Econ 491 - Issues in Economic Development Autumn 2022 Quarter

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Class Meeting: Tuesday & Thursday 10:30a-12:20p in Loew Hall 205

Office Hours: Thursday 12:30-1p (directly after class) and by appointment.

Department Contact: Department of Economics Undergraduate Advising, econady@uw.edu

Course Description and Goals: Approximately 650 million people were living in extreme poverty globally in 2019 and the Covid pandemic has interrupted what was an encouraging trend of declining world poverty. Why do so many people remain poor and what interventions and policies might reduce the number of people living in poverty?

With a focus on the Global South, this course will encourage students to become familiar with and think critically about the causes and consequences of poverty. We will train in critically and efficiently reading and interpreting empirical academic articles and policy evaluations from the Development Economics field and will review common social science research designs that aim to unpack cause and effect with a focus on randomized control trials and various approaches to analyzing natural experiments. Students will be exposed to practical elements of measuring, monitoring, and evaluating interventions to reduce poverty, but will also be pushed to deeply consider the relationship between economic theory, empirical evidence, and policy.

We aim to anchor the course in tangible questions and choices facing policymakers and practitioners with the ultimate goal of understanding the opportunities (and potential limitations) for Development Economics research to inform policies aimed at reducing poverty. Heterogeneity of experiences living in poverty and in the effectiveness of interventions across various populations will be a regular theme with differences/similarities by gender as a recurring topic.

To be clear, the course will <u>not</u> thoroughly explore international finance, macroeconomics, or research on poverty in the US/Global North.

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. 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

¹ This syllabus builds on the syllabi from prior Econ 491 instructors, including Profs. Emma Riley, Rachel Heath, and Alan Griffith.

development, provided you have sufficient quantitative training. Please talk to me after the first class if you have questions about this.

Add Codes: Assuming you have sufficient quantitative training, I can provide a limited number of add codes. It is department policy to prefer economics majors in this process, but some may be available for non-majors who are unable to register for the course without an override. Please talk to me after the first class if you need an add code.

Class Attendance, Remote Learning, and Classroom Engagement:

Lectures are Tuesday & Thursday 10:30a-12:20p in Loew Hall 205. We intend for classes to be in person with the likely exception of one class on October 13th, which will be virtual on Zoom. We will follow all UW Covid-19 policies, including but not limited to wearing masks where required and shifting to remote classes if need be. In-person quizzes and class engagement will count towards your grade.

Office Hours: Office hours will be offered in person and on Zoom. I am available to discuss just about anything in office hours; however, our meetings will be far more productive if you come prepared with an agenda or specific questions/topics. Exams will likely be given in person. If you plan to miss either Midterm because of an unavoidable conflict, please let me know ahead of time. If you miss the Midterm because you experience an unexpected emergency, please let me know as soon as possible. Those that miss the Midterm exams may be given a different make-up exam or an alternative assignment to evaluate your knowledge of the material.

Assignments and Quizzes: Assignments must be submitted remotely via Canvas. Assignments are generally designed to either prepare students for the subsequent classes or to provide me with feedback so I can adjust the course pace/content or even review important topics. Late assignments, which will therefore be less useful, will not receive full credit. I will frequently give short quizzes at the beginning of class. This is designed to encourage students to come prepared to actively engage in discussion during the class meetings. Class will be far less interesting, fun, and engaging if students are not prepared to discuss, debate, and critique the material. If you come prepared, it should be trivially easy to receive full credit for quizzes. I understand life gets busy and people may fall behind some weeks, so every student can drop or get a "pass" for two quizzes without it effecting your grade. By extension, this means that you are required to attend class to receive full credit for quizzes and class engagement, but that missing up to two classes will not affect your grade directly though it will likely make understanding the material more difficult.

