

ECO211: Economic Development Smith College, Spring 2020

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Office Hours: T: 2:45-3:45; W: 1:30-3:30
Schedule: T Th 10:50-12:05
Class Venue: Seelye 311

“Most of the people in the world are poor, so if we knew the economics of being poor, we would know much of the economics that really matters ...”

— T. W. Schultz, 1980 [1979], Nobel Address: The Economics of Being Poor, p. 639

“Divergence in relative productivity levels and living standards is the dominant feature of modern economic history. In the last century, incomes in the "less developed" (or euphemistically, the "developing") countries have fallen far behind those in the "developed" countries, both proportionately and absolutely.”

Pritchett, Lant, 1997, ‘[Divergence, Big Time](#)’, *Journal of Economic Perspectives*, Vol. 11: 3, pp 3-17

“The dramatic growth rates of China, India, and the rest of the Asian countries from the 1970s meant that the incomes of three to four billion people started to converge to those of the OECD. This reduced worldwide income inequality for the first time in centuries because it more than offset the divergent incomes of 608 million Africans. The problem now is, therefore, that unless the incomes of these African citizens start growing fast, world income inequality will start rising again.”

Sala-i-Martin, Xavier, 2006, ‘[The World Distribution of Income: Falling Poverty and... Convergence. Period.](#)’ *The Quarterly Journal of Economics*, Vol. 121:2, pp. 351-397

The Point of the Course

A majority of the world’s population lives on less than \$2.50/day. Health status, educational attainment, government quality, and many other indicators are substantially lower in “developing” countries than in “developed” countries. Why are so many people so poor and what stops them from catching up? What strategies help alleviate poverty? What policies or institutions cause economies to grow and “develop”?

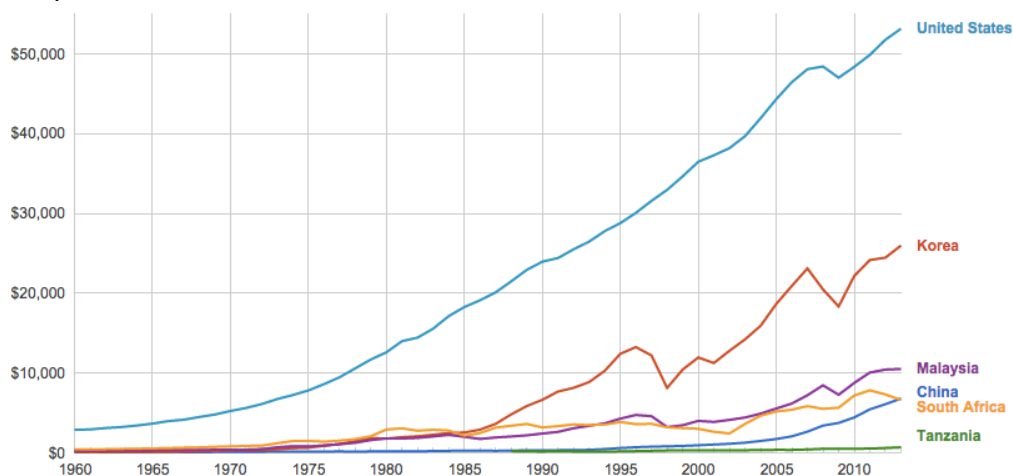


Figure 1: GDP per Capita (2014\$), 1960-2012, World Bank Data

We begin the class by understanding how to define and measure development, studying income, poverty, inequality, human development and health. We proceed to

look at economic theories of growth as a tool to understand how agriculture, institutions and transformation have affected and continue to affect developing countries. Toward the end of the course we complicate our understanding of development by looking at the role of market failures and externalities, globalization and world trade, and credit and risk.

