

## Course Syllabus for Section 2A

### ECON 24: Development Economics: Fall 2009

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Room: Silsby 213  
Section Number: 2A  
Lectures: Tu, Th 2:00 – 3:50 PM  
X-hours: Wed: 4:15—5:05 PM  
Office Hours: Tu: 4:00 – 5:00 PM  
Wed: 1:00 PM-- 3:00 PM

Web pages for this course: I will be posting lecture notes and announcements on Blackboard.

**Class Participation (10%)**

**4 Problem Sets (10%)**

**Mid Term Exam (20%) on November 3, 2009**

**Paper Writing (20%): Submission on November 26 during class hours.**

**Cumulative Final Exam (40%) on December 6, 2009 at 11:30AM**

#### **X-hours:**

1. **October 14 instead of October 15.**
2. **October 28 instead of October 29.**
3. **November 18 instead of November 17**

#### **Appointments:**

Meetings at any other time must be arranged in advance via e-mail or phone.

#### **Dear Student,**

Welcome to the course. In the next ten weeks, we will address seven to eight topics within the field of Economic Development.

Each lecture is based on a set of readings and is intended to give you an overview of the topic and acquaint you with current research in the particular area. Also we will discuss particular articles that will help you explore the topic in greater detail. It is crucial that you read the prescribed chapter and articles carefully and come prepared for the class.

Below I recommend the recommended text books and provide the details of each topic we will cover. I look forward to seeing you in the lecture.

#### **Course Materials and Coverage:**

Development has been one of the most lively and thought provoking areas in the Economics. Over the past decade, the field of Economic Development has used advances in econometric methods and economic theory to reformulate some age old questions, which has made it an extremely lively and stimulating area of research.

This course will acquaint you with new ideas and new ways of answering age old questions about development. These are the very ideas that have enriched our understanding of the processes that

ultimately engender economic development. The course has a broad reach and is relevant as an introduction to the subject for continuing students as well as to people who work in the worlds of policy and business. We will examine detailed survey data of the world's poor, and look at policies that have been attempted and evaluated scientifically. This requires a solid understanding of how to read and interpret statistics. It is designed to equip you with the *theoretical* and *applied* tools that would allow you to analyze the problems faced by the *developing communities* and *countries* in a systematic and analytical way. Economics 10 or equivalent is a must, and economics 20 and 21 are recommended.

### **Recommended Text:**

1. *Understanding Poverty (UP)*, A. Banerjee, R. Benabou, and D. Mookherjee, editors, Oxford University Press: March 2006. This is a non-technical description of research by economists on most of the topics.
2. *Economic Development (ED)* by Todaro and Smith (3<sup>rd</sup> Ed, Addison Wesley Publishers).

### **Course plan & detailed reference list:**

Note: Lecture notes and readings will be made available on blackboard during the term. It is the students own responsibility to manage their printing of any of these documents within any budget for printing they may have. It typically does not make sense to print lecture notes or readings in their entirety.

1. Introduction: Poverty, Inequality and Development
  - 1.1. What is Poverty? How to measure Poverty?
    - a) Chapter 5 of ED

#### Recommended Readings:

- (a) Besley, T. and Burgess, R. (2003). Halving Global Poverty. *The Journal of Economic Perspectives*, 17(3): 3–22.
- (b) Banerjee, A.V. and Duflo, E. (2007). The Economic Lives of the Poor. *The Journal of Economic Perspectives*. 21(1):141–167
- (c) Chapter 1 of UP

- 1.2. Inequality and Development
  - a) Chapter 1 and 2 of ED
  - b) Ravallion, M. "Inequality is bad for the Poor", WPS 3677
- 1.3. Growth and Development
  - a) Chapter 2 of UP
- 1.4. Practical Aspects
  - a) Ravallion, M. "Evaluating Anti-Poverty Programs", WPS 3625
  - b) Ravallion, M. "Poverty Line in Theory and Practice", LMS 133

#### 2.1. Health and Economic Development

- General Perspective:
- a) Chapter 8 of ED

Recommended Readings:

- a) Miguel, Edward, and Michael Kremer. "Worms: Identifying Impacts on Education and Health in the Presence of Treatment Externalities." *Econometrica* 72, no. 1 (2004): 159–218.