Classroom Engagement: Everyone is expected to actively engage in classroom discussions and activities. Part of your grade will reflect whether or not you engaged in the classroom. Engagement is not just a cute thing that is encouraged for show, but an important part of learning. If you cannot explain and critique papers and ideas to classmates, you do not fully understand those papers/ideas. More importantly, by sharing and debating ideas/analysis you are likely to better understand what the theory and evidence does and does not convey, what you believe and do not believe about the content, and what may and may not be interesting to you to pursue in your own work in the future. Your personal experiences may also be quite valuable for your classmates to hear. I recognize that different people feel more and less comfortable speaking in public and participating in the classroom. I encourage those that are uncomfortable speaking publicly to lean into the discomfort; and, I also commit to coming up with lots of ways to engage

that make participation accessible to all types of students. Finding comfortable ways to engage in the classroom would be a great topic to discuss in office hours for those that find this challenging. For those that engage in the classroom, this is an easy way to boost your grade.

Classroom Etiquette/Structure: My goal is to foster a classroom atmosphere of respect, intellectual risk-taking, and compassionate honesty where students are excited and enjoy the process of learning. In practical terms, that means that students feel comfortable if not eager sharing what they authentically think and believe with the expectation that those who disagree will express their honest disagreement respectfully. That also means that students will ask critical questions and actively communicate with me and each other when they do not understand something. If you are frustrated or offended in class, do not hesitate to communicate that to me. If you are excited or inspired in class, do not hesitate to communicate that to me. The format of the class meetings may change. However, I expect we will start class with a brief activity/quiz/paper presentation. This will often be followed by a lecture. We will try to have a short break after the first hour and then finish the meeting time with a non-lecture seminar-style learning activity.

Laptops/Phones: You may choose to take notes on laptops, but I encourage you to turn wifi off so you are not distracted by email, internet, etc. I expect that any use of laptops will be in the service of participating in class or taking notes. I reserve the right to ask folks to close their laptops if I feel they are distracting others or me. Please do not use phones in class.

Readings: A variety of readings will be assigned, including academic articles, essays, blogs, technical documentation of surveys, etc. Class readings should be completed prior to the 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; try not to get discouraged if you need to ask a lot of questions or do not 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 required. The other readings are supplementary and optional: these are readings that I will discuss during the lectures, but do not expect you to have read beforehand. I am not requiring any textbooks, but the following will be useful references that I will draw on heavily in the lectures. You should consider purchasing and referencing them:

- De Janvry, A., & Sadoulet, E. (2021). <u>Development Economics: Theory and Practice (2nd ed.)</u>.
 Routledge.
- Ravallion, Martin. (2016). <u>The Economics of Poverty: History, Measurement, and Policy</u>. Oxford University Press.
- Banerjee, A., & Duflo, E. (2012). *Poor Economics*. Public Affairs.

Grading: Your final grade will reflect a combination of performance on the two midterm exams, assignments, quizzes, and classroom engagement according to the weighting scheme below. Two quizzes will be dropped. A grader will assist me in grading assignments and exams. To have any of your assignments or exams regraded you must submit a re-grading request in writing making clear why you are disputing the original grade. Regrades may be lower or higher than the original grade.

First Midterm exam......30%

Second Midterm exam......40%

Assignments.......20%

Quizzes.........5%

Classroom engagement......5%

Assignments (which may be subject to change depending on course progress):

- 1. An evidence brief summarizing one of the required readings that I will select
- 2. An evidence brief summarizing an optional academic article from the syllabus of interest to you
- 3. A short empirical project analyzing real data
- 4. A short proposal describing a research design for a hypothetical randomized control trial designed to answer a specific policy question

Plagiarism: Do not cheat and do not plagiarize. I will make very clear for which assignments collaboration is permitted and you should never hesitate to ask for clarification. Anyone caught cheating or plagiarizing runs the risk of failing the class and/or being reported to the dean. The Department of Economics has a policy on <u>academic misconduct</u>: "Academic misconduct includes plagiarism, cheating on examinations or other individual projects or assignments, and the theft or alteration of other persons' work for the purpose of gaining academic credit or of enhancing grades. While it is perfectly fine to consult other resources for studying purposes, copying answers to homework questions from another source is considered cheating." The University also has clear definitions of student misconduct in the <u>Student Governance Policy</u> if there is any uncertainty.

