

William & Mary

Spring 2021 Syllabus

ECON 300: Emerging Cities, Migration, and Informality

Instructor: Admasu Shiferaw

Office: Tyler Hall 263; Email: ashiferaw@wm.edu; Ph: 757-221-2369

Lecture Time: TTR 5:00-6:50pm

Teaching Mode: RSOF

Office Hours: Wednesday 11:00am-12:30pm, Thursday 2:30-3:30pm

Course Description

Urbanization and economic prosperity have long been strongly correlated. In the context of developed countries, urbanization was underpinned by profound economic structural transformation, productivity growth and rise in wages. However, cities in developing countries remain vastly different from cities in developed countries, and show substantial heterogeneity among themselves. While some cities in the developing world have become growth engines with robust industrialization and modern services, others continue to experience urbanization without growth or only modest growth. This has resulted in expanding cities with high unemployment rates, very large informal sector and high proportion of slum dwellers. According to the United Nations, for instance, slums are predicted to account for about two-thirds of the urban population in Sub-Saharan African and South Asian countries. As the share of the world population living in cities continues to rise, the above-mentioned features will have important implications for poverty reduction, public health as well as political stability.

The course is organized in three parts. Part I starts with urbanization in developed countries and its relationship with structural transformation in a historical context focusing on the rural-urban migration and the shift in economic activities away from agriculture. We will then compare this with the nature and determinants of urbanization in developing countries. Special attention will be given to the dynamics of cities fueled by high-value commodities versus cities thriving on the back of manufactured exports and modern services. We finish Part I by recognizing the relative importance of rural-urban migration and natural population growth of cities for the rapid urbanization in some parts of the developing world. Part II examines the scope and dynamics of the informal sector in developing countries. Competing explanations and evidence about the role of the informal sector will be addressed ranging from a more ‘parasitic’ perspective to that of a hotbed for entrepreneurship. Part III examines the determinants of migration and the characteristics of migrants where we address the cost of migration and the effect of migrant networks. While the focus is on internal migration, we will also discuss some aspects of international migration.

This course allows students to fulfill their COLL 300 requirements. Because of the COVID-19 pandemic, the Education Policy Committee (EPC) has announced that the On-campus COLL300 courses will be different from previous semesters in three major ways: i) there is no single theme (like “Bodies that Matter” or “Movement”) that organizes all COLL 300 courses; ii) We will not bring guest speakers to

campus who will address all COLL 300 students; iii) there won't be end-of-semester COLL 300 symposium where students present their projects to other COLL 300 students. The objective of COLL 300 course is to expose students to major global issues (in this case urbanization) that have been experienced differently in various parts of the world. The course aims to achieve this objective in two ways. First, students will watch a documentary video entitled "Slums: Cities of Tomorrow" that examines slums and slum dwellers from around the world. Second, Prof. Remi Jedwab of George Washington University will join our class via Zoom as a guest speaker and talk about urbanization in the African context. Prof. Jedwab has made major contribution to understanding cities in developing countries and a couple of his articles are in fact featured as required readings in this syllabus. I am still finalizing arrangements for Prof. Jedwab's talk but it is most likely to take place in late April. Students will write two reflection papers based on the video and the guest lecture to fulfill the COLL 300 requirement. As you know, the basic idea behind COLL 300 courses is to "disorient" students in a productive way, similar to what study abroad programs would do, and to challenge you to make connections – through the *Reflection Paper* assignments – with the contents of the course. In the process, you will develop your critical thinking and reshape/enhance your world view about people and places.

Prerequisites and Course Assessment

This course requires principles of microeconomics and basic statistics.

Students will take two midterm exams each with a 15% weight in the final grade. There will also be a noncumulative final exam of 25% weight. Other evaluations include two COLL 300 reflection papers each with a 7.5% weight based on the video "Slums: Cities of Tomorrow" and the guest speaker. In lieu of the COLL 300 end of semester symposium, students will deliver a group presentation based on an assigned topic and readings. This group assignment will have a 10% weight. Students will also produce a country profile addressing urbanization in two countries of their choice – one developed and one developing – based on statistical data from the latest (2018) version of the United Nations' World Urbanization Prospects <https://population.un.org/wup/>. Student participation will account for 10% of your final grade and will involve class attendance, serving as a discussant and taking part in class discussions and questions. Further instructions will be given in due course on the country profile, reflection papers and the group presentation assignment. Table 1 provides a summary of assessment types, weights and due dates.

I normally don't follow very hard cutoff points for determining final letter grades. However, students who consistently score above 90% are strong contenders for an "A" grade while students who score in the 80-89% range would get a "B" with students in the high 80s being considered for a "B+" or "A-". Students who on average score in the 70-79% range can expect a "C" while students in the 60-69% average score can expect to get a "D". However, students who start slow but show significant improvement over time will be considered for a higher grade than their average dictates.

