

ECON2111

Introduction to Economic Development

Course Outline Part A: Course Information Semester 1, 2017

Students are also expected to have read and be familiar with **Part B Supplement to All Course Outlines**. This contains Policies on Student Responsibilities and Support, Including Special Consideration, Academic Misconduct and Plagiarism, and Key Dates. It also contains the BUSINESS SCHOOL PROGRAM LEARNING GOALS.

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1 STAFF CONTACT DETAILS

Lecturer-in-charge: Sarah Walker
Room: UNSW Business School, Room 459
Phone No: 9385 3319
Email: s.walker@unsw.edu.au
Consultation time: TBC

The course tutor will be posted on the Course Website

1.1 Communications with staff

You should feel free to contact your lecturer(s) about any academic matter. However, I strongly encourage that, for efficiency, all enquiries about the subject material be made at lectures or tutorials, or during consultation time. Discussion of course subject material will not be entered into via lengthy emails.

Email correspondence on administrative matters (e.g. inability to attend tutorial) will be responded to within 48 hours, but not over weekends. Please note that the lecturer has no advance notice of the date and time of the final exam [the subject of many emails].

Your email should have "ECON2111" in the subject line.

2 COURSE DETAILS

2.1 Teaching Times and Locations

Lecture: Monday, 11am-1pm, BUS G26
Tutorials: Monday, 10-11am, BUS G21
Monday, 1-2pm, BUS G21

2.2 Units of Credit

The course is worth 6 units of credit. There is no parallel teaching in this course.

2.3 Summary of Course

One out of five people on Earth lives on less than \$1 USD per day, while half the world lives on less than \$2 USD per day. This course explores the causes and correlates of global poverty, and investigates the policies used to address it. The approach of the course is microeconomic, meaning that we focus on individual and household behaviours, as well as market failures which lead to sub-optimal choices by these individuals. We will learn about measurement of poverty and inequality, the role of health and education in poverty, problems in credit, savings, and insurance markets, the causes and effects of migration, environmental degradation, and child labor. By the end of this course, students will be able to design innovative ways to assess whether a proposed development intervention is likely to successfully improve the welfare of its target population.

This course will not cover macroeconomic topics, such as institutions, geography, growth, trade, or liberalization in any depth. This is not because these are not important topics, but rather because there are other courses in the School which are entirely dedicated to them. For students interested in those topics I recommend: ECON3110 (Development Economics), ECON3109 (Economic Growth, Technology, and Structural Change), ECON3116 (International Trade), and ECON3104 (International Macroeconomics).

2.4 Aims and Relationship to Other Courses

ECON2111 will use content from ECON1101 and ECON1102. Students should be warned that good command of the material taught in the prerequisite course is *essential* for successfully mastering the material in this course.

Economic models and econometric tools are frequently used to provide a coherent explanation for some issues, but you do not need to have taken an econometrics course to be successful in this course. I will give a brief overview of the essential statistical methods needed to interpret the literature discussed in this course during the third week of lecture.

2.5 Student Learning Outcomes

The Course Learning Outcomes are what you should be able to DO by the end of this course if you participate fully in learning activities and successfully complete the assessment items.

The Learning Outcomes in this course also help you to achieve some of the overall Program Learning Goals and Outcomes for all undergraduate coursework in the Business School. Program Learning Goals are what we want you to BE or HAVE by the time you successfully complete your degree. For more information on the Undergraduate Program Learning Goals and Outcomes, see Part B of the course outline.

The following table illustrates the Course Learning Outcomes and Program Learning Goals and Outcomes:

Program Learning Goals and Outcomes		Course Learning Outcomes	Course Assessment Item
<i>This course helps you to achieve the following :</i>		<i>On successful completion of the course, you should be able to:</i>	<i>This outcome will be assessed through:</i>
1.	Knowledge	Identify the economic causes of underdevelopment. Asses the relevance and weight of data in evaluating causes of underdevelopment. Assess the potential effectiveness of various policies in combating underdevelopment.	<ul style="list-style-type: none">• Problem sets• Exams• In-tutorial presentations• In-class quizzes
2.	Critical thinking and problem solving	Meaningfully question received knowledge and claims regarding theory and policy related to economic development.	<ul style="list-style-type: none">• Problem sets• Exams• In-tutorial presentations• In-class quizzes
3a.	Written communication	Construct written work which is logically and professionally presented.	<ul style="list-style-type: none">• Problem sets• Exams• In-class quizzes
3b.	Oral communication	Communicate ideas in a succinct and clear manner.	<ul style="list-style-type: none">• In-tutorial presentations
4.	Teamwork	Work collaboratively to complete a task.	<ul style="list-style-type: none">• In-class group activities
5a.	Ethical, environmental and sustainability considerations	Identify and assess economic incentives for adoption of sustainable practices in developing countries.	<ul style="list-style-type: none">• Problem sets• Exams• In-tutorial presentations• In-class quizzes
5b.	Social and cultural awareness	Understand the economic incentives underlying selected cultural phenomena in developing countries.	<ul style="list-style-type: none">• Problem sets• Exams• In-tutorial presentations• In-class quizzes