Contacting me: The easiest way to contact me is via email. Please put "[491]" in the beginning of the subject line, so that I will know that it is not spam and can filter and prioritize your messages. 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 assignments, then it is usually better to connect during office hours. If many students have similar questions, I may respond to your message through a message to the full class. I welcome you pointing out any oversights, omissions, or outright mistakes.

STUDENT RESOURCES

Economics Undergraduate Board (economics resources, tutoring, etc): The Economics Undergraduate Board (EUB) was created in 1989 by a group of undergraduate Economics majors who wanted to improve the educational experience of students in the department. The group advocates on behalf of and liaises between students and department faculty and staff, in addition to collaborating on events with alumni and friends of the department. The EUB produces a quarterly newsletter, The Economizer, and offers free tutoring and a variety of seminars, study resources, and events.

Access and Accommodations / Disability Resources: Your experience in this class is important to me. It is the policy and practice of the University of Washington to create inclusive and accessible learning environments consistent with federal and state law. If you have already established accommodations with Disability Resources for Students (DRS), please activate your accommodations via myDRS so we can discuss how they will be implemented in this course. If you have not yet established services through DRS, but have a temporary health condition or permanent disability that requires accommodations (conditions include but not limited to; mental health, attention-related, learning, vision, hearing, physical or health impacts), contact DRS directly to set up an Access Plan. DRS facilitates the interactive process that establishes reasonable accommodations. Contact DRS at disability.uw.edu.

Mental Health Resources: You should not hesitate to seek mental health support and there are confidential and free resources available for you through the University. Your mental health should be a top priority. Unfortunately, seeking help for mental health issues can be difficult because it is embarrassing for some people or stigmatized in some communities. The Counseling Center is a mental health resource where currently enrolled students can receive assistance with adjustment issues, depression, anxiety, relationship concerns, and a variety of other challenges. The Counseling Center is staffed by psychologists and mental health counselors who provide developmentally-based counseling, assessment, and crisis intervention services. The UW Counseling Center is located at 401 Schmitz Hall or can be contacted at 206-543-1240. The Crisis Clinic can be reached directly at (206) 461-3222 or toll-free at 1-866-427-4747. If you are experiencing a life-threatening emergency, dial 911.

Sexual Misconduct Resources: Unfortunately, sexual misconduct is not uncommon in our society or even in our UW community. For those who experience sexual misconduct or have questions about sexual misconduct, including sexual violence, harassment, stalking, and other forms of misconduct, resources are available. This website has a comprehensive list or resources. LiveWell Confidential Advocates provides a safe and confidential space to help students, faculty and staff identify what they want or need after an incident of sexual assault, relationship violence, stalking or sexual harassment has occurred. Confidential Advocates do not report incidents to the University and are available by email at lwadvoc@uw.edu.

Schedule: Required readings should be prepared in anticipation of the class they are associated with below. Changes may be announced over email (so please check your official UW email regularly). Items with asterisks (**) are required readings and all others are optional (not expecting you to cover them ahead of time), but may be useful to prepare for following the lectures. Each of these topics could be an entire course and many important topics had to be excluded given limited time, so please do not construe this as a comprehensive overview of all topics relevant to Development Economics.

