**ECON 15510 - An Introduction to Development Economics With a Focus on Data**

University of Chicago, Winter 2022

**Lecture:** Tuesdays and Thursdays, 2:00-3:20pm Saieh 247

**Discussion Section:** Tuesday, 4:30-5:20pm Saieh 247

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**Course description:** This course is meant to introduce students to the field of development economics, with a strong focus on data analysis. We will investigate the following questions: Why do some countries grow faster than others? What does poverty look like and how has it evolved over time? What are the challenges faced by low and middle income countries? What drives investment and outcomes in health, education, agriculture, and the private sector? How much do these investments contribute to development? We will examine these questions by applying the tools of economics to the best available data. In addition to an introduction to development economics, students will get a grounding in different data analysis techniques and how they are applied in practice. They will learn how to critically evaluate data analysis and spot potential biases: is the outcome variable likely to be subject to reporting bias? is there potential selection bias or attrition bias? What techniques are best adapted to addressing these potential biases in the data? The course is meant to provide a survey of topics at the frontier of development economics today as well as the analytical tools necessary to study these areas.

**Prerequisites:** This class is meant for undergraduates who have taken introductory microeconomics (ECON 10000/20000/20010), introductory macroeconomics (ECON 10200/20200/20210), AND introductory econometrics (ECON 11020/21020) courses. Having a foundation in these subjects will be crucial to understanding the material presented in this class, so these prerequisites are required.

**Required readings:** Lecture slides from class and discussion section will be uploaded to Canvas. There is no required textbook for the class, but students are expected to read the starred papers in the reading list below, which will be discussed in class each week. The book *Poor Economics* features on this list several times and is a useful introduction to work in development economics.

**Grading:** Problem sets: 50%, Class participation: 10%, Final exam: 40%

**Assignment details:**

* Problem sets: We will have 4 problem sets during the quarter, with 2 weeks to do each one. Late problem sets will generally not be accepted unless students have contacted the professor or TA ahead of time. Students may work in pairs to complete the problem sets. Each pair may turn in one problem set submission between the two of them. Assignments that require coding should also include the code used to generate answers to the problem sets (either in the language it was coded in or as a PDF).
* Class participation: Students are expected to participate in class by answering questions or asking questions of their own. Students should read the starred papers in the reading list below, which should provide them a basis for in-class discussion.
* Final exam: This will be a 1.5 hour exam held during finals week. We will update the syllabus with the specific date and time when we know more from the registrar.

**Zoom Policies:** When class is remote, in order to foster a collaborative learning environment, we ask that everyone keep their cameras on. Since part of class grades are participation-based, we ask that people regularly contribute and engage during the lecture. If you cannot keep your video on for any reason, please let us know and we will make sure to accommodate this.

**COVID-19 Policies for In-Person Classes:** When class is in person, as per university requirements, masks must be worn. Presenters may temporarily lower masks to be heard if students have trouble hearing the lectures. Classes will not be recorded. If you are required to miss class due to COVID-19-related reasons, please inform the professor and TA of your absence and we are happy to make alternative arrangements.

**Tentative Schedule:**

This schedule is subject to revision as the quarter progresses. Note that TA sections will complement and add to in class materials to give students a deeper understanding of the topics covered---it is highly recommended that everyone attend.

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|  | **Section** | **Lecture 1 (Tue)** | **Lecture 2 (Th)** |
| Week 1 | I - Patterns in development | Trends in development | Growth theory |
| Week 2 | Guest lecture on convergence – Michael Kremer | History of thought in development |
| Week 3 | II - Microeconomic Foundations of Development | Returns to education | Measuring and evaluating educational interventions |
| Week 4 | Pricing and incentives in health | Behavioral explanations of health |
| Week 5 | Risk and agriculture | Information and agriculture |
| Week 6 | Overview of women’s empowerment | Measuring women’s empowerment |
| Week 7 | Poverty traps | Microfinance |
| Week 8 | III - Institutional Drivers of Development | Historical origins of development | Governance and democracy |
| Week 9 | International Financial Institutions | International financial institutions |

**Reading List**

These are texts that will be discussed in lecture or TA session on a given week. Please make sure to read the starred materials for each week. The remaining citations are meant to give your references for various topics covered in class.

