Description
A majority of the world’s population lives on less than $2/day. The goal of this course is to better understand the lives of the world’s poor. What are their lives like? Why do they remain poor? Specifically, what price distortions and market failures hinder their quest to improve their well-being? Is there scope for policy to help the world’s poor?

We do not answer these questions with anecdotes and abstract theory. Rather, we examine detailed survey data of the world’s poor, and look at policies that have been attempted and evaluated scientifically. We consider why extreme poverty and hunger, child mortality, low-levels of education, gender inequality, environmental degradation, high fertility, and child labor are pervasive in the developing world. We also examine the economic consequences of globalization and infectious diseases such as malaria and HIV/AIDS. For each topic, we seek to understand the factors and constraints influencing decision-making in developing countries.

This course requires a solid understanding of how to read and interpret statistics, as well as a basic understanding of economic principles. Economics 1 and 10 or equivalent (e.g. you have credit from registrar for Econ 1 from taking an AP class and have taken Gov 10) are required; note that you will not be able to take the class without these prerequisites (no exceptions). Economics 20 and 21 are helpful but not at all necessary.

Location
Classroom:
- Section 9L – MWF 8:45 – 9:50, x-period: Th 9:00 – 9:50
- Section 10 – MWF 10:00 – 11:05, x-period: Th 12:00 – 12:50

Office hours: W 1-3; additional hours to be posted before exams
Office location: 326 Rockefeller Hall

Note: There will be no class on Friday May 18. Other changes, if any, will be notified in advance; we will most definitely be using x-periods on numerous occasions.

Textbooks and Other Materials
Understanding Poverty, 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 covered in the class. Almost all of the book will be assigned.

Ray, Debraj. Development Economics. Princeton University Press, 1998. This is a slightly more technical treatment of the material, and the source for almost all the formal models taught in class. We will use this book for roughly a third of the classes. An online version is now available for a significantly lower price than the printed version.
Two popular books on development economics have been published recently – *Poor Economics* by Abhijit Banerjee and Esther Duflo and *More than Good Intentions* by Dean Karlan and Jacob Appel. You do not have to purchase these books, although they are great reads – I will post required sections directly on Blackboard (books are also on reserve). Other readings – both required and recommended – are posted on Blackboard. It is expected that required reading be completed before class.

**Grading and assignments**

*Class Participation + 5 Problem Sets (15%)*

Participation is evaluated by attendance and the student's ability to answer questions regarding the assigned readings for a class. Students are selected at random during class.

Problem sets due April 6, April 13, May 4, May 11, and May 25. They will be handed out one week before due date.

*Mid Term Exam (25%)*

Will be on April 23 during class hours.

*Group Project and Presentations (20%)*

You will work in groups of 4-5 to write a 3 page experiment brief and present it to the class [May 14 and 16]; there will also be a policy debate on May 30, and a surprise presentation sometime during the term. Topics and more details will be provided during the course of the term.

*Cumulative Final Exam (40%)*

Joint Exam for both Sections, June 3, 8am-11am.

There are no makeup exams. 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 or quiz. 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 regarded, which means you might end up with a lower score than you started with.

Assignments are due in class. No late assignments will be accepted, no exceptions.

You may work in groups for your problem sets. The problem sets will only be graded as satisfactory/not satisfactory, and solution sets will be posted on Blackboard.

I will make every attempt to respond to class-related emails within 24 hours. This policy does not apply to weekend days, so do not expect responses to emails during the weekend. I will also not respond to emails asking questions that are clearly answered on the syllabus or via prior emails: e.g. “when is the problem set due?”

**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 [April 6]. All discussions will remain confidential, although the Student Accessibility Services office may be consulted to discuss appropriate implementation of any accommodation requested.
Course Outline
All readings required except *= recommended. UP=Understanding Poverty. DE=Development Economics. PE = Poor Economics. MTGI = More than Good Intentions
Note: Lecture notes and all readings not linked below 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.

