

ECON 416: Theory of Economic Development Spring 2018

Professor Jessica Goldberg
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Office hours: Tuesdays, 3:30-5:00 pm

Course Description: This course will cover fundamental issues in development economics. There are five modules: poverty, inequality, and growth; land and labor markets; credit markets; risk and insurance; and empirical evidence about human capital (health and education). The class will emphasize using economic theory to understand underlying questions about development. Students will also develop their skills in explaining theoretical predictions and empirical evidence in short, policy-focused memos and blog posts. Course readings will include textbooks, policy pieces, and academic articles.

Class Meetings:

Section 101 – Tyding 1101, Tuesdays and Thursdays, 11:00-12:15
Section 201 – Tydings 1118, Tuesdays and Thursdays, 2:00-3:15

Textbooks:

Schaffner, Julie. *Development Economics: Theory, Empirical Research, and Policy Analysis*. Wiley, 2013. **(This is the main textbook for Econ 416 and it contains required readings.** Abbreviated JS in reading list below; **chapters are not available through eReserves.)**

We will also read individual chapters from three additional books. Those additional texts are:

Banerjee, Abhijit and Esther Duflo. *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*. PublicAffairs, 2012. (Abbreviated BD in reading list below.)

Nicholson, Walter and Christopher Snyder. *Microeconomic Theory: Basic Principles and Extensions*. South-Western/Cengage Learning, 2012.

Ray, Debraj. *Development Economics*. Princeton University Press, 1998.

These chapters, and selected other readings, will be available through the eReserves system, and accessible on the course's Elms site. Please find these readings by selecting "Modules" and then "Course Reserves" (under the heading "Libraries") on the Elms site.

Finally, you may find your intermediate macroeconomics textbook useful for a review of the Solow model. You may also review chapters from other development economics textbooks if you wish to see the material presented in a different way. One option is the following:

Todaro, Michael P. and Stephen C. Smith. *Economic Development*. Prentice Hall, 2011.
(I recommend the 11th edition and the syllabus refers to chapters in that edition, but students may choose to use earlier editions at their discretion. Abbreviated TS in reading list below; **chapters are not available through eReserves.**)

Grading:

1) Two Midterm Exams (15% of course grade each) and a Final Exam (20% of course grade)

Students are required to take the exam on class exam dates, and at their assigned lecture time. **Students will not be permitted to take exams at the time reserved for a section of Econ 416 in which they are not enrolled.** Exams are considered major scheduled grading events. Make-up exams will be granted only to those students who communicate with the professor within 48 hours of the scheduled exam time and provide written verification of a reason that complies with University policy: medical conditions, religious observances, participation in University events at the request of University authorities, and compelling circumstances beyond your control. For religious observance or participation in University events, students must inform the professor not later than the second week of classes. **If a student misses an exam and cannot provide documentation of a valid excuse, the grade will be recorded as a zero. Self-signed notes will not be accepted as an excuse for absence from midterm or final exams.** For more details, please see the website referenced in the “Expectations of Students” section below.

Students are permitted to use non-graphing calculators on some exams. Graphing calculators, phones, tablets, or other substitutes are not permitted. **The Department of Economics no longer supplies calculators for exams;** students are responsible for bringing a non-graphing calculator for their own use and students who do not bring their own permissible calculators will be required to take the exam without using a calculator. No sharing of calculators is permitted during exams.

2) One policy memo (15% of course grade)

Memos will assess students’ ability to apply knowledge of economic theory and interpretation of data to policy scenarios. They will require students to identify and consult sources not provided on the reading list for background information and data. They will be graded on the accuracy of responses to specific parts of each assignment, clarity and correctness of reasoning, and on the quality of writing and presentation.

Students may discuss memo assignments with classmates before beginning to write, but it is a violation of the university honor code to copy all or part of another student's memo (or the charts or graphs included in another student’s memo). Students should not share drafts with each other. Each student must turn in his or her own memo. **Violations of the university honor code, including using words or ideas of others without proper attribution, will result in receiving a 0 for this assignment and may result in referral to the University’s Office of Student Conduct. Please review information the Department of Psychology provides about plagiarism, which I have made available on the course ELMS page.**

Memos must be submitted on ELMS, and uploaded as PDF files. Please ensure that you know how to create and upload a PDF file to ELMS before the due date. Memos submitted after the due date and time will be penalized: grades will be reduced by one letter grade for each day late (for example, from an A to a B for submissions within 24 hours of the due date, from an A to a C for submissions more than 24 but less than 48 hours after the due date, etc.). Failure to submit a memo within 5 days of the due date will result in a 0 being recorded for your grade. Students with a valid medical excuse according to the University’s policy should communicate with me as soon as possible in order to make arrangements for alternate submission.

Students are strongly encouraged to request feedback from the UMD Writing Center before submitting memos. Peer consultants are available in the Writing Center, 1205 Tawes Hall. The consultants can help you with all aspects of your writing process, from generating ideas to organizing your thoughts to revising your prose. Check the website for current semester hours. Daytime hours include both appointments and walk-in (call 301-405-3785 for a 30 or 60 minute appointment), while evening hours are walk-in only. To make an appointment, go to umd.mywconline.com. The Writing Center also maintains limited walk-in hours in 2101 McKeldin Library. **More information about making an appointment at the Writing Center is available here:** <http://www.english.umd.edu/academics/writingcenter/undergraduate/schedule>

I will be happy to discuss a draft of your memo with you during office hours, but I am not able to provide feedback on drafts by email. Please plan accordingly and complete a draft in advance of the due date in order to have time to visit me during office hours.

3) One contribution to the class blog (20% of course grade)

Blogs play an important role in the conversation about economic policy in development and other fields. Academics, policy makers, and the public share ideas and information through this medium. Students in Econ 416 will each contribute one post to a class blog about development economics. Blog posts should be between 800 and 1200 words. Entries are required to link to source material (either a newspaper article or a working paper, described below), and may include graphs, illustrations, charts, or other supporting materials. They may also link to related posts from other blogs, but the underlying discussion must be of a newspaper article or working paper, and the entry must contain original analysis or a perspective that is different from that of other blogs discussing the same topic. **Blog entries for this assignment should be analytic rather than editorial; they are not to be opinion pieces.**

The audience for this blog is a lay reader – someone who is interested in development economics, but has not taken Econ 416. This exercise is an opportunity for students to apply their expertise to real-world topics, and to share their knowledge publicly. Students may choose to publish their entries using their real names or anonymously, but the blog will be available on the internet. You are expected to write professionally and respectfully.

The final date to submit your blog is May 1. I will award one extra point for each week before May 1 that you submit your blog (blogs submitted by April 24 will receive one bonus point; blogs submitted by April 17 will receive two bonus points, and so on). There are two parts to the submission. First, a PDF document must be uploaded to ELMS. Second, the entry must be posted to the class blog. It is the student's responsibility to ensure that the post displays correctly, including links and other formatting. You may post directly to the blog, <https://econ416.wordpress.com/> using the username Econ416 and the password Tydings3115. Deliberate misuse of the login information, including deleting or editing another student's entry, is a serious case of academic misconduct and will be referred to the Honors Council.

This assignment will be graded on the relevance of the topic, the accuracy and sophistication of the analysis and on the quality of the writing. Students may discuss blog entries with classmates, but it is a violation of the university honor code to copy all or part of another student's post (or the charts or graphs included in another student's post). Students should not share drafts with each other. Each student must turn in his or her own blog entry. **Violations of the university honor code, including using words or ideas of others without proper attribution, will result in receiving a 0 for this assignment. Please review information the Department of Psychology provides about**

plagiarism, which I have made available on the course ELMS page. Late submissions will be penalized using the same policy described for the memo assignment.

I will be happy to discuss a draft of your blog post with you during office hours, but I am not able to provide feedback on drafts by email. Please plan accordingly and complete a draft in advance of the due date in order to have time to visit me during office hours.

