Government" *Journal of Law, Economics and Organization* 15: 222-79.
- Glaeser, La Porta, and Lopez-de-Silanes (2004). "Do Institutions Cause Growth?" *Journal of Economic Growth* 9: 271-303.
- Naritomi et al. (2012). "Institutional Development and Colonial Heritage within Brazil" *Journal of Economic History* 30(2), 393-422.
- Bologna Pavlik and Young (2021). "The Legacy of Representation in Medieval Europe for Incomes and Institutions Today" *Southern Economic Journal* 88(1), 414-448.

4. Economic Institutions - January 31

- ** Acemoglu, Johnson, and Robinson (2005). "Institutions as a Fundamental Cause of Long-Run Growth," *Handbook of Economic Growth*. (pgs. 396-421 only).
- ** Hornbeck (2010). "Barbed Wire: Property Rights and Agricultural Development" *Quarterly Journal of Economics* 125: 767-810.
- ** Flachaire, Garcia-Penalosa, and Konte (2014). "Political versus Economic Institutions in the Growth Process" *Journal of Comparative Economics* 42: 212-229.
- **Optional Readings**
- Hall and Lawson (2014). "Economic Freedom: An Accounting of the Literature" *Contemporary Economic Policy* 32.
- Geloso and Pavlik (2021). "Economic Freedom and the Economic Consequences of the 1918 Pandemic" *Contemporary Economic Policy* 39(2), 255-263.
- Grier and Grier (2021). "The Washington Consensus Works: Causal Effects of Reform" *Journal of Comparative Economics* 49(1), 59-72.

5. Political Institutions - February 2

- **Short paper # 1 due by 11:59 PM on February 2nd.**
- ** Acemoglu, Naidu, Restrepo, and Robinson (2019). "Democracy Does Cause Growth" *Journal of Political Economy* 127, 47-100.
- ** Guriev and Papaioannou (2022). "The Political Economy of Populism" *Journal of Economic Literature* 60(3), 753-832.

- **Optional Readings**

- Weingast, B. (1995). "The Economic Role of Political Institutions: Market-Preserving Federalism and Economic Development" *Journal of Law, Economics and Organization* 11: 1-31.
- Acemoglu, Johnson, and Robinson (2005). "Institutions as a Fundamental Cause of Long-Run Growth" *Handbook of Economic Growth* (pgs. 448-462 only).
- Acemoglu and Johnson (2005). "Unbundling Institutions" *Journal of Political Economy* 113: 949-995.

6. Short Paper Presentations - Feb 7

7. State Capacity - February 9

- ** Besley and Persson (2009). "The Origins of State Capacity: Property Rights, Taxation, and Politics" *American Economic Review* 99, 1218-1244.
- ** Besley (2020). "State Capacity, Reciprocity, and the Social Contract" *Econometrica* 88(4), 1307-1335.
- **Optional Readings**
- Besley and Persson (2010). "State Capacity, Conflict, and Development" *Econometrica* 78, 1-34.
- Johnson and Koyama (2017). "States and Economic Growth: Capacity and Constraints" *Explorations in Economic History* 64, 1-20.
- Bologna Pavlik and Young (2020). "Medieval European Traditions in Representation and State Capacity Today" *Economics of Governance* 21, 133-186.

8. Institutional Reform - Feb 14 & 16

- **Tuesday, February 14**

- ** Roland (2004). "Understanding Institutional Change: Fast Moving and Slow-Moving Institutions" *Studies in Comparative International Development* 38, 109-131.
- ** Billmeier and Nannicini (2013). "Assessing Economic Liberalization Episodes: A Synthetic Control Approach" *The Review of Economics and Statistics* 95(3), 983-1001.
- ** David-Barret and Fazekas (2020). "Anti-corruption in Aid-Funded Procurement: Is Corruption Reduced or Merely Displaced?" *World Development* 132, 105000.

- **Thursday, February 16**

- ** Rodrik and Wacziarg (2005). "Do Democratic Transitions Produce Bad Economic Outcomes?" *American Economic Review* 95, 50-55.
- ** Acemoglu and Robinson (2013). "Economics versus Politics: Pitfalls of Policy Advice" *Journal of Economic Perspectives* 27: 173-192.
- ** Waldner and Lust (2018). "Unwelcome Change: Coming to Terms with Democratic Backsliding" *Annual Review of Political Science* 21, 92-113.
- **Optional Readings**
- Berkowitz, Pistor, and Richard (2003). "The Transplant Effect," *The American Journal of Comparative Law*. 51: 163-203.
- Persson and Tabellini (2006). "Democracy and Development: The Devil is in the Details" *American Economic Review* 96(2), 319-324.