**Section I – Patterns in Development**

1. **Week 1 (Jan 11th and 14th): Trends and theories of development**
   * \*\*\*Chapter 1, Poor Economics
   * Overview of poverty: Banerjee, Abhijit, V., and Esther Duflo (2007) "The Economic Lives of the Poor." Journal of Economic Perspectives, 21 (1): 141-168.
   * Changes in poverty over time: Sala-i-Martin, Xavier (2006). “The World Distribution of Income: Falling Poverty and Convergence, Period,” Quarterly Journal of Economics, Vol. 121 (2), pp. 351–397.
   * The capabilities approach: Sen, Amartya (1988). "The concept of development," Handbook of Development Economics, in: Hollis Chenery & T.N. Srinivasan (ed.), Handbook of Development Economics, edition 1, volume 1, chapter 1, pages 9-26, Elsevier.
2. **Week 2 (Jan 18th and 20th): Theories of development and empirical evidence**
   * \*\*\*Page, Lucy, and Rohini Pande. 2018. "Ending Global Poverty: Why Money Isn't Enough." Journal of Economic Perspectives, 32 (4): 173-200.
   * The Solow Growth model: Acemoglu, Daron (2009). Introduction to Modern Economic Growth. Princeton University Press. Chapters 1 – 3
   * Covergence: Kremer, Michael, Jack Willis & Yang You (2021). “Converging to Convergence” NBER Macroeconomics Annual 2021, Volume 36

