

ECS 4013 (304B)  
Economic Development  
Syllabus

University of Florida

Spring 2019

**Instructor:** Cecilia Peluffo

**Email:** mpeluffo@ufl.edu

**Course location:** MAT 3

**Course time:** Tuesdays & Thursdays 9:35 AM- 11:30AM

**Office:** 337 Matherly Hall

**Office Hours:** Thursdays 4:05 PM- 4:55PM, or by appointment

**TA:** Urbashi Mookerjee

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**Office:** TBA

**Office Hours:** Mondays and Wednesdays 4:00 PM-5:00 PM, or by appointment

## Course Description:

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. 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). If you miss a class is your responsibility to catch up with the material (ask for notes to a classmate, read the material, and come to my office hours if you have doubts).

## **Prerequisites:**

The course prerequisites are Principles of Microeconomics (ECO 2013), Principles of Macroeconomics (ECO 2023), and Intermediate Microeconomics (ECO 3101). The course content will also draw heavily on material contained in MAC 2233 (or higher). If you have not successfully completed this course, you should familiarize yourself with the related sections of Margaret Lial, Raymond Greenwell, and Nathan Ritchey's Calculus with Applications. If you have any questions on this matter, I will be happy to guide you during my office hours.

## **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, problem sets, and class participation. Each of these components will have the following weight in your final grade:

	Date	% in the final grade
Midterm 1	February 26 (in class)	40%
Midterm 2	April 23 (in class)	40%
Problem Sets	TBD	10%
Class Participation		10%

## Midterms

There will be two (non-cumulative) midterms. The first midterm will take place on Tuesday February 26 (from 9:35 AM to 11:30 AM), the second midterm will take place on Tuesday, April 23 (from 9:35 AM to 11:30 AM). The first and the second midterm will each account for 40% of your final grade. Both midterms will take place in our regular classroom (MAT 3).

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). 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. Failure to comply with these rules will result in a zero score in the missed exam. Providing false documentation or 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 10% of your final grade. There will be several problem sets over the semester. The due date of each problem set will be announced in class. Late assignments will not be accepted.

## **Class participation**

10% of your final grade will be determined based on your class participation. Class participation implies not only class attendance but also showing interest in the class asking and answering questions. I will keep track on attendance and class participation starting on January 15 (when the drop/add period has ended). Your class participation grade will be calculated using the following rule:

- 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 (according to UF policy) 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 an excuse to be excused from class that cannot be verified constitutes cheating under the University guidelines. UFs policy on academic honesty will be strongly enforced.

Laptops, tablets, phones, and other electronic devices are not allowed in class.

## 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

## Academic Honesty:

I will strongly enforce the University of Florida's rules for academic honesty. 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.

# 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 Dréze. 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-Domestic Markets and Transfers

- 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.
- Domestic Markets and Transaction Costs
  - Schaffner, Chapter 8
  - Alix-Garcia and Saah, 2010, World Bank Economic Review 24(1): 148-170.
- Cash vs Food Transfers
  - Schaffner, Chapter 8

#### **4- Household and Gender**

- 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.
- Missing Women, Gender, and Development
  - Sen (1990). More Than 100 Million Women Are Missing. *The New York Review of Books* 37, no. 20.
  - Jayachandran (2015). The Roots of Gender Inequality in Developing Countries. *Annual Review of Economics* 7: pp. 63-88.
  - Beaman, Duflo, Pande, and Topalova (2012). Female Leadership Raises Aspirations and Educational Attainment for Girls: A Policy Experiment in India. *Science* 2 February 2012, 335 (6068): pp. 582-586.
  - *The Economist*: 03-04-2010. Gendercide - The war on baby girls.

#### **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- Agriculture and Development**

- Production, Technical Change in Agriculture, and Policies Applied to Agricultural Markets
  - Schaffner, Chapters 6, 17, and & 20



## 7- 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*.

## 8- 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

## 9- Institutions, Cooperation, and Development

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