9. Immigration - February 21 & 23

- **Tuesday, February 21**

- ** Clemens (2011). "Economics and Emigration: Trillion-Dollar Bills on the Sidewalk?" *Journal of Economic Perspectives* 25, 83-106.
- ** Borjas (2015). "Immigration and Globalization: A Review Essay" *Journal of Economic Literature* 53(4), 961-974.

- **Thursday, February 23**

- ** Powell et al. (2017). "Does Mass Immigration Destroy Institutions? 1990s Israel as a Natural Experiment" *Journal of Economic Behavior & Organization* 141, 83-95.
- ** Forrester et al. (2019). "Do Immigrants Import Terrorism?" *Journal of Economic Behavior & Organization* 166, 529-543.
- ** Alesina et al. (2022). "Immigration and Redistribution" *The Review of Economic Studies*.

10. Regional Development Introduction - February 28

- ** Irwing, Isserman, Kilkenny, and Partridge (2010). "A Century of Research on Rural Development and Regional Issues" *American Journal of Agricultural Economics* 92, 522-553.
- ** Turner, Tamura, and Mulholland (2013). "How Important are Human Capital, Physical Capital, and Total Factor Productivity for Determining State Economic Growth in the United States, 1840-2000?" *Journal of Economic Growth* 18, 319-371.
- **Optional Readings**
- Ganong and Shoag (2017). "Why Has Regional Income Convergence in the U.S. Declined?" *Journal of Urban Economics* 102, 76-90.

11. Regional Development Policy - March 2

- **Short Paper # 2 due by 11:59 PM on March 2nd.**
- ** Murphy (2016). "Economic Freedom of North America at State Borders" *Journal of Institutional Economics* 12, 885-893.
- ** Ehrlich and Seidel (2018). "The Persistent Effects of Place-Based Policy: Evidence from the West-German Zonenrandgebiet" *American Economic Journal: Economic Policy* 10, 344-374.
- ** Givord, Quantin, and Trevien (2018). "A Long-Term Evaluation of the First Generation of French Urban Enterprise Zones" *Journal of Urban Economics* 105, 149-161.
- **Optional Readings**
- Barca, McCann, and Rodriguez-Pose (2012). "The Case for Regional Development Intervention: Place-Based Versus Place-Neutral Approaches" *Journal of Regional Science* 52, 134-152.
- Neumark and Simpson (2014). "Place-Based Policies" NBER Working Paper No. 20049.
- Grossman (2019). "The Unintended Effects of Place Based Programs: Fertility and Health Effects of Urban Empowerment Zones" *Journal of Health Economics* 63, 114-127.

12. Short Paper Presentations - March 7

13. Regional Development & Natural Resources - March 9

14. ** Jacobsen and Parker (2016). "The Economic Aftermath of Resource Booms: Evidence from Boomtowns in the American West" *The Economic Journal* 126: 1092-1128.

15. ** Douglas and Walker (2017). "Coal Mining and the Resource Curse in the Eastern United States" *Journal of Regional Science* 57: 568-590.

16. Spring Break - March 14/16**17. Corruption - Consequences - March 21/23**

- **Tuesday, March 21**

- ** Shleifer and Vishny (1993). "Corruption" *The Quarterly Journal of Economics* 108, 599-617.

- ** Olken and Barron (2009). "The Simple Economics of Extortion: Evidence from Trucking in Aceh" *Journal of Political Economy* 117, 417-452.

- **Thursday, March 23**

- ** Weaver (2021). "Jobs for Sale: Corruption and Misallocation in Hiring" *American Economic Review* 111(10), 3093-3122.

- ** Colonnelli & Prem (2022). "Corruption & Firms" *The Review of Economic Studies* 89(2), 695-732.

- **Optional Readings**

- Ades and Di Tella (1999). "Rents, Competition, and Corruption," *American Economic Review* 89: 982-993.

- Olken and Pande (2012). "Corruption in Developing Countries," *Annual Review of Economics* 4: 479-509.

- Alexeev and Song (2013). "Corruption and Product Market Competition: An Empirical Investigation" *Journal of Development Economics* 103: 154-166.

- Bologna (2016). "Corruption, Product Market Competition, and Institutional Quality: Empirical Evidence from the U.S. States" *Economic Inquiry* 55: 137-159.

