

Professor: Kartini Shastry
Email: gshastry@wellesley.edu

Office: PNE 415; (781) 283-2382
Office hours: M 4:30-6 W 2-3:15, and by
appointment

ECON 320: Economic Development Syllabus and Course Policies

Lecture: Mondays and Thursdays 1:30 – 2:40 pm

Classroom: PNE 127

Course Description: This course examines the economic situations of low and middle-income economies, considering many important topics in the field of development economics. It addresses questions such as what factors help explain why some countries are rich and others poor and whether economic policies can affect these factors. We will study key aspects of life for poor households in the developing world, such as inequality, gender and the intra-household division of resources, education, child labor, health, savings and credit, institutions and globalization. Students will also study recent research in the field and examine empirical evidence on these topics.

Prerequisites: Economics 201 and 203 (cannot be concurrent). We will rely heavily on statistical methods you learned in econometrics. While we will review concepts such as omitted variables bias, endogeneity and difference-in-difference in class, it is your responsibility to review the more basic concepts (error terms, BLUE, hypothesis tests, etc.) if you have forgotten them.

Readings:

- Dwight H. Perkins, Steven Radelet and David L. Lindauer, *Economics of Development* 6th Edition (W. W. Norton, 2006). (referred to as Textbook in the reading list). A copy is on reserve in Clapp Library. There is a student companion website to the textbook at www.norton.com/studyspace.
- Required readings, mostly research papers in economics, are listed on the attached reading list. This is not a final list – required readings will be updated during the semester and made available on the conference. I will highlight changes in class, but you are responsible for ensuring that you have the most current list of readings. You are expected to understand the main points of these papers, but are not required to master technical material in these readings that goes beyond the material discussed in class.
- Additional readings are listed for students interested in further information. NOTE: You are responsible for all material covered in lecture regardless of whether the source is a supplemental reading or an additional reading.

Key Dates: *Midterm Examination* – Thursday, October 28 in class
Final Examination – self-scheduled during exam period
Term Paper Due – Thursday, December 9 in class
Short Assignment Due Dates (approximate) –
Problem sets: Sept 30, Oct 21, Nov 18, Dec 2
Referee report: Nov 11 (optional)

Grading: 35% Final Exam, self-scheduled
25% Midterm Exam
20% Term Paper (5% of which can come from referee report)
12% Problem Sets
8% Class Participation (may include in-class quizzes)

Exam Policy: The exams will cover material in the required readings and all material presented in class. Exams will be closed book, closed notes.

Requests for re-grades must be submitted by email to me within one week of the return of that graded assignment or exam to the class. Note that the entire exam is subject to re-grade.

Term Paper and Referee Report: The Term Paper will give you an opportunity to explore in more detail a question related to development economics that interests you. You will work in groups of 2 or 3 to write an 8-10 page paper that explores, analyzes and critiques the current economic literature on your question, using the tools developed in this course. I will work with you to find a suitable topic and provide more details on the requirements early in the semester.

I have included an optional assignment to the schedule to help prepare you for writing this critical analysis. If you choose, you may submit a 2-3 page referee report on one of the research papers listed in the additional readings section of the reading list. A referee report should consist of at most 1 paragraph summary, followed by detailed analysis, criticisms and suggestions on the main arguments in the paper and the methodology employed. If you choose to submit this, 5% of your term paper grade will come from this referee report.

Problem Sets: Problem sets must be handed in at the beginning of class on the date they are due. Late problem sets will not be accepted. Problem sets are graded mostly on completeness and effort; it is your responsibility to check correctness with the solution sets.

Problem sets are meant to help you learn the material and prepare for exams. You may work on the assignments in groups of at most 3 students and if you choose, may turn in one problem set for the entire group. Even if you chose to write up your own assignment, you should list the names of any collaborators on the problem set (i.e. write “Discussed problems 1 and 2 with Hermione”). Please do not copy someone else’s work – it will hardly help your grade and will most likely hurt you on the exams.

Please turn in problem sets in good condition. Please write legibly and staple the pages together. I reserve the right to cut 10% for poor problem set presentation.

Class Attendance and Participation: Class attendance is mandatory. You are responsible for ALL material from class and exams are likely to weigh this material heavily. Please make arrangements to get notes from a classmate if you cannot attend. Enrolled students who do not attend the first weeks of lecture will be dropped to make room for waitlisted students.

Since this is a seminar class, class participation is essential (and will be much appreciated). I hope to have a lot of discussion in this class and preparation is key to this happening. Students are responsible for reading the required readings before each class and are expected to actively participate in classroom discussions.