	Date	Topics	Readings
1	Thurs,	Course introduction	**De Janvry & Sadoulet, <i>Development Economics</i> , Chapter 3
	Sep 29	What is development?	Banerjee & Duflo, <i>Poor Economics</i> , Chapter 1 & 2
		·	Acemoglu, Daron. (2003). "Root Causes." Finance & Development, pp. 27-30.
			Sachs, Jeffrey. (2003) "Institutions Matter, but Not for Everything." Finance & Development, pp. 38-41.
			Sen, Amartya. 1988. " <u>The Concept of Development</u> ." In Handbook of Development Economics 1: 9-26.
2	Tues, Oct 4	Measuring poverty and inequality	**Read the course syllabus and identify one typos
	0004	and inequality	**Predicting Poverty video at: https://youtu.be/DafZSeIGLNE
		Introducing causal inference	**Jean et. al. 2016. "Combining Satellite Imagery and Machine Learning to Predict Poverty." Science 353 (6301): 790–94.
		Reading development economics articles	**Brown, Caitlin, Martin Ravallion, and Dominique van de Walle. 2019. "Most of Africa's Nutritionally Deprived Women and Children Are Not Found in Poor Households." The Review of Economics and Statistics 101 (4): 631–44. [Read sections 1,2, & 4]
			De Janvry & Sadoulet, <i>Development Economics</i> , Chapter 5 & 6
3	Thurs, Oct 6	Household finance: volatile incomes, risk sharing, and debt	**Jack, William, and Tavneet Suri. 2014. "Risk Sharing and Transactions Costs: Evidence from Kenya's Mobile Money Revolution." American Economic Review 104 (1): 183–223.
		Differences-in- Differences	Merfeld, Joshua D. & Jonathan Morduch. 2022. "Poverty at High Frequency." Working Paper.
			Banerjee & Duflo, <i>Poor Economics</i> , [Chapter 6]
4	Tues, Oct 11	Lack of resources, information, and agency	**Duflo, et. al. 2007. " <u>Using Randomization in Development</u> <u>Economics: A Toolkit</u> ." In Handbook of Development Economics Vol 4. ed. T. Paul Schultz: 3895-3962. [Sections 2.1-2.3]
		Introduction to randomized control	**JPAL. "The Elements of a Randomized Evaluation" in Research Resources.
		trials (RCTs)	**Jensen, Robert. 2010. "The (Perceived) Returns to Education and the Demand for Schooling." The Quarterly Journal of Economics 125 (2): 515–48.

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			Balboni, Clare A., Oriana Bandiera, Robin Burgess, Maitreesh Ghatak, and Anton Heil. 2021. "Why Do People Stay Poor?" Working Paper. Working Paper Series. National Bureau of Economic Research.
			Udry, Christopher. 1996. "Gender, Agricultural Production, and the Theory of the Household." Journal of Political Economy 104 (5): 1010–46.
5	REMOTE / ZOOM Thurs,	Social protection More on RCTs	**Alatas, Vivi, Abhijit Banerjee, Rema Hanna, Benjamin A. Olken, and Julia Tobias. 2012. "Targeting the Poor: Evidence from a Field Experiment in Indonesia." American Economic Review 102 (4): 1206–40.
	Oct 13		**Aiken, et. al. 2022. "Machine Learning and Phone Data Can Improve Targeting of Humanitarian Aid." Nature 603 (7903): 864–70.
			Brown, et. al. 2018. "A Poor Means Test? Econometric Targeting in Africa." Journal of Development Economics 134 (September): 109–24.
6	Tues, Oct 18	Cash transfers Regression	**McIntosh, Craig & Andrew Zeitlin. "Lessons from a cash benchmarking evaluation: Authors' version." Development Impact Blog.
		Discontinuities	**Bastagli, et. al. 2016. "Cash Transfers: What Does the Evidence Say? - Briefing Paper" ODI: Think Change.
		Estimating Economic Spillovers	Baird, Sarah, Craig McIntosh, and Berk Özler. 2011. "Cash or Condition? Evidence from a Cash Transfer Experiment." The Quarterly Journal of Economics 126 (4): 1709–53.
			Angelucci, Manuela, and Giacomo De Giorgi. 2009. "Indirect Effects of an Aid Program: How Do Cash Transfers Affect Ineligibles' Consumption?" American Economic Review 99 (1): 486–508.
			Cunha, Jesse M, Giacomo De Giorgi, and Seema Jayachandran. 2019. "The Price Effects of Cash Versus In-Kind Transfers." The Review of Economic Studies 86 (1): 240–81.
			Egger, Dennis et. al. 2020. "General equilibrium effects of cash transfers: experimental evidence from Kenya," Department of Economics, Institute for Business and Economic Research, UC Berkeley.
7	Thurs, Oct 20	Health	**Cohen, Jessica, and Pascaline Dupas. 2010. "Free Distribution or Cost-Sharing? Evidence from a Randomized Malaria Prevention Experiment." The Quarterly Journal of Economics 125 (1): 1–45.
			**Clemens, Michael and Justin Sandefur. 2015. "Mapping the Worm Wars: What the Public Should Take Away from the Scientific Debate about Mass Deworming." CGD Blog Post. July 30, 2015.

