

ECS 4013 (3050)
Economic Development
Syllabus

University of Florida

Spring 2023

Instructor: Cecilia Peluffo

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Instructor Office: 323 MAT; (352)-392-0160

Course time: Mondays & Wednesdays 11:45 AM - 1:40 PM

Course Location: MAT 119

Office Hours: (Zoom) Mondays 5pm-7pm; and by appointment

TA: Angel Gonzalez

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Office Hours:TBA

Course Objectives:

This course explores topics that are relevant to understand the causes and implications of economic development. We will start by analyzing the concepts of poverty, inequality, well-being, and economic growth. Then, we will study how individuals make decisions, considering the institutional and economic features present in developing countries. We will discuss topics such as health, education, credit, social programs and policies targeted at the poor. We will combine mathematical foundations and the analysis of empirical studies. The main topics of the courses will be covered by the required

textbook listed below, as well as journal articles, and additional materials discussed in class. For the midterms you are expected to be ready to answer questions on all the material covered in the course, including topics discussed in lectures and assignments (even when the material is not covered by the main textbook).

Class Modality and Course Communication:

Economic Development will be taught in a face-to-face modality. Lectures will be fully in-person. Lectures will not be streamed (no video lectures will be available for this class). You can find the schedule for the course in the weekly class schedule (at the end of the syllabus). Exams will take place in-person in class during our assigned class time. Announcements concerning the class will typically be made in class, UF email, and through Canvas. You are responsible for all information made available through all of these avenues of communication.

Prerequisites:

The course prerequisites are Principles of Microeconomics (ECO 2013), Principles of Macroeconomics (ECO 2023), Intermediate Microeconomics (ECO 3101), and MAC 2233 (or higher). We will be studying a number of calculus-based models. I will assume familiarity with intermediate microeconomic theory, linear algebra and basic calculus. The course includes brief calculus refreshers. However, if you are not familiar with these topics, you should make time out of class to review them in detail.

Readings

The readings of this course will include a main required textbook that will cover most of the topics, as well as complementary readings and journal articles.

Main Textbook (required):

Julie Schaffner, *"Development Economics: Theory, Empirical Research and Policy Analysis"*, John Wiley and Sons, Inc., 2014.

Other Suggested Book:

Abhijit Banerjee and Esther Duflo, *"Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty"*, Public Affairs, 2011.

Grading:

Grading will be based on two (non-cumulative) midterm exams, class participation, and 4 problem sets. Each of these components will have the following weight in your final grade:

| | Date | % in the final grade |
|---------------------|-------------------------------|----------------------|
| Midterm 1 | March 1, 11:45 AM (in class) | 35% |
| Midterm 2 | April 26, 11:45 AM (in class) | 40% |
| Class Participation | | 10% |
| Problem Sets | See Schedule | 15% |

Midterms

There will be two in class (non-cummulative) midterms. The exams will be closed book/closed note exams. All exams will take place in class during our assigned class time. The fist midterm will take place on Wednesday March 1 at 11:45 AM (in class) and the second midterm will take place on Wednesday, April 26 at 11:45 AM (in class). The first midterm accounts for 35% of your final grade, and the second midterm accounts for 40% of your grade. Both midterms will take place in our regular classroom (MAT 119).

Make-up exams will be offered only on those circumstances in which you cannot take an exam for a valid reason according to UF policy, for example, illness (see [UF policy](#) on this). In that case, you should notify me prior to the start of the exam. In addition, you will need to provide valid documentation (within a week of your absence) justifying your absence. Supporting documentation related to excuses for missed exams must include contact information for verification purposes.¹ Failure to comply with these rules will result in a zero score in the missed exam. Providing false documentation or

¹Absences related to religious holidays do not require this documentation.

creating a false excuse constitutes cheating under the University guidelines. UF's policy on academic honesty will be strongly enforced.

Problem Sets

Problem sets account for 15% of your final grade. There will be four problem sets over the semester. The weekly schedule contains tentative problem set due dates (Eastern Standard Time). All assignments are due on Canvas before the deadline on the due date. Late submissions will not be accepted and will receive zero credit. As general advice, make sure to submit your assignment at least several hours before the due date/time. In addition, after submitting your problem set through Canvas, make sure your submission is correct and contains all pages. If necessary, you will be able to replace your initial submission with an updated version before the deadline. You are responsible for verifying that any online assignment submission has properly been submitted through Canvas before the deadline. Your lowest problem set grade will be dropped.

Class participation

10% of your final grade will be determined based on your class participation. Students are expected to attend class regularly. Class participation means not only class attendance but also showing interest in the class asking and answering questions in class. You will only get partial credit if you attend classes but you do not actively participate in class. I will keep track of who comes to class and participates in class starting the second week of classes (once the roster is fixed). Requirements for class attendance and make-up exams are consistent with university policies (see UF policy [here](#)). Your class participation grade will be determined as follows:

- Your class participation grade will be zero if you miss 7 lectures or more for an unexcused reason, independently of whether you have actively participated in class during the lectures you have attended.
- If you skip less than 7 lectures but you do not actively participate in class (asking and answering questions), your class participation grade will be 70
- If you skip less than 7 lectures and you actively participate in class (asking and answering questions), your class participation grade will be between 70 and 100,

depending on how much you participated (I will use a curve to determine your final class participation grade).

