

Harris School of Public Policy Studies
The University of Chicago

PPHA 35501
Poverty and Economic Development
Fall 2013

Thursdays 3:00-5:50 pm - Room 140C

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This course will focus mainly on the microeconomic fundamentals of economic development. We will study causes of poverty and underdevelopment, poverty measurement issues, and policies to improve wellbeing. We will concentrate on topics such as nutrition and health, education, labor markets, intra-household allocation of resources and policies to alleviate poverty. Empirical evidence from developing economies will be used extensively.

Requirements: this course requires the completion of 4 group assignments, and one individual in class final exam. The weights in the final grade are as follows:

Assignments	50%
Final	50%

Tentative Course Outline:

Class 1	Oct 3	Introduction -- Measuring Poverty
Class 2	Oct 10	Measuring Poverty & Determinants of Poverty
October 17	NO CLASS	
Class 3	Oct 24	Fertility, Early Childhood, Education,
Class 4	Oct 25	Education & Provision of Education
Class 5	Oct 31	Nutrition, Labor Markets
Class 6	Nov 7	Health
Class 7	Nov 14	Intra-household Allocations & Child Labor
Class 8	Nov 21	Infrastructure
NO CLASS	Nov 28	Thanksgiving
Class 9	Dec 5	Foreign Aid
FINAL	Dec 9	Final Exam

Readings – All readings will be available at the CHALK course website:
<https://chalk.uchicago.edu/webapps/portal/frameset.jsp>

Material indicated with * are suggested readings

1. Measuring Poverty

How much poverty? Measurement difficulties

Debraj Ray, (1998) Development Economics, Princeton University Press, Chapter 8, pp 250-267.

Deaton, Angus, (2004), "Measuring Poverty," in Understanding Poverty, Banerjee, Benabou and Mookherjee (eds.), Oxford University Press, Chapter 1

Deaton Angus (2001) Counting the World's Poor: Problems and Possible Solutions, *World Bank Research Observer*, v. 16, iss. 2, pp. 125-147

2. Determinants of Poverty

Proximate Causes, Underlying Causes - Institutions, Geography

Nunn, N., (2009), "The Importance of History for Economic Development" Annual Rev. Econ. 1:65–92

*Acemoglu, D., S. Johnson, and J. Robinson, (2001), "The colonial origins of comparative development: an empirical investigation," *American Economic Review*, 91, pp1369-1401

*Acemoglu, D., S. Johnson and J. Robinson, (2002) "Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution," *The Quarterly Journal of Economics*, Vol. 117, No. 4, pp. 1231-1294.

*Easterly, W. and R. Levine (2002) "Tropics, Germs, and Crops: How Endowments Influence Economic Development," NBER Working Paper 9106

3. Fertility

Eswaran, M., (2006), "Fertility in Developing Countries," in Understanding Poverty, Banerjee, Benabou and Mookherjee (eds.), Oxford University Press, Chapter 10

Lam, D. and L. Marteleto, (2005) Small Families and Large Cohorts: the Impact of the Demographic Transition on Schooling in Brazil, in Growing Up Global: The Changing Transitions to Adulthood in Developing Countries: Selected Studies, C.B. Lloyd, et al., Editors. National Academies Press: Washington, DC. p. 56-83.

4. Investments in Human Capital

Early Childhood

Heckman, J. J. (2006). Skill Formation and the Economics of Investing in Disadvantaged Children. *Science*, 312(5782), 1900–1902.
doi:10.1126/science.1128898

*Engle, P. L., Black, M. M., Behrman, J. R., Cabral de Mello, M., Gertler, P. J., Kapiriri, L.,... Young, M. E. (2007). Strategies to avoid the loss of developmental potential in more than 200 million children in the developing world. *The Lancet*, 369(9557), 229–242. doi:http://dx.doi.org/10.1016/S0140-6736(07)60112-3

*Baker-Henningham, H., & Lopez Boo, F. (2010). Early Childhood Stimulation Interventions in Developing Countries: A Comprehensive Literature Review, 1–71. Retrieved from papers2://publication/uuid/54FD61A9-84D5-4BF8-BF59-F629C6174D42

Education and Income Generation

Case, Anne (2005), "The Primacy of Education," in *Understanding Poverty*, Banerjee, Benabou and Mookherjee (eds.), Oxford University Press, Chapter 19

Psacharopoulos, George. 1994. "Returns to investment in education: a global update," *World Development*, 22, 1325-1343.

Resources and Outcomes

Duflo, E. 2001. "Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment," *American Economic Review*, 91, 795-813.

