

PPHA 35550

## Economic Development and Policy

Fall 2023

### Information about this course

Mondays and Wednesdays 4:30-5:50 pm

**Instructor:** Alicia Menendez  
[menendez@uchicago.edu](mailto:menendez@uchicago.edu)

**Teaching Assistant:** Afia Khan  
[afia@uchicago.edu](mailto:afia@uchicago.edu)

### Course objective:

The course will introduce students to the main concepts in development economics, such as modern growth theories and their relevance for low-income countries, and major topics in policy and research within the field. In the first part of the course, we will concentrate on development facts, the main explanations highlighted in the field of economics for differences in growth and income levels between rich and poor countries, and the concept and measurement of poverty. In the second part of the course we will study microeconomic fundamentals of economic development. We will concentrate on topics such as fertility, nutrition and health, education, labor markets, intra-household allocation of resources and infrastructure and the relation among them. Empirical evidence from developing economies will be employed extensively paying special attention to the methods used.

### Course Materials:

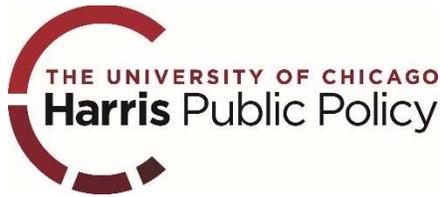
- (1) Course slides and videos posted weekly on Canvas
- (2) Readings included in this syllabus, available on Canvas or through links.

### Requirements:

This course requires class attendance, the completion of three individual assignments, one group assignment and its presentation in class. The weights towards the final grade are as follows:

Individual assignments	30%
Group assignment and class presentation	30%
Final exam	40%

**Individual Assignments.** There are 3 individual assignments. Each assignment will count towards 10% of your grade. **Problem sets (PS)** are due on the dates indicated below in the schedule, and before class. No late assignments will be received.



**Group Assignments and Presentation.** Students will organize themselves in groups of 5 to work on a final assignment and in-class presentation. The **class presentation** should take 15 minutes or less. Please plan accordingly. This assignment and presentation will count towards 30% of your grade.

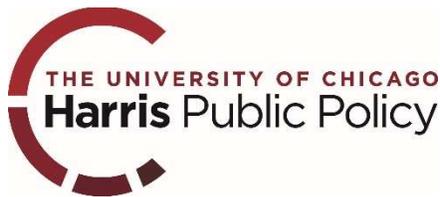
**Final Exam.** The final exam will be comprehensive. All required readings and classes will be included.

**Re-Grades.** Any item for which there is a re-grade request must be done within 7 days after we return the assignment or exam to you. The request for re-grade **MUST** be done in writing and attached to the assignment. In such cases, we will re-grade the whole assignment– not just the question you identified. As a result, your grade may be lower.

**Classes.** Although class attendance does not count towards the final grade, students are encouraged to **attend and participate in every class in person and read the assigned materials before each meeting.**

## Course Outline:

Class	Date	Topic	Assignment
Class 1	Wed, Sept 27	Introduction to Economic Development & Policy	
Class 2	Mon, Oct 2	Economic Development – Growth, Solow model	
Class 3	Wed, Oct 4	Growth, Solow Model	
Class 4	Mon, Oct 9	Country Convergence & Divergence	PS1
Class 5	Wed, Oct 11	Total Factor Productivity - Institutions	
Class 6	Mon, Oct 16	Measuring Poverty	
Class 7	Wed, Oct 18	Demography	PS2
Class 8	Mon, Oct 23	Education, Early Childhood- Income Generation	
Class 9	Wed, Oct 25	Education Resources, Outcomes & Provision	
Class 10	Mon, Oct 30	Nutrition – Poverty Traps - Labor Markets	
Class 11	Wed, Nov 1	Nutrition & Labor Markets	
Class 12	Mon, Nov 6	Health, Nutrition and Economic Development	PS3
Class 13	Wed, Nov 8	Investments in Health	
Class 14	Mon, Nov 13	Infrastructure	
Class 15	Wed, Nov 15	Intra-household Allocations	PS 4
<b>THANKSGIVING WEEK – No Classes</b>			
	<b>Mon, Nov 27</b>	<b>CLASS RESCHEDULED Friday, Dec 1</b>	
Class 16	Wed, Nov 29	Presentations Final Assignment	
Class 17	Fri, Dec 1	Presentations Final Assignment	
	<b>Tues, Dec 6</b>	<b>FINAL EXAM</b>	



