1 Preliminaries

Course schedule: TuTh 9:30am-10:45am
Office: 411 Taylor Hall
E-mail: pdower@wisc.edu
Office Hours: Wed. 1:30-2:30pm
Credit Hours: 3 Credits
Course URL: https://canvas.wisc.edu/courses/345635
Course Materials: readings available on course website

2 Course description

This course provides an overview of development economics. The topics covered include the concept of development, the measurement of poverty, inequality, and factor misallocation, theories of economic growth, human capital accumulation (and policies to encourage accumulation), agricultural household models, technology adoption, migration, credit, savings and insurance and the political economy of development. We will cover both basic theory and empirical applications.

Prerequisites: AAE 635 and 636 or equivalent.

3 Learning objectives

Students should leave this course with the following set of knowledge:
CLO1 Articulate and critique theories of development economics, including basic closed and open economy macroeconomic models, microeconomic models of individual and household decisions to invest in human capital, agricultural household models, models of credit and insurance markets in developing countries, and a basic understanding of technology adoption decisions.

CLO2 Calculate measures of poverty and inequality using household data.

CLO3 Identify and apply empirical approaches used to analyze problems in development, including the use of observational data, both cross-sectional and panel, natural experiments, and intentional experiments.

CLO4 Use economic models and empirical methods to evaluate development policy or issues relevant to developing economies and be able to clearly communicate this analysis orally and in writing.

4 Course requirements

4.1 Participation

This is a graduate course. You are expected to come prepared to discuss and analyze the readings.

4.2 Discussions

- Discussion Paper: You are expected to read the discussion paper before class and prepare one slide with at least three bullet points. These bullet points can summarize the paper, situate the paper in the literature, provide constructive criticism, suggest new avenues for future research or pose a question on the paper. It is entirely up to you, but these bullet points should contribute to the discussion of the paper. You should upload your slide as a pdf document to the Discussion Paper’s discussion page on the course website before class. The classes that have Discussion Papers are Jan 26th, Feb 2nd, Feb 7th and Feb 9th.

- Discussion Classes: Throughout the semester, you will be asked to make and assist with short paper presentations. You will be expected to give a 10-15min conference-style presentation of the paper. We will then discuss the paper as a class. These papers are marked with (A) or (B) on the syllabus and you will find a signup sheet on the course
website as well as brief guidelines on what you should include in the presentation or discussion. Currently, discussion classes are scheduled for Feb 23rd, Mar 2nd, Mar 9th, Mar 16th, Mar 30th, April 6th, Apr 13th, Apr 20th, and Apr 27th.

4.3 Homework assignments

Homework assignments will combine theory and data analysis. You will need to use Stata or some similar statistical package. The computers in the department’s computer lab have Stata, and if you do not have an account for those computers please let me know and I will help you get one. If you have more questions after looking at that please feel free to contact me. One advantage of using Stata is that I should be able to respond to your programming-related questions; this may not be true with other packages.

4.4 Research proposal

An essential requirement of this class is to develop, present and submit a short research proposal. The research proposal should be 8-10, double-spaced pages. You do not need to carry out the project, but you should present a clear research question, describe why the question is interesting, propose a framework for understanding the question, and, if your project is empirical in nature, describe how you would estimate the effect of interest, including a description of what kind of data you might need. You will present your proposal to the class during a 10-15 minute presentation at the end of the semester. All students must meet with me outside of class to discuss their topic. The proposal should include a discussion of the previous literature as it relates to what you plan to do and should discuss roughly 10 cited works. The cited works should come from the following sources, or journals of similar quality: *American Economic Review, Journal of Political Economy, Quarterly Journal of Economics*, any journals in the *American Economic Journal* family, *American Journal of Agricultural Economics, Journal of Development Economics, Economic Development and Cultural Change, Journal of Development Studies, Environment and Development Economics, Journal of the Association of Environmental and Resource Economists, Journal of Environmental Economics and Management, Journal of Human Resources, Review of Economics and Statistics, the Economic Journal, Journal of the European Economic Association, World Bank Economic Review* and *Environment and Resource Economics*.

You should submit a one-page proposal concept note that includes i) the
research question, ii) bullet points on motivation and contribution to the literature, and iii) any bullet points on how you will attempt to answer the question, e.g., data description and empirical strategy, before April 1st. You have the opportunity to submit a draft proposal before April 23rd to obtain comments from me. You should circulate your proposal to the class before your presentation. I expect you to incorporate feedback that you received during the presentation in your final submission.

4.5 Final Exam

The final exam will be a take-home exam due at the end of finals week. More details on the final exam will be provided during the course of the semester.

5 How 3 credits are earned

The class is organized based on an expected time investment of 45 hours of work per credit hour. One credit is the learning that takes place in at least 45 hours of learning activities, which include time in lectures or class meetings, in person or online, exams, presentations, tutorials, reading, writing, studying, preparation for any of these activities, and any other learning activities.

5.1 Grading

Assignment due dates and point distributions are given below. 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.

