

Econ 590: MSPE Development Economics
University of Illinois at Urbana-Champaign
Department of Economics

Professor: Richard Akresh

Semester: Spring 2018

Class meeting time: Monday/Wednesday 8:00-9:50

Classroom: David Kinley Hall, Room 123

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Email: akresh@illinois.edu

Office Hours: Monday/Wednesday 10:00-10:45, or by appointment

Website: faculty.las.illinois.edu/akresh/

Course Description: This course examines microeconomic development issues in poor countries. We will examine research on health, cash transfers, early childhood development, education, risk-sharing, and the causes and welfare impacts of conflict. Much of the focus of the course will be on using empirical methods to measure the causal impact of development programs. We will study specific programs that have worked in improving health/education/child outcomes and we will discuss how economists evaluate the effectiveness of these programs.

Course Prerequisites: Econ 500 (microeconomics), Econ 502 (Statistics), and enrolled in Econ 503 (Econometrics) this semester.

Course Objectives:

The first objective is to provide a critical overview of the current microeconomic development literature and central debates in economic development.

The second objective is to understand econometric and methodological issues that arise when doing microeconomic development research. In particular, we will focus on how hypotheses may be tested with data and how to identify causal relationships.

Course Requirements and Evaluation:

Grades will be based on the following:

- Problem sets and research summary (20%)
- Midterm exam 1 (25%)
- Midterm exam 2 (25%)
- Final exam (30%)
- Each student is expected to be able to discuss the required readings assigned for each class.

Exam Policy:

In the event that a student has an excused absence from one of the midterm exams, the points from the missed exam will be placed on the final. There are no make-up exams. The final will then be worth 55% rather than 30%. In the event that a student misses a second midterm exam, the instructor reserves the right to give the student a zero on that exam.

During the exams, only pens/pencils for writing are allowed in the room. There are to be no papers/books, cell phones, watches, headphones, or other items that connect to the internet. Students found to be using unapproved items are in violation of the Academic Integrity policy of the University and will be subject to disciplinary action.

Important Dates:

MIDTERM #1: Wednesday, February 14 (in class)

MIDTERM #2: Wednesday, March 14 (in class)

FINAL EXAM: Wednesday, May 9, 1:30-4:30 PM

Readings

On the compass course site, I have added links to most of the readings.

Recommended readings:

Banerjee, Abhijit and Esther Duflo. 2011. *Poor Economics*. Public Affairs Publishing.
Gertler, Paul J., Sebastian Martinez, Patrick Premand, Laura B. Rawlings, and Christel M. J. Vermeersch. 2016. *Impact Evaluation in Practice*. Washington, D.C.: World Bank Publications. (www.worldbank.org/ieinpractice)
Easterly, William. 2002. *The Elusive Quest for Growth*. Cambridge, MA: MIT Press.
Fisman, Raymond and Edward Miguel. 2008. *Economic Gangsters: Corruption, Violence and the Poverty of Nations*. Princeton University Press.

Africa News and Development Blogs:

News:

BBC Africa: <http://news.bbc.co.uk/2/hi/africa/default.stm>

All Africa: <http://allafrica.com>

Africa Confidential: <http://www.africa-confidential.com/news>

Blogs:

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

<http://blogs.cgdev.org/globaldevelopment/>

<http://blogs.cgdev.org/globalhealth/>

<http://africacan.worldbank.org/>

<http://psdblog.worldbank.org/psdblog/>

<http://chrisblattman.com/>

<http://marcfbellemare.com/wordpress/>

<http://www.poverty-action.org/blog>

Final Exam Conflict Policy:

From the University's final exam policy:

- Any student having more than two consecutive final examinations is entitled to rescheduling as follows if he or she takes the following action no later than the last day of classes:
 - The student must investigate whether a conflict examination is being held at another time for any of the examinations involved.

- If a conflict examination has been scheduled for any of the courses, the student must take one or more of these conflict examinations. If conflict examinations are offered for more than one course, the student must take the conflict for the course that has the largest number of students.
- If no conflict examinations have been scheduled, the student must contact the instructor of the course having the largest number of students. The contact must be made no later than the last day of classes, and that instructor must provide a makeup examination.
- Normally in a semester several combined-sections, conflict, and noncombined examinations are given at the same time. As a guide to resolving conflicts, an order of priority has been established within each examination period, and a student should resolve a conflict using the published examination schedules and the following priority guidelines.
 - National and state professional examinations (e.g. CPA, actuarial science, Architecture Registration Examination) take priority over campus final examinations. An instructor must offer a conflict examination to a student scheduled to take a national or state professional examination and a campus final examination at the same time.
 - A noncombined course examination has precedence over any combined-sections or conflict examination.
 - A department offering a combined-sections final examination must provide a conflict examination if required to accommodate student conflicts.

