

University of Wisconsin-Madison
AAE 731 - Frontiers in Development Economics
SYLLABUS

INSTRUCTOR: Priya Mukherjee

SEMESTER: Fall 2025

Course Website

All course material will be posted on Canvas. Link: <https://canvas.wisc.edu/courses/409525>

Meet Times

Lectures

M W 1:00 PM-2:15 PM, Taylor Hall 113

Credits: 3

This class meets for two 75-minute class periods each week over the Fall semester and carries the expectation that students will work on course learning activities (reading, writing, assignments, studying, etc) for about 3 hours out of classroom for every class period. This syllabus includes more information about meeting times and expectations for student work.

Instructor Contact Details and Office Hours

Taylor Hall 417, priya.mukherjee@wisc.edu

Office Hours: Wednesdays 2:30 - 3:30 PM, or by appointment.

Course Description

This class is one of two graduate level 'frontier' courses on development economics. We will cover multiple topics within development economics, focusing broadly on health, gender, intrahousehold

decision-making, education, and institutions. For each of the topics covered in this class, we will first become familiarized with the economic theory related to the topic, followed by empirical studies on the topic, paying close attention to the econometric methods being used. We will also review some of the most important issues surrounding poverty, poverty traps, as well as ethical issues that are often overlooked in development economics research.

Learning Outcomes

- How to construct models of intrahousehold decision-making, and decisions surrounding investments in education, and apply these to settings common in developing countries.
- How to measure empirical impacts of various shocks, policies, and behaviors on health and education and overall welfare.
- How institutions affect economic growth and development
- How to correctly use and evaluate econometric techniques and concepts including: fixed effects, attenuation bias, and instrumental variables.
- How to write a referee report which could be sent to a journal.
- How to think critically about empirical research in development economics.
- Understand the state of development in the world today, poverty traps, the role of policy, and ethical considerations in development economics research.

Prerequisite

A PhD level microeconomic theory course and a PhD level econometrics course are prerequisites for this class. If you are not a Ph.D. student enrolled in either Economics or AAE you must obtain my consent to take the course.

Requirements

The due dates for assignments and distribution of points for the semester are given below. All assignments are due in class at the beginning of class.

- Four Assignments (40%, equally weighted), due on **September 26, October 17, November 14, December 5**
- Three referee reports (15%, equally weighted), due on **October 10, October 31, November 21**
- Final exam, on the last day of classes, **December 10** (20%)

- Research Proposal (25%), due on **December 15**

I will provide detailed (written) guidance for each of the above during the semester. If you have any conflicts with the above dates, you must let me know within the first two weeks of classes. Refer to the "Timeline" document, which shows the above due dates, along with dates on which the assignments will be made available (typically two-three weeks in advance)

****Written materials being submitted must be typed, and you are strongly encouraged to use the free online version of Latex on: www.overleaf.com.** Academic papers are typically written in Overleaf, and this would be a great way to become familiar with it!

Note on Regrading

Please note that if you ask for a regrade, the entire assignment will be regraded (including all of the other questions).

Course Outline

There is no required textbook for this class. I will be covering materials from academic papers and will occasionally refer to texts. *All of the materials will be covered in lectures, and the lecture slides, along with other materials provided in the course, are mostly sufficient for learning the contents for this class. Required readings will be indicated in the lectures in the prior week.*

Finally, note that I will provide an "**Extended Reading Lists**" that will consist of a larger number of papers than those covered in class. These are not required, but you are encouraged to look into these if you'd like to get a deeper overview of the literature, and in preparation for the exam questions.

1. Introduction

Angus Deaton. Measuring poverty. Princeton Research Program in Development Working Paper, 2004. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=564001

Abhijit V. Banerjee and Esther Duflo. The economic lives of the poor. *Journal of Economic Perspectives*, 21(1):141–167, 2007b.

Martin Ravallion and Shaohua Chen. Dollar a day revisited. World Bank Policy Research Working Paper 4620, 2008. http://www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2008/09/02/000158349_20080902095754/Rendered/PDF/wps4620.pdf

Angus Deaton and Valerie Kozel. Data and dogma: The great Indian poverty debate. *World Bank Research Observer*, 20:177–199, 2005.

