

**Econ 491 – Microeconomics of Development
Winter 2018 Quarter**

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Version of 8 March 2018

Course Description and Goals:

This course is an advanced course in economic development. While development is a sprawling sub-field within economics, the focus of this class is on the microeconomics of development. Primary aims of this course include:

1. Students will learn to think critically about economic development and the developing world, with a focus on both reasons for underdevelopment and possible solutions.
2. Students will think critically about what *economics*, and especially economic theory, has to say about the process of development as well as the potential of particular proposed policy interventions.
3. Students will become familiar with the latest research *methods* in applied economics, with a focus on randomized trials.
4. Students will develop tools to think critically about causation and claims of causal identification, with an eye toward being critical consumers of applied economics research.

Prerequisites: The listed prerequisites for this course include Econ 300 (Intermediate Micro) and Econ 301 (Intermediate Macro). It will also be helpful if you have some familiarity with statistics or econometrics, such as Econ 382 or 482. For undergraduates, the course is only open to approved economics majors. It is department policy not to provide course overrides for undergraduates who are not admitted economics majors. While the course is aimed at upper-level undergraduates, it is also appropriate for MA-level students in related fields (such as public policy) who have an interest in economic development, provided you have sufficient quantitative training. Please talk to me after the first class if you have questions about this.

Textbook: There is no textbook for this course. The field of development economics has evolved rapidly over the past decades, and the most relevant research is found in journal articles. In place of what would normally be a textbook, we will be reading articles published in leading academic journals, supplemented by review articles and *Handbook of Development Economics* chapters.

Grading: The final grade will be calculated as follows:

1. First Midterm 25%
2. Second Midterm 25%
3. Final Paper 35% (Proposal 10%, Final Version 25%)¹
4. Homework Assignments and Class Participation 15%

Readings: As development is a still-evolving field, there is no textbook for the class. Most of the readings are assigned from leading economics journals or review articles. Class readings should be completed prior to the

¹ This is amended as discussed below if you choose to pursue Writing Credit.

class for which they are listed. This is an upper-level, seminar-style class which relies heavily upon class discussion and interaction. Read the papers with a critical eye, looking both for the good and the bad, parts that are convincing and those that are less so (most papers have some of both). Some of the material is difficult; don't get discouraged if you need to ask a lot of questions or don't understand some of the technical details.

Readings are subject to change, as we may cover some topics quicker or slower than planned. Please read the main readings as indicated. Readings marked with ** are supplementary and optional: these often are more detailed and/or more technical readings that I will discuss during the lectures but do not expect you to have read.

Homework: Homework consists of writing a short reaction to the readings prior to class and posting this on the course website. These will be graded on effort and completion. There are no "right" answers as long as you engage with the material in a thoughtful manner – such as assessing whether and how the readings are convincing, what more information you would like to know, questions you have, etc. This is intended to get you thinking about the readings before we discuss them in class.

Surveys: There will be three surveys taken during the quarter. Each will take less than 10 minutes of your time. These are required and will be included in your Homework grade. The purpose of these is to aid the instructor in organizing the course, picking topics, etc.

Final Paper: A final paper of 8-10 pages is required and due on the date scheduled for the final exam. The paper topic will be on a policy question of your choice involving economic development (broadly defined). More details are provided in the Term Paper Guidelines document available on Canvas.

Writing Credit: It is possible to receive writing credit for this course (a "W" on your transcript). This requires more work on your part: (1) the paper must be 10-12 pages; (2) you must turn the paper in earlier; (3) you must complete a peer review; and (4) you must complete revisions. If you choose this option, the 35% of the course grade due to the paper assignment is allocated as follows: : 5% for Proposal, 20% for First Draft, 5% for Peer Review, 5% for Final Version. Further, if you wish to pursue this option, you must notify me by Tuesday, April 17.

Class Participation: Class participation is highly encouraged. This is an upper-level seminar-style class, so we will be discussing the readings at length during class. Some of the material is difficult, but do not be discouraged if you need to ask for clarification – other people probably have the same questions.

Laptops in Class: I strongly discourage the use of laptops in class. Research has shown that people tend to retain things better if they take notes by hand. Also, I have found that they make class discussion—which we will have a lot of in this class—more difficult. I will post lecture slides before class, so that you can print them out and take notes on them if you are so inclined.

Office Hours: I will be holding office hours on Tuesdays and Thursdays 3:30 to 5pm in Savery 345. If you are unable to make these times and would like to meet, please email me to suggest an alternative time.