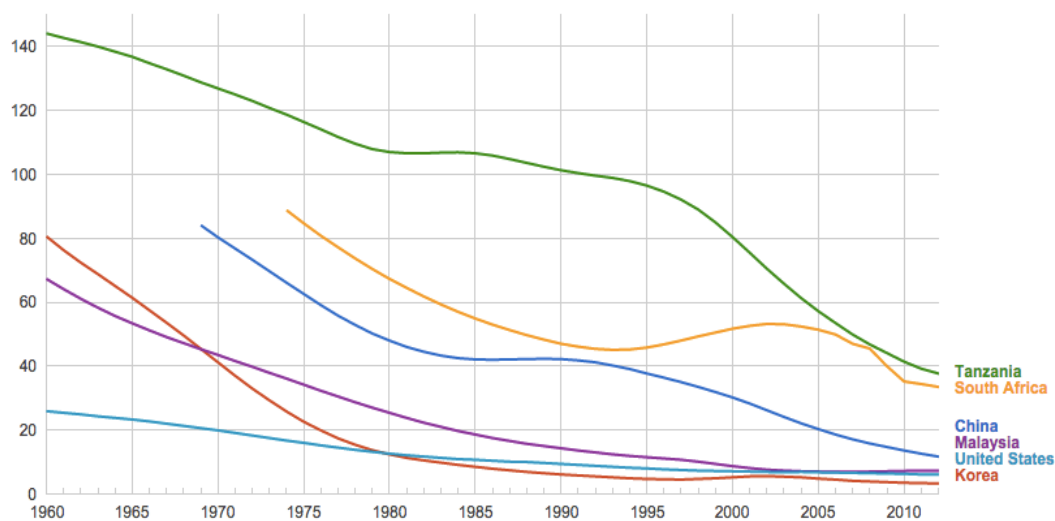


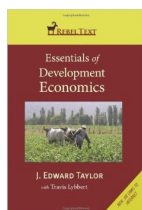
Figure 2: Infant Mortality (deaths per 1000), 1960-2012, World Bank Data

The goals for ECO211

- To apply the tools from introductory microeconomics and introductory macroeconomics to analyze issues that developing countries face.
- To introduce some of the major theoretical and policy issues in development economics.
- To develop the quantitative and critical skills necessary to analyze current policy debates and controversies relating to development economics.

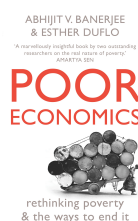
Pre-requisites & Where ECO211 Fits at Smith

ECO211 complements Smith College's other offerings in economics, development economics, and regional studies (African, Global South Development, South Asian, etc). It requires a student to have taken Introductory Microeconomics (ECO150) and Macroeconomics (ECO153). Introductory Statistics and Econometrics (ECO220) is not required, but is recommended for more comprehensive understanding of various topics. Seminars like Topics in Economic Development (ECO311) advance ideas introduced in ECO211 while typically focusing on one region of the world.



Core Texts:

- Taylor, J. Edward with Travis Lybbert, 2012, *Essentials of Development Economics*, First ed, RebelText, Berkeley, CA, ISBN 978-00977103775 (abbreviation: EDE1). **This book is available as an e-book through the Smith Library.**
- Or... Taylor, J. Edward with Travis Lybbert, 2015, *Essentials of Development Economics*, Second ed, UC Press, CA, (abbreviation: EDE2)
- Banerjee, Abhijit and Esther Duflo, 2011, [*Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*](#), PublicAffairs, New York, ISBN 978-1586487980 (abbreviation: PE). **This book is available as an e-book through the Smith library.**



By the end of the course you will have read most of both of books.

Additional required readings are drawn from a variety of sources. All are available online through links on Moodle. Additional readings and discussion questions for these readings and the chapters will be posted on Moodle. It is expected that you will read the required readings prior to the class session for which they are assigned, and come to class ready to discuss them.

Course Survey

Please complete this Google form Survey (log in with your Smith account) to provide important information about your preferences and the area of the world and topics you would like to investigate in your team project: <https://forms.gle/UNuM2N5jXKNEmmdL9>.

Assessment

There is one written exam for this course along with problem sets and a team project. The course assessment is based on the following breakdown.

