Syllabus for
Economic Problems of Developing Areas
AAE 474/Econ 474

Spring 2020

1   Administrative details

Course meets:	TuTh, 1:00-2:15 pm, Nutri Sci 290
Instructor:	Dr. Paul Castañeda Dower
Office:	411 Taylor Hall
Phone:	262-4499
E-mail:	pdower@wisc.edu
Office hours:	Wednesdays, 10-11am
Credit Hours:	3 Credits
Course URL:	canvas.wisc.edu/courses/74063/

This course is a three credit course, meeting twice a week. The course consists of lectures, discussions, homework, group projects, quizzes and exams. The course calendar (below) indicates when topics are covered and assignments are due. I expect that you will read the corresponding readings before each class (these readings are listed in italics) and be prepared to discuss questions related to the readings. Lecture slides will be posted before each class.

Based on the UW-Madison Credit Hour Policy, the class is organized based on an expected time investment of 45 hours of work per credit hour. One credit is the learning that takes place in at least 45 hours of learning activities, which include time in lectures or class meetings, in person or online, exams, presentations, tutorials, reading, writing, studying, preparation for any of these activities, and any other learning activities.

2   Purpose of course

One out of ten people on this planet lives on less than $1 per day and a quarter of the world lives on less than $3 per day. The intention of this course is to explore the causes and correlates of global poverty, and discuss policies used to address it. The approach of the course is microeconomic,

meaning that we focus on individual and household behaviors, as well as market failures which lead to sub-optimal choices by these individuals. We will learn about the measurement of poverty and inequality, the role of health and education in poverty, problems in credit and insurance markets, the causes and effects of migration, corruption, and institutions. We will also discuss current development programs intended to address these issues.

The learning goals of this course are:

CL01 Use current research in development economics to explain cases, identify areas that policy can influence, and evaluate the outcomes of development programs (mock magazine, policy presentations, class discussions)

CL02 Calculate basic measures of poverty and inequality (homework)

CL03 Differentiate empirical methods used to analyze poverty and poverty alleviation and their limitations (exams)

CL04 Explain how economic models relate to causes of poverty (exam short answers, policy presentations)

CL05 Use economic models and empirical methods to evaluate development policy (policy presentations, exams, homework, small group discussions)

CL06 Assemble analyses of policy design directly related to themes of the course (mock magazine, policy presentations, case analyses)

CL07 Collaborate with others in the analysis of economic behaviors, policies, and program outcomes (small group discussions, mock magazine, policy presentation)

Although we will discuss the role of institutions and geography, this course will not cover macroeconomic topics such as growth in any depth. Trade and globalization are also not covered in this class. This is not because these are not important topics, but rather because there are other courses at UW which are entirely dedicated to them. For students interested in those topics I recommend AAE 373 and 374, and Econ 364, 365, 464, and 475. There are also area studies classes focusing on Latin America (AAE/Econ 462), Africa (AAE/Econ 477), and East and Southeast Asia (AAE/Econ 473).

3   Prerequisites

The prerequisite for this course is one of the following introductory economics courses: Econ 101, Econ 111 or AAE 215. Economic models and econometric tools are frequently used to provide a coherent explanation for some issues, but you do not have to have taken an econometrics course to be successful in this course.

4 Materials

You are required to purchase one book for this class. It is entitled *Poor Economics* by Abhijit Banerjee and Esther Duflo, published by Public Affairs Press in 2011. You can buy it in the bookstore or wherever else you would like. It is a little bit cheaper if you purchase it in electronic form. All other reading materials will be posted on Learn@UW.

5 Assessments

5.1 Participation

Lectures in this course will include opportunities for you to stop and think about examples and ideas, to learn with and from others, and to share your ideas orally and through CANVAS and other digital platforms. We will regularly use small-group learning activities to advance our analysis of cases, readings, concepts, and economic models. Sometimes, these activities will take place in your project groups (see 5.3 below); other times, I will ask you to form impromptu groups. Your task will be to be in class prepared to learn from your classmates and to contribute to their learning. In-class individual and small-group learning activities will often generate a deliverable" that will be submitted for assessment. Often, these deliverables will be posted to CANVAS so that the rest of the class can benefit from your thinking. These deliverables will count toward your final grade as class participation.

5.2 Analysis Assignments

There will be multiple homework assignments over the course of the semester. Homework assignments will include a variety of written and numerical exercises. Anything that you hand in to me should contain grammatically correct, complete sentences (this is also true for email). These assignments will be posted well before they are due. Due dates for assignments are listed below, but may be subject to change depending on the pace of the course. Homework must be handed in through Canvas by 11:59pm on the date that it is due or, if a hard copy, at the beginning of class on the date that it is due. If you choose not to turn in an assignment on time, you will lose 20% of the total points that you earn on the assignment for each day that it is late.