Contact: The easiest way to contact me is via email. Please put "491" in the title to the email so that I will know that it is not spam. It is okay to ask simple questions over email, but if you have more complicated questions, including clarifications about concepts in the readings and lectures or about paper topics, then it is usually better to come to office hours.

Date	Topic / Theme	Readings
Tue, Mar 27	Class Introduction	<p>** Banerjee and Duflo, "Growth Theory Through the Lens..." Sections 1-4.</p> <p>** Duflo, Esther. 2017. "The Economist as Plumber."</p>
Thu, Mar 29	Concepts and Measurement	<p>Please complete Baseline Survey in Canvas</p> <p>Sen, Amartya. 1988. "The Concept of Development." In <i>Handbook of Development Economics</i> 1: 9-26.</p> <p>Banerjee, Abhijit, and Esther Duflo. 2007. "The Economic Lives of the Poor." <i>Journal of Economic Perspectives</i> 21(1): 141-168.</p> <p>Glewwe, Paul, and Edward Miguel. 2008. "The Impact of Child Health and Nutrition on Education in Less Developed Countries." In <i>Handbook of Development Economics</i> Vol 4. ed. T. Paul Schultz: 3561-3606. (Sections 1 and 2 only)</p> <p>** Strauss, John, and Duncan Thomas. 1998. "Health, Nutrition, and Economic Development." <i>Journal of Economic Literature</i> 36(2): 766-817. (Read Sections 1 and 2 for background, but focus on Section 4.)</p>
Tue, Apr 3	Methods – Regression and Causation	<p>Marc F. Bellemare, "A Primer on Linear Regression"</p> <p>Marc F. Bellemare. "A Primer on Causality."</p> <p>Duflo, Esther, Rachel Glennerster, and Michael Kremer. 2007. "Using Randomization in Development Economics: A Toolkit." In <i>Handbook of Development Economics</i> Vol 4. ed. T. Paul Schultz: 3895-3962. Sections 1-2.3.</p>
Thu, Apr 5	Methods – Treatment Effects and Validity	<p>Glewwe et al. 2004. "Retrospective vs. Prospective Analyses of School Inputs: The Case of Flip Charts in Kenya." <i>Journal of Development Economics</i> 74: 251-268.</p> <p>Deaton, Angus. 2010. "Instruments, Randomization, and Learning about Development." <i>Journal of Economic Literature</i> 48(2): 424-455. Sections 1, 4-5.</p> <p>** Ravallion, Martin. 2007. "Evaluating Anti-Poverty Programs." In <i>Handbook of Development Economics</i> ed. T. Paul Schultz Vol. 4: 3787-3846. Sections 1-4.</p> <p>** Pomeranz, Dina. "Impact Evaluation Methods in Public Finance: A Brief Introduction to Randomized Evaluations and Comparison with Other Methods."</p>

Tue, Apr 10	Education – Returns	<p>Rosenzweig, Mark. 1995. “Why Are There Returns to Schooling?” <i>American Economic Review Papers & Proceedings</i> 85(2): 153-158.</p> <p>Schultz, T. Paul. 2002. “Why Governments Should Invest More to Educate Girls.” <i>World Development</i> 30(2): 207-225.</p> <p>** Heath, Rachel, and A. Mushfiq Mobarak. 2015. “Manufacturing Growth and the Lives of Bangladeshi Women.” <i>Journal of Development Economics</i> 115: 1-15.</p> <p>** Oster, Emily, and Bryce Millett Steinberg. 2013. “Do IT Service Centers Promote School Enrollment? Evidence from India.” <i>Journal of Development Economics</i> 104: 123-135.</p> <p>** Jensen, Robert. 2010. “The (Perceived) Returns to Education and the Demand for Schooling.” <i>Quarterly Journal of Economics</i> 125(2): 515-548.</p>
Thu, Apr 12	Education – Incentives and Inputs (Supply Side)	<p>Kremer, Michael, Conner Brannen, and Rachel Glennerster. 2013. “The Challenge of Education and Learning in the Developing World.” <i>Science</i> 340: 297-300.</p> <p>Duflo, Esther. 2001. “Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment.” <i>American Economic Review</i> 91(4): 795-813.</p> <p>Banerjee, Abhijit, and Esther Duflo. 2006. “Addressing Absence.” <i>Journal of Economic Perspectives</i> 20(1): 117-132.</p> <p>** Glewwe, Paul, Nauman Ilias, and Michael Kremer. 2010. “Teacher Incentives.” <i>American Economic Journal: Applied Economics</i> 2(3): 205-227.</p> <p>** Duflo, Esther, Rema Hanna, and Stephen Ryan. 2012. “Incentives Work: Getting Teachers to Come to School.” <i>American Economic Review</i> 102(4): 1241-1278.</p>
Tue, Apr 17	NO CLASS	
Thu, Apr 19	Education – Incentives and Transfers (Demand Side)	<p>Schultz, T. Paul. 2004. “School Subsidies for the Poor: Evaluating the Mexican Progresa Poverty Program.” <i>Journal of Development Economics</i> 74(1): 199-250.</p> <p>Baird, Sarah, Craig McIntosh, and Berk Ozler. 2011. “Cash or Condition? Evidence from a Cash Transfer Experiment.” <i>Quarterly Journal of Economics</i> 126(4): 1709-1753.</p> <p>** Kremer, Michael, Edward Miguel, and Rebecca Thornton. 2009. “Incentives to Learn.” <i>Review of Economics and Statistics</i> 91: 437-456.</p> <p>** Baird, Sarah, Ephraim Chirwa, Craig McIntosh, and Berk Ozler. 2015. “What Happens Once the Intervention Ends? The Medium-</p>