3 LEARNING AND TEACHING ACTIVITIES

3.1 Approach to Learning and Teaching in the Course

An understanding of any economic phenomenon has two components. *Theory* investigates causal factors that produce and sustain the phenomenon (in this case, economic (under)development) and examines the processes through which causality works. The facts that theory attempts to explain *are supported by empirical observations*. Empirical data is also used to test the validity of the theory in the context of specific cases. In this course, we will continually emphasise the relationship between theory and empirics. Students will be particularly encouraged to question the validity of theories, as well as the relevance of specific facts.

Please note that this course will “flip” much of the content. In practical terms, this means that I will work under the assumption that you have done the readings at home, as well as completed a set of study questions related to the reading assigned for a particular day. In class we will discuss the readings and occasionally work through applications in groups. Initially, this may be an uncomfortable arrangement, but the intention is to maximize your mastery of the topics covered in this class.

3.2 Learning Activities and Teaching Strategies

This course has two principal components: lecture and tutorial. The lectures will cover the theory of economic development and underdevelopment, and form the core material of the course. In tutorials, students will discuss and present assigned material related to the theory. This material will often complement and reinforce the lectures by incorporating data and case studies, but occasionally it will also represent alternative views and criticism. Tutorials will serve to deepen the students’ understanding of the core material.

The purpose of lecture is: 1) to provide a logical structure for the topics that make up the course; 2) to emphasize the important concepts, models and methods of each topic, and 3) to provide relevant examples to which the concepts and methods are applied. Lecture slides can be downloaded from Moodle prior to each lecture. A small set of study questions will also be provided each week via Moodle in order to assist with the weekly readings.

Tutorials are an integral part of the subject. They will be devoted to review key concepts explored in class during lecture time. Tutorial meetings aim to provide occasion for each student to develop their understanding of theoretical concepts, as well as communication skills and critical spirit. Tutorials are NOT designed to provide students with rote solutions to assigned problems. Attendance rolls will be taken.

3.3 Alert: Content is Open to Argument!

*It is extremely important to note that, in large part, this course does not deal with accepted answers to conventional questions. Many of the questions we will address and discuss are current puzzles about which there are conjectures and insights, but no known “right answers” that can be memorised. **Indeed, different pieces of reading material assigned on the same topic may sometimes contradict each other. Assignments and exams will reflect this nature of the material; marks will be awarded for evidence of reflection and reasoning, not for reproducing textbooks or lecture notes.***

4 ASSESSMENT

4.1 Formal Requirements

In order to pass this course, you must:

- Achieve a composite mark of at least 50 out of 100;
- Make a satisfactory attempt at ALL assessment tasks (see below);
- Attend at least 8 out of 10 tutorials.

4.2 Assessment Details

The grade for the course will be based upon the following assessment components:

Assessment Task	Weighting	Length	Due date
In-class work: quizzes and group activities; Tutorial presentation	25%	See 4.3 below	Periodically in-lecture throughout the Session. Tutorial schedule TBD during first tutorial class.
Homework assignments	20%	See 4.5 below	27 th March, 1 st May, and 22 nd May
Mid-session exam	25%	See 4.6 below	Week 7 during lecture time
Final exam	30%	See 4.6 below	University exam period
TOTAL	100%		

4.3 In-Class Work : Quizzes, Group Work, and Tutorial Presentations

4.3.1 Quizzes and Group Work

In order to incentivize your pre-class study of material, study questions will be assigned for each day's reading. Very frequently (though not every class), you will be required to answer one of these questions in a quiz at the beginning of class. These quizzes, combined with the group work that you do together in class, will constitute half of the "in-class" portion of your grade. In order to account for the fact that people are occasionally ill or have other decent reasons for missing class, you will be allowed to drop your 2 lowest grades (either quiz or group work) over the course of the semester.

4.3.2 Tutorial Presentations

Each week, a group of two to four students will present the material from supplementary readings that were assigned for the previous week. The aims of the presentations are to: 1) summarise and highlight important content from the readings, and 2) encourage discussion of the material in tutorial. Students will be assessed on the quality of the presentations and the facilitation of the ensuing discussion. The presentation roster will be drawn up in tutorials in the second week. Students' presentation slides may be uploaded on Moodle. Tutorial presentations will constitute the remaining half of the "in-class" portion of your grade.