Table 1: Summary and Schedule of Course Assessment

Assessment Type	Weight	Due Dates
Country Profile – UN-WUP	7%	Feb 19
Midterm Exam I	15%	Mar 2nd
COLL 300 Reflection paper I	8%	Mar 12
Midterm Exam II	15%	Apr 1st
COLL 300 Reflection paper II	8%	May 3rd
Group Presentation	12%	April 22, 27, 29
Class Participation	10%	
Final Exam	25%	

You are allowed three days of absence from class due to sickness or other reasonable causes without having to provide official documents. Notice that you are required to notify me of your absence and its cause as early as possible, and that you cannot miss more than two consecutive classes under this provision. For extenuating circumstances such as family emergencies or absences that require you to miss more than two consecutive sessions, you have to contact the Dean of Students Office who will in turn inform me of the situation without disclosing details. I expect all students to take the exams and return the assignments at the designated times indicated in Table 1. I do not reschedule exam dates. If you miss a midterm exam, you need to bring a written excuse from the Dean of Students Office such that the full weight (and topics of the missed exam) will be added to your final exam.

Course Outline and Readings

There are no textbooks for this course, and we rely mainly on published articles. The readings listed below will be made available to students in PDF format on Blackboard. Please visit the “Readings” folder in the course content area of Blackboard.

Introduction – January 28, 2021

Part I: Urbanization and Structural Transformation: Comparing Developed and Developing Countries

Urbanization and Structural Transformation in Developed Countries: (*Week of 02/01*)

- Michaels, G., F. Rauch and S. Redding. 2012. “Urbanization and Structural Transformation,” *Quarterly Journal of Economics* 127, 535-586
- Alvarez-Cuadrado, F., and M. Poschke. 2011. “Structural change out of agriculture: Labor push versus labor pull,” *American Economic Journal: Macroeconomics* 3, 127–158.

Urbanization and Structural Transformation in Developing Countries (*Week of 02/08 & 02/15*)

- Henderson, V. and M. Turner. 2020. “Urbanization in the Developing World,” *Journal of Economic Perspectives* 34, 150-173.
- Gollin, D., R. Jedwab and D. Vollrath . 2016. “Urbanization with and without Industrialization,” *Journal of Economic Growth* 21, 35-70
- Fay, M. and C. Opal. 2000. “Urbanization without growth: A not-so-uncommon phenomenon,” The World Bank Policy Research Working Paper Series 2412.

Population Growth and Urbanization in Developing Countries (*Week of 02/22*)

- Castells-Quintana, D. and H. Wenban-Smith. 2020. “Population Dynamics, Urbanisation without Growth, and the Rise of Megacities,” *Journal of Development Studies* 56, 1663-1682.
- Jedwab, R., Christiaensen, L., & Gindelsky, M. (2017). Demography, urbanisation and development: Rural push, urban pull and ... urban push? *Journal of Urban Economics*, 98, 6–16.

First Midterm Exam : Tuesday March 2nd

First Spring Break: Thursday March 04

Part II: Informal Labor Markets in Developing Countries

Informality and Economic Development (*Week of 03/08*)

- La Porta, R., and A. Shleifer . 2014. “Informality and Development,” *Journal of Economic Perspectives* 28, 109-126.
- Farrell, D. 2004. “The Hidden Dangers of the Informal Economy,” *McKinsey Quarterly* 3: 27-37.

Discussion on the Video “Slums: Cities of Tomorrow” - Tuesday Mar 09

First Reflection Paper based on the Video – Due on Friday Mar 12.

Informality, Trade and Regulation (*Week of 03/15*)

- Dix-Carneiro, R. and B. Kovak. 2017. “Trade Liberalization and Regional (labor market) Dynamics,” *American Economic Review* 107, 2908-2946.
- Almeida, Rita and Pedro Carneiro. 2012. “Enforcement of Labor Regulation and Informality”, *American Economic Journal: Applied Economics* 4(3): 64-89.
- **Harris, J. and M. Todaro. 1970. “Migration, Unemployment and Development: A Two-Sector Analysis,” *American Economic Review* 60, 126-42.

Part III: Characterizing Migrants and Migration

Migration, Income and Networks (*Week of 03/22*)

- Bazzi, S. 2017. “Wealth heterogeneity and the income elasticity of migration,” *American Economic Journal: Applied Economics*, 9(2), 219–255.
- McKenzie, D., & H. Rapoport. 2010. “Self-selection patterns in Mexico-U.S. migration: The role of migration networks,” *Review of Economics and Statistics*, 92(4), 811–821.
- Angelucci, M. 2015. “Migration and Financial Constraints: Evidence from Mexico,” *Review of Economics and Statistics*, 97(1), 224–228

Second Midterm Exam : Thursday April 01
Second Spring Break: Tuesday April 06

Migration and Insurance (Week of 04/05 & 04/12)

- Munshi, K., & M. Rosenzweig. 2016. "Networks and misallocation: Insurance, migration, and the rural-urban wage gap," *American Economic Review*, 106(1), 46–98.
- Hirvonen, K. 2016. "Temperature changes, household consumption, and internal migration: Evidence from Tanzania," *American Journal of Agricultural Economics*, 98(4), 1230–1249.

Guest Lecture: Tuesday April 20

Second Reflection Paper based on Guest Lecture – Due on Monday May 3rd.

Group Presentation: April 22, 27 & 29

Review Session and Conclusion: Week of May 3