

# Economics 442

## Development Economics: Theory, Evidence, and Policy

Syllabus updated January 7, 2020

### Class Meetings

Class times      Tuesdays and Thursdays 10:05 - 11:20  
Classes begin    09 January 2020  
Classes end      21 April 2020  
Class location   Social Sciences 113

### Instructor

Instructor      Robert Garlick  
Email            robert.garlick@duke.edu  
Office            Social Sciences 204  
Office hours    Tuesdays 14:00 - 15:00 and Thursdays 13:00 - 14:00  
                      (ending at 14:45 on 21 January)

## 1 Course Overview

This is an upper-level seminar studying economic development. The class is aimed at economics majors and other interested students who want to learn more about the process of economic development and how economists study it.

The class has three goals:

1. Learn about the process of economic development, the experiences of underdeveloped and developing countries, and possible explanations for the process of development and problem of underdevelopment.
2. Learn about the methods, data, and theories economists use to study international economic development.
3. Gain practical experience using economic data to analyze a development challenge.

There are some trade-offs between these goals and we have limited time. We will sometimes emphasize the second and third goals over the first goal by investing substantial time in *methods* and skipping some important substantive *topics* in international economic development. The methods training should put students in a good position to learn about these topics independently.

The class will include material from a wide range of developing and underdeveloped countries, acknowledging intra-country heterogeneity where appropriate. Africa will be emphasized slightly more than other developing regions. This reflects the instructor's area of research.

## 2 Course Pre-requisites

I assume you have completed intermediate microeconomics, intermediate macroeconomics, and introduction to econometrics. The econometrics class is the most important pre-requisite. You will need to use methods and software from the econometrics class to complete the term paper.

## 3 Class Structure and Etiquette

Classes will include lecture and discussion components. I will clearly label classes or portions of classes as lecture or discussion. *Student participation is required in discussions and very strongly encouraged in lectures.* This class requires extensive student participation but you should view participation as an opportunity, not a requirement. I strongly encourage all students to ask questions, make suggestions, and answer questions that I ask or that fellow students ask. I will facilitate discussion during the discussion sections but encourage students to drive conversation.

You should attend all classes, arrive on time, and engage in robust and respectful debate with fellow students. If you have any doubts about what this means, ask me.

You may use laptops, tablets, etc. to take notes during class. I will tell you to stop using the machine if it looks like you are not paying attention, are not engaged with the class, or are distracting other students.

## 4 Communication

I will make all class announcements using Sakai's email system and/or in class. If you miss a class, it is your responsibility to find out what, if any, announcements were made.

You can contact me by email, come to office hours, or talk after class. Email should only be used for administrative questions and you should not expect to receive answers in less 24 hours or over weekends. I will be available to talk briefly after most but not all class sessions. I will generally not be available to talk before class sessions.

I encourage you to use office hours for substantive questions about the readings, lectures, or assignments. You can also use office hours to talk about international economic development beyond the scope of the course, careers in international development, and graduate study in economics. Office hours are usually swamped with course-related questions in the week before the midterm, the week before term paper proposal, and from late March. So I encourage you to meet early in the semester if you want to talk about off-course topics.

I may reschedule some office hour sessions. I will try to give at least a week's notice when this happens.

## 5 Course Requirements

There are five course requirements:

- Class participation, 20% of the final grade.
- Midterm exam, 25% of the final grade, due at 16:00 on February 21.
- Term paper proposal, 10% of the final grade, due at 23:55 on March 6. I will automatically allow an extension of five days for all students on this deadline.
- Term paper presentation, 15% of the final grade, between March 31 and April 16.
- Final term paper, 30% of the final grade, due at 23:55 on April 24.

*Class participation* will be graded on a four point scale: 0 for non-attendance or disruptive behavior, 1 for attendance without participation, 2 for non-trivial participation, and 3 for very good contributions to the discussion. I will post preliminary participation grades after the first three or four weeks of class. If you have questions about your grade, I encourage you to speak to me during office hours. There are 20 substantive classes (excluding the introduction and term paper presentations). Students will receive the average of their 15 best participation scores. Constructive and helpful comments or questions during other students' term paper presentations will receive extra participation credit.