5.3 Group Projects

There will be two group projects:

1. Program evaluation project: Throughout the course, we will have student-led presentations of NGO or government-led development projects. On these class days, we will hear from two groups. Each group presentation will be about 15-20min and then we will have 5min for discussion of the project. Please consult the file on the course website for what should be included in your presentation. Then, as a class, we will compare and contrast the two projects. You will be randomly assigned to a group/project. I expect you to come prepared on your day with a professional looking presentation. At least one person in your group should

be the spokesperson that gives the presentation. If no one wants to be the spokesperson then each of you will take a turn to present on one of the aspects of the project.

2. Mock-magazine project: There will be one group assignment due on April 25th. The assignment is to create a mock issue for an online magazine, styled after *The Economist*. You will be randomly assigned to a group and topic, but you will have the option to change groups or topics upon approval from the instructor. It may be helpful for your group to designate an editor who is in charge of copyediting, quality control, resolving disputes among group members and other editorial duties, such as the editor's letter, but you don't need to do so. Your group, however, must turn in a complete project in order to receive any credit.

   The issue must have a cover page, a cover story (featured on the cover page), one supporting article, which must cover a current event/issue for a particular geographic region, broadly defined (Africa, Latin America etc.), as well as an editorial letter introducing and motivating the cover story and supporting article. The cover story should fall under the broad theme of development policy and one of chapter topics in BD chs. 2-9. See the assignment description and grading rubric on the course website.

   This assignment has both an individual and a group component for your grade.

   IMPORTANT: Your group SHOULD submit for approval (by email to the instructor) a brief statement of your cover story's theme/question before February March 3rd to receive timely feedback from me. Your group should submit the final draft of your mock issue through Learn@UW (Canvas) by midnight on April 21st. If your group chooses not to turn in an assignment on time, you will lose 20% of the total remaining points that your group earns on the assignment for each day that it is late.

5.4   Exams and Quizzes

There will be announced quizzes throughout the semester (see calendar below). They will cover material covered in lectures. You will be expected to complete the quiz online before 11:59pm on the day that it is due. Quizzes will be weighted equally, and the two lowest scores will be dropped when calculating your average score. There will be two exams. The first exam will be in class on February 11th. The second exam will be held on the exam day on May 4th. The exams are not designed to be cumulative. The first exam will cover material up to Feb. 6th and the second exam will focus on material from Feb. 13th up to April 30th. This does not mean that knowledge gained throughout the first half of the course will not be helpful for the final exam.

5.5 Grading

The distribution of points for the semester will be as follows:

Assessment	Percent of final grade
Participation	**10%**
Analysis Assignments	**30%**
-Data Analysis assignments	10%
-Problem set assignments	5%
-Program Evaluation 1	5%
-Program Evaluation 2	10%
Group Projects	**25%**
-Program evaluation project	10%
-Group mock-magazine project	15%
Exams and Quizzes	**35%**
-Quizzes	10%
-Exam 1	10%
-Exam 2	15%

Final grades are assigned in the following manner: the top five scores from the class are averaged. This average is subtracted from 100, and the remainder added to everyone's score (naturally, this means that 2 or 3 people receive "more than" 100%). Final grades are then assigned using the following scale:

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>= 93%              : A
< 93 & >=88 %       : AB
< 88 & >=83 %       : B
< 83 & >=78%        : BC
< 78 & >= 68        : C
< 68 & >= 55        : D
< 55                : F
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6   Important things to note

- If you have a conflict with either of the exams or any of the homework due dates, please advise me of this during the first two weeks of class, and we will make alternate plans.

- THERE IS NO EXTRA CREDIT IN THIS CLASS.

- Do not respond to email, surf the internet, or otherwise engage with your electronic devices other than for class-related activities. This type of behavior can be very distracting to people

sitting around you.

- Cheating will not be tolerated. If you are caught cheating, you will fail the course and appropriate University Conduct Code sanctions will be taken against you.

7 Other information

Plagiarism: Plagiarism is a serious offense. All sources and assistance used in preparing your papers must be precisely and explicitly acknowledged. Ignorance of what constitutes plagiarism or academic misconduct is not a defense. It is your responsibility to be sure. The web creates special risks. Cutting and pasting even a few words from a web page or paraphrasing material without a reference constitutes plagiarism. If you are not sure how to refer to something you find on the internet, you can always give the URL. It is generally better to quote than to paraphrase from material on the web, because in the absence of page numbers it can be hard to find passages that are paraphrased rather than quoted. For more information on writing and source citation, the following may be helpful http://writing.wisc.edu/Handbook/Documentation.html

Academic Integrity: By enrolling in this course, each student assumes the responsibilities of an active participant in UW-Madison's community of scholars in which everyone's academic work and behavior are held to the highest academic integrity standards. Academic misconduct comprises the integrity of the university. Cheating, fabrication, plagiarism, unauthorized collaboration, and helping others commit these acts are examples of academic misconduct, which can result in disciplinary action. This includes but is not limited to failure on the assignment/course, disciplinary probation, or suspension. Substantial or repeated cases of misconduct will be forwarded to the Office of Student Conduct & Community Standards for additional review. If you have any questions about what constitutes academic misconduct, please read the following information http://students.wisc.edu/doso/acadintegrity.html or come talk with one of the instructors.