Banerjee, A. et al. (2007) "Remedying Education: Evidence from Two Randomized Experiments in India," *Quarterly Journal of Economics*, Vol. 122, No. 3, Pages 1235-1264

Provision of Education

Duflo, E. and R. Hanna, S. Ryan (2006), "Monitoring Works: Getting Teachers to Come to School," NBER Working Paper No. W11880

Chaudhury N. et al., (2006), "Missing in Action: Teacher and Health Worker Absence in Developing Countries," *Journal of Economic Perspectives*, Vol. 20, No. 1, pp 91–116

5. Nutrition and Labor Markets

Debraj Ray, (1998) *Development Economics*, Princeton University Press, Chapter 8, pp 272-290

Debraj Ray, (1998) *Development Economics*, Princeton University Press, Chapter 13

6. Investments in Health

Thomas, Duncan, Elizabeth Frankenberg et al. (2003). "Iron Deficiency and the Well-Being of Older Adults: Early Results from a Randomized Nutrition Intervention," mimeo

Disease and Investments in Education

Fortson Jane, (2008), *Mortality Risk and Human Capital Investment: the Impact of HIV/AIDS in Sub-Saharan Africa*," The University of Chicago, mimeo

Economic Consequences of Illness and death

*Case, Anne, Anu Garrib, Alicia Menendez and Analia Olgiati (2013), "Paying the Piper: The High Cost of Funerals in South Africa , *Economic Development and Cultural Change*, October, 62:1-20

*Case, Anne and Alicia Menendez (2009), "Requiescat in Pace? The Consequences of High Priced Funerals in South Africa." 2011, in *Explorations in the Economics of Aging*, University of Chicago Press, D. Wise (ed)

*Ardington, C., T. Barnighausen, A. Case, and A. Menendez (2012), "The Economic Consequences of Death in South Africa," SALDRU Working Paper No.91, Revise and Resubmit *Journal of Development Economics*

7. Intra-household Allocation

Case A. and A. Menendez, (2007), "Does Money Empower the Elderly? Evidence from the Agincourt Demographic Surveillance Area," *Scandinavian Journal of Public Health*, Volume 35, Issue S69, pages 157 - 164

Duflo, E. (2003) "Grandmothers and Granddaughters: Old Age Pension and Intra-household Allocation in South Africa," *World Bank Economic Review* 17(1): 1-25.

Garg, A. and J. Morduch (1998), "Sibling Rivalry and the Gender Gap: Evidence from Child Health Outcomes in Ghana," *Journal of Population Economics*, Vol.11 (4),pp.471-493.

8. Child Labor

Edmonds, E. and N. Pavcnik, (2005), "Child Labor in the Global Economy," *Journal of Economic Perspectives*, Winter

Basu, K., (2006), "Policy Dilemmas for Controlling Child Labor," in *Understanding Poverty*, Banerjee, Benabou and Mookherjee (eds.), Oxford University Press, Chapter 17

Genicot, G., (2008), "Child Bonded Labor" entry for the *Child Labor World Atlas*, Hugh Hindman ed., ME Sharpe

9. Infrastructure

Galiani, S., P. Gertler and E. Schargrotsky, (2003) "Water for Life: The Impact of the Privatization of Water Services on Child Mortality in Argentina"

Dinkelman Taryn, (2011) "The effects of rural electrification on employment: New evidence from South Africa" *American Economic Review*, December, Vol. 101 No. 7: 3078–3108

10. Foreign Aid

World Bank, "Assessing Aid: What Works, What Doesn't, and Why," 1998, Oxford University Press, Overview.

Sachs, Jeffrey, "Can Extreme Poverty Be Eliminated?" *Scientific American*, September 2005, pp. 56-65.

Chen, S., R. Mu and M. Ravallion, "Are There Lasting Impacts of Aid to Poor Areas? Evidence for Rural China," World Bank Working Paper 4084

*Rajan, Raghuram J. and Arvind Subramanian, 2008, "Aid and growth: what does the cross-country evidence really show?" *Review of Economics and Statistics*, 90(4), 643-65

*Boone, Peter, "Politics and the Effectiveness of Foreign Aid," *European Economic Review*, 1996, 40: 289-329.

Burnside, Craig and David Dollar, "Aid, Policies and Growth," *American Economic Review*, Sept. 2000, 90(4): 847-868.

*Easterly, William, Ross Levine and David Roodman, "Aid, Policies and Growth: Comment," *American Economic Review*, June 2004, 94(3): 774-780.

*Burnside, Craig and David Dollar, "Aid, Policies and Growth: Reply," *American Economic Review*, June 2004, 94(3): 781-784.

Easterly, William, "Can Foreign Aid Buy Growth?" *Journal of Economic Perspectives*. Summer 2003, 17(3): 23-48.

*Alesina, Alberto and Beatrice Weder, "Do Corrupt Governments Receive less Foreign Aid?" *American Economic Review*, Sept. 2002, 92(4): 1126-1137.

*Easterly, William, "The Cartel of Good Intentions: The Problem of Bureaucracy in Foreign Aid," *Policy Reform*, 2002, 54(4): 223-250.

*Djankov, Simeon, Jose Montalvo and Marta Reynal-Querol, "The Curse of Aid", *Journal of Economic Growth*, June 2009.