		<p>Term Impacts of a Cash Transfer Programme in Malawi." 3ie Impact Evaluation Report 27.</p> <p>** Glewwe, Paul, and Hanan G. Jacoby. 2004. "Economic Growth and the Demand for Education: Is There a Wealth Effect?" <i>Journal of Development Economics</i> 74: 33-51.</p>
Tue, Apr 24	Education and Health	<p>Miguel, Edward, and Michael Kremer. 2004. "Worms: Identifying Impacts on Education and Health in the Presence of Treatment Externalities." <i>Econometrica</i> 72(1): 159-217.</p> <p>Oster, Emily, and Rebecca Thornton. 2011. "Menstruation, Sanitary Products, and School Attendance: Evidence from a Randomized Intervention." <i>American Economic Journal: Applied Economics</i> 3(1): 91-100.</p> <p>** Bleakley, Hoyt. 2007. "Disease and Development: Evidence from Hookworm Eradication in the American South." <i>Quarterly Journal of Economics</i> 122(1): 73-117.</p>
Thu, Apr 26	FIRST MIDTERM	
Tue, May 1	Health Externalities and Sustainability NO READING NOTES	<p>Please complete Midline Survey in Canvas</p> <p>Kremer, Michael, and Edward Miguel. 2007. "The Illusion of Sustainability." <i>Quarterly Journal of Economics</i> 122(3): 1007-1065.</p> <p>Cohen, Jessica, and Pascaline Dupas. 2010. "Free Distribution or Cost-Sharing? Evidence from a Randomized Malaria Prevention Experiment." <i>Quarterly Journal of Economics</i> 125(1): 1-45.</p> <p>** Dupas, Pascaline. 2014. "Short-Run Subsidies and Long-Run Adoption of New Health Products: Evidence from a Field Experiment." <i>Econometrica</i> 82(1): 197-228.</p>
Thu, May 3	Health and Labor Market Outcomes	<p>Dupas, Pascaline. 2011. "Health Behavior in Developing Countries." <i>Annual Review of Economics</i> 2011(3): 425-449.</p> <p>Strauss, John, and Duncan Thomas. 1998. "Health, Nutrition, and Economic Development." <i>Journal of Economic Literature</i> 36(2): 766-817. (Section 5 only)</p> <p>** Thomas et al. 2004. "Causal Effect of Health on Labor Market Outcomes: Evidence from a Random Assignment Iron Supplementation Intervention." Working Paper.</p> <p>** Bleakley, Hoyt. 2010. "Health, Human Capital, and Development." <i>Annual Review of Economics</i> 2010(2): 283-310.</p>
Tue, May 8	Microenterprises and Financial Markets – Returns to Capital	<p>Karlan, Dean, and Jonathan Morduch. 2010. "Access to Finance." In <i>Handbook of Development Economics</i> ed. Dani Rodrik and Mark Rosenzweig 5: 4703-4784. (Section 4)</p>

