

Queen's School of Policy Studies, winter 2019

MPA-884 Development Economics

Lectures: Wednesday 1-4pm, Sutherland 334.

Office Hours: Tuesday 12-1pm, Sutherland 331.

Faculty Contact Info: Weili DING, Sutherland Hall 321, Email: dingw@queensu.ca.

Course Description: According to the most recent estimates, in 2015, 10 percent of the world's population (736 million) live on less than \$1.90 (2011 PPP U.S. dollars) a day, while 26% live on less than \$3.20 and 46% live on less than \$5.50. Virtually half of the people living in extreme poverty are under 18 years, and more than half of the population below the international poverty line live in Sub-Saharan Africa, which has the highest regional poverty rate, at 41%. What is life like living in poverty in low and middle income countries? What has worked so far to significantly reduce poverty globally? What more is needed? In this course, we will use a consistent economic perspective to tell the story of poverty - its history and current state, and poverty reduction-its success thus far and challenges ahead in various countries and regions. We will study the different facets of human development: education, health, gender, the family, land relations, risk, informal and formal norms and institutions.

Course Prerequisites: A microeconomics and a statistics course are prerequisites. Introductory Economics is required (MPA804 equivalent) and basic statistics is preferred (MPA805 equivalent).

Required Readings:

Assigned readings are integral parts of this course. They are essential to both your understanding of and success in the course. It is absolutely necessary that you complete the corresponding required readings before the class for which they are intended.

Reference Textbook provides a structured background to the topics and terminologies the papers on the reading list relate to:

Development Economics: Theory and Practice, by Alain de Janvry and Elisabeth Sadoulet, Routledge 2016. This textbook identifies seven key dimensions of development; growth, poverty, vulnerability, inequality, basic needs, sustainability, and quality of life, and use them to structure the contents of the text.

There are quite a few excellent books on poverty and economic development, we will cover in class some chapters from the books below:

Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty, by Abhijit V. Banerjee and Esther Duflo, Public Affairs, 2011.

Why Nations Fail: The Origins of Power, Prosperity, and Poverty, by Daron Acemoğlu and James A. Robinson, Decker Edge, 2012.

III. on Writing

There is the time-tested classic **The Elements of Style** by [William Strunk Jr.](#) and [E. B. White](#), and the latest addition **The Sense of Style** by Stephen Pinker, although I have it on good authority that if you can read an Economist magazine cover to cover without resorting once to a dictionary, your English is better than 99% of the native speakers... For a lower-bar aspiration, if you can write like those articles you read in the WSJ and FT-clear, concise and unassuming-you are already writing very well.

Topics and Required Readings (subject to change)

I. Introduction: The State of Development

Development Economics: 1. What is development? Indicators and issues

Development Economics: 2. State of development

Max Roser and Esteban Ortiz-Ospina. (2017). "Global Extreme Poverty".
<https://ourworldindata.org/extreme-poverty>

II. Economic Growth: Why Isn't the Whole World Developed?

Development Economics: 3. History of thought in development economics

Daron Acemoglu, David Laibson and John List. *Economics, 2nd edition*, Pearson, 2018.
Chapter 21: Economic Growth & 22: Why Isn't the Whole World Developed?

Development Economics: 8. Explaining economic growth, the macro level

Development Economics: 9. Endogenous economic growth

Spolaore, Enrico and Romain Wacziarg. (2013). "How Deep are the Root of Economic Development?", *Journal of Economic Literature*, 51(2), 325-369.

III. Economic Activities of the Poor: Agriculture, Labor and Migration

Development Economics: 18. Agriculture for development

1. Banerjee, A. V., and E. Duflo. (2007). "The Economic Lives of the Poor," *Journal of Economic Perspectives* 21(1): 141-167.

2. Banerjee, Abhijit, V., and Esther Duflo. (2008). "What Is Middle Class about the Middle Classes around the World?" *Journal of Economic Perspectives*, 22 (2): 3-28.

3. Bryan, G., S. Chowdhury, and A. Mobarak. (2014) "Underinvestment in a Profitable Technology: The Case of Seasonal Migration in Bangladesh", *Econometrica*, 82, 1671-1748.

4. MUNSHI, K. (2004). "Social Learning in a Heterogeneous Population: Technology Diffusion in the Indian Green Revolution", *Journal of Development Economics*, 73 (1): 185-213.

IV. Saving When Poor: The Importance and Difficulty of

5. “Saving Brick by Brick,” Chapter 8 from the book “Poor Economics” by Abhijit Banerjee and Esther Duflo, PublicAffairs, April 2011.
6. Joshua Blumenstock, Michael Callen and Tarek Ghani. (2018). “Why Do Defaults Affect Behavior? Experimental Evidence from Afghanistan”, *American Economic Review*, 108(10): 2868–2901.