**Section II – Microeconomic Foundations of Development**

1. **Week 3 (Jan 25th and 27th): Education**
   * \*\*\*Kremer, Brannen, and Glennerster (2013). “The Challenge of Education and Learning in the Developing World.” Science, Vol 340 (6130), pp. 297-300.
   * Signalling vs productivity: Jones, Patricia. (2001) “Are educated workers really more productive?” Journal of Development Economics. Vol 64 (1), pp. 57-79
   * Measuring quality in education: Filmer, Rogers, Angrist, and Sabarwal (2018). “Learning-Adjusted Years of Schooling (LAYS): Defining a New Macro Measure of Education.” Policy Research Working Papers.
   * Issues with administrative education data: Singh, A. (2020). “Myths of Official Measurement: Auditing and Improving Administrative Data in Developing Countries. RISE Working Paper Series”. 20/042.
   * GEEAP Report on Education
2. **Week 4 (Feb 1st and 3rd): Health**
   * \*\*\*Chapter 3, Poor Economics
   * Cost-effectiveness analysis of deworming: Croke, Kevin, Joan Hamory Hicks, Eric Hsu, Michael Kremer, and Edward Miguel. (2016). "Does Mass Deworming Affect Child Nutrition? Meta-analysis, Cost-effectiveness, and Statistical Power." National Bureau of Economic Research (NBER) Working Paper #22382.
   * Pricing in health: Jessica Cohen, Pascaline Dupas (2010). “Free Distribution or Cost-Sharing? Evidence from a Randomized Malaria Prevention Experiment.” The Quarterly Journal of Economics, Volume 125, Issue 1, February 2010, Pages 1–45, https://doi.org/10.1162/qjec.2010.125.1.1
   * Overview of various health interventions and the human capital model: Kremer and Glennerster (2011). “Chapter Four - Improving Health in Developing Countries: Evidence from Randomized Evaluations”. Handbook of Health Economics, Vol 2, pp. 201-315.
   * Behavioral economics models: Kremer, Rao & Schilbach (2019). “Behavioral Development Economics” Handbook of Behavioral Economics, Volume 2
3. **Week 5 (Feb 8th and 10th): Agriculture**
   * \*\*\*Abdul Latif Jameel Poverty Action Lab, J-PAL (2016). "Protecting farmers from weather-based risk." J-PAL Policy Insights. Last modified February 2016. https://doi.org/10.31485/pi.2391.2018
   * Insurance adoption: Cole, Shawn, Xavier Giné, Jeremy Tobacman, Petia Topalova, Robert Townsend, and James Vickery. 2013. "Barriers to Household Risk Management: Evidence from India." American Economic Journal: Applied Economics, 5 (1): 104-35.
   * Information provision and prices: Robert Jensen (2007). “The Digital Provide: Information (Technology), Market Performance, and Welfare in the South Indian Fisheries Sector.” The Quarterly Journal of Economics, Volume 122, Issue 3, August 2007, Pages 879–924, https://doi.org/10.1162/qjec.122.3.879
4. **Week 6 (Feb 15th and 17th): Women’s empowerment**
   * \*\*\*Jayachandran, Seema (2015). “The Roots of Gender Inequality in Developing Countries.” Annual Review of Economics. Vol. 7:63-88
   * Household bargaining models: Udry, Christopher (1996). “Gender, Agricultural Production, and the Theory of the Household,” Journal of Political Economy, 104 (5), pp. 1010-1045.
   * Importance of birth order and son preference: Jayachandran, Seema, and Rohini Pande (2017). “Why Are Indian Children So Short? The Role of Birth Order and Son Preference.” American Economic Review, 107 (9): 2600-2629.
   * Child marriage: Nina Buchmann, Erica M. Field, Rachel Glennerster, Shahana Nazneen & Xiao Yu Wang (2021). “A Signal to End Child Marriage: Theory and Experimental Evidence from Bangladesh.” NBER Working Paper.
   * Measuring empowerment: Glennerster, Rachel, Claire Walsh, and Lucia Diaz-Martin (2018). “A practical guide to measuring women’s and girls’ empowerment in impact evaluations”
5. **Week 7 (Feb 22nd and 24th): Poverty traps and microfinance**
   * \*\*\*Chapters 6 and 7, Poor Economics
   * Evidence on poverty traps: Balboni, Bandiera, Burgess, Ghatak and Heil (2021). “Why do People Stay Poor”. NBER Working Paper.
   * Synthesizing evidence on poverty trap mechanisms: Kraay, Aart, and David McKenzie (2014). "Do Poverty Traps Exist? Assessing the Evidence." Journal of Economic Perspectives, 28 (3): 127-48.
   * Evaluating microfinance: Banerjee, Abhijit, Esther Duflo, Rachel Glennerster, and Cynthia Kinnan (2015). "The Miracle of Microfinance? Evidence from a Randomized Evaluation." American Economic Journal: Applied Economics, 7 (1): 22-53.
   * Aggregating evidence on microfinance: Meager, Rachael (2019). "Understanding the Average Impact of Microcredit Expansions: A Bayesian Hierarchical Analysis of Seven Randomized Experiments." American Economic Journal: Applied Economics, 11 (1): 57-91.

**Section III – Institutional Drivers of Development**

1. **Week 8 (Mar 1st and 3rd): Historical origins + Democracy and governance**
   * \*\*\* Acemoglu, Daron, Simon Johnson, and James A. Robinson (2001). "The Colonial Origins of Comparative Development: An Empirical Investigation." American Economic Review, 91 (5): 1369-1401.
   * Culture and institutions: Lowes, S., Nunn, N., Robinson, J.A. and Weigel, J.L. (2017). “The Evolution of Culture and Institutions: Evidence From the Kuba Kingdom.” Econometrica, 85: 1065-1091
   * Importance of institutions: Katherine Casey, Rachel Glennerster, Edward Miguel (2012). “Reshaping Institutions: Evidence on Aid Impacts Using a Preanalysis Plan.” The Quarterly Journal of Economics, Volume 127, Issue 4, November 2012, Pages 1755–1812
   * Importance of democracy: Hsiao, Allan (2020). “Democratization and Infrastructure Investment: Evidence from Healthcare in Indonesia.” Working Paper
2. **Week 9 (Mar 8th and 10th): International financial institutions**
   * \*\*\*Williamson, John. (2002) “What Washington Means by Policy Reform.” Peterson Institute for International Economics.