

William & Mary: Spring 2022 Syllabus

ECON 300 (COLL300): Emerging Cities, Migration, and Informality

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Lecture Time: MW 5:00-6:20pm, Washington Hall 305

Office Hours: Thursday 2:30-4:0pm or by appointment

Course Description

Urbanization and economic prosperity have long been strongly correlated. In the context of developed countries, urbanization was underpinned by economic structural transformation, and rapid growth in productivity and wages. However, urbanization in developing countries is occurring at a much faster rate relative to developed countries, and cities in developing countries remain vastly different from that of developed countries. While some cities in the developing world have become growth engines with export-oriented manufacturing and modern services, others continue to experience **urbanization without growth**. The latter has resulted in congested cities with high unemployment rates, 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 helps students understand the nature and drivers of urbanization in different settings and its socioeconomic implications. It is organized in three parts. Part I starts with urbanization in developed countries and its relationship with structural transformation and rural-urban migration from a historical perspective. This will then be compared 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 for the rapid urbanization that is taking place in some parts of the developing world. Part II examines the scope and dynamics of the informal sector in developing countries. We will address competing explanations and evidence about the role of the informal sector ranging from a more ‘parasitic’ perspective to that of a hotbed of 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. 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 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. Second, I have invited

Robert Neuwirth, a journalist and author who has studied squatter cities extensively, as a guest speaker. He is also one of the narrators in the above-mentioned documentary. Third, I have invited Dr. Harris Selod of the World Bank – with extensive scholarship and policy experience in urbanization in developing countries – to be the second guest speaker. I am still finalizing the visits by the two guest speakers and will let you know when the schedule is finalized. Tentatively though, Neuwirth’s visit is planned for end of March while that of Selod is for mid-April. Students will write three reflection papers based on the video and the two guest lectures 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 20% weight. Other evaluations include three COLL 300 reflection papers each with a 7% weight based on the video “Slums: Cities of Tomorrow” and lectures by the two guest speakers. Students will also deliver a group presentation based on an assigned topic and readings. This group assignment will have a 14% 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.

Conditions for in-person learning under the pandemic

While we adhere to in-person instruction as the most effective way of learning, we are all aware of the pandemic situation we are living through and some of the uncertainty it brings about. To make this work, we will all follow W&M requirements regarding vaccinations and boosters, indoor masking, as well as quarantine and isolation when ill. For those who have tested positive, W&M’s

requirements must be fulfilled before class can be attended in person. To be on safe side, anyone with symptoms consistent with COVID should not come to class even if they do not have a positive test. Please email me as soon as you know you will not be able to attend class in person (either because of having tested positive, having symptoms consistent with COVID, or other health matters). Given the uncertainty about the trajectory of the pandemic, we need to operate on the basis of a trustful relationship where I expect students to do their very best not to miss classes for non-health related reasons.

When your absence is health related and you have to miss only one or two classes, I will apply one of a few alternative approaches to accommodate your absence. These include sharing recorded classes or having extra office hours to discuss key aspects of missed sessions. I might also recruit a group of volunteer classmates who can be contacted for help with missed classes. I will discuss with each student who missed class to determine the best approach as their needs may be different. If your health-related absence goes beyond one week, you will need to notify me as well as the Dean of Student Affairs to discuss the best way forward as this may require modification of course assessment.

I also allow two days of non-health related absence from class without having to provide excuses. However, these unexcused absences may not be consecutive to each other, may not follow a health-related absence and cannot be taken on designated dates for exams and assignments. There are no special accommodations for non-health related absences except for consultation during regular office hours. I expect all students to take exams and return assignments 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) will be shifted to your other exams.

If I cannot conduct in-person teaching for my own health reasons, I may temporarily convert the class to virtual learning on Zoom.

Table 1: Summary and Schedule of Course Assessment

Assessment Type	Weight	Due Dates
Country Profile – UN-WUP	5%	Feb 18 th
Midterm Exam I	15%	March 2 nd
COLL 300 Reflection paper I	7%	March 11 th
Midterm Exam II	15%	April 6 th
COLL 300 Reflection paper II	7%	April 8 th
COLL 300 Reflection paper III	7%	April 29 th
Group Presentation	14%	May 2 nd and 4 th
Class Participation	10%	
Final Exam	20%	TBD

Please mark 02/04 and 03/28 as deadlines for Add/Drop and withdrawal, respectively.

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 you in PDF format on Blackboard. Please visit the “Readings” folder in the course content area of Blackboard.

Introduction – January 26

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

Urbanization and Structural Transformation in Developed Countries: (*Week of 01/31*)

- 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 (*Weeks of 02/07 & 02/14*)

- 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 02/21*)

- 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.

Part II: Informal Labor Markets in Developing Countries

Informality and Economic Development (*Week of 02/28*)

- 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” - Wednesday Mar 09

First Reflection Paper based on the Video – Due on Friday Mar 11.

Spring Break: March 12-20

Informality, Trade and Regulation (Week of 03/21)

- 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 03/28 and 04/04)

- 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

Guest Lecture by Robert Neuwirth – Wednesday March 30

Second Reflection Paper based Neuwirth lecture – Due on Friday April 8th.

Migration and Insurance (Week of 04/11 & 04/18)

- 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 by Harris Selod – Wednesday April 27

Third Reflection Paper based Selod lecture – Due on Friday April 29th.

Group Presentation: May 2 and 4