- 5% Class Participation
- 5% Poor Economics Chapter Presentation
- 30% Midterm Exam
- 30% Homework (4 Problem sets)
- 25% Team project (proposal presentation, final report, idea development reports)
- 5% Final Presentation of Team Project

Provisional Course Calendar (subject to change)

Dates	Topic	Reading	Assignments
1/28-30	Intro & What Works?	EDE1 Ch 1 & 11 EDE2: Ch 1 & 2	
2/4-6	Income & start Poverty	EDE1: Ch 2 EDE2: Ch 3	
2/11-13	Poverty & Inequality	EDE1 Ch 3 & start 4 EDE2: Ch 4 & start 5	Problem Set 1 (Thurs)
2/18-20	Inequality & Human Development	EDE1 Ch 4 & start 5 EDE2: Ch 5 & start 6	
2/25-27	Human Development & Health	EDE1 Ch 5 EDE2: Ch 6	Problem Set 2 (Thurs)
3/3-5	Human Development & Health	EDE1 Ch 5 EDE2: Ch 6	
3/10-12	Growth	EDE1: Ch 6 EDE2: Ch 7	Problem Set 3 (Thurs)

3/14-22	Spring Break		
3/24-26	Institutions	EDE1: Add-in Ch. EDE2: Ch 8	Midterm received
3/31-4/1	Agriculture	EDE1 Ch. 7 EDE2: Ch. 9	Midterm hand-in
4/7-9	Transformation	EDE1: Ch 7 EDE2: Ch 10	
4/14-16	Market Failure	EDE1: Ch 8 EDE2: Ch 11	Problem Set 4 (Thurs)
4/21-23	Credit & Risk	EDE1: Ch 10 EDE2: Ch 12	
4/28-30	Presentations	None	Final Project Due

Problem Sets

Problem sets will include a variety of written and numerical exercises. Assignments will be handed out at least one week before they are due. Assignments are due at the beginning of class on the day they are due. Late homework assignments will be accepted, for up to two days after they are due, but will lose 20% credit for each day they are late. (This means they lose 20% the first day late, 40% if two days late, and will receive no credit if handed in three or more days late.) You will have four problem sets and I will drop your lowest problem set score. We will 'front-load' the problem sets during the semester so that you have time to dedicate to your team project toward the end of the semester.

I encourage you to work in groups on the problem sets, but each student must prepare and submit their own answers in their own words. Copying your answers directly from another student or allowing a classmate to copy your problem set is a violation of the Honor Code. If you have any concerns about what constitutes independent work, please discuss them with me prior to the due date of the problem set.

Poor Economics Presentation

Each week we'll have the opportunity for you to participate in a group and present a chapter from *Poor Economics*. I will provide details for how this will work during class and allocate you to groups (pairs or triples) accordingly.

Extra Credit: Book Report

You may write a book report during the semester for extra credit. If you want to get this extra credit, you will hand the report in before spring break. It will be a report on a work of fiction, history, auto-biography, biography or memoir written by an author from the global South (provisional list available on Moodle). In the report, I want you to write both about the book itself (brief summary, short analysis) and about what you think the *economic implications* are of the content of the book using ideas from ECO150 and ECO153.

I will hold you to the honor code in that you will choose to read a book that ***you have not had to read for another course either in college or high school.***

Team Project

You will produce a team project for which you will develop a presentation and a report. You will also present as a team on your project during the last week of term.

Team Project: Building Knowledge and Expertise

The main focus for the project is for you as individuals and as members of a team to contribute to the sustained development of ideas relating to economic development.

The team project requires several tasks:

- Regular **summary of question or idea development** (one paragraph per 7 - 10 days written by a rotating team member)
- The development of an **initial proposal** for your project (decide on a question, project plan & draft literature list) with a presentation
- Literature review
- Project draft
- Project poster hand-in
- Project hand-in (with policy recommendation)
- Project presentation
- Personal reflection on idea development (in final problem set)
- Peer reviews

While moving towards these outcomes, you will need to do the following:

- