

Econ 365: Economic Development

Vipul Bhatt

Fall 2021

Office: Showker 6014

Class Room: Showker 2121

Class Hours: Tu/Th 1:00-2:15PM

E-mail: bhattvx@jmu.edu

Office Phone: 540-568-3220

Web: sites.google.com/view/vipulbhatt

Office Hours

In-person: Tu/Th 9:40-11:10AM

Zoom: Wed 9:30AM-12:30PM

Course Description and Objectives

Economic Development is a sub-field of Economics where we apply economic theories and empirical methods to understand economic wellbeing of a society. Most of the important issues for public policy fall under the domain of economic development. For instance, what can be done to lift large masses out of poverty? How does local cultural and social norms interact with policy initiatives aimed at reducing the incidence of poverty? What role is played by fertility choices, health, and education in the process of economic development?

In this course we will study some of the most important challenges that are faced by the developing world. A large portion of the course will be devoted towards building a deeper understandings of poverty. In 2017 roughly 706 million people lived on daily income of less than \$1.90. . If we consider a slightly higher cutoff of \$3.20/day, this number stood at 1.9 billion which was roughly 25% of the entire world population in 2017! The pervasiveness of poverty and how it shapes economic choices of the poor will be an important theme throughout this semester. We will devote significant time to educational attainment, health and nutrition, and fertility among the poorest segments of the society. Finally, we will also focus on cultural norms, corruption, domestic and international conflicts, and how they affect the livelihood of the most economically vulnerable segments of our society. My hope is that, at the end of the semester, you will have a better understanding of the economic life in the developing world and various ongoing initiatives aimed at improving the economic well-being of the poor in that part of the world.

Tentative Course Outline

I will try my best to follow the schedule outlined below. However, in all likelihood this schedule will change depending on how the class reacts to each topic.

	Content and Readings
	<p>Topic 1: Introduction to Economic Development</p> <ul style="list-style-type: none"> • What is economic development? • Equity and economic progress • Economic growth and structural change • A primer on empirical methods used in economics
	<p>Topic 2: Poverty</p> <ul style="list-style-type: none"> • Measuring poverty • Economic life of poor • Causes of poverty • Reducing poverty
	<p>Topic 3: Human development</p> <ul style="list-style-type: none"> • Education • Health • Access to credit • Economic empowerment of women
	<p>Topic 4: Institutions, norms, and conflict</p> <ul style="list-style-type: none"> • "Right" institutions and how to acquire them • Corruption • Conflicts and social stability
	<p>Topic 5: Climate change and economic development</p> <ul style="list-style-type: none"> • Inverted Kuznets curve • Trade-offs faced by developing countries • What can policy accomplish?

Readings

Below I summarize three primary sources that you will be using during the semester for each topic:

1. **Lecture Slides:** I have compiled these notes myself from various sources and these notes will not follow any particular textbook.
2. **Required Readings:** A complete list of required readings by topic is provided be-

low. Most of these articles are available from the JMU library resources such as JSTOR. A few of them that are not in the public domain are made available on Canvas. In addition I may also post relevant news articles on Canvas during the course of the semester.

- **Topic 1 readings:**

1. Amartya Sen, "The concept of development," *Handbook of Development Economics*, Volume 1, 1988, Chapter 1, Pages 9-26.
2. Dani Rodrik, "The New Development Economics: We Shall Experiment, but How Shall we Learn?" in J. Cohen and W. Easterly, eds., *What Works in Development? Thinking Big and Thinking Small*, Brookings Institution Press, Washington, DC. 2009.
3. La Porta, Rafael, and Andrei Shleifer, "Informality and Development," *Journal of Economic Perspectives*, Volume 28 (3), 2014, pp. 109-26.
4. Martin Ravallion, "The Mystery of the Vanishing Benefits: An Introduction to Impact Evaluation." *The World Bank Economic Review*, vol. 15, no. 1, 2001, pp. 115–140.

- **Topic 2 readings:**

1. Deaton, Angus. "Measuring Poverty in a Growing World (Or Measuring Growth in a Poor World)." *The Review of Economics and Statistics*, vol. 87, no. 1, 2005, pp. 1–19.
2. Banerjee, Abhijit V., and Esther Duflo. "The Economic Lives of the Poor." *The Journal of Economic Perspectives*, vol. 21, no. 1, 2007, pp. 141–168.
3. Branko Milanovic,. "Global Income Inequality in Numbers: in History and Now", *Global Policy* Volume 4 . Issue 2 . May 2013, pp. 198-208.
4. Lucy Page and Rohini Pande, "Ending Global Poverty: Why money isn't enough," *Journal of Economic Perspectives*, 32(4), 2018, pp. 173-200.