The University's final exam policy is available at:

http://studentcode.illinois.edu/article3_part2_3-201.html

Emergency Response Recommendations:

The university maintains guidelines for emergency responses. A list of recommendations when to evacuate and when to find shelter are available at:

http://illinois.edu/cms/2251/general_emergency_response_recommendations_8_16_13_final.docx

Floor plans for specific buildings are available at:

<http://police.illinois.edu/emergencyplanning/floorplans/>

Statement on Accommodations:

To obtain disability-related academic adjustments and/or auxiliary aids, students with disabilities must contact the course instructor and the Disability Resources Educational Services (DRES) as soon as possible. To contact DRES you may visit 1207 S. Oak Street, Champaign, call 333-4603 (V/TTY), or email a message to disability@uiuc.edu.

Academic Integrity:

"The University has the responsibility for maintaining academic integrity so as to protect the quality of education and research on our campus and to protect those who depend upon our integrity. *Expectations of Students*. It is the responsibility of each student to refrain from infractions of academic integrity, from conduct that may lead to suspicion of such infractions, and from conduct that aids others in such infractions. Students have been given notice of this

Part by virtue of its publication. Regardless of whether a student has actually read this Part, a student is charged with knowledge of it. Ignorance is not a defense.”

The University’s full academic integrity policy is available at:
http://studentcode.illinois.edu/article1_part4_1-401.html

Class Schedule:

Developing Country Overview

William Easterly. 2014. “[Celebrity Musicians Can’t Feed the World](#)” *Slate*. April 29, 2014.

Sachs, Jeffrey. 2007. “[Breaking the Poverty Trap](#)” *Scientific American*, August 17, 2007.

Banerjee, Abhijit and Esther Duflo. 2007. “[The Economic Lives of the Poor](#)” *Journal of Economic Perspectives*, 21(1): 141-167.

Development Program Evaluation

Duflo, Esther, Rachel Glennerster, and Michael Kremer. 2007. “[Using Randomization in Development Economics Research: A Toolkit](#)” *Handbook of Development Economics*, volume 4. (Only Sections 1-3, pages 3895-3918)

Health: HIV/AIDS

Canning, David. 2006. “[The Economics of HIV/AIDS in Low-Income Countries: The Case for Prevention](#).” *Journal of Economic Perspectives*, 20(3), 121-142.

Thirumurthy, Harsha, Joshua Graff Zivin, and Markus Goldstein. 2008. “[The Economic Impact of AIDS Treatment](#).” *Journal of Human Resources*, 43(3): 511-552.

de Walque, Damien, William Dow, and Rose Nathan. 2014. “[Rewarding Safer Sex: Conditional Cash Transfers for HIV/STI Prevention](#).” *World Bank Policy Research Working Paper* 7099.

Health: Malaria, Fetal Origins Hypothesis, Vaccinations

Cohen, Jessica and Pascaline Dupas. 2010. “[Free Distribution or Cost-Sharing? Evidence from a Randomized Malaria Prevention Experiment](#)” *Quarterly Journal of Economics*, 125(1): 1-45.

Almond, Douglas and Janet Currie. 2011. “[Killing Me Softly: The Fetal Origins Hypothesis](#)” *Journal of Economic Perspectives*, 25(3): 153-172.

Almond, Douglas and Bhashkar Mazumder. 2011. “[Health Capital and the Prenatal Environment: The Effect of Ramadan Observance during Pregnancy](#).” *American Economic Journal: Applied Economics*, 3(4): 56-85.

Banerjee, Abhijit Vinayak, Esther Duflo, Rachel Glennerster, and Dhruva Kothari. (2010). ["Improving Immunization Coverage in Rural India: Clustered Randomized Controlled Evaluation of Immunization Campaigns with and without Incentives."](#) *BMJ* 340-222

Thomas, Duncan, et al. 2005. ["Iron Deficiency and the Well-Being of Older Adults: Early Results from a Randomized Nutrition Intervention."](#) Manuscript, UCLA.

Schilbach, Frank. 2017. ["Alcohol and Self-Control: A Field Experiment in India."](#) Working paper.

Risk-Sharing

Debraj Ray, *Development Economics*, Chapter 10.3 (p.388-395), Chapter 11 [handouts]

Debraj Ray, *Development Economics*, Chapter 15.1, 15.2, 15.3 [handouts]

Frankenberg, Elizabeth, James P. Smith, and Duncan Thomas. 2003. ["Economic Shocks, Wealth, and Welfare."](#) *Journal of Human Resources*, 38(2): 280-321.

Akresh, Richard. 2009. ["Flexibility of Household Structure: Child Fostering Decisions in Burkina Faso."](#) *Journal of Human Resources*, 44(4), 976-997.

Education

Duflo, Esther. 2001. ["Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment."](#) *American Economic Review* 91(4), 795-813.