			Miguel, Edward, and Michael Kremer. 2004. "Worms: Identifying Impacts on Education and Health in the Presence of Treatment Externalities." Econometrica 72 (1): 159–217.
			Kremer, Michael, and Edward Miguel. 2007. "The Illusion of Sustainability." The Quarterly Journal of Economics 122 (3): 1007–65.
			Dupas, Pascaline. 2014. "Short-Run Subsidies and Long-Run Adoption of New Health Products: Evidence From a Field Experiment." Econometrica 82 (1): 197–228.
			Banerjee & Duflo, <i>Poor Economics</i> , Chapter 4
8	Tues, Oct 25	Education: Demand and Supply Fixed effects estimation	**Mbiti, Isaac, Karthik Muralidharan, Mauricio Romero, Youdi Schipper, Constantine Manda, and Rakesh Rajani. 2019. "Inputs, Incentives, and Complementarities in Education: Experimental Evidence from Tanzania." The Quarterly Journal of Economics 134 (3): 1627–73.
		estillation	Oster, Emily, and Bryce Millett Steinberg. 2013. "Do IT Service <u>Centers Promote School Enrollment? Evidence from India</u> ." Journal of Development Economics 104: 123-135.
			Duflo, Esther. 2001. "Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment." American Economic Review 91 (4): 795–813.
9	Thurs,	Catch-up / Review for	
	Oct 27	midterm	
10	Tues, Nov 1	MIDTERM EXAM #1	
11	Thurs, Nov 3	Entrepreneurship,	
	111013, 11013	Firms, and Capital	**Cai, Jing, and Adam Szeidl. 2022. "Indirect Effects of Access to Finance." Working Paper. Working Paper Series. National Bureau of Economic Research.
			Mel, Suresh de, David McKenzie, and Christopher Woodruff. 2008. "Returns to Capital in Microenterprises: Evidence from a Field Experiment." The Quarterly Journal of Economics 123 (4): 1329–72.
			Mel, Suresh de, David McKenzie, and Christopher Woodruff. 2009. "Are Women More Credit Constrained? Experimental Evidence on Gender and Microenterprise Returns." American Economic Journal: Applied Economics 1 (3): 1–32.
			Bernhardt, Arielle, Erica Field, Rohini Pande, and Natalia Rigol. 2019. "Household Matters: Revisiting the Returns to Capital among Female Microentrepreneurs." American Economic Review: Insights 1 (2): 141–60.
1			Cai, Jing et. al. 2021. "Microfinance." VoxDevLit, 3(1). May 2021.