- Bologna Pavlik (2017). "Corruption: The Good, the Bad, and the Uncertain" *Review of Development Economics* 22: 311-332.

- Colonnelli et al. (2022). "Revealing Corruption: Firm and Worker Level Evidence from Brazil" *Journal of Financial Economics* 143(3), 1097-1119.

18. Corruption - Causes/Reform - March 28/30

- **Tuesday, March 28**

- ** Ferraz and Finan (2011). "Electoral Accountability and Corruption: Evidence from the Audits of Local Governments" *American Economic Review* 101(4), 1274-1311.

- ** Avis, Ferraz, and Finan (2018). "Do Government Audits Reduce Corruption? Estimating the Impacts of Exposing Corrupt Politicians" *Journal of Political Economy* 126, 1912-1964.

- **Thursday, March 30**

- ** Enikolopov et al. (2018). "Social Media and Corruption" *American Economic Journal: Applied Economics* 10(1), 150-175.

- ** Ajzenman (2021). "The Power of Example: Corruption Spurs Corruption" *American Economic Journal: Applied Economics* 13(2), 230-257.
- **Optional Readings**
- Ferraz and Finan (2008). "Exposing Corrupt Politicians: The Effect of Brazil's Publicly Released Audits on Electoral Outcomes" *Quarterly Journal of Economics* 123 (2), 703-745.
- Brollo et al. (2013). "The Political Resource Curse" *American Economic Review* 103(5), 1759-1796.
- Avis et al. (2022). "Money and Politics: The Effects of Campaign Spending Limits on Political Entry and Competition" *American Economic Journal: Applied Economics* 14(4), 167-199.

19. Foreign Aid - April 4 & 6

- **Tuesday, April 4**
- ** Easterly (2003). "Can Foreign Aid Buy Growth?" *Journal of Economic Perspectives* 17: 23-48.
- ** Skarbek and Leeson (2009). "What Can Aid Do?" *Cato Journal* 29: 391-397.
- ** Dreher et al. (2021). "Aid, China, and Growth: Evidence from a New Global Development Finance Dataset" *American Economic Journal: Economic Policy* 13(2), 135-174.
- **Thursday, April 6**
- ** Jones and Tarp (2016). "Does Foreign Aid Harm Political Institutions?" *Journal of Development Economics* 118: 266-281.
- ** Isaksson and Kotsadam (2018). "Chinese Aid and Local Corruption" *Journal of Public Economics* 159: 146-159.
- ** Anderson et al. (2022). "Elite Capture of Foreign Aid: Evidence from Offshore Bank Accounts" *Journal of Political Economy* 130(2), 388-425.
- **Optional Readings**
- Burnside and Dollar (2000). "Aid, Policies, and Growth" *American Economic Review* 90 (4): 847-868.
- Easterly, Levine, and Roodman (2004). "Aid, Policies, and Growth: Comment" *American Economic Review* 94: 774-780.
- Young and Sheehan (2014). "Foreign Aid, Institutional Quality, and Growth" *European Journal of Political Economy* 36: 195-208.
- Bologna Pavlik and Young (2021). "Sorting Out the Aid-Corruption Nexus" *Journal of Institutional Economics* 18(4), 637-653.

20. Natural Resources - April 11 & 13

- **Tuesday, April 11**
- ** Acemoglu, Johnson, and Robinson (2002). "Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution" *Quarterly Journal of Economics* 117: 1231-1294.
- ** Sachs (2003). "Institutions Don't Rule: Direct Effects of Geography on Per Capita Income" NBER Working Paper No. 9490.

- ** Ross (2015). "What Have We Learned About the Resource Curse?" *Annual Review of Political Science* 18: 239-259.
- Gallup, Sachs, and Mellinger (1999). "Geography and Economic Development" *International Regional Science Review* 22(2): 179-232.
- Rodrik, Subramanian, and Trebbi (2004). "Institutions Rule: The Primacy of Institutions Over Geography and Integration in Economic Development" *Journal of Economic Growth* 9, 131-165.
- **Thursday**
- **Bhattacharyya and Hodler (2010). "Natural Resources, Democracy, and Corruption" *European Economic Review* 54, 608-621.
- ** Borge et al. (2015). "Local Natural Resource Curse?" *Journal of Public Economics* 131, 101-114.
- ** Venables (2016). "Using Natural Resources for Development: Why Has It Proven So Difficult?" *Journal of Economic Perspectives* 30, 161-183.
- **Optional Readings**
- Bologna Pavlik and Ross (2022). "Resource Shocks, Corruption, and Local Business in Africa" Working Paper.