- **Topic 3 readings:**

1. George Psacharopoulos and Harry Anthony Patrinos, "Returns to investment in education: a decennial review of the global literature," *Education Economics*, 26:5, 2018, 445-458.
2. Pascaline Dupas, "Health Behavior in Developing Countries," *Annual Review of Economics* Vol. 3, 2011, pp. 425-449.
3. Banerjee, Abhijit, V., and Esther Duflo. "Giving Credit Where It Is Due," *Journal of Economic Perspectives*, Volume 24 (3), 2010, pp. 61-80.
4. Stephan Klasen and Francesca Lamanna, "The Impact of Gender Inequality in Education and Employment on Economic Growth: New Evidence for a Panel of Countries," *Feminist Economics*, 15:3, 2009, 91-132.

- **Topic 4 readings:**

1. Sokoloff, Kenneth, L., and Stanley L. Engerman, "Institutions, Factor Endowments, and Paths of Development in the New World," *Journal of Economic Perspectives*, Volume 14 (3), 2000, pp. 217-232.
2. Dani Rodrik, "Institutions for high-quality growth: What they are and how to acquire them," *Studies in Comparative International Development*, Volume 35, 2000, pp. 3–31.
3. Abhijit Banerjee and Rohini Somanathan, "The political economy of public goods: Some evidence from India", *Journal of Development Economics*, Volume 82, 2007, pp. 287–314.
4. Debraj Ray and Joan Esteban, "Conflict and Development", *Annual Review of Economics*, Volume 9:1, 2017, pp. 263-293

- **Topic 5 readings:**

1. Auffhammer, Maximilian, "Quantifying Economic Damages from Climate Change," *Journal of Economic Perspectives*, Volume 32 (4), 2018, pp. 33-52.
 2. Deschênes, Olivier, and Michael Greenstone, "Climate Change, Mortality, and Adaptation: Evidence from Annual Fluctuations in Weather in the US," *American Economic Journal: Applied Economics*, Volume 3 (4), 2011, pp. 152-85.
 3. Heather Randell and Clark Gray, "Climate change and educational attainment in the global tropics," *PNAS*, Volume 116 (18), 2019, pp. 8840-8845.
 4. Hsiang, Solomon M. and Burke, Marshall and Miguel, Edward, "Quantifying the Influence of Climate on Human Conflict", *Science* Volume 341 (6151), 2013.
3. **Recommended Reading:** "Understanding Poverty' ', edited by Abhijit Vinayak Banerjee, Roland Benabou, and Dilip Mookherjee. If you are interested in economic development then I recommend this book. I will not be directly using this book in my lectures but it will give you more detailed understanding of key issues we cover in this class. You can buy this book from the website of the Oxford University Press: <https://global.oup.com/academic/product/understanding-poverty-9780195305203?cc=us&lang=en&>

Exam Schedule

	Date	Time	Location
Midterm	October 12 th 2021	1:00-2:15PM	Showker 2121
Final	December 16 th 2021	10:30AM-12:30PM	Showker 2121

Course Policy

Below I summarize important policies related to this course. Read them carefully and let me know in case you have a clarifying questions.

Grading Structure

Participation and Attendance	40 points
Data visualization project:	
i) Written report	80 points
ii) Presentations	40 points
Problem Sets	100 points
Midterm Exam	140 points
Final Exam	200 points
Total	600 points

Details on Grading Items

- **Participation & Attendance:** There are two main ways you will be earning these points:
 1. Regular attendance and in-class participation. This includes asking questions, responding to questions posed to the class. This will count for 20 points and assigned on the scale given below. Note, *frequent* contributors pose questions independently and are prepared to answer questions when called upon. *Well-prepared* contributors rarely pose questions, but are well prepared when called upon. *Infrequent* contributors might participate only rarely, or seem ill-prepared when called upon. *Almost never* implies you were rarely prepared, and almost never had anything to independent to contribute, or you were disruptive. NOTE: attendance does NOT constitute participation, and courteousness to your classmates is also considered in your grade.

Absences	Participation			
	Frequently	Well-prepared	Infrequently	Almost Never
0	20	18	16	14
1	18	16	14	12
2	16	14	12	10
3	14	12	10	8
4	12	10	8	6
5	0	0	0	0

2. Canvas discussion board: During the semester you will be given multiple opportunities to comment on various topics covered in class and your participation in these would count for 20 points toward your final grade.