Blogs are intended to be interactive. **In addition to submitting one blog entry, each student is required to write substantive comments about two other posts by classmates in 2018 (additional comments are welcome but not required). The final date for posting and submitting comments is May 8. Comments must be both posted directly to the blog and submitted in a PDF document through ELMS. Comments will not be graded, but failure to submit two comments by the deadline will reduce the grade on the blog post by one full letter grade.**

Blog entries should analyze a newspaper article (not a blog post or letter to the editor; an editorial by newspaper staff is acceptable) from a newspaper in a developing country, using material included on the syllabus for Econ 416. The post must link to the motivating article, briefly summarize its content, and then describe the economic issue of interest. Please choose a newspaper article published recently (no earlier than October 2017). Students who choose articles that are not originally written in English are responsible for providing a complete translation at the end of your blog entry.

Students may discuss how the article you have chosen relates to economic theory: is the behavior described what is predicted by a model we studied? If not, why do you think it is different from what we would expect, given the theory? What assumptions of the model might be violated? What can we tell about the underlying market, preferences of individuals, etc. based on the behavior that is described?

Alternatively, students may discuss how the article relates to empirical evidence from academic research? Does the information in the article provide new evidence that is consistent with results in a paper we have discussed? If the article describes something different than the results of a paper we have discussed, what do you think explains the differences?

Grading rubric for blog posts:

- Relevance and appropriateness of the source article (25 points). Is the newspaper article from a developing country? Recent? Does it address an interesting economic policy question, or describe a decision by individuals or institutions that can be analyzed through an economic model discussed in class? Is the source material unique (i.e., not used by a previous post in this blog, or in another blog about development economics)?
- Accuracy and sophistication of the analysis (50 points). Does the blog post correctly relate the newspaper article to a topic from Econ 416? Is the article a good example of the behavior described in the model, or closely related to the empirical work it is compared to? Are the model or related empirical results explained clearly and correctly? Does the blog post provide new insight about the issue discussed in the newspaper model? Does it use data and/or graphs appropriately? Is the entry analysis, not opinion?
- Clarity and quality of writing (20 points). Is the post concise, professional, and grammatically correct? Is it well-organized, including clearly describing and citing source material? Does it use and explain economics terminology correctly?
- Technical presentation (5 points). Is the post formatted clearly, with working links to the source material and any other related material, and figures or tables that help explain the material? Is the source material clearly identified and attributed?

Examples of blogs that relate to development economics include:

<http://blogs.worldbank.org/impactevaluations/>

<http://www.cgdev.org/global-health-policy-blog>

<http://www.financialaccess.org/blog/>

<http://www.cgap.org/blog>

https://ssir.org/topics/category/economic_development

4) In class problems (15% of course grade)

Throughout the course, and without prior announcement, I will ask students to respond to short answer questions or complete mathematical exercises in class. Questions may draw on assigned readings or material covered in previous lectures, and questions may be asked at any point during the lecture (not just the beginning or end of class). Students will work individually on these problems, and then we will review the solutions as a group. I will collect and grade answers to some (but not all) of these problems. Grading will be as follows: 2 points for a correct answer, 1 point for an incorrect answer, and 0 points if no answer is submitted during class. These assignments cannot be made up after class; students who are absent will not receive credit for problems they do not complete during class time. In calculating the final course grade, I will drop the lowest grade of the assigned problems.

These problems are a substitute for take-home problem sets, and are intended to ensure that students not only work through the problem, but also understand the correct solution. The reading list indicates additional, optional problems that students can complete for extra practice with the sorts of questions that may be asked on exams. I will be happy to review your written answers to these extra questions during office hours.

5) Extra credit

Students may earn extra credit by completing one (and only one) extra assignment. Students who complete the assignment satisfactorily (earning the equivalent of a B+ or better on a memo assignment) will receive a letter grade one third higher than their point total otherwise indicates (i.e. a B will be increased to a B+, a B+ to an A-). The extra credit assignment cannot be used to convert a failing grade into a passing grade, or to raise the grade from a D+ to a C-. The assignment must be submitted no later than April 19, through ELMS.

The first option is a written report based on reading a novel by an author from a developing country, from the following list. The report should consist of two parts:

- a) A summary of how the novel illustrates three of the key concepts discussed in class.
- b) A description of one economic decision that a character or group in the novel faced. This description should be accompanied by either equations summarizing the choice problem, or a diagram of the choice problem. The description should explain the relevant constraints as well as the objective. Then, please explain whether the characters made the decision that would be predicted by standard economic theory, and if not, why not. You should cite at least three sources in this explanation. These sources can be materials from the class syllabus, other textbooks, or other academic or professional publications, but they may not be blog posts or non-academic internet sources.