IV. Poverty and Health

4.1 The Psychology of Poverty

7. Haushofer, Johannes, and Jeremy Shapiro. (2016). “The Short-Term Impact of Unconditional Cash Transfers to the Poor: Evidence from Kenya”, *Quarterly Journal of Economics*, 131(4): 1973–2042.
8. Haushofer, Johannes, and Ernst Fehr. (2014). “On the Psychology of Poverty”, *Science*, 344: 862-867.
9. Mani, Anandi, Sendhil Mullainathan, Eldar Shafir, and Jiaying Zhao. (2013). “Poverty Impedes Cognitive Function,” *Science*, 341: 976-980.

4.2 Health and Nutrition

10. Abhijit V. Banerjee Esther Duflo. (2007) “Aging and Death under A Dollar A Day”, NBER Working Paper 13683.
11. Baird, Sarah, Joan Hamory Hicks, Michael Kremer, and Edward Miguel. (2016). “Worms at Work: Long-run Impacts of Child Health Gains”, *Quarterly Journal of Economics*, 131(4): 1637-1680.
12. Gong, Erick. (2015). “HIV Testing and Risky Sexual Behavior”, *Economic Journal*, 125: 32-60.
13. Das, Jishnu, Alaka Holla, Aakash Mohpal, and Karthik Muralidharan. (2016). “Quality and Accountability in Health Care Delivery: Audit-study Evidence from Primary Care in India”, *American Economic Review*, 106(12): 3765-3799.
14. Dupas, Pascaline, and Edward Miguel. “Impacts and Determinants of Health Levels in Low-Income Countries”, forthcoming, *Handbook of Field Experiments*, (eds.) Esther Duflo and Abhijit Banerjee.
(https://web.stanford.edu/~pdupas/Health_DupasMiguel_Handbook.pdf)

V: Education

Development Economics: 17. Human capital: education and health

15. Jensen, Robert (2010). "The (Perceived) Returns to Education and the Demand for Schooling," *Quarterly Journal of Economics*, 125(2), 515-548.

16. Baird, Sarah, Craig McIntosh, and Berk Ozler. (2011). "Cash or condition? Evidence from a Randomized Cash Transfer Program", *Quarterly Journal of Economics*, 126(4): 1709-1753.

17. Muralidharan, Karthik and Venkatesh Sundararaman. (2011). "Teacher Performance Pay: Experimental Evidence from India", *Journal of Political Economy*, 119(1): 39-77.

18. 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.

VI: The Political Economy of Development

Development Economics: 21. Political economy and the role of the state

19. Olken, Ben and Rohini Pande. (2012). "Corruption in Developing Countries", *Annual Review of Economics*, Vol. 4.

20. Sanchez de la Sierra, Raul. (2017). "On the Origin of the State: Stationary Bandits and Taxation in Eastern Congo." SSRN: <https://ssrn.com/abstract=2358701>.

21. Ferraz, Claudio, and Frederico Finan. (2008). "Exposing Corruption politicians: The Effects of Brazil's Publicly Released Audits on Electoral Outcomes", *Quarterly Journal of Economics*, 123(2): 703-745.

22. Olken, Ben and Patrick Barron. (2009). "The Simple Economics of Extortion: Evidence from Trucking in Aceh", *Journal of Political Economy*, 117(3): 417-452.

23. Fisman, Raymond and Edward Miguel. (2007). "Corruption, Norms, and Legal Enforcement: Evidence from Diplomatic Parking Tickets", *Journal of Political Economy*, 115(6): 1020-1048.

24. Acemoglu, Daron, Suresh Naidu, Pascual Restrepo and James A. Robinson (2013) "Democracy, Redistribution and Inequality," in *Handbook of Income Distribution*, Volume 2B, Chapter 21.

25. Dal Bó, Pedro, Andrew Foster, Louis Putterman. (2010). "Institutions and Behavior: Experimental Evidence on the Effects of Democracy", *American Economic Review*, 100(5): 2205-2229.

26. Burke, Marshall, and Eoin McGuirk. (2017). "The Economic Origins of Conflict in Africa", NBER Working Paper 23056.

Logistics: Enrolled students are going to form study groups based on a topic they choose. The job for each group is to guide class discussion on a specific paper and "personalize" the topic they adopt by defining a specific issue within the topic they are most interested in debating.

Grading (subject to adjustment):

Group presentations on chosen papers (2)	30%
Group work of literature review on a chosen topic	30%
Referee report of a selected paper	10%
Final Exam	30%

On Exam: Students are allowed to use calculators, rulers, pens, pencils and erasers. No other materials will be permitted without prior permission from the instructor. Make up exam will only be given in extreme cases. If you must miss the exam, please see me well in advance to arrange some other suitable evaluation. Missing the exams without prior arrangement or compelling, verifiable reason will result in a zero grade. As well, evidence of the calamity should be provided.