**Readings** – All readings will be available at the Canvas course website. Readings indicated with \* are optional.

**Monday October 2<sup>nd</sup> Growth – Solow Modal**

Maddison, Angus (2007) The world economy volume 1: A millennial perspective volume 2: Historical statistics. Academic Foundation, 2007. Introduction & Chapter 1

Solow Model – Production Function – Part 1 Video (in Canvas)

Solow Model – Production Function – Part 2 Video (in Canvas)

De Long, B. (undetermined). “[Berkeley Faculty Lunch Talk: Main Themes of Twentieth Century Economic History.](#)”

**Monday October 9<sup>th</sup> Growth – Convergency or Divergency? Total Factor Productivity**

Pritchett, Lant (1997) "Divergence, Big Time." The Journal of Economic Perspectives 11, no. 3 (1997): 3-17.

Romer, Paul, “Economic Growth” in The Concise Encyclopedia of Economics. Available at: <https://www.econlib.org/library/Enc/EconomicGrowth.html>

**Wednesday October 11<sup>th</sup> Factor Productivity. Institutions**

Acemoglu, D. (2009), “[Introduction to Modern Economic Growth. Epilogue: Mechanics and Causes of Economic Growth](#)”

Acemoglu, D. [Institutional Impacts on Economic Growth and Improved Living Standards](#) - Video

Acemoglu, Johnson and Robinson (2004), “Understanding Prosperity and Poverty: Geography, Institutions and the Reversal of Fortune”, in Banerjee, Benabou & Mookherjee (eds.) Understanding Poverty.

**Monday October 16<sup>th</sup>**

**How much poverty? Measurement difficulties**

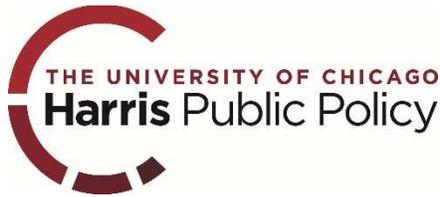
Debraj Ray, (1998) Development Economics, Princeton University Press, Chapter 8, pp 250-267.

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

**Wednesday October 18<sup>th</sup> Demography**

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.

### **Monday October 23<sup>rd</sup> Investments in Human Capital**

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 et al (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

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

Psacharopoulos, G. and H. A. Patrinos (2018) “Returns to investment in education: a decennial review of the global literature” *Education Economics*, 26:5, 445-458

Jensen, R. (2010). “The (perceived) returns to education and the demand for schooling,” *The Quarterly Journal of Economics*, 125(2), 515-548

### **Wednesday October 25<sup>th</sup> Education Resources, Outcomes & Provision**

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**

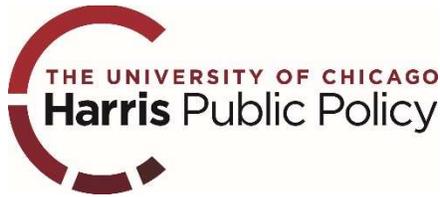
Duflo, E. and R. Hanna, S. Ryan (2006), “Monitoring Works: Getting Teachers to Come to School,” NBER Working Paper No. W11880

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

\*Ome, A. V. Le and A. Menendez (2014) “Incentives Systems. Literature Review” USAID Reading & Access. NORC at The University of Chicago

### **Monday October 30<sup>th</sup> Nutrition and Health Labor Markets**

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



### **Wednesday November 1st Nutrition and Labor Markets**

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

### **Monday November 6<sup>th</sup> Investments in Health**

Dupas, Pascaline (2011). "Health Behavior in Developing countries". Annual Review of Economics Vol. 3, pp. 425-449, September 2011.

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.

### **Monday November 13<sup>th</sup> Infrastructure**

Galiani, S., P. Gertler and E. Schargrodsky, (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

### **Wednesday November 15<sup>th</sup> 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

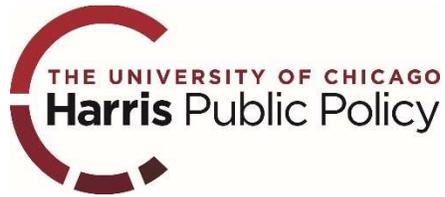
<http://www.informaworld.com/smpp/title~content=t713684341~db=all~tab=issueslist~branches=35 - v35>, Issue S69, pages 157 - 164

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.

## **General Resources Available to Students**

- [Harris Academic Support Programs and Handbook](#)
- [Student Wellness](#)
- [University Learning Resources](#)



## Harris School and University of Chicago Policies

- [Harris School Policies](#)
- [University General Policies](#)
- [University Academic Policies](#)
- Policies on audio and video [recordings](#) and [deletion](#).