If you miss a class for a valid and excused reason (see [UF policy](#) on this) and you do not want your class absence to count against your class participation grade, you need to provide valid documentation (within a week of your absence) justifying your absence. This documentation must include contact information for verification purposes. Providing false documentation or creating a false excuse constitutes cheating under the University guidelines. UF policy on academic honesty will be strongly enforced.

Grading Scale

The following scale will be used to determine your final letter grade:

| | |
|----|------------|
| A | 93 - 100 |
| A- | 90 - 92.99 |
| B+ | 87 - 89.99 |
| B | 83 - 86.99 |
| B- | 80 - 82.99 |
| C+ | 77 - 79.99 |
| C | 73 - 76.99 |
| C- | 70 - 72.99 |
| D+ | 67 - 69.99 |
| D | 60 - 66.99 |
| E | 0 - 59.99 |

You can find information on current UF grading policies for assigning grade points [here](#).

Academic Honesty:

I will strongly enforce the University of Florida's rules for academic honesty (which can be found [here](#)). Any violation of these rules will be prosecuted to the fullest extent. Examples of violations include, but are not limited to, cheating on exams or homework assignments and creating a false excuse to take a make-up exam.

Students with Disabilities:

Students with disabilities requesting classroom accommodation must first register with the Disability Resource Center (DRC). Once registered, The DRC will provide documentation to the student who must then provide this documentation to the instructor when requesting accommodation. Students with disabilities should follow this procedure as early as possible in the semester.

Course Evaluation

Students are expected to provide professional and respectful feedback on the quality of instruction in this course by completing course evaluations online via GatorEvals. Students will be notified when the evaluation period opens, and can complete evaluations through the email they receive from GatorEvals, in their Canvas course menu under GatorEvals, or via ufl.bluera.com/ufl/. Summaries of course evaluation results are available to students [here](#).

Topics

1- Introduction to Economic Development

- Economic Development and Well Being
 - Schaffner, Chapters 1 & 2
 - Banerjee and Duflo (Poor Economics), Chapter 1
 - Banerjee and Duflo (2007). The Economic Lives of the Poor. *Journal of Economic Perspectives* 21 (1): 141-167
- Poverty, Inequality and Vulnerability
 - Schaffner, Chapter 5
- Economic Growth
 - Schaffner, Chapters 3 & 4

2- Economic Decisions, Policy and Development

- Consumption
 - Schaffner, Chapter 6
 - Deaton and Dreze. 2009. Food and Nutrition in India: Facts and Interpretations. *Economic and Political Weekly* 44 (7): 42-65.
 - Banerjee and Duflo (Poor Economics), Chapter 2
- Labor Supply and Child Labor
 - Schaffner, Chapter 6
 - Edmonds and Pavcnik (2005). Child Labor in the Global Economy. *Journal of Economic Perspectives*, 19(1): 199-220.

3- Markets and Transfers

- Domestic Markets and Transaction Costs
 - Schaffner, Chapter 8

- Alix-Garcia and Saah (2010). The Effect of Refugee Inflows on Host Communities. *World Bank Economic Review* 24(1): 148-170.
- Cash vs Food Transfers
 - Schaffner, Chapter 8
- Agricultural Markets and Policy Interventions
 - Schaffner, Chapter 17
- Targeted Transfers
 - Schaffner, Chapters 14 & 15
 - Mexico: Scaling Up Progresa-Oportunidades Conditional Cash Transfer Programme. Poverty Reduction. Scaling up local innovations for transformational change. United Nations Development Programme, 2011.

4- Intra - Household Models

- Household Resource Allocation
 - Schaffner, Chapter 7
 - Udry (1996). Gender, Agricultural Production, and the Theory of the Household. *Journal of Political Economy* 104, no. 5 (Oct., 1996): 1010-1046.

5-Financial Models, Risk and applications to Development Countries

- Intertemporal Models and Investment Financing
 - Schaffner, Chapter 10
- Present Bias and Other Constraints
 - Schaffner, Chapter 10
 - Banerjee and Duflo (Poor Economics), Chapter 8
 - The Economist: 12-30-2009. How to combat the natural tendency to procrastinate

- Risk and Insurance
 - Schaffner, Chapter 10
 - Banerjee and Duflo (Poor Economics), Chapter 6
 - Udry (1990). Credit markets in Northern Nigeria : credit as insurance in a rural economy. The World Bank economic review. Vol. 4, no. 3 (September 1990),pp. 251-269.
- Asymmetric Information and Market Failures
 - Schaffner, Chapter 10
 - Karlan and Zinman (2009), Observing Unobservables: Identifying Information Asymmetries With a Consumer Credit Field Experiment. Econometrica, 77: 1993-2008.
- Microfinance
 - Schaffner, Chapter 21
 - Banerjee and Duflo (Poor Economics), Chapter 7
 - Banerjee, Duflo, Glennerster, and Kinnan (2015). The Miracle of Microfinance? Evidence from a Randomized Evaluation. American Economic Journal: Applied Economics, 7(1): 22-53.