		<p>De Mel, Suresh, David McKenzie, and Christopher Woodruff. 2008. "Returns to Capital in Microenterprises: Evidence from a Field Experiment." <i>Quarterly Journal of Economics</i> 123(4): 1329-1372.</p> <p>** Udry, Christopher, and Santosh Anagol. 2006. "The Return to Capital in Ghana." <i>American Economic Review</i> 96(2): 388-393.</p> <p>** McKenzie, David, and Christopher Woodruff. 2008. "Experimental Evidence on Returns to Capital and Access to Finance in Mexico." <i>World Bank Economic Review</i> 22(3): 457-482.</p> <p>** De Mel, Suresh, David McKenzie, and Christopher Woodruff. 2009. "Are Women More Credit Constrained? Experimental Evidence on Gender and Microenterprise Returns." <i>American Economic Journal: Applied Economics</i> 1(3): 1-32.</p>
Thu, May 10	Microenterprises and Financial Markets – Credit	<p>Karlan, Dean, and Jonathan Morduch. 2010. "Access to Finance." In <i>Handbook of Development Economics</i> ed. Dani Rodrik and Mark Rosenzweig 5: 4703-4784. (Section 5)</p> <p>Banerjee, Abhijit, Dean Karlan, and Jonathan Zinman. 2015. "Six Randomized Evaluations of Microcredit: Introduction and Further Steps." <i>American Economic Journal: Applied Economics</i> 7(1) 1-21.</p> <p>** Karlan & Zinman. 2010. "Expanding Credit Access: Using Randomized Supply Decisions to Estimate the Impacts." <i>Review of Financial Studies</i> 23(1): 433-464.</p>
Tue, May 15	Microenterprises and Financial Markets – Saving	<p>Karlan, Dean, and Jonathan Morduch. 2010. "Access to Finance." In <i>Handbook of Development Economics</i> ed. Dani Rodrik and Mark Rosenzweig 5: 4703-4784. (Section 6)</p> <p>Dupas, Pascaline, and Jonathan Robinson. 2013. "Savings Constraints and Microenterprise Development: Evidence from a Field Experiment in Kenya." <i>American Economic Journal: Applied Economics</i> 5(1): 163-192.</p> <p>** Ashraf, Nava, Dean Karlan, and Wesley Yin. 2006. "Tying Odysseus to the Mast: Evidence from a Commitment Savings Product in the Philippines." <i>Quarterly Journal of Economics</i> 121(2): 635-672.</p>
Thu, May 17	<p>Information – Prices and Returns</p> <p>PAPERS DUE FOR THOSE RECEIVING WRITING CREDIT</p>	<p>Aker, Jenny C., and Isaac M. Mbiti. 2010. "Mobile Phones and Economic Development in Africa." <i>Journal of Economic Perspectives</i> 24(3): 207-232.</p> <p>Jensen, Robert. 2007. "The Digital Divide: Information (Technology), Market Performance, and Welfare in the South Indian Fisheries Sector." <i>Quarterly Journal of Economics</i> 122(3): 879-924.</p>

		<p>** Jensen, Robert. 2010. "The (Perceived) Returns to Education and the Demand for Schooling." <i>Quarterly Journal of Economics</i> 125(2): 515-548.</p> <p>** Aker, Jenny C. 2010. "Information from Markets Near and Far: Mobile Phones and Agricultural Markets in Niger." <i>American Economic Journal: Applied Economics</i> 2(3): 46-59.</p>
Tue, May 22	Information – HIV and Sex	<p>Thornton, Rebecca. 2008. "The Demand for, and Impact of, Learning HIV Status." <i>American Economic Review</i> 98(5): 1829-1863.</p> <p>Dupas, Pascaline. 2011. "Do Teenagers Respond to HIV Risk Information? Evidence from a Field Experiment in Kenya." <i>American Economic Journal: Applied Economics</i> 3(1): 1-34.</p> <p>** Kerwin, Jason. 2016. "Scared Straight or Scared to Death? The Effect of Risk Beliefs on Risky Behaviors?" Unpublished Working Paper.</p>
Thu, May 24	<p>Information – Social Learning and Technology Adoption</p> <p>PEER REVIEW DUE FOR THOSE RECEIVING WRITING CREDIT</p>	<p>Oster, Emily, and Rebecca Thornton. 2012. "Determinants of Technology Adoption: Peer Effects in Menstrual Cup Take-Up." <i>Journal of the European Economic Association</i>. 10(6): 1263-1293.</p> <p>Bandiera, Oriana, and Imran Rasul. 2006. "Social Networks and Technology Adoption in Northern Mozambique." <i>Economic Journal</i> 116(514): 869-902.</p> <p>** Chuang, Yating, and Laura Schechter. 2015. "Social Networks in Developing Countries." <i>Annual Review of Resource Economics</i> 7(7): 451-472.</p>
Tue, May 29	TBA / Catch-up	Please complete Endline Survey in Canvas
Thu, May 31	SECOND MIDTERM	