13	Tues	Ctructural	
12	Tues, Nov 8	Structural transformation and migration	**Barrett, Christopher B., Luc Christiaensen, Megan Sheahan, and Abebe Shimeles. 2017. "On the Structural Transformation of Rural Africa." Journal of African Economies 26 (suppl_1): i11–35.
		Structural Modeling	**Gollin, Douglas, Remi Jedwab, and Dietrich Vollrath. 2016. " <u>Urbanization with and without Industrialization</u> ." Journal of Economic Growth 21 (1): 35–70.
			Bryan, Gharad, Shyamal Chowdhury, and Ahmed Mushfiq Mobarak. 2014. " <u>Underinvestment in a Profitable Technology: The Case of Seasonal Migration in Bangladesh</u> ." Econometrica 82 (5): 1671–1748.
13	Thurs, Nov 10	Agricultural productivity and technology adoption	**Suri, Tavneet, and Christopher Udry. 2022. "Agricultural Technology in Africa." Journal of Economic Perspectives 36 (1): 33–56. https://doi.org/10.1257/jep.36.1.33 .
			Duflo, Esther, Michael Kremer, and Jonathan Robinson. 2008. "How High Are Rates of Return to Fertilizer? Evidence from Field Experiments in Kenya." American Economic Review 98 (2): 482–88.
			Emerick, Kyle et. al. 2016. " <u>Technological Innovations, Downside Risk, and the Modernization of Agriculture</u> ." American Economic Review 106 (6): 1537–61.
14	Tues, Nov 15	Industrial policy, manufacturing, and labor	**Heath, Rachel, and A. Mushfiq Mobarak. 2015. "Manufacturing Growth and the Lives of Bangladeshi Women." Journal of Development Economics 115: 1-15.
			**Blattman, Christopher, and Stefan Dercon. 2017. "Everything We Knew About Sweatshops Was Wrong." The New York Times, April 27, 2017, sec. Opinion.
			McMillan, Margaret, and Albert Zeufack. 2022. "Labor Productivity <u>Growth and Industrialization in Africa</u> ." Journal of Economic Perspectives, 36 (1): 3-32.
			De Janvry & Sadoulet, Development Economics, Chapter 7, pp.300-314.
15	Thurs, Nov 17	Digitization, connectivity, and infrastructure	**Jensen, Robert. 2007. "The Digital Provide: Information (Technology), Market Performance, and Welfare in the South Indian Fisheries Sector." The Quarterly Journal of Economics 122 (3): 879–924.
			Muralidharan, Karthik et. al. 2020. "Identity Verification Standards in Welfare Programs: Experimental Evidence from India." Working Paper. Working Paper Series. National Bureau of Economic Research.
			Lee, Kenneth, Edward Miguel, and Catherine Wolfram. 2020. "Does Household Electrification Supercharge Economic Development?" Journal of Economic Perspectives 34 (1): 122–44.
			Asher, Sam & Paul Novosad. 2020. "Rural Roads and Local Economic Development." American Economic Review 110 (3): 797–823.

16	Tues,	TBD	TBD depending on progress and interests that emerge in class
	Nov 22		discussions
	Nov 24	NO CLASS	Thanksgiving break
17	Tues, Nov 29	Political economy and government capacity	**Olken, Benjamin A., and Patrick Barron. 2009. "The Simple Economics of Extortion: Evidence from Trucking in Aceh." Journal of Political Economy 117 (3): 417–52.
			**Blattman, Chris. 2012 "Corruption and development: Not what you think?" Blog post. November 5, 2012.
			**Blimpo, Moussa P., Robin Harding, and Leonard Wantchekon. 2013. "Public Investment in Rural Infrastructure: Some Political Economy Considerations." Journal of African Economies 22 (suppl_2): ii57–83.
			**Banerjee, Abhijit et. al. 2020. " <u>E-Governance, Accountability, and Leakage in Public Programs: Experimental Evidence from a Financial Management Reform in India</u> ." American Economic Journal: Applied Economics 12 (4): 39–72.
			Dal Bó, Ernesto, Frederico Finan, and Martín A. Rossi. 2013. "Strengthening State Capabilities: The Role of Financial Incentives in the Call to Public Service." The Quarterly Journal of Economics 128 (3): 1169–1218.
			Besley, Timothy & Torsten Persson. 2014. "Why Do Developing Countries Tax So Little?" Journal of Economic Perspectives, 28 (4): 99-120.
18	Thurs, Dec 1	Using evidence for policy and select critiques	**Jean Dreze, "On the perils of embedded experiments," 2022. **Paul Decker, "When Enough is Enough," 2022.
		Cituques	**Angus Deaton, 2020. "Randomization in the Tropics Revisited: a Theme and Eleven Variations," NBER Working Papers 27600.
			Duflo, Esther. 2017. " <u>The Economist as Plumber</u> ." American Economic Review, 107 (5): 1-26.
			Hjort, Jonas et. al. 2021. " <u>How Research Affects Policy: Experimental Evidence from 2,150 Brazilian Municipalities</u> ." American Economic Review 111 (5): 1442–80.
			Bryan, G. et al. 2019. "Lessons learned from a scale-up of a seasonal migration RCT in Bangladesh," International Growth Centre Policy Brief, November 15, 2019.
19	Tues,	Catch-up / Review for	
	Dec 6	midterm	
20	Thurs, Dec 8	MIDTERM EXAM #2	