Extension Policy: There will be no make-up exams or excused extensions on written work due, except under extreme circumstances such as severe personal illness or injury (requiring admission to the health center or hospital) or family crisis. In such cases, you must notify me in

advance of the missed exam or due date for written work via a phone call or email. You should then contact me within 1 day of the missed assignment/exam to make arrangements to make up the work. I will then notify your class dean that you have taken an extension. Unexcused late work or missed exams will receive a grade of zero.

Course Conference: Please add yourself to the course conference (if you registered early, I added you myself) and get in the habit of checking it regularly. I expect that you will check your email and the conference at least every two days during the semester. I will use the conference to make announcements and post assignments and handouts. You can use it to ask questions of me or your fellow students. At the end of the second week of classes this will become a closed conference; please let me know if you are unable to access the conference after this time.

Office Hours: Please feel free to stop by during my office hours (listed on the front of this syllabus) if you have any questions, concerns or are interested in learning more about a topic. If you have a conflict with all of my office hours, please let me know within the first week of the course; I will do my best to provide alternative office hours if the demand is sufficient. If conflicts arise throughout the semester, I am also available by appointment.

Email: I will usually respond to email within 24 hours, but my response time may be slower on weekends and holidays. Please plan accordingly if your question is time-sensitive. If your question may be of interest to other students, I encourage you to post on the conference rather than emailing me. However, please cc me on any message posted to the conference to ensure a quicker reply.

Disabilities: Students with disabilities who need disability-related accommodations in the completion of course work should contact Jim Wice, Director of Disability Services, to arrange these accommodations. If the accommodations include alternative testing space or time, it is the responsibility of the student to contact me 1-2 weeks in advance of each exam to coordinate the provision of these accommodations.

The Honor Code: As a reminder, the Wellesley Honor Code, “As a Wellesley College student, I will act with honesty, integrity, and respect. In making this commitment, I am accountable to the community and dedicate myself to a life of honor.” You should adhere to this code in the completion of all assignments and interactions with all members of the course.

Tentative Course Schedule: This is a tentative schedule for the semester. Depending on our progress, we may veer off the schedule – I will keep you up to date in class and on the conference. This schedule includes the required readings for each lecture; details and additional readings are on the reading list

Date

Thu, Sep 9

Topic, Readings

Introduction I

Hartmann (1983)

Mon, Sep 13

Introduction II

Textbook, Ch 1 & 2

Thu, Sep 16	Traditional growth models <i>Textbook, sections of Ch 4 on Harrod-Domar model</i> <i>Easterly (1999)</i>
Mon, Sep 20	Solow growth model <i>Textbook, sections of Ch 4 on Solow model</i>
Thu, Sep 23	Empirical evidence on Solow model <i>Mankiw, Romer and Weil (1992)</i>
Mon, Sep 27	Inequality I <i>Textbook, Ch 6</i>
Thu, Sep 30	Inequality II Problem Set 1 Due
Mon, Oct 4	Population growth <i>Textbook, Ch 7</i>
Thu, Oct 7	Fertility
Mon, Oct 11	Fall Break, No Class
Tue, Oct 12	Gender <i>Qian (2008)</i> Monday Schedule
Thu, Oct 14	Intra-household decision-making theory <i>Start Duflo (2003)</i>
Mon, Oct 18	Intra-household decision-making evidence <i>Duflo (2003)</i>
Thu, Oct 21	Education: Introduction <i>Textbook, Ch 8</i> Problem Set 2 Due
Mon, Oct 25	Education: estimating returns to schooling <i>Duflo (2001)</i>
Thu, Oct 28	Midterm
Mon, Nov 1	Education: improving schools
Thu, Nov 4	Education: improving schools <i>Glewwe, Kremer and Moulin (2007)</i>
Mon, Nov 8	Child Labor <i>Edmonds (2008)</i> Health: Introduction <i>"What Works" and "Three Diseases" sections in Ch 9</i>

Thu, Nov 11	Health: Relationship between Income & Health I <i>Banerjee et al (2004)</i> Referee Report Due (optional), Paper Topic Deadline
Mon, Nov 15	Health: Relationship between Income & Health II <i>Thomas et al (2003), Sachs (2002)</i>
Thu, Nov 18	Savings: Theory <i>Textbook (See readings)</i> Problem Set 3 Due
Mon, Nov 22	Savings: Empirical Evidence <i>Ashraf, Karlan and Yin (2006)</i>
Thu, Nov 25	Thanksgiving, No Class
Mon, Nov 29	Credit and Microfinance <i>Aleem (1990)</i>
Thu, Dec 2	Institutions and Leadership <i>Acemoglu (2003), Acemoglu, Johnson and Robinson (2001)</i> Problem Set 4 Due
Mon, Dec 6	Corruption <i>Olken (2007)</i> <i>Problem Set</i>
Thu, Dec 9	Geography <i>Diamond, Sachs et al (2001)</i> Final Paper Due

ECON 320: Economic Development Reading List

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I. Introduction: What is Economic Development?