Human Development Report 2021-22: Human Development Indicators, United Nations Development Programme, 2022. https://hdr.undp.org/system/files/documents/global-report-document/hdr2021-22pdf_1.pdf

MacKay, Douglas, 2023. The Ethics of Public Policy Experiments: Lessons from Clinical Research Ethics, The Oxford Handbook of Research Ethics

Edward Asiedu, Dean Karlan, Monica Lambon-Quayefio, and Christopher Udry, 2021. A call for structured ethics appendices in social science papers. Proceedings of the National Academy of Sciences, July 12, 2021. 118 (29) e2024570118

2. Health and Nutrition Part I - Introduction

Abhijit Banerjee, Angus Deaton, and Esther Duflo. Wealth, health, and health services in rural Rajasthan. *The American Economic Review*, 94(2):326–330, May 2004.

Abhijit Banerjee and Esther Duflo. Aging and death under a dollar a day. *NBER Working Paper* 13683, 2007a.

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.

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).

Dupas, P. and Radhika Jain, 2023. Can Beneficiary Information Improve Hospital Accountability? Experimental Evidence From A Public Health Insurance Scheme in India, *Journal of Public Economics*, Volume 220, April 2023, 104841.

The impact of poor health on development: microeconomic poverty traps **(lecture slides)

4. Health and Nutrition Part II - Demand for health products and services

Pascaline, D. 2023. Global health systems: Pricing and user fees. https://web.stanford.edu/~pdupas/Dupas_Pricing&UserFees.pdf

Nava Ashraf, James Berry, and Jesse Shapiro. Can higher prices stimulate product use? evidence from a field experiment in Zambia. *American Economic Review*, 100(5): 2283–2413, 2010.

Jessica Cohen and Pascaline Dupas. Free distribution or cost-sharing? evidence from a randomized malaria prevention experiment. *Quarterly Journal of Economics*, 125(1): 1–45, 2010.

4. Education Part I - Introduction

Anne Case. The primacy of education. In Abhijit V. Banerjee, Roland Benabou, and Dilip Mukherjee, editors, *Understanding Poverty*, chapter 18. Oxford University Press, 2006. https://www.princeton.edu/~accase/downloads/Case_The_Primacy_of_Education.pdf

Psacharopoulos, George; Patrinos, Harry Anthony. 2018. Returns to Investment in Education: A Decennial Review of the Global Literature. Policy Research Working Paper;No. 8402. © World Bank, Washington, DC.

Esther Duflo. Schooling and labor market consequences of school construction in Indonesia: Evidence from an unusual policy experiment. *The American Economic Review*, 91(4):795–813, Sep. 2001.

ASER Centre. Annual Status of Education Report. Pratham Resource Center: Mumbai, 2022. <https://asercentre.org>

The (Perceived) Returns to Education and the Demand for Schooling Robert Jensen *The Quarterly Journal of Economics*, Volume 125, Issue 2, 1 May 2010, Pages 515–548

5. Education Part II - Interventions to improve education

Abhijit V. Banerjee, Shawn Cole, Esther Duflo, and Leigh Linden. Remedyng education: Evidence from two randomized experiments in India. *Quarterly Journal of Economics*, 122(3):1235–1264, 2007.

Mbiti, Isaac, Karthik Muralidharan, Mauricio Romero, Youdi Schipper, Constantine Manda, and Rakesh Rajani. (2019). “Inputs, Incentives, and Complementarities in Education: Experimental Evidence from Tanzania”, unpublished working paper.

Muralidharan, Karthik, Abhijeet Singh, and Alejandro Ganimian. (2019). “Disrupting Education? Experimental Evidence on Technology-Aided Instruction in India”, *American Economic Review*. Vol. 109, NO. 4, April 2019 (pp. 1426-60)

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

T. Paul Schultz. School subsidies for the poor: Evaluating the Mexican Progresa poverty program. *Journal of Development Economics*, 74(1):199–250, 2004.

6. Child Labor

Christopher Udry. Child labor. In Abhijit V. Banerjee, Roland Benabou, and Dilip Mukherjee, editors, *Understanding Poverty*, chapter 16. Oxford University Press, 2006.