2.2. HIV and Risky Behavior

- a) Esther Duflo, Pascaline Dupas, Michael Kremer, and Samuel Sinei, "Education and HIV/AIDS Prevention: Evidence from a randomized evaluation in Western Kenya," World Bank Policy Research Working Paper # 4024, June 2006
- b) Pascaline Dupas, "Relative risks and the market for sex: Teenagers, Sugar Daddies, and HIV in Kenya," NBER Working Paper #[14707](#)
- c) Emily, Oster, "Routes of Infection: Exports and HIV Incidence in Sub-Saharan Africa" *Draft*, January, 2009. NBER Working Paper 13610

3. Education and Economic Development

- a) Chapter 18 "The Primacy of Education" , in UP
- b) Chapter 8 of ED

Recommended Readings:

- b) Kremer, Michael, "Randomized Evaluations of Educational Programs in Developing Countries: Some Lessons," *American Economic Review*, May 2004.
- c) Banerjee, Abhijit, Shawn Cole, Esther Duflo and Leigh Linden, "Remedying education: evidence from two randomized experiments in India," forthcoming in *Quarterly Journal of Economics*. This can be found at the following URL: <http://www.columbia.edu/~l2240/Research.htm>

4. Child Labor:

- a) Edmonds, Eric and Nina Pavcnik (2005). "Child Labor in the Global Economy", *Journal of Economic Perspectives*, Winter 2005
- b) Policy Dilemmas for Controlling Child Labor in UP (Ch 17)

5. Rural Credit Markets

Chapter 23 of UP  
Lecture Notes

Recommended Readings

- (a) An innovative form of lending: micro-credit: Morduch (1999).
- (b) Morduch, Jonathan. "The Microfinance Promise." *Journal of Economic Literature* 37, no. 4 (1999): 1569–1614.
- (c) Burgess and Pande "Do Rural Banks Matter? Evidence from the Indian Social Banking Experiment" in 2005 *American Economic Review*

## 6. Microfinance

### Lecture Notes

#### Recommended Readings:

- a) [Repayment Frequency and Default in Micro-Finance: Evidence from India](#) (joint with Erica Field). Forthcoming in the Journal of European Economic Association Papers and Proceedings 2008.
- b) [Peer Monitoring and Enforcement: Long Term Evidence from Microcredit Lending Groups with and without Group Liability](#) (January 2008), joint with Xavier Gine.

## 7. Risk and Insurance

### Lecture Notes

#### Recommended Readings

- a) Christopher Udry's "Risk and insurance in a rural credit market: an empirical investigation in northern Nigeria" 1994 Review of Economic Studies
- b) Mark Rosenzweig and Oded Stark's "Consumption smoothing, migration and marriage: Evidence from rural India", 1989 Journal of Political Economy
- c) Elizabeth Frankenberg, James Smith and Duncan Thomas' "Economic Shocks, Wealth and Welfare" 2003 Journal of Human Resources
- d) David McKenzie's "The Consumer Response to the Mexican Peso Crisis" 2006 Economic Development and Cultural Change

## 8. Affirmative Action Policies and Economic Development.

- (a) Chin and Prakash (2009) "[The Redistributive Effects of Political Reservation for Minorities: Evidence from India](#)"
- (b) Pande (2003) "Can Mandated Political Representation Increase Policy Influence for Disadvantaged Minorities? Theory and Evidence from India". American Economic Review, September 2003, 93 (4), pp. 1132--1151.
- (c) Duflo et al. (2004) "Women as Policy Makers: Evidence from a Randomized Policy Experiment in India." Econometrica, September 2004, 72 (5), pp. 1409--1443.
- (e) Esther Duflo, "Why Political Reservations," Journal of the European Economic Association 3(2-3), May 2005, pp.668-678

### Requirements:

1. Class Participation: This will be a combination of attendance, preparedness for class and quality of classroom comments.
2. Paper Writing: You will be required to work in groups. The idea is to propose an experiment for a particular country and context. We will discuss this during the first lecture of this course.
  - a. The **DEADLINE** to submit the paper is **NOVEMBER 26** during class hours. No extension is possible.

**Grading:**

There are no makeup exams or policy discussions. If you miss an exam, your missing grade will be replaced by an average of your other grades, adjusted for why you missed the exam. Acceptable reasons include death (yours, others), critical illness validated with a note from the appropriate dean, or a College sponsored trip. Questions about grading of any assignment or exam must be addressed within two weeks of its return. Questions must be presented in writing, and the entire assignment or exam will be re-graded.

**Students with Disabilities**

Students with disabilities enrolled in this course and who may need disability-related classroom accommodations are encouraged to make an appointment to see me before the end of the second week of the term. All discussions will remain confidential, although the Student Accessibility Services office may be consulted to discuss appropriate implementation of any accommodation requested.