

Course Syllabus

ECON 481

Microeconomics of Development

William & Mary

Spring 2024

Instructor: Andrew Dustan
Email: addustan@wm.edu
Office: Chancellors 232
Class meetings: Tu/Th 2-3:20pm, Chancellors 133

Overview and learning objectives

This course provides an overview of the economic issues facing households and firms in developing countries. It covers both theoretical and empirical aspects of the field. It takes a microeconomic perspective, treating individuals, households, and firms as the units of analysis.

Students successfully completing this course will be able to:

- Apply topic-specific knowledge to solve conceptual and technical problems in development microeconomics;
- Understand, summarize, and critically appraise simple empirical development economics research;
- Use relevant software to analyze economic data and models relating to developing countries;
- Think critically about current controversies in development economics.

Requirements

- ECON 303 is a prerequisite for this course.
- Calculus: While not a formal prerequisite, we will at times use calculus roughly equivalent to what is used in most intermediate microeconomic theory courses. I will assume that you are comfortable with the basics and willing to pick up the rest in class.
- Statistics: I will assume some statistics background (mean, variance, comparison of means, confidence intervals, hypothesis testing). Econometrics is not a prerequisite, although it will be helpful background knowledge. We will cover the relevant econometric tools for engaging with empirical development microeconomics research in class.

Office hours

I will hold office hours each week in Chancellors 232 at the following times:

- Wednesday, 10:05-11am
- Thursday, 9-10am

I will announce any changes to this schedule in advance. Email me if you need to meet at another time.

Textbook

There is no textbook for this course, but we will have regular readings from the following popular press book:

Banerjee, A. V., & Duflo, E. (2011). *Poor economics: A radical rethinking of the way to fight global poverty*. Public Affairs.

You can access the Ebook for free through W&M Library's subscription using this link:

<https://ebookcentral.proquest.com/lib/cwm/detail.action?docID=876489>

Physical copies are about \$10 if you want one.

I will post other readings via Blackboard.

Software

We will use the free software, *R* (with *RStudio*). I assume no prior exposure to *R* and no programming experience. I will explain options for configuring and using this software.

Assignments and grading

Grades will be determined by the following assignments (contribution to final grade in parentheses):

1. Four problem sets (30% total, 4 assignments @ 7.5% each)
2. "Explainer video" presentation based on an empirical journal article, to be completed by groups of two students (15%)
3. Midterm exam (20%)
4. Final exam (30%)
5. Attendance and participation (5%)

I will compute your overall percentage grade according to the weights given above, and then, without rounding the percentage grade, assign course letter grades accordingly:

Letter	Percentage	Letter	Percentage
A	93-100%	C	73-76%
A-	90-92%	C-	70-72%
B+	87-89%	D+	67-69%
B	83-86%	D	63-66%
B-	80-82%	D-	60-62%
C+	77-79%	F	< 60%

Exams

There will be an in-class midterm exam on Thursday, March 7.

The final exam period is (tentatively) scheduled for Wednesday, May 8, from 2-5pm. I will announce the final exam location later.

If you have a scheduling conflict caused by a University-sanctioned event, please contact me at least two weeks in advance to discuss arrangements. In all other cases, there will be no make-up midterm exams. If

you miss the midterm exam, I will replace the missing score with the score from your final exam (i.e., the final exam will count for 50% of your course grade).

The final exam is mandatory.

Problem sets

There will be four problem sets, to be submitted via Gradescope. You are encouraged to collaborate with classmates, but you need to submit your own individual problem set.

Late problem sets are accepted up to 72 hours after the deadline, with a deduction of 10 percentage points per day or partial day late. For example, a problem set that is 28 hours late would incur a 20 percentage point deduction.

Re-grading policy

Re-grading requests for problem sets and the midterm exam must be submitted within one week of the assignment being returned to you. Requests made after one week will not be considered. Attach a cover sheet to the assignment indicating the item(s) you want re-graded and give it to me in class or office hours. I will re-grade the item(s), **which may result in your score increasing or decreasing compared to the initial score**. This grade will be final.

Honor Code

William & Mary has had an honor code since at least 1779. Academic integrity is at the heart of the university, and we all are responsible for upholding the ideals of honor and integrity. The student-led honor system is responsible for resolving any suspected violations of the Honor Code, and I will report all suspected instances of academic dishonesty to the honor system. The Student Handbook (<https://www.wm.edu/studenthandbook>) includes your responsibilities as a student and the full Code. Your full participation and observance of the Honor Code is expected. To read the Honor Code, see <https://www.wm.edu/honor>.