If average class participation is unacceptably low at any point during the semester, I will require that each student submits a written summary of the assigned readings for each class.

The *midterm exam* will be take-home and due on February 21. It will cover the class material up to and including February 18. I will release the midterm exam approximately 3 days before the deadline and will schedule additional office hours during this week. The exam will include questions about economic models, economic data, and interpretation of economic data.

The *term paper* is a data-driven investigation of a question in development economics, broadly defined. You are expected to ask a question about some economic relationship or policy question relevant to economic development, obtain and analyze data relating to the question, and discuss how the results of the analysis contribute to answering the question. The term paper will be graded in three stages: a proposal, a class presentation, and a final paper. Each stage of the grading will be based on the work completed since the previous stage. There are more detailed term paper instructions in a separate document.

You are expected to read, understand, and uphold the Duke Community Standard (available online at <https://studentaffairs.duke.edu/conduct/about-us/duke-community-standard>). The term paper and term paper proposal should be your own work, not plagiarized, and appropriately cited. There are guides to assist you with appropriate citation at:

- <http://library.duke.edu/research/citing/index.html>
- <http://library.duke.edu/research/plagiarism/index.html>
- <http://uwp.duke.edu/writing-studio/resources/working-with-sources>

You may ask fellow students for advice about the term paper: appropriate questions to ask, where to find data, resources for analyzing data, etc. But I expect you to obtain the data, analyze the data, and write the paper on your own. If you want to use a paper or assignment written for another class to fulfill the term paper requirement, consult with me before the term paper proposal is due.

Duke has policies about class absences and missed work due to short-term illness, religious observance, and varsity athletic participation. You should know what these policies are and, when they apply to you, inform me. If you have a long-term illness, mental health challenge, family consideration, etc. that might affect your participation or progress in class, you may wish to inform me early about this. But if and how much to disclose is your decision.

I have shown the grade distribution for this course in previous years in the table below. This should help you to interpret your numerical grades during the semester but I do not guarantee that I will use exactly the same grade:symbol relationship this year. In past years the mean and median grades have been highest for participation, followed by the midterm exam, and then the term paper. I do not assign numerical or letter grades using a curve.

Symbol	Numerical grade	% of the class
[A-,A+]	[85,100]	49
[B-,B+]	[70,85)	31
[C-,C+]	[55,70)	12
[D-,D+]	[40,55)	4
F	[0,40)	4

## 6 Development Economics at Duke

Duke has a very active research programme in development economics and there are two research seminars each week. These are aimed primarily at faculty and graduate students but some events may also be of interest to undergraduate students. If you are thinking seriously about pursuing a graduate degree in economics or international development, you should consider attending some of the seminar meetings.

The Labor and Development seminar (<http://ipl.econ.duke.edu/seminars/labordev/>) is held on Wednesdays from 15:15 - 16:45 in Social Sciences 111. This seminar features visiting faculty from a range of other institutions, presenting new research papers. The International Population Health and Development workshop (<http://ipl.econ.duke.edu/seminars/iphd/>) is held on Fridays from 12:00 - 13:00 in Social Sciences 111. IPHD is a forum for Duke, UNC and NC State students and faculty who are interested in population health and development to present their own work in progress. The Labor/Development seminar series will generally feature more polished presentations from more senior researchers. The IPHD seminar series will generally feature early stage work by students and junior faculty.

## 7 Course Outline

There is no generally accepted definition of “development economics.” Common interpretations include:

- the study of the process of economic development;
- the study of the economies of low-income or developing countries; and
- the study of economic agents in low-income or developing countries.

These different definitions give rise to different (but overlapping) theories, data, and research methods. We will not try to choose a “correct” definition in this class. We will instead cover four modules, which will approach development economics in different ways.