Eric V. Edmonds and Nina Pavcnik. Child labor in the global economy. *The Journal of Economic Perspectives*, 19(1):199–220, Winter 2005.

Kaushik Basu. Policy dilemmas for controlling child labor. In Abhijit V. Banerjee, Roland Benabou, and Dilip Mukherjee, editors, *Understanding Poverty*, chapter 17. Oxford University Press, 2006.

7. Gender and the Family Part I

Shelly Lundberg, Robert Pollak, and Terence Wales. Do husbands and wives pool their resources? evidence from the United Kingdom child benefit. *Journal of Human Resources*, 32(3):463–480, 1997. [not development as such]

Christopher Udry. Gender, agricultural production, and the theory of the household. *The Journal of Political Economy*, 104(5):1010–1046, 1996.

Esther Duflo. Grandmothers and granddaughters: Old-age pensions and intrahousehold allocation in South Africa. *World Bank Economic Review*, 17(1):1–25, 2003.

Esther Duflo and Christopher Udry. Intrahousehold resource allocation in Cote d'Ivoire: Social norms, separate accounts, and consumption choices. NBER Working Paper 10498, 2004.

Borker, Girija. 2021. Safety First: Perceived Risk of Street Harassment and Educational Choices of Women. Policy Research Working Paper;No. 9731. © World Bank, Washington, DC.

Bursztyn, Leonardo, Alessandra L. González, and David Yanagizawa-Drott. 2020. "Misperceived Social Norms: Women Working Outside the Home in Saudi Arabia." *American Economic Review*, 110 (10): 2997-3029.

[Papers on women in public office/politics - see papers linked in slides]

8. Gender and the Family Part II - Missing Women

Rossella Calvi. 2020. Why Are Older Women Missing in India? The Age Profile of Bargaining Power and Poverty, *Journal of Political Economy*, Vol 128, No. 7.

Nancy Qian, 2008. Missing women and the price of tea in China: The effect of sex-specific earnings on sex imbalance. *Quarterly Journal of Economics*, 123(3):1251–1285, 2008.

Vijayendra Rao, 1993. The rising price of husbands: A hedonic analysis of dowry increases in rural India. *The Journal of Political Economy*, 101(4):666–677, 1993.

Elaine Rose, 1999. Consumption smoothing and excess female mortality in rural India. *The Review of Economics and Statistics*, 81(1):41–49, 1999.

Amartya Sen, 1990. More than 100 million women are missing. *The New York Review of Books*, 37(20), 1990. <http://www.nybooks.com/articles/3408>

9. Poverty Traps and Graduation Programs

Oriana Bandiera, Robin Burgess, Narayan Das, Selim Gulesci, Imran Rasul, and Munshi Sulaiman, Labor markets and poverty in village economies, *The Quarterly Journal of Economics* 132 (2017), no. 2, 811–870.

Abhijit Banerjee, Esther Duflo, Nathanael Goldberg, Dean Karlan, Robert Osei, William Pariente, Jeremy Shapiro, Bram Thuysbaert, and Christopher Udry, A multifaceted program causes lasting progress for the very poor: Evidence from six countries, *Science* 348 (2015), no. 6236.

Abhijit Banerjee, Esther Duflo, and Garima Sharma, Long-term effects of the targeting the ultra poor program, *American Economic Review: Insights*. Vol. 3, No. 4, December 2021, pp. 471-86.

Abhijit Banerjee, Dean Karlan, Robert Osei, Hannah Trachtman, and Christopher Udry, Unpacking a multi-faceted program to build sustainable income for the very poor.

Aart Kraay and David McKenzie, Do poverty traps exist? assessing the evidence, *Journal of Economic Perspectives* 28 (2014), no. 3, 127–48.

Rachael Meager, Andrew Gelman, Dean Karlan, Chris Udry, and Witold Wiecek, A multi-faceted approach to poverty alleviation in six countries: A bayesian hierarchical analysis of the graduation program.

10. Institutions and Development (Formal, Informal, Endogenous)

Abeberese, A.B., Prabhat Barnwal, Ritam Chaurey, Priya Mukherjee, 2021. Democracy and Firm Productivity: Evidence from Indonesia, *Review of Economics and Statistics*, July 2021, pp. 1–30.

