

Econ 491 – Microeconomics of Development
Spring 2022 Quarter

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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 to bring about change.
3. Students will become familiar with the latest research *methods* in applied economics, with a focus on randomized trials and related reduced-form techniques.
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 (and research that makes causal claims ore generally).

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 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.

Grading: The final grade will be calculated as follows:

1. First Midterm 20%
2. Second Midterm 20%
3. Final Paper 40% (Proposal 10%, Final Version 25%)¹
4. Homework Assignments 20%

Class Meetings: This class is scheduled for Tuesdays and Thursdays, 2:30 – 4:20pm. It will be held in person, in Smith Hall 135. Note that we will not meet on either March 31 or April 19, as noted on the schedule below.

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

Exams: There are two Midterm exams. They will be held during scheduled meeting times as noted on the syllabus below. Note that we will **not** be having an exam during the scheduled final exam time, but note that the final paper is due at the end of the exam period.

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 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 Canvas site. 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.

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 or similar questions.

Final Paper: A final paper of 8-10 pages is required and due at 5pm on the final day of the exam period. 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. You should visit during office hours to get approval for your paper topic before beginning writing.

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 in response to the peer review and my feedback. 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 **Thursday, April 14**.

Canvas Site: We will be using a Canvas site. There will be posted all relevant course materials. I will also post lecture slides before class so that you can print them out to take notes, if so inclined. Homework submissions should also be posted to Canvas. I will also post grades on Canvas as assignments are completed. However, **do not** pay attention to class grade that is calculated on Canvas: final grades will be determined according to the formula listed above.

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 having screens in front of students can make

class discussion—which we will have a lot of in this class—more difficult. I will post lectures slides before class, and I recommend printing them out prior to class to take notes on, since we will be filling in a lot of details.

Office Hours: I will be holding office hours from 2:00 to 4:00 on Mondays. If you are unable to make these times and would like to meet, please email me to suggest an alternative time. These hours may change when I travel, and I will schedule additional office hours around exam times.

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.

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. Due to the move to remote learning, many courses at UW have been cancelled, and thus I will strive to accommodate add codes to the extent possible. **Please contact me after the first class if you need an add code.**

Date	Topic / Theme	Readings
Tue, Mar 29	(1) Class Introduction	** Banerjee, Abhijit V., and Esther Duflo. 2005. “Growth Theory Through the Lens of Development Economics.” <i>Handbook of Economic Growth</i> 1: 473-552. (Sections 1-4) ** Duflo, Esther. 2017. “The Economist as Plumber.”
Thu, Mar 31	NO CLASS	
Tue, Apr 5	(2) Concepts and Measurement	Sen, Amartya. 1988. “The Concept of Development.” In <i>Handbook of Development Economics</i> 1: 9-26. Banerjee, Abhijit, and Esther Duflo. 2007. “The Economic Lives of the Poor.” <i>Journal of Economic Perspectives</i> 21(1): 141-168. 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) ** 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)
Thu, Apr 7	(3) Methods – Regression and Causation	Marc F. Bellemare, “A Primer on Linear Regression” Marc F. Bellemare. “A Primer on Causality.” 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)
Tue, Apr 12	(4) 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>
Thu, Apr 14	(5) Education – Returns Deadline to notify about intention to receive W credit	<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>
Tue, Apr 19	NO CLASS	
Thu, Apr 21	(6) Education – Incentives and Inputs (Supply Side)	<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 26	(7) 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. (Sections 1-5)</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-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>
Thu, Apr 28	FIRST MIDTERM	
Tue, May 3	(8) 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. (Sections 1-5)</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, May 5	(9) Health Externalities and Sustainability	<p>Kremer, Michael, and Edward Miguel. 2007. "The Illusion of Sustainability." <i>Quarterly Journal of Economics</i> 122(3): 1007-1065. (Sections I, II, IVA-IVC)</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>
Tue, May 10	(10) 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>
Thu, May 12	<p>(11) Microenterprises and Financial Markets – Returns to Capital</p> <p>PAPER PROPOSALS DUE FRIDAY, MAY 13</p>	<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. (Sections I-V)</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>
Tue, May 17	<p>(12) Microenterprises and Financial Markets – Credit</p>	<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>
Thu, May 19	<p>(13) Microenterprises and Financial Markets – Saving</p> <p>PAPER DUE FOR THOSE RECEIVING WRITING CREDIT</p>	<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>

		** 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.
Tue, May 24	(14) Information – Prices and Returns	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. 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. ** Jensen, Robert. 2010. "The (Perceived) Returns to Education and the Demand for Schooling." <i>Quarterly Journal of Economics</i> 125(2): 515-548. ** 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.
Thu, May 26	(15) Information – HIV and Sex PEER REVIEW DUE FOR THOSE RECEIVING WRITING CREDIT	Thornton, Rebecca. 2008. "The Demand for, and Impact of, Learning HIV Status." <i>American Economic Review</i> 98(5): 1829-1863. 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. ** Kerwin, Jason. 2016. "Scared Straight or Scared to Death? The Effect of Risk Beliefs on Risky Behaviors?" Unpublished Working Paper.
Tue, May 31	(16) Information – Social Learning and Technology Adoption	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. Bandiera, Oriana, and Imran Rasul. 2006. "Social Networks and Technology Adoption in Northern Mozambique." <i>Economic Journal</i> 116(514): 869-902. ** Chuang, Yating, and Laura Schechter. 2015. "Social Networks in Developing Countries." <i>Annual Review of Resource Economics</i> 7(7): 451-472.
Thu, Jun 2	SECOND MIDTERM	
Fri, Jun 10	FINAL PAPER DUE AT 5PM	