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<tr>
<th>Assignment</th>
<th>Points</th>
<th>Due date</th>
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<tr>
<td>Homework 1</td>
<td>10</td>
<td>Feb 19</td>
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<tr>
<td>Homework 2</td>
<td>10</td>
<td>March 12</td>
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<tr>
<td>Homework 3</td>
<td>10</td>
<td>Apr 16</td>
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<tr>
<td>In-class presentation</td>
<td>10</td>
<td>Varies</td>
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<tr>
<td>Discussion slides</td>
<td>15</td>
<td>Varies</td>
</tr>
<tr>
<td>Research proposal</td>
<td>20</td>
<td>April 1st (Proposal concept note) &amp; May 14 (Final proposal)</td>
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<tr>
<td>and presentation</td>
<td>10</td>
<td>May 2 or May 4</td>
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<tr>
<td>Final exam</td>
<td>15</td>
<td>May 14</td>
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Grades will be awarded according to the following scale:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Description</th>
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<tr>
<td>&gt;= 93%</td>
<td>A</td>
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<tr>
<td>&lt; 93 &amp; &gt;= 88%</td>
<td>AB</td>
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<tr>
<td>&lt;88 &amp; &gt;= 83%</td>
<td>B</td>
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<tr>
<td>&lt;83 &amp; &gt;= 78%</td>
<td>BC</td>
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<tr>
<td>&lt; 78 &amp; &gt;= 70</td>
<td>C</td>
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<tr>
<td>&lt; 70 &amp; &gt;= 60</td>
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<td>&lt; 59</td>
<td>F</td>
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6 Class readings schedule

This schedule is subject to change at any point within the semester.

1. Introduction

(a) **[Jan 24]** Stylized facts


(b) **[Jan 26]** Proximate vs. Deep Determinants


**Discussion Paper**


2. Theories of Economic Growth
(a) **[Jan 31]** Solow Model

- Romer, Advanced Macroeconomics, Ch. 1

(b) **[Feb 2]** Development traps: Initial Conditions


(c) **[Feb 7]** Development traps: Multiple equilibria


(d) **[Feb 9]** Global interdependence and growth


3. Measurement of Poverty and Inequality

(a) **[Feb 14]** Poverty Measures

(b) [Feb 16] Inequality Measures

- Sen “From Income Inequality to Economic Inequality” *Southern Economic Journal* 64 (2): 384-401 (1997)

4. Human capital

(a) [Feb 21] Health


(b) [Feb 23] Discussion on health interventions:


(c) [Feb 28] Education

• Kremer and Holla “Improving Education in the Developing World: What Have We Learned from Randomized Evaluations?” *Annual Review of Economics* (2009)

(d) **Mar 2** Discussion on supply vs. demand in education:

5. Households

(a) **Mar 7** Agricultural household models
• Bardhan and Udry, chapter 2

(b) **Mar 9** Discussion on household decision-making:

(c) **Mar 21** Technology adoption
• Bardhan and Udry, chapter 12


(d) [Mar 23] Discussion on fertilizer adoption


6. Markets

(a) [Mar 28] Labor Markets and Migration

• Bardhan and Udry, chapter 5


(b) [Mar 30] Discussion on the returns to migration

• Hicks, Joan Hamory, Marieke Kleemans, Nicholas Y. Li, and Edward Miguel.. “Reevaluating Agricultural Productivity Gaps with Longitudinal Microdata”, Journal of the European Economic Association (2020) (A)

(c) **[Apr 4]** Land reform and tenancy
- Bardhan and Udry, ch. 6

(d) **[Apr 6]** Discussion on property rights and investment incentives

(e) **[Apr 11]** Rural financial markets: Credit, Risk and Insurance

(f) **[Apr 13]** Discussion on alleviating financial constraints
7. Firms

(a) [Apr 18] Microenterprises


(b) [Apr 20] Discussion on microenterprise growth


8. Governance and Political Economy

(a) [Apr 25] Distribution of Power


(b) [Apr 27] Discussion on corruption:


9. [May 2, 4] Proposal presentations

7 Other information

**Plagiarism:** Plagiarism is a serious offense. All sources and assistance used in preparing your papers must be precisely and explicitly acknowledged. Ignorance of what constitutes plagiarism or academic misconduct is not a defense. It is your responsibility to be sure. The web creates special risks. Cutting and pasting even a few words from a web page or paraphrasing material without a reference constitutes plagiarism. If you are not sure how to refer to something you find on the internet, you can always give the URL. It is generally better to quote than to paraphrase from material on the web, because in the absence of page numbers it can be hard to find passages that are paraphrased rather than quoted. For more information on writing and source citation, the following may be helpful http://writing.wisc.edu/Handbook/Documentation.html

**Academic Integrity:** By enrolling in this course, each student assumes the responsibilities of an active participant in UW-Madison’s community of scholars in which everyone’s academic work and behavior are held to the highest academic integrity standards. Academic misconduct comprises the integrity of the university. Cheating, fabrication, plagiarism, unauthorized collaboration, and helping others commit these acts are examples of academic misconduct, which can result in disciplinary action. This includes but is not limited to failure on the assignment/course, disciplinary probation, or suspension. Substantial or repeated cases of misconduct will be forwarded to the Office of Student Conduct & Community Standards for additional review. If you have any questions about what constitutes academic misconduct, please read the following information http://students.wisc.edu/doso/acadintegrity.html or come talk with one of the instructors.

**Accommodations for students with disabilities:** The University of Wisconsin-Madison supports the right of all enrolled students to a full and equal educational opportunity. The Americans with Disabilities Act
(ADA), Wisconsin State Statute (36.12), and UW-Madison policy (Faculty Document 1071) require that students with disabilities be reasonably accommodated in instruction and campus life. Reasonable accommodations for students with disabilities is a shared faculty and student responsibility. Students are expected to inform faculty [me] of their need for instructional accommodations by the end of the third week of the semester, or as soon as possible after a disability has been incurred or recognized. Faculty [I], will work either directly with the student [you] or in coordination with the McBurney Center to identify and provide reasonable instructional accommodations. Disability information, including instructional accommodations as part of a student’s educational record, is confidential and protected under FERPA. http://mcburney.wisc.edu/facstaffother/faculty/syllabus.php