Jensen, Robert. 2010. "The (Perceived) Returns to Education and the Demand for Schooling," *Quarterly Journal of Economics*, 125(2): 515-548.

Udry, Christopher. 2004. ["Child Labor"](#) Working paper. Yale University.

Cash Transfers

Angelucci, Manuela and Giacomo De Giorgi. 2009. "Indirect Effects of an Aid Program: How Do Cash Injections Affect Ineligibles' Consumption?" *American Economic Review*, 99(1), 486-508.

Akresh, Richard, Damien de Walque, and Harounan Kazianga. 2013. ["Cash Transfers and Child Schooling: Evidence from a Randomized Evaluation of the Role of Conditionality."](#) *World Bank Policy Research Working Paper* 6340.

Barrera-Osorio, Felipe, Marianne Bertrand, Leigh Linden, and Francisco Perez. 2011. "Improving the Design of Conditional Transfer Programs: Evidence from a Randomized Education Experiment in Colombia." *American Economic Journal: Applied Economics*, 3(2): 167-195.

Baird, Sarah, Craig McIntosh, and Berk Ozler. 2011. "Cash or Condition? Evidence from a Randomized Cash Transfer Program." *Quarterly Journal of Economics*, 126(4): 1709-1753.

Benhassine, Najy, Florencia Devoto, Esther Duflo, Pascaline Dupas, and Victor Pouliquen. 2015. "Turning a Shove into a Nudge? A 'Labeled Cash Transfer' for Education." *American Economic Journal: Economic Policy*, 7(3): 86-125.

Haushofer, Johannes and Shapiro, Jeremy. 2016. "[The Short-Term Impact of Unconditional Cash Transfers to the Poor: Experimental Evidence from Kenya](#)." *Quarterly Journal of Economics*, 131(4): 1973-2042.

Listen to: Planet Money Episode #494: What Happens When You Just Give Money to Poor People (<http://www.npr.org/sections/money/2013/11/08/243967328/episode---494---what---happens---when---you---just---give---money---to---poor---people>)

Early Childhood Development

Cusick, Sarah and Michael Georgieff. 2012. "[The First 1000 Days of Life: The Brain's Window of Opportunity](#)" UNICEF Office of Research-Innocenti, Article 958.

Shah, Manisha and Bryce Millett Steinberg. 2017. "Drought of Opportunities: Contemporaneous and Long Term Impacts of Rainfall Shocks on Human Capital." *Journal of Political Economy*, 125(2): 527-561.

Attanasio, Orazio, Camila Fernandez, Emla Fitzsimons, Sally Grantham-McGregor, Costas Meghir, Marta Rubio-Codina. 2014. "[Using the Infrastructure of a Conditional Cash Transfer Program to Deliver a Scalable Integrated Early Child Development Program in Colombia: Cluster Randomized Control Trial](#)." *British Medical Journal*, 349(g5785).

Gertler, Paul, James Heckman, Rodrigo Pinto, Arianna Zanolini, Christel Vermeerch, Susan Walker, Susan Chang, and Sally Grantham-McGregor. 2014. "[Labor Market Returns to an Early Childhood Stimulation Intervention in Jamaica](#)." *Science*, 344(6187): 998-1001.

Causes of Conflict

Jia, Ruixue. 2014. "Weather Shocks, Sweet Potatoes and Peasant Revolts in Historical China," *Economic Journal*, 124(575): 92-118.

Angrist, Joshua and Adriana Kugler. 2008. "Rural Windfall or a New Resource Curse? Coca, Income, and Civil Conflict in Columbia." *Review of Economics and Statistics*, 90(2), 191-215.

Dube, Oeindrila and Juan Vargas. 2013. "Commodity Price Shocks and Civil Conflict: Evidence from Colombia." *Review of Economic Studies*, 80(4): 1384-1421.

Akresh, Richard. 2016. "[Climate Change, Conflict, and Children](#)" *Future of Children*, 26(1): 51-71. [Research summary]

Carleton, Tamma and Solomon Hsiang. 2016. "[Social and Economic Impacts of Climate.](#)" *Science*, 353(6304)

Collier, Paul. 2009. "[Development in Dangerous Places: A Forum on Global Poverty and Intervention](#)" *Boston Review*, July 9, 2009.

Impacts of Conflict

Akresh, Richard, Sonia Bhalotra, Marinella Leone, and Una Osili. 2017. "First and Second Generation Impacts of the Biafran War." NBER Working paper 23721.

Akresh, Richard and Damien de Walque. 2011. "Armed Conflict and Schooling: Evidence from the 1994 Rwandan Genocide." Working paper.

Blattman, Christopher and Jeannie Annan. 2010. "The Consequences of Child Soldiering." *Review of Economics and Statistics*, 92(4): 882-898.

FINAL EXAM: Wednesday, May 9, 1:30-4:30 PM