- **Data Visualization Project:** For this project I will randomly assign each one of you a country and you will utilize data from the World Bank's database called "World Development Indicator":\

<https://datacatalog.worldbank.org/dataset/world-development-indicators>

Your task is to prepare charts/exhibits for each of the following themes: extent of poverty, level of inequality, education and health, environmental degradation. The minimum number of total exhibits you must include are 5 and maximum number is 10 (implying 2 exhibits per topic). More exhibits you include higher will be your grade. If you include a visualization you need to explain it's significance in measuring the state of economic development of that country. In doing so references to aggregate data (such as World average or average for the region that country belongs) will be expected in your oral presentation as well as in your mini-report. You will make a short presentation on two data visualizations in class. Pick the best/most interesting data visualization in your view for the presentations. Your mini-report should be 300-400 words (excluding your exhibits). The details for this project will be posted on Canvas in a timely fashion.

- **Problem Sets:** During the semester you will get several problem sets based on the material covered in class and the required readings included in the syllabus. The goal is to provide practice problems for the material covered in class. I will be posting these problem sets on Canvas regularly and you will get sufficient time to complete them. You will be uploading your assignments as a single pdf file on Canvas. The exact number of problem sets will depend on how the semester progresses but the total contribution 100 points toward your final grade.
- **Midterm Exam:** There will be one (closed book) midterm exam worth 150 points. Details on the exam will be provided during the semester in a timely fashion. Refer to the make-up exam policy below. \
- **Final Exam:** The in-class comprehensive final examination (closed book) will count towards the remaining 200 points. Details on the exam will be provided during the semester in a timely fashion. Refer to the make-up exam policy below.

Make-up Policy

- There will be no make-up for missed problem sets. You will get plenty of time to finish them. Also, I will not accept late submissions for the problem sets. No exceptions.
- There will be no make-up for missed presentations, obviously. Also, I will not accept late submissions for the mini report. No exceptions.
- If you are not able to take a midterm exam during the assigned time, it is your responsibility to contact me AT LEAST a week in advance to discuss the appropriate solution. This rule applies to both the midterm exams as well as the final.
- There will be no make-up for the midterm exam. In the most extreme of circumstances I may decide to make an exception and shift the weight of the missed midterm to the final exam. However, this will depend solely upon my discretion and you would need to provide the appropriate and valid documentation to support your situation. If a student misses the exam, and does not furnish an acceptable official document, or if the student's excuse is not valid according to me regardless of the documentation, then the student will receive a grade of 0 for the midterm exam.
- For the Final exam, a make-up will be given if an acceptable official document such as a medical statement from a doctor is supplied as soon as possible. I will not accept any document after one week has passed from the date of the exam except under extreme circumstances. If a student misses the exam and does not furnish an acceptable official document, or if the student's excuse is not valid according to me regardless of the documentation, the student will receive a grade of 0 for the final exam and hence will fail this class.

Use of Canvas

Materials pertaining to the course such as important announcements, lecture slides etc will be posted on Canvas. It is your responsibility to keep a track of such announcements and postings on Canvas at\

<https://canvas.jmu.edu/>

You should check Canvas at least twice per week to stay abreast of the course.

Withdrawing from the Class

- In case you wish to withdraw from the class please follow the University guidelines and make sure to meet the corresponding deadlines. These are available at:
<http://www.jmu.edu/syllabus/#AddingDropping>
- If you miss the deadline for withdrawing with a grade of W then your grade will be based on your class performance. I DO NOT, in any circumstance give WP or WF, and I will not entertain any such requests.

Preferred method for contacting me

The best way to reach me is via email. I will do my best to respond to e-mail within 24 hours on a weekday, 48 hours on a weekend,

Contact the Instructor

The best way to reach me is via email. I will do my best to respond to e-mail within 24 hours on a weekday, 48 hours on a weekend, according to the following policy:

- I will not reply to e-mails that request information that can be found on the syllabus and/or Canvas.
- Make your queries brief. I will only respond to questions that can be answered in a sentence or two. For detailed questions, please see me during office hours.
- All questions should be posted to bhattvx@jmu.edu.
- Video chats will be conducted via Zoom.
- I will periodically send messages to your JMU email address regarding the class. Please make sure you check this account regularly.

Inclement Weather Policy

Classes will be held unless canceled by the JMU administration for reasons of bad weather, bomb threats, or fire alarms.

JMU Honor Code Policy

All students are expected to be aware of and adhere to the JMU Honor Code. Students will be expected to be academically honest and properly credit all source materials used. For the official documentation on the honor code policy see:\

<http://www.jmu.edu/syllabus/#Honesty>

Other University policies

To read about JMU's policy regarding Adding/Dropping Courses Disability Accommodations, and Religious Observation Accommodations, please see:

<http://www.jmu.edu/syllabus>