6- Labor markets and Migration

- Theory and Empirical Applications for Developing Countries
 - Schaffner, Chapters 9 & 16
 - Bryan, Chowdhury and Mobarak (2014). Underinvestment in a profitable technology: the case of seasonal migration in Bangladesh. Econometrica, 82(5): 1671-1748.
 - Rosenzweig and Stark (1989). Consumption smoothing, migration, and marriage: evidence from rural India, The Journal of Political Economy.

7- Health and Education

- Poverty Traps, Nutrition and Productivity

- Schaffner, Chapter 4 (77-80)
- Banerjee and Duflo (Poor Economics), Chapters 1 and 2
- Education
 - Schaffner, Chapter 19
 - Banerjee and Duflo (Poor Economics), Chapter 4
 - Duflo (2001). Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment. *American Economic Review*, 91 (4): 795-813
 - Duflo, Hanna, and Ryan (2012). Incentives Work: Getting Teachers to Come to School. *American Economic Review*, 102 (4): 1241-78.
 - Glewwe, Ilias, and Kremer (2010). Teacher Incentives. *American Economic Journal: Applied Economics*, 2 (3): 205-27.
- Health
 - Schaffner, Chapter 22
 - Banerjee and Duflo (Poor Economics), Chapter 3
 - J-PAL Briefcase: Mass Deworming: A Best-buy for Development
 - Cohen and Dupas (2010). Free Distribution or Cost-Sharing? Evidence from a Randomized Malaria Prevention Experiment, *The Quarterly Journal of Economics*, Volume 125, Issue 1, 1 February 2010, Pages 1-45

8- Institutions, Cooperation, and Development

- Theory of Cooperation
 - Schaffner, Chapter 12
- Applications to Development Countries
 - Schaffner, Chapter 12
 - Galiani and Scharfgrudsky (2010). Property rights for the poor: Effects of land titling. *Journal of Public Economics*, Elsevier, vol. 94(9-10), pages 700-729, October.

Table 1: Tentative Schedule

| Date | Topic |
|-----------|---|
| 1/9/2023 | Syllabus - Introduction |
| 1/11/2023 | Calculus Review |
| 1/18/2023 | Economic Development and Well Being |
| 1/23/2023 | Poverty |
| 1/25/2023 | Inequality and Vulnerability |
| 1/30/2023 | Economic Growth |
| 2/1/2023 | Economic Growth (cont.) |
| 2/6/2023 | Consumption - Theory and Applications to Nutrition |
| 2/8/2023 | Labor Supply - Theory and Applications to Child Labor |
| 2/13/2023 | Domestic Markets and Transaction Costs |
| 2/15/2023 | Cash vs. Food Transfers |
| 2/20/2023 | Targeted Transfers |
| 2/22/2023 | Applications to Developing Countries |
| 2/27/2023 | Practice for Midterm |
| 3/1/2023 | Midterm 1 |
| 3/6/2023 | Unitary Household Models |
| 3/8/2023 | Unitary and Non-Unitary Household Models - Extensions |
| 3/20/2023 | Financial Models, Risk and Applications |
| 3/22/2023 | Financial Models, Risk and Applications (cont.) |
| 3/27/2023 | Financial Models, Risk and Applications (cont.) |
| 3/29/2023 | Labor Markets - Microeconomic Theory |
| 4/3/2023 | Migration |
| 4/5/2023 | Poverty Traps, Nutrition, and Productivity |
| 4/10/2023 | Education |
| 4/12/2023 | Education and Health |
| 4/17/2023 | Game Theory: the Role of Institutions |
| 4/19/2023 | Applications to Developing Countries |
| 4/24/2023 | Practice for Midterm |
| 4/26/2023 | Midterm 2 |

Problem Set Due Dates²:

All assignments are due on Canvas before the deadline on the due date. Late submissions will not be accepted and will receive zero credit. As general advice, make sure to submit your assignment at least several hours before the due date/time. In addition, after submitting your problem set through Canvas, make sure your submission is correct and contains all pages. If necessary, you will be able to replace your initial submission with an updated version before the deadline. You are responsible for verifying that any online assignment submission has properly been submitted through Canvas.

1. Problem Set 1: due on 2/10/2023 at 6 pm (Eastern Standard Time zone) - Canvas submission
2. Problem Set 2: due on 2/24/2023 at 6 pm (Eastern Standard Time zone) - Canvas submission
3. Problem Set 3: due on 3/17/2023 at 6 pm (Eastern Standard Time zone) - Canvas submission
4. Problem Set 4: due on 4/14/2023 at 6 pm (Eastern Standard Time zone) - Canvas submission

²Assignment due dates are tentative and subject to change depending upon class progress. Students will be informed of any changes made to the schedule.