Accommodations for students with disabilities: The University of Wisconsin-Madison supports the right of all enrolled students to a full and equal educational opportunity. The Americans with Disabilities Act (ADA), Wisconsin State Statute (36.12), and UW-Madison policy (Faculty Document 1071) require that students with disabilities be reasonably accommodated in instruction and campus life. Reasonable accommodations for students with disabilities is a shared faculty and student responsibility. Students are expected to inform faculty [me] of their need for instructional accommodations by the end of the third week of the semester, or as soon as possible after a disability has been incurred or recognized. Faculty [I], will work either directly with the student [you] or in coordination with the McBurney Center to identify and provide reasonable instructional accommodations. Disability information, including instructional accommodations as part of a student's educational record, is confidential and protected under FERPA. http://mcburney.wisc.edu/facstaffother/faculty/syllabus.php

AAE 474 Course Calendar

Date	Topic and Required Reading	Work Assigned	Work Due
UNIT 1	**Getting Started**		
Module 1	**Introduction to Development.** *What is economic development and why is it important?*		

Jan. 21	Why study development?
	    BD Ch. 1 "Think again, again"
	    Banerjee & Duflo (2007)
		Magazine Cover Story	

23	Development policy: Aims and approaches *Sen (1994)*		
28	Introduction to development theory	Data Analysis 1	
Module 2	**Measures of Development and Policy Impact.** *How do we assess whether a development program is working?*		
30	Poverty measures *Haughton & Khander (2009)*		

Feb. 4	Inequality measures
	    Haughton & Khander (2009)
	    World Development Report (2006)
			Quiz 1

6	RCTs and regression analysis *Sykes (1992)*		
11	Exam on concepts, regression tables, data analysis 1		Data Analysis 1
UNIT 2	**Human Capital**		
Module 3	**Health.** *Is the relationship between health and poverty driven by limited access to or low demand for health services?*		

13	Theory and concepts
	    BD Ch. 2 "A Billion Hungry People"
	    BD Ch. 3 "Low-Hanging Fruit . . ."
		Problem set 1	

18	Policy presentations and analysis		Quiz 2
Module 4	**Education.** *What are the returns to education for the poor?*		
20	Theory and concepts *BD Ch. 4 "Top of the Class"*		
25	Policy presentations and analysis	Data Analysis 2	Quiz 3
Module 5	**Population & Migration.** *Why do countries go through a demographic transition?*		

27	Theory and concepts
	    BD Ch. 5 "Pak Sudarno's Big Family"
	    Ch. 11, de Janvry and Sadoulet (2016)
			Problem set 1

Mar. 3	Theory and concepts
	    "Migration and development." The Economist (2004)
	    Ch. 12, de Janvry and Sadoulet (2016)
			Magazine story proposal

5	Policy presentations and analysis	Program Evaluation 1 Packet	Quiz 4
Module 6	**Assessment.** *Making sense of development policy*		
10	Work day		Data Analysis 2
12	In-class Program Evaluation 1		
	Spring Break		
17			
19			
UNIT 3	**Markets**		

AAE 474 Course Calendar

Date	Topic and Required Reading	Work Assigned	Work Due
Module 7	**Credit and Savings.** *Why do moneylenders charge high interest rates?*		
24	Theory and concepts: Savings *BD Ch. 8 "Saving Brick by Brick"*		
26	Theory and concepts: Credit *BD Ch. 7 "The Men from Kabul . . ."* *Morduch, J. (1999)*	Problem set 2	Quiz 5
31	Policy presentations and analysis		
Module 8	**Insurance.** *How do the poor insure against risk?*		
Apr. 2	Theory and concepts *BD Ch.6 "Barefoot Hedge-Fund Manager"* *Ray (1998)*		
7	Policy presentations and analysis		Quiz 6
Module 9	**Entrepreneurship.** *Who is an entrepreneur? And why does it matter?*		
9	Theory and concepts *BD Ch. 9 "Reluctant Entrepreneurs"*	Program Evaluation 2 Packet	Problem set 2
14	Policy presentations and analysis	Data Analysis 3	Quiz 7
Module 10	**Assessment.** *Making sense of development policy*		
16	In-class Program Evaluation 2		
UNIT 4	**Institutions**		
Module 11	**Deep determinants of development.** *Why do nations fail to grow?*		
21	Theory and concepts *Acemoglu et al (2003)*		Magazine story
Module 12	**Corruption.** *Is corruption good or bad for economic growth?*		
23	Theory and concepts *BD Ch. 10 "Policies, Politics"* *Olken, B.A. and R. Pande (2012)*		
28	Policy presentations and analysis		Quiz 8
UNIT 5	**Conclusions**		
30	Reflections *BD Conclusion "in Place of Sweeping Conclusions . . ."*		Data Analysis 3
	Exam		Final Exam