21. Informal Institutions - April 18

- ** Casson, Giusta, and Kambhampati (2010). "Formal and Informal Institutions and Development" *World Development* 38, 137-141.
- ** Becker, Boeckh, Hainz, and Woessmann (2014). "The Empire is Dead, Long Live the Empire! Long-Run Persistence of Trust and Corruption in the Bureaucracy" *The Economic Journal* 126, 40-74.
- ** Gorodnichenko and Roland (2017). "Culture, Institutions, and the Wealth of Nations" *The Review of Economics and Statistics* 99, 402-416.
- **Optional Readings**
- Barro and McCleary (2003). "Religion and Economic Growth Across Countries" *American Sociological Review* 68: 760-781.
- Fisman and Miguel(2006). "Corruption, Norms, and Legal Enforcement: Evidence from Diplomatic Parking Tickets" *Journal of Political Economy* 115: 1020-1048.
- Williamson (2009). "Informal Institutions Rule: Institutional Arrangements and Economic Performance" *Public Choice* 139, 371-387.
- Kerekes and Williamson (2011). "Securing Private Property: Formal versus Informal Institutions" *Journal of Law and Economics* 54,537-572.
- Gorodnichenko and Roland (2011). "Which Dimensions of Culture Matter for Long-Run Growth?" *American Economic Review* 101(3), 492-498
- Tarabar (2017). "Culture, Democracy, and Market Reforms: Evidence from Transition Countries" *Journal of Comparative Economics* 45: 456-480.

22. April 20th - No Class - Third Short Paper due by 11:59 PM

23. Short Paper Presentations - April 25

24. Final Paper Presentations - April 27/May 2

Optional Books

- How the World Became Rich: Mark Koyama and Jared Rubin
- The Elusive Quest for Growth: Bill Easterly
- Economic Growth: Barro and Sala-i-Martin
- Development Economics: Gerard Roland
- Tyranny of Experts: Bill Easterly
- The Great Escape: Angus Deaton
- Poor Economics: Duflo & Banerjee
- Africa: Why Economists get it wrong: Morten Jerven
- Why Nations Fail: Acemoglu & Robinson
- The Age of Sustainable Development: Jeffrey Sachs

Americans with Disabilities Act

Any student who, because of a disability, may require special arrangements in order to meet the course requirements should contact the instructor as soon as possible to make any necessary arrangements. Students should present appropriate verification from Student Disability Services during the instructor's office hours. Please note: instructors are not allowed to provide classroom accommodations to a student until appropriate verification from Student Disability Services has been provided. For additional information, please contact Student Disability Services in West Hall or call 806-742-2405.

Student Absence for Observance of Religious Holy Days

"Religious holy day" means a holy day observed by a religion whose places of worship are exempt from property taxation under Texas Tax Code §11.20. A student who intends to observe a religious holy day should make that intention known in writing to the instructor prior to the absence. A student who is absent from classes for the observance of a religious holy day shall be allowed to take an examination or complete an assignment scheduled for that day within a reasonable time after the absence. A student who is excused under section 2 may not be penalized for the absence; however, the instructor may respond appropriately if the student fails to complete the assignment satisfactorily.

Student Absence for Officially Approved Trips

Absence due to officially approved trips – The Texas Tech University Catalog states that the person responsible for a student missing class due to a trip should notify the instructors of the departure and return schedule in advance of the trip. The student may not be penalized and is responsible for the material missed.

Academic Integrity

Academic integrity is taking responsibility for one's own class and/or course work, being individually accountable, and demonstrating intellectual honesty and ethical behavior. Academic integrity is a personal choice to abide by the standards of intellectual honesty and responsibility. Because education is a shared effort to achieve learning through the exchange of ideas, students, faculty, and staff have the collective responsibility to build mutual trust and respect. Ethical behavior and independent thought are essential for the highest level of academic achievement, which then must be measured. Academic achievement includes scholarship, teaching, and learning, all of which are shared endeavors. Grades are a device used to quantify the successful accumulation of knowledge through learning. Adhering to the standards of academic integrity ensures grades are earned honestly. Academic integrity is the foundation upon which students, faculty, and staff build their educational and professional careers. [Texas Tech University (TTU) Quality Enhancement Plan, Academic Integrity Task Force, 2010]