Readings:

Textbook, Chapters 1 and 2

Hartmann, B. (1983), "The Trials of a Poor Peasant Family," Chapter 12 in A Quiet Violence: View from a Bangladesh Village. London: Zed Press. (handed out in class)

Additional Readings:

Sachs, J. (Sept. 2005), "Can Extreme Poverty Be Eliminated?" *Scientific American*, pp. 56-65; http://www.unmillenniumproject.org/documents/Scientific_AmericanSept2005.pdf

Clemens, M. and T. Moss (Sept. 2005), "What's wrong with the Millennium Development Goals?" CGD Brief; <http://www.cgdev.org/content/publications/detail/3940>

II. Determinants of Economic Growth

Readings:

Textbook, Chapters 3 and 4

Easterly, W. (1999), "The Ghost of the Financing Gap: Testing the Growth Model of the International Financial Institutions," *Journal of Development Economics* 60(2), pp. 423-38.

Mankiw, N., D. Romer, and D. Weil (1992), "A Contribution to the Empirics of Economic Growth," *Quarterly Journal of Economics*, 107(2), pp. 407-437.

Additional Readings:

Pritchett, L. (1997), "Divergence, big time," *Journal of Economic Perspectives*, 11(3), pp. 3-17.

III. Inequality

Readings:

Textbook, Chapter 6

Additional Readings:

Ferreira, F.H.G. & M. Ravallion, (2008). "Global poverty and inequality : a review of the evidence," Policy Research Working Paper Series 4623, The World Bank.

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

IV. Population, Fertility and Gender

Readings:

Textbook, Chapter 7

Qian, N. (2008), "Missing Women and the Price of Tea in China: The Effect of Sex-Specific Earnings on Sex Imbalance," *The Quarterly Journal of Economics*, MIT Press, vol. 123(3), pp. 1251-1285.

Duflo, E. (2003), "Grandmothers and Granddaughters: Old-age Pensions and Intrahousehold Allocation in South Africa," *World Bank Economic Review* 17(1), pp. 1–25.

Additional Readings:

Garg, A. and J. Morduch (1998), "Sibling Rivalry and the Gender Gap: Evidence from Child Health Outcomes in Ghana," *Journal of Population Economics*, Vol. 11 (4), pp. 471-493.

Galor, O. and D. Weil (1996), "The Gender Gap, Fertility, and Growth," *American Economic Review*, 86 (3): 374-387.

Pritchett, L. (1994), "Desired Fertility and the Impact of Population Policies," *Population and Development Review* 20 (1), 1-55.

Udry, C. (1996), "Gender, Agricultural Production, and The Theory of the Household." *Journal of Political Economy* 101(5), pp. 1010–1045.

Duflo, E. and C. Udry (2004), "Intrahousehold Resource Allocation in Cote d'Ivoire: Social Norms, Separate Accounts and Consumption Choices," *NBER Working Papers 10498*, National Bureau of Economic Research, Inc.

V. Education and Child Labor

Readings:

Textbook, Chapter 8

Duflo, E. (2001), "Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment," *American Economic Review* 91(4): 795-813.

Glewwe, P., M. Kremer, and S. Moulin (2007), "Many Children Left Behind? Textbooks and Test Scores in Kenya," mimeo.

Edmonds, E. (2008), "The Economics of Consumer Actions against Products with Child Labor Content," *Child Labor World Atlas*, Hugh Hindman, ed. ME Sharpe Publishers, New York, 2007.

Additional Readings:

Kremer, M. et al. (April-May 2005), "Teacher Absence in India: A Snapshot," *Journal of the European Economic Association* 3(2-3), pp. 658-667.

Muralidharan, K. and V. Sundararaman (2006), "Teacher Incentives in Developing Countries: Experimental Evidence from India," mimeo.

Basu, K. and Pham Hoang Van (1998), "The Economics of Child Labor." *American Economic Review* 88(3), pp. 412-427.

Edmonds, E. and N. Pavcnik (2005), "The Effect of Trade Liberalization on Child Labor," *Journal of International Economics* 65(2), pp. 401-419.

VI. Health

Readings:

Textbook, Chapter 9

Sachs, J. and P. Malaney (2002), "The Economic and Social Burden of Malaria," *Nature*, 415 (6872), 680-685.

Thomas, D. et al. (2003), "Iron Deficiency and the Well-Being of Older Adults: Early Results from a Randomized Nutrition Intervention," unpublished manuscript, UCLA.