CLASS POLICIES:

On meeting with the instructor: Office hours each week is the time slot your instructor dedicates to you throughout the course, which is also the best time to find her completely available to assist you. If there is a lineup during office hours, each student may only take up 10' per turn. When emailing to request meeting outside of office hours, please specify your availability in the next few days. Emailed questions will be answered usually in 48 hours excluding weekends and out of town trips.

On Attendance: Attendance of lectures is required. To minimize free-riding behavior and potential negative externalities to your classmates, I will deduct up to 5 points from your final marks of 100 points each time you fail to attend a lecture. The common rules of acceptable absenteeism apply.

On Cooperation: You may cooperate on practice problem sets. You may not cooperate while taking exams.

On Re-grade: A request for a re-grade shall be submitted to the instructor in writing. In such a case, I will reevaluate your complete exam and not just the specific questions and answers you wish to have reviewed. This does not apply to corrections of obvious grading errors.

If you need help: If you find that you are having difficulty with any of the material in this course:

- (1) DO NOT let it build up. The material is cumulative in nature and you are likely to find yourself only falling further behind.
- (2) DO come and see the instructor, either after class or by making an appointment. Be forewarned: We expect that you have read the relevant readings and reviewed your notes BEFORE you come to my office.
- (3) If you need further help, the graduate students in the Economics Department are available for hire as private tutors (they charge \$30+ an hour--to obtain a list of names, call the receptionist (613-533-2250)).

Academic Integrity: Academic Integrity is constituted by the five core fundamental values of honesty, trust, fairness, respect and responsibility (www.academicintegrity.org). These values are central to the building, nurturing and sustaining of an academic community in which all members of the community will thrive. Adherence to the values expressed through academic integrity forms a foundation for the "freedom of inquiry and exchange of ideas" essential to the intellectual life of the University (see the Senate Report on Principles and Priorities: <http://www.queensu.ca/secretariat/policies/senate/report-principlesand-priorities>).

Students are responsible for familiarizing themselves with the regulations concerning academic integrity and for ensuring that their assignments conform to the principles of academic integrity. Information on academic integrity is available in the Graduate Studies Calendar (http://www.queensu.ca/calendars/sgsr/Academic_Integrity_Policy.html). Departures from academic integrity include

plagiarism, use of unauthorized materials, facilitation, forgery and falsification, and are antithetical to the development of an academic community at Queen's. Given the seriousness of these matters, actions which contravene the regulation on academic integrity carry sanctions that can range from a warning or the loss of grades on an assignment to the failure of a course to a requirement to withdraw from the university.

Disability Accommodations: Queen's University is committed to achieving full accessibility for persons with disabilities. Part of this commitment includes arranging academic accommodations for students with disabilities to ensure they have an equitable opportunity to participate in all of their academic activities. If you are a student with a disability and think you may need accommodations, you are strongly encouraged to contact Student Wellness Services (SWS) and register as early as possible. For more information, including important deadlines, please visit the Student Wellness website at: <http://www.queensu.ca/studentwellness/accessibility-services/>

Accommodation after the fact: Once a student has written an exam, they may not subsequently be granted accommodation such as being offered a second opportunity to write the exam or have it count for less than originally specified in the course syllabus (reweighted). Students who cannot perform to the best of their abilities due to a serious, extenuating circumstance should inform their instructor as soon as possible and before attempting an exam or completing a course to arrange appropriate accommodation.

References: In general, I am happy to provide references for employers or write letters of reference for students who plan to attend further graduate school. The strength of any recommendation remains positively correlated with your performance in this course. For job references, please email me with a heads up that a potential employer might call or email. Please also let the respective referee know if there are any skills of yours that I should highlight in my reply to them. Naturally, make sure that these claims are credible as my reputation is on the line. If you would like a letter of reference for graduate school please also attach a statement of purpose (if relevant) as well as a current CV / transcript. Please allow at least 3 weeks for the completion of letters.

If You Find Yourself in Trouble: First step, head back earlier in the syllabus to the heading “if you need help”. Yet, in the event of receiving a final grade between 60 and 69.5 in this course, the School of Policy Studies will allow the student to write a qualifying examination to assess if the students' knowledge of this field meet the minimum standard for the MPA degree. Passing the qualification exam will result in receiving a passing grade of B- for the course. The qualifying exam is not a make-up exam. The qualifying exam must be written by May 31, 2019.

Receiving a final mark below 70 will result in a course failure. In this case, students will be required to either repeat the course or take an approved substitute. Note that, The School of Graduate Studies regulations require students to have no more than one course failure.