

William & Mary: Spring 2024

ECON 327 (COLL300): Emerging Cities, Migration, and Informality

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Lecture Time and Room: MWF 10:00-10:50am, Boswell 201

Office Hours: TTR 10:30am-12:30 pm or by appointment

Course Description

Urbanization has long been strongly correlated with economic prosperity particularly in the developed world. In the latter, urbanization happened at a relatively slow but steady pace, and it was underpinned by profound economic transformation and productivity growth. The developing world, however, only started to urbanize in recent decades but at a much faster rate, leading to cities that are vastly different from that of developed countries. This has led to the emergence of congested cities in developing countries with high unemployment rates, a large informal sector and a growing proportion of slum dwellers. These features will have important implications for poverty reduction, public health and political stability as the share of the world population living in cities continues to rise.

This course allows students to better understand the nature and drivers of urbanization around the world and implications for socioeconomic development. It is organized in three parts. Part I starts with urbanization in the United States and Europe, and its association with structural transformation, rural-urban migration and productivity growth. The observed patterns will then be compared with the nature and determinants of urbanization in developing countries. Special attention will be given to the dynamics of cities powered by high-value commodities versus cities thriving at the back of manufactured exports and modern services. We conclude Part I by comparing the relative importance of rural-urban migration and natural population growth in driving urbanization in developed and developing countries. Part II examines the informal sector in developing countries which is correlated with rapid urbanization. We will examine competing explanations of the role of the informal sector ranging from a more ‘parasitic’ perspective to that of a hotbed of entrepreneurship each with its own policy implications. Part III examines the determinants of migration and the characteristics of migrants where we will address different costs of migration. While the focus will mainly be on internal migration, we will also discuss some aspects of international migration and related policy issues.

COLL 300 Requirement

This course allows students to fulfill the COLL 300 requirement. The objective of the COLL 300 curriculum is to expose students to major global issues (in this case urbanization) that have been experienced differently in various parts of the world. In addition to the lecture sessions, the course aims to achieve the COLL 300 objective in three different ways. First, students will watch a documentary video entitled “Slums: Cities of Tomorrow” that examines slums and slum dwellers from around the world and write a reflection paper. Second, I have invited Prof. Tanner Regan to be a guest speaker based on which students will write another reflection paper. Third, students will

also use a United Nations database to compare urbanization trends in two countries – one developed and one developing – and learn about the pace and patterns of urbanization based on stages of economic development. As you know, the basic idea behind COLL 300 courses is to “disorient” students in a productive way, similar to what a study abroad program 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 enhance your world view about peoples and places.

Prerequisites and Course Assessment

This course requires principles of microeconomics and basic statistics.

Students will take two midterm exams each with a 20% weight in your final grade. There will also be a noncumulative final exam of 20% weight. Other evaluations include two COLL 300 reflection papers each with 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/>. Pursuant with the COLL300 curriculum, the reflection papers and the Country Profile are mandatory assignments and **you will not be able to complete** this course if you don’t submit all three assignments. 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 and reflection papers. Table 1 provides a summary of assessment types, weights and due dates.

I normally don’t adhere to very hard pre-determined cutoff points to assign final letter grades. However, students who consistently score 92% and above are strong contenders for an “A” while students who score in the 80-87% range would get a “B” with students in the high 80s and lower 90s will be considered for a “B+” or “A-”. Students whose average scores are in the 70-79% range can expect a “C” while students in the 60-69% range can expect to get a “D”. Having said that, students who start slow but show significant improvements over time in their performance will be considered for a higher grade than their overall average may dictate.

I allow three days of absence from class without having to provide a formal excuse. However, these unexcused absences shall not be consecutive to each other and cannot be taken on designated dates for exams and assignments. Moreover, you are required to send me a short email when you take your permitted absence. I expect all students to return assignments and take exams at the designated times indicated in Table 1. I do not reschedule exam dates. However, if you miss a midterm exam, the full weight (and topics of the missed exam) can be shifted to your remaining exam(s) if you provide a convincing reason for missing an exam.

If, in rare cases, I am unable to conduct in-person teaching, I may temporarily resort to virtual teaching on Zoom.

Table 1: Summary and Schedule of Course Assessment

Assessment Type	Weight	Due Dates
COLL 300 Country Profile	10%	Feb 16
Midterm Exam I	20%	Mar 1 st
COLL 300 Reflection paper I	10%	Mar 22
COLL 300 Reflection paper II	10%	Apr 5th
Midterm Exam II	20%	Apr 12
Class Participation	10%	
Final Exam	20%	TBD

Mental and Physical Well-Being:

William & Mary recognizes that students juggle different responsibilities and can face challenges that make learning difficult. There are many resources available at W&M to help students navigate emotional/psychological, physical/medical, material/accessibility concerns, including:

The W&M Counseling Center at (757) 221-3620. Services are free and confidential.

The W&M Health Center at (757) 221-4386.

For additional support or resources & questions,

Contact the Dean of Students at 757-221-2510.



For other resources available to students, see <https://tinyurl.com/wmmentalhealth> or:

Course Outline and Readings

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

Introduction – January 24

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

Urbanization and Structural Transformation in Developed Countries: (*Weeks of 01/29 and 02/05*)

- 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.

Due date for Country Profile – Friday Feb 16th

Urbanization and Structural Transformation in Developing Countries (*Weeks of 02/12 & 02/19*)

- 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 02/26 and 03/04*)

- Castells-Quintana, D. and H. Wenban-Smith. 2020. “Population Dynamics, Urbanization 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: Friday March 1st

Spring Break: March 9-17

First Reflection Paper – Due on Friday March 22 (Based on Documentary Film “Slums: Cities of Tomorrow”)

Continued Discussion on Population Growth and Urbanization (Week of 03/18)

Part II: Urbanization and Informal Labor Markets in Developing Countries

Informality and Economic Development (*Week of 03/25*)

- 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.

Informality, Trade and Regulation (*Week of 04/01 and 04/08*)

- 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.

2nd Reflection Paper : Due on 04/05 (Based on Prof. Regan’s Lecture)

Second Midterm Exam: 04/12

Part III: Characterizing Migrants and Migration

Migration, Income and Networks (*Week of 04/22*)

- 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

Migration and Insurance (*Week of 04/29*)

- 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.

Review Session: 05/03