Accommodations

William & Mary accommodates students with disabilities in accordance with federal laws and university policy. Any student who feels s/he may need an accommodation based on the impact of a learning, psychiatric, physical, or chronic health diagnosis should contact Student Accessibility Services staff at 757-221-2509 or at sas@wm.edu to determine if accommodations are warranted and to obtain an official letter of accommodation. For more information, please see <https://www.wm.edu/sas>.

Course outline

Content and readings are subject to change. I will keep you updated.

Do the readings **before class** on the date specified.

Introduction

Thursday, 1/25

- *Poor Economics*: Chapter 1.
- Banerjee, A.V. and Duflo, E., 2007. The Economic Lives of the Poor. *Journal of Economic Perspectives*, 21(1), pp.141-167.

Poverty

Tuesday, 1/30

- Deaton, A., 2006. "Measuring Poverty," in A.V. Banerjee et al. (eds.), *Understanding poverty*, New York: Oxford University Press, pp.3-15.
- Houghton, J. and Khandker, S.R., 2009. "Measuring Poverty", *Handbook on Poverty and Inequality*, The World Bank Institute, pp.67-73.

Thursday, 2/1

- Corral, P. et al., 2022. "The smaller, the better: The decades-long evolution of mapping poverty," *World Bank Data Blog*, September 13. Available at: <https://blogs.worldbank.org/opendata/smaller-better-decades-long-evolution-mapping-poverty>
- Blumenstock, J. et al., 2021. "Using Big Data and machine learning to locate the poor in Nigeria," *World Bank Data Blog*, February 22. Available at: <https://blogs.worldbank.org/opendata/using-big-data-and-machine-learning-locate-poor-nigeria>

Impact evaluation

A helpful and accessible supplementary reference, but not required, is:

- Gertler, P.J., Martinez, S., Premand, P., Rawlings, L.B. and Vermeersch, C.M., 2016. Impact evaluation in practice. World Bank Publications. Available at: <http://hdl.handle.net/10986/25030>

Tuesday, 2/6

- Beaman, L., Karlan, D., Thuysbaert, B. and Udry, C., 2013. Profitability of fertilizer: Experimental evidence from female rice farmers in Mali. *American Economic Review*, 103(3), pp.381-386.

Thursday, 2/8

- Godlonton, S. and Okeke, E.N., 2016. Does a ban on informal health providers save lives? Evidence from Malawi. *Journal of Development Economics*, 118, pp.112-132.
- Crost, B., Felter, J. and Johnston, P., 2014. Aid under fire: Development projects and civil conflict. *American Economic Review*, 104(6), pp.1833-1856.

Risk, vulnerability, and decision-making under uncertainty

Tuesday, 2/13

- *Poor Economics*: Chapter 6a, pp.133-143.
- Haughton, J. and Khandker, S.R., 2009. "Vulnerability to Poverty", *Handbook on Poverty and Inequality*, The World Bank Institute, pp.231-241.

Thursday, 2/15

- Emerick, K., De Janvry, A., Sadoulet, E. and Dar, M.H., 2016. Technological innovations, downside risk, and the modernization of agriculture. *American Economic Review*, 106(6), pp.1537-1561.

Informal risk-sharing

Tuesday, 2/20

- *Poor Economics*: Chapter 6b, pp.144-147.

Thursday, 2/22

- Jack, W. and Suri, T., 2014. Risk sharing and transactions costs: Evidence from Kenya's mobile money revolution. *American Economic Review*, 104(1), pp.183-223.

Insurance and saving

Tuesday, 2/27

- Carter, M., de Janvry, A., Sadoulet, E. and Sarris, A., 2017. Index insurance for developing country agriculture: a reassessment. *Annual Review of Resource Economics*, 9, pp.421-438.

Thursday, 2/29

- Karlan, D., Ratan, A.L. and Zinman, J., 2014. Savings by and for the Poor: A Research Review and Agenda. *Review of Income and Wealth*, 60(1), pp.36-78.