Also note that the dates given below are subject to change.

0. Statistical Background
You must understand everything in DE Appendix 2 before the course begins; you don’t have to read it if you already know the concepts. You should also read the article titled “Evaluating Empirical Studies” posted on Blackboard. You might also want to read the following article which nicely explains the concept of causality: Freedman, David (1991) “Statistical Models and Shoe Leather,” Sociological Methodology, Vol. 21, pp 291-313.

1. The big picture
1.1 What is poverty? How do we measure it? [3/26]
- DE Ch. 2
- UP Ch 1, "Measuring Poverty"

1.2 History, Growth and Development [3/28] (Causality and instrumental variables)
- UP Ch 2, "Understanding Prosperity and Poverty: Geography, Institutions, and the Reversal of Fortune"
  - *UP Ch 3, "Colonialism, Inequality, and Long-Run Paths of Development"
  - *DE Ch. 3 & 4.1-4.3

1.3 Globalization and poverty [3/30]
- UP Ch 6, "Globalization and All That"
- UP Ch 7, "The Global Economy and the Poor"

2. Health
2.1 Health and Nutrition: Poverty Traps [4/2]
- DE Ch. 8 (esp. 8.4), Ch 13.4

2.2 Providing health services and medicines in developing countries [4/4]
- PE Chapter 3: “Low-Hanging Fruit for Better (Global) Health”.
- UP Ch 20, "Intellectual Property and Health in Developing Countries"
- UP Ch 21, "Public Policies to Stimulate Development of Vaccines for Neglected Diseases"
2.3 Health externalities and randomized experiments [4/6] PS 1 DUE


2.4 HIV & the economics of risky behaviors [4/9]


3. Education and Human Capital

3.1 Education [4/11] (Difference in differences)

- UP Ch 18, "The Primacy of Education,

3.2 Educational Interventions [4/13] PS 2 DUE


3.3 Fertility [4/16]

- DE Ch 9
- UP Ch 9, "Fertility and Income"
  - *UP Ch 10, "Fertility in Developing Countries" in UP

3.4 Child Labor [4/18]

- UP Ch 17, "Policy Dilemmas for Controlling Child Labor"
4. Land and property rights
4.1 Land [4/20]
   • DE 11 & 12
   • UP Ch 8, "The Role of Agriculture in Development"

[4/23] - Midterm

4.2 Land Reform [4/25]

4.3 Property Rights [4/27]

5. Labor and migration
5.1 Labor markets [4/30]
   • DE 13

5.2 Migration [5/2]
   • DE Ch. 10

6. Credit
6.1 Credit and investment [5/4] PS 3 DUE
   • DE Ch 14
   • UP Ch 23, "Credit, Intermediation, and Poverty Reduction"

6.2 The microcredit promise [5/7]
   • PE Chapter 9: “Reluctant Entrepreneurs”

7. Savings and Insurance
7.1 Savings and Insurance 1 [5/9]
   • DE Ch 15
   • UP Ch 14, "Transfers and Safety Nets in Poor Countries: Revisiting the Trade-Offs and Policy Options,"
   • MTGI Chapter 7: “To Save: The Unfun Option”
7.2 Insurance Failures [5/11] PS 4 DUE
- PE Chapter 6: “Barefoot Hedge-Fund Managers”
- UP Ch 22, "Microinsurance: The Next Revolution?"

[5/14] = 1st round presentations
[5/16] = 2nd round presentations

[5/18] NO CLASS

8. Public goods, political economy, aid and corruption
8.1 Public Goods [5/21]
- UP Ch 19, "Public Goods and Economic Development,"
- UP Ch 12, "Ethnic Diversity and Poverty Reduction,"

8.2 Do leaders matter? [5/23]

8.3 Corruption [5/25] PS 5 DUE
- UP Ch 11, "Corruption and Development"

8.4 Aid [5/30] = Policy Debate