I expect that this assignment will require about four typed pages of text, plus 1-2 diagrams, to complete. Students who submit extra credit assignments should also be prepared to answer questions about the book they read in order to demonstrate that they have read and understood the entire novel.

This assignment is included because it provides an opportunity for students to read about developing countries in a different way – in the words, or through the eyes, of people from those countries. It also illustrates the notion that the day-to-day decisions that people make in all countries are economics – and that the decisions of the very poor, and those living in places with limited institutions and infrastructure, are often more complicated and have more severe consequences than those of the affluent.

Eligible books:

The God of Small Things, by Arundhati Roy (India)

When Rain Clouds Gather, by Bessie Head (Botswana)

Cutting for Stone, by Abraham Verghese (Ethiopia)

Half of a Yellow Sun, by Chimamanda Ngozi Adichie (Nigeria)

Nervous Conditions, by Tsitsi Dangarembga (Rhodesia, now Zimbabwe)

Academic Integrity: The University of Maryland, College Park has a nationally recognized Code of Academic Integrity, administered by the Student Honor Council. This Code sets standards applicable to all undergraduate students, and you are responsible for upholding these standards as you complete assignments and take exams in this course. See www.studenthonorcouncil.umd.edu.

Course Website: Students should use their directory ID and password to access www.elms.umd.edu. Relevant documents and announcements will be posted on the course website. It is expected that students will check the course website every week.

The University has adopted email as the primary means of communication outside the classroom, and I will use it to inform you of important announcements. Students are responsible for updating their current email address via the appropriate link on <http://www.testudo.umd.edu/Registrar.html>. Failure to check email, errors in forwarding email, and returned email due to “mailbox full” or “user unknown” will not excuse a student from missing announcements or deadlines. I will try to reply to your e-mails within 24 hours during the school week, but please do not expect a response over the weekend.

Students with disabilities who require special accommodations must get in touch with the instructor within the first three weeks of class.

Expectations of Students: Read the assigned readings **before** the class in which they will be covered, and ask questions whenever you find something confusing or problematic. Complete assignments before they are due, making sure you leave yourself enough time to get answers to any questions you might have. The written assignments are designed to take more than one day to complete; you must begin working on them well before they are due.

Attend lectures for the section for which you are registered, and take notes in class. If you miss any lectures, you are still responsible for the material that was covered. The material we cover each week builds on the content of the previous weeks. You should try to catch up right away; if you do not, you will find yourself slipping farther and farther behind. Get notes from a classmate and thoroughly review the relevant section of the text. After going through these steps, if you have questions, then visit me during office hours or make an appointment.

If you find that you will be unable to participate in class activities for more than three days in a row due to illness or other valid excuses (see <https://s3.amazonaws.com/drupal-base-s3-drupalshreds3-1qwpjwcnqwwsr/president/s3fs-public/documents/policies/V-1.00G.pdf> for the University’s policy on absences) you must contact me by email to explain. You will not be allowed postpone a midterm or other assignment because of absences earlier in the semester unless you have informed me IN ADVANCE of your situation.

I encourage you to come to office hours to discuss course material or other issues related to development economics. **Keep in mind that many of your post graduate plans, including graduate school and job applications, will require that you obtain letters of recommendation from professors. Speaking with you outside of class time makes it possible for me to write a more useful, stronger letter of recommendation.**

If you aren't sure what to talk about during office hours, here are some questions you can ask to get a conversation started:

- What's your research about?
- Why does research matter for developing countries? Why not help them in some other way?
- What's something important that researchers have learned about development economics recently?
- Can we learn anything about US policies by studying developing countries, or vice versa?
- What work experience is useful if I am interested in development economics? What are some things I can do to increase my chances of getting an interesting job related to development economics?

Reading list and schedule:

The following reading list is subject to change. Please check ELMS frequently for additional materials or changes to the schedule.