Health

Tuesday, 3/5

- *Poor Economics*: Chapter 3.
- Cohen, J. and Dupas, P., 2010. Free distribution or cost-sharing? Evidence from a randomized malaria prevention experiment. *The Quarterly Journal of Economics*, 125(1), pp.1-45.

MIDTERM EXAM: Thursday, 3/7

SPRING BREAK: 3/12 and 3/14

Fertility

Tuesday, 3/19

- *Poor Economics*: Chapter 5.

Education

Thursday, 3/21

- *Poor Economics*: Chapter 4.
- Dustan, A., 2020. Can large, untargeted conditional cash transfers increase urban high school graduation rates? Evidence from Mexico City's Prepa Sí. *Journal of Development Economics*, 143, p.102392.

Tuesday, 3/26

- Muralidharan, K. and Sundararaman, V., 2011. Teacher performance pay: Experimental evidence from India. *Journal of Political Economy*, 119(1), pp.39-77.

Thursday, 3/28

- Muralidharan, K. and Sundararaman, V., 2015. The aggregate effect of school choice: Evidence from a two-stage experiment in India. *The Quarterly Journal of Economics*, 130(3), pp.1011-1066.

Labor markets and migration

Tuesday, 4/2

- La Porta, R. and Shleifer, A., 2014. Informality and development. *Journal of Economic Perspectives*, 28(3), pp.109-126.

Thursday, 4/4

- Bryan, G., Chowdhury, S. and Mobarak, A.M., 2014. Underinvestment in a profitable technology: The case of seasonal migration in Bangladesh. *Econometrica*, 82(5), pp.1671-1748.

Microenterprises and microfinance

Tuesday, 4/9

- *Poor Economics*: Chapter 9.
- De Mel, S., McKenzie, D. and Woodruff, C., 2008. Returns to capital in microenterprises: evidence from a field experiment. *The Quarterly Journal of Economics*, 123(4), pp.1329-1372.

Thursday, 4/11

- *Poor Economics*: Chapter 7.
- Banerjee, A., Karlan, D. and Zinman, J., 2015. Six randomized evaluations of microcredit: Introduction and further steps. *American Economic Journal: Applied Economics*, 7(1), pp.1-21.

Agriculture

Tuesday, 4/16

- Byerlee, D., De Janvry, A. and Sadoulet, E., 2009. Agriculture for development: Toward a new paradigm. *Annual Review of Resource Economics*, 1(1), pp.15-31.

Thursday, 4/18

- Magruder, J.R., 2018. An assessment of experimental evidence on agricultural technology adoption in developing countries. *Annual Review of Resource Economics*, 10, pp.299-316.

Anti-poverty programs

Tuesday, 4/23

- Grosh, M., Leite, P. and Wai-Poi, M., 2022. A New Look at Old Dilemmas: Revisiting Targeting in Social Assistance. The World Bank, Chapter 5, pp. 259-278.
- Banerjee, A., Niehaus, P. and Suri, T., 2019. Universal basic income in the developing world. Annual Review of Economics, 11, pp.959-983.

Thursday, 4/25

- Banerjee, A., Duflo, E. and Sharma, G., 2021. Long-term effects of the targeting the ultra poor program. American Economic Review: Insights, 3(4), pp.471-486.
- Banerjee, A., Faye, M., Krueger, A., Niehaus, P. and Suri, T., 2023. Universal Basic Income: Short-Term Results from a Long-Term Experiment in Kenya.

Personnel economics of the state

Tuesday, 4/30

- Finan, F., Olken, B.A. and Pande, R., 2017. The personnel economics of the developing state. Handbook of Economic Field Experiments, 2, pp.467-514.

Thursday, 5/2

- TBD.

Important dates

These dates are subject to change as needed. I will keep you apprised of any changes.

Date	Event	Location/time
Friday, 2/2	<i>Add/drop deadline</i>	
Thursday, 2/15	Problem Set 1 due	Gradescope, 11:59pm
Thursday, 2/29	Problem Set 2 due	Gradescope, 11:59pm
Thursday, 3/7	Midterm Exam	In class
Monday, 3/25	<i>Withdrawal deadline</i>	
Thursday, 4/4	Problem Set 3 due	Gradescope, 11:59pm
Thursday, 4/18	Explainer video due	Blackboard, 11:59pm
Thursday, 5/2	Problem Set 4 due	Gradescope, 11:59pm
Wednesday, 5/8	Final Exam	2-5pm, location TBD