Banerjee, A., A. Deaton and E. Duflo (2004), "Wealth, Health and Health Services in Rural Rajasthan." *American Economic Review* 94(2), pp. 326-330.

Additional Readings:

Bloom, E., I. Bushan, C. Clingingsmith, R. Hong, E. King, M. Kremer, B. Loevinsohn, J.B. Schwartz, "Contracting for Health: Evidence from Cambodia," mimeo.

Field, E., O. Robles and M. Torero (2007). "Iodine deficiency and schooling attainment in Tanzania," mimeo.

VII. Savings, Credit Markets and Microfinance

Readings:

Textbook, Chapter 10 (pp. 365-388), chapter 11 (pp. 399-405, 411-414), chapter 13 (506-507) and chapter 16 (635-639)

Ashraf, N., D. Karlan & W. Yin (2006), "Tying Odysseus to the Mast: Evidence from a Commitment Savings Product in the Philippines," *The Quarterly Journal of Economics*, MIT Press, vol. 121(2), pp. 635-672.

Aleem, I. (1990), "Imperfect Information, Screening and The Costs of Informal Lending: A Study of a Rural Credit Market in Pakistan," *World Bank Economic Review* 3, pp. 329-349.

Additional Readings:

Anderson, S. and J. Baland (2002), "The Economics of Roscas and Intrahousehold Allocation," *Quarterly Journal of Economics*, 117(3), pp. 963-995.

Paxson, C. (1992), "Using Weather Variability to Estimate the Response of Savings to Transitory Income in Thailand," *American Economic Review* 82, no. 1: 15-33.

Burgess, R. and R. Pande (2003), "Do Rural Banks Matter? Evidence from the Indian Social Banking Experiment," mimeo.

Morduch, J. (1999), "The Microfinance Promise." *Journal of Economic Literature* 37(4), pp. 1569-1614.

Pitt, M. and S. Khandker (1998), "The Impact of Group-based Credit Programs on Poor Households in Bangladesh: Does the Gender of Participants Matter?" *Journal of Political Economy* 106 (5), pp. 958-996.

VIII. Leaders and Institutions

Readings:

Acemoglu, D. (2003), "Root Causes," Finance & Development, pp. 27-30.

Acemoglu, D., S. Johnson and J. Robinson (2001), "The Colonial Origins of Comparative Development: An Empirical Investigation," *American Economic Review* 91(5): pp. 1369–1401.

Olken, B. (2007), "Monitoring Corruption: Evidence from a Field Experiment in Indonesia," *Journal of Political Economy* 115(2), pp. 200-249.

Additional Readings:

La Porta, R., F. Lopez-de-Silanes, A. Shleifer and R. Vishny(1998), "Law and Finance," *Journal of Political Economy* 106 (6), pp. 1113-1155.

Jones, B. and B. Olken (2005), "Do Leaders Matter? National Leadership and Growth since World War II", *Quarterly Journal of Economics* 120(3), pp. 835-864.

Duflo, E. and R. Chattopadhyay (2004). "Women as Policy Makers: Evidence from a Randomized Policy Experiment in India", *Econometrica* 72(5), pp. 1409-1443.

IX. Geography

Readings:

Sachs, J., A. Mellinger, and J. Gallup (2001), "The Geography of Poverty and Wealth," *Scientific American* 284(3), pp. 70-75.

Diamond, J. "Why Did Human History Unfold Differently on Different Continents For The Last 13,000 Years?"; www.edge.org/3rd_culture/diamond/diamond_p1.html

Additional Readings:

Diamond, J. (1997), Guns, Germs, and Steel: The Fates of Human Societies, W.W. Norton & Company.

Acemoglu, D., S. Johnson and J. Robinson (2002), "Reversal of Fortunes," *Quarterly Journal of Economics* 117, pp. 1231-1294.

X. Trade, Globalization and Poverty (if we have time)

Readings:

Textbook, parts of Chapters 17 and 19 (TBA)

Additional Readings:

Krugman, P. (Nov. 23, 1999), "Enemies of the WTO," *Slate*; <http://www.slate.com/id/56497/>

Topalova, P. (2005), "Trade Liberalization, Poverty, and Inequality: Evidence from Indian Districts," *NBER Working Papers* 11614, National Bureau of Economic Research, Inc.

Edmonds, E., N. Pavcnik and P. Topalova (2007). "Trade Adjustment and Human Capital Investments: Evidence from Indian Tariff Reform," *NBER Working Papers* 12884, National Bureau of Economic Research, Inc

Shastri, G. K. (2008), "Human Capital Response to Globalization: Education and Information Technology in India," mimeo.