4.4 Homework Assignments

There will be three homework assignments over the course of the semester. Anything that you write down on paper and hand in to me should contain grammatically correct, complete sentences (this is also true for email). Homework assignments will include a variety of written and numerical exercises. Assignments will be posted one week before they are due. If you choose not to turn in an assignment on time, you will lose 20% of the total points that you earn on the assignment for each day that it is late.

The three homework assignments are due: **27TH MARCH, 1ST MAY, and 22ND MAY.**

4.5 Mid-Session and Final Exams

The mid-session and final exam may contain technical questions and short essay questions as well as questions calling for more in-depth analysis.

The mid-session exam will be held during the regular lecture time. Details of the exam location will be announced a few weeks before the test and will be advised on the course website.

There will be **NO supplementary tests** offered for the mid-session exam. You should make every effort to take the mid-session exam. Students who fail to attend the examination will need to apply for Special Consideration. In cases of serious illness, students will need full and

convincing documentation of that illness. Students who are found to be genuinely too ill to have attended the exam will have their mark in the remaining assessment tasks re-weighted to include the mark reserved for the missed test. In all other cases of non-attendance students will receive a grade of zero.

The final exam will be offered during the regular University exam period. Students should note that, given changes in the course content and the lecturer, past exams for this subject will be misleading. All material covered in the lectures and tutorial program is examinable. The present course outline is significantly different from those in the previous several years.

Applications for special consideration for all tests must be lodged online through myUNSW within 3 working days of the assessment. (Log into myUNSW and go to My Student Profile tab > My Student Services channel > Online Services > Special Consideration. Then submit the originals or certified copies of your completed Professional Authority form and any supporting documentation to Student Central.

Employment obligations or holiday plans of any kind are not acceptable reasons for absence from any test/examination.

5 COURSE EVALUATION AND DEVELOPMENT

Each year feedback is sought from students and other stakeholders about the courses offered in the School and continual improvements are made based on this feedback. UNSW's myExperience Survey Tool is one of the ways in which student evaluative feedback is gathered. You are strongly encouraged to take part in the feedback process.

6 COURSE RESOURCES

The website for this course is on UNSW Moodle at: <http://moodle.telt.unsw.edu.au>

Textbooks:

1. Banerjee, Abhijit and Esther Duflo, (2011). *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*, New York: Public Affairs. (**B&D** in the course schedule)
2. de Janvry, A. and E. Sadoulet. (2015). *Development Economics: Theory and Practice*. London: Routledge. (**dJ&S** in the course schedule)

You may either purchase copies of these texts or access them free of charge through the UNSW library. The online copies will allow you to download and print PDF versions of each chapter.

Other readings: An assortment of readings is prescribed, as detailed below, organised roughly by topic. Not all will be required. The course schedule details when required readings are to be completed. **(R)** Denotes readings required for lecture, in addition to the main textbook readings. Supplemental readings will be discussed in tutorial.

1. *What is Development?*

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

(R) Sen, A. (1988). "The Concept of Development." Chapter 1, (pp. 10-26). *Handbook of Development Economics*, eds. H. Chenery and T.N. Srinivasan. Elsevier Science Publishers.

2. *Measuring Poverty and Inequality*

Deaton, A. (2005). "Measuring Poverty in a Global World (or Measuring Growth in a Poor World)." *The Review of Economics and Statistics*, 87(1).

(R) Haughton and Khander. (2009). "Measuring Poverty." *Handbook on Poverty and Inequality*, Chapter 6, The World Bank Institute.

3. Review of Statistical Methods and Randomized Control Trials (RCTs)

(R) Banerjee, A. V., & Duflo, E. (2009). "The Experimental Approach to Development Economics." *Annual Review of Economics*.

Duflo, E., R. Glennerster, and M. Kremer. (2007). "A Randomization Toolkit." *CEPR working paper 6059*.

(R) Gertler, P., P. Premand, S. Martinez, C. M. J. Vermeersch, and L. Rawlings. (2010). *Impact Evaluation in Practice*. World Bank.

Sykes, A. (1992). "An Introduction to Regression Analysis." *The Inaugural Coase Lecture*.

4. Health

(R) Dupas, P. (2014). "Short-Run Subsidies and Long-run Adoption of New Health Products: Evidence from a Field Experiment." *Econometrica*, 81(1).

Miguel, E., and M. Kremer. (2004). "Worms: Identifying Impacts on Education and Health in the Presence of Treatment Externalities." *Econometrica*, 72(1).

5. Education

Duflo, E. (2001). "Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment." *American Economic Review*, 91(4).