The first module will introduce the idea and history of economic development and will discuss defining and measuring development. The second module will take a macroeconomic approach, exploring the process of economic development at the national level. We will study the models economists use to explain economic growth and how these models can be tested and applied. The third module will take a microeconomic approach, exploring the economic activities of people, firms, and governments in developing countries. We will cover a range of topics related to development that may include aid, conflict, education, health, governance, infrastructure, labor markets, and trade. The final class will examine one important macroeconomic question using the microeconomic methods and ideas we have learned in the third module. This will illustrate how macro- and microeconomic methods can be combined to learn more than we could with either one approach.

## 8 Provisional Course Schedule and Readings

There is no required textbook for the class. I will assign a mixture of academic papers, news articles, and book chapters as class preparation. All materials assigned as preparation will be available on Sakai unless otherwise noted. Classes where the topic is written in bold (e.g. **Education** on 14 February) are primarily discussion classes.

Notes for all classes are posted on Sakai. I encourage you to bring printed or electronic copies of these notes to class. The notes are an outline of the content in each class and are not a substitute for class attendance. I may sometimes update class notes before or after class. I will email announcements when I make any updates.

After the first class I will run a vote on student interest in the following topics: agriculture, conflict, education, financial markets, governance & political economy, health & nutrition, industrialization, infrastructure, international aid, labour markets, transfer / welfare programmes, and trade. I may update the The list of topics covered in the microeconomics module (11 February - 24 March) based on this vote.

I have posted the notes for all classes on Sakai. These are an outline of the content we will cover, rather than comprehensive notes. They are not a substitute for class attendance. I strongly encourage you to bring electronic or printed copies of the notes to class to help you take notes. I may change some notes before or soon after classes.

*I reserve the right to change reading assignments during the semester but will always provide at least one week's notice for any changes.*

Date	Topic	Readings
	<u>Introduction</u>	
09 Jan	Class overview	None
14 Jan	Background & definitions	Sen chapter on the concept of development DeLong book chapter, sections 5.1 and 5.3 only (don't expect to fully understand this reading yet)
16 Jan	Measurement	Deaton article on measuring poverty (skip section IV & appendix) Jerven/Duncan article on Ghanaian GDP
21 Jan	<b>Measurement</b>	Banerjee/Duflo article on economic lives of the poor
	<u>Macroeconomics</u>	
23 Jan	Growth models	Romer chapter on the Solow model Jones/Romer article on new growth facts
28 Jan	Testing growth models	Barro/Sala-i-Martin chapter on empirical analysis (skip middle of page 544 to middle of page 553)
30 Jan	Testing growth models	None
04 Feb	Country case studies	Page article on the "East Asian Miracle" (also read responses by Collins & Ito)
06 Feb	<b>Country case studies</b>	None
	<u>Microeconomics</u>	
11 Feb	Causality in economic research	Duflo <i>et al.</i> article on randomization (only read sections 1 - 2.3.1, 2.4, 3)
13 Feb	<b>Education</b>	Bold <i>et al.</i> article on scaling up interventions (skip sections 5.2, 5.4 and the appendix)
18 Feb	Education	Pritchett article on education quality (skip chapter 3)
20 Feb	Term paper briefing	None
25 Feb	Health & nutrition (and instrumental variables)	Thomas/Frankenberg article on health & prosperity
27 Feb	<b>Health &amp; nutrition</b>	Kremer article on pharmaceuticals
03 Mar	Firms, workers & trade (including trade)	World Development Report 2013 (only read pages 2-37)
05 Mar	<b>Firms, workers &amp; trade</b> (and fixed effects methods)	Besley/Burgess article on labour regulation (skip section III.B and appendices)
17 Mar	Governance	Rodrik paper on democracy
19 Mar	<b>Governance</b>	Ferraz/Finan paper on electoral accountability (skip sections I, IV.B, V.C, V.D, V.E, VI)
24 Mar	Aid	Qian article on foreign aid (skim) Galiani <i>et al.</i> article on aid & growth skip sections 2, 5.4, 6)
26 Mar	Bridging macro & micro	Michalopoulos & Papaioannou paper on African economic development
31 Mar - 16 Apr	Term paper presentations	None
23 Apr	Final term paper questions	None