Acemoglu, D., S. Naidu, P. Restrepo, and J. A. Robinson, 2019. Democracy does cause growth. *Journal of Political Economy* 127(1), 47–100.

Casey, Katherine, Rachel Glennerster, and Edward Miguel, 2012. Reshaping institutions: Evidence on aid impacts using a pre-analysis plan. *Quarterly Journal of Economics*, 127(4), 1755- 1812.

Dal Bó, Ernesto, Frederico Finan, and Martín A. Rossi, 2013. Strengthening State Capabilities: The Role of Financial Incentives in the Call to Public Service”, *Quarterly Journal of Economics*, 128(3), 1169-1218.

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.

Dell, Melissa. The Persistent Effects of Peru’s Mining ‘Mita’. *Econometrica* 78, no. 6 (2010): 1863–1903.

Dell, Melissa and Benjamin A Olken, The Development Effects of the Extractive Colonial Economy: The Dutch Cultivation System in Java, *The Review of Economic Studies*, Volume 87, Issue 1, January 2020, Pages 164–20

Dixit, Avinash K. *Lawlessness and Economics: Alternative Modes of Governance*. Princeton University Press, 2004. [A couple of basic models from this book]

Greif, Avner. "Contract Enforceability and Economic Institutions in Early Trade: The Maghribi Traders' Coalition." *The American Economic Review* 83, no. 3 (1993): 525–48.

Martinez-Bravo, Monica, Priya Mukherjee, Andreas Stegmann) The Non-Democratic Roots of Elite Capture: Evidence from Soeharto Mayors in Indonesia. *Econometrica*, November 2017, 85 (6), 1991-2010.

Sanchez de la Sierra, Raul (2018) "On the Origin of States: Stationary Bandits and Taxation in Eastern Congo", forthcoming *Journal of Political Economy*.

Stelios Michalopoulos and Elias Papaioannou, "National Institutions and Subnational Development in Africa", *The Quarterly Journal of Economics*, Volume 129, Issue 1, February 2014, Pages 151–213

Persson, T and G Tabellini (2003). *The Economic Effects of Constitutions*, MIT Press (the book is available for free [here](#))

Barbera, Salvador, and Matthew O. Jackson. "Choosing How to Choose: Self-Stable Majority Rules and Constitutions." *The Quarterly Journal of Economics* 119, no. 3 (2004): 1011–48.

University-wide policies

How Course Hours are Met by the Course: In accordance with the UW-Madison Credit Hour Policy (b), it is expected that students in this course will engage in at least 180 hours of learning activities (45 hours per credit). For this course, that includes 2.5 hours per week in lecture, 50 minutes per week in discussion sessions, 60 hours total on assignments (10 hours on each assignment), a few hours per week reading and studying the lecture notes, textbooks or other outside materials in preparation for class participation.

Regular and Substantive Student-Instructor Interaction: This course provides two 75-minute live instructor-led face-to-face lectures per week throughout the semester. The instructor will provide students with qualitative feedback on assignments. Additionally, the instructor will facilitate group discussions periodically and lead in-class practice problems as part of the lecture period. All of this is in addition to face-to-face interaction with the teaching assistant.

Academic Integrity: By virtue of enrollment, each student agrees to uphold the high academic standards of the University of Wisconsin-Madison; academic misconduct is behavior that negatively impacts the integrity of the institution. Cheating, fabrication, plagiarism, unauthorized collaboration, and helping others commit these previously listed acts are examples of misconduct which may result in disciplinary action. Examples of disciplinary action include, but is not limited to, failure on the assignment/course, written reprimand, disciplinary probation, suspension, or expulsion.

Diversity Inclusion: Diversity is a source of strength, creativity, and innovation for UW-Madison. We value the contributions of each person and respect the profound ways their identity, culture, background, experience, status, abilities, and opinion enrich the university community. We commit ourselves to the pursuit of excellence in teaching, research, outreach, and diversity as inextricably linked goals. The University of Wisconsin-Madison fulfills its public mission by creating a welcoming and inclusive community for people from every background - people who as students, faculty, and staff serve Wisconsin and the world

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 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. I will work either directly with 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.

Course Schedule

Please refer to the "Timeline" document for the tentative schedule.