(R) Kremer, M. (2003). "Randomized Evaluations of Educational Programs in Developing Countries: Some Lessons." *American Economic Review*, 93(2).

6. Population and Development

Qian, N. (2009). "Quantity-Quality and the One Child Policy: The Positive Effect of Family Size on School Enrolment in China." *NBER Working Paper 14973*.

7. Insurance

Karlan, D., R. Osei, I. Osei-Akoto, and C. Udry. (2015). "Agricultural Decisions after Relaxing Credit and Risk Constraints." *The Quarterly Journal of Economics*, 192(2).

(R) Ray, D. (1998). "Insurance" (Chapter 15). *Development Economics*. Princeton University Press.

8. Credit and Savings

Banerjee, A., E. Duflo, R. Glennerster, and C. Kinnan. (2015). "The Miracle of Microfinance? Evidence from a Randomized Evaluation." *American Economic Journal: Applied Economics*, 7(1).

(R) McClure, S., D. Laibson, G. Loewenstein, and J.D. Cohen. (2004). "Separate Neural Systems Value Immediate and Delayed Monetary Rewards." *Science* 306(5695).

9. Migration

(R) "Migration and Development" *The Economist*, 2004

Munshi, K. and M. Rosenzweig. (2016). "Networks and Misallocation: Insurance, Migration, and the Rural-Urban Wage Gap." *American Economic Review*, 106(1).

10. Environment and Development

Andreoni, J. and A. Levinson. (2001). "The Simple Analytics of the Environmental Kuznets Curve." *Journal of Public Economics*. 80.

(R) Solow, R. (1991). "Sustainability: An Economist's Perspective" 18th J. Seward Johnson Lecture to the Marine Policy Center, Woods Hole Oceanographic Institution at Woods Hole, MA.

11. Child Labor

(R) Banerjee, Abhijit, Roland Benabou, and Dilip Mookherjee. (2006). "Child Labor" (Chapter 16). *Understanding Poverty*, New York: Oxford University Press. **(BBM in Course Schedule)**

(R) Basu, Kaushik. (1999). "Child Labor: Cause, Consequence, and Cure, with Remarks on International Labor Standards," *Journal of Economic Literature*, 37.

7 COURSE SCHEDULE

7.1 Lecture Schedule (tentative and subject to revision)

Week	Date	Topic	Readings
1	27 February	What is Development?	B&D Ch. 1 Sen (1988)
2	6 March	Measuring Poverty and Inequality	dJ&S Ch. 5 Haughton and Khandor (2009)
3	13 March	Statistical Methods and RCTs	Gertler et al. (2010) Ch 3 & 4 Banerjee & Duflo (2009) *Sykes (1992)
4	20 March	Health	B&D Ch.2 & 3 Dupas (2014)
5	27 March	Education	B&D Ch. 4 Kremer (2003)
6	3 April	Population and Development	B&D Ch. 5 dJ&S Ch. 11
7	10 April	MID-SEMESTER EXAM	Covers week 1-6 material
Mid-semester break: Friday 14 – Saturday 22 April inclusive			
8	24 April	Insurance	B&D Ch. 6 Ray Ch. 15
9	1 May	Credit and Savings	B&D Ch. 7 & 8 McClure et al. (2004)
10	8 May	Migration	dJ&S Ch.12 The Economist (2004)
11	15 May	Environment and Development	dJ&S Ch.15 Solow (1991)
12	22 May	Child Labor	BBM Ch.16 Basu (1999)
13	29 May	NO LECTURE	

*If you are unfamiliar with linear regression

7.2 Tutorial Schedule

Tutorials start in Week 2 and finish in Week 12. Before each tutorial I will upload the review questions for each tutorial session on Moodle.

Week	Date	Topic	Readings
1	27 February	NO TUTORIALS	
2	6 March	Introduction and Scheduling	Banerjee & Duflo (2007)
3	13 March	Measuring Poverty and Inequality	Deaton (2005)
4	20 March	Statistical Methods and RCTs	Gertler et al. Ch. 1
5	27 March	Health	Miguel & Kremer (2004)
6	3 April	Education	Duflo (2001)
7	10 April	MID-SEMESTER EXAM	NO TUTORIALS
Mid-semester break: Friday 14 – Saturday 22 April inclusive			
8	24 April	Population and Development	Qian (2009)
9	1 May	Insurance	Karlan et al. (2015)
10	8 May	Credit and Savings	Banerjee et al. (2015)
11	15 May	Migration	Munshi & Rosenzweig (2016)
12	22 May	Environment and Development	Andreoni & Levinson (2001)
13	29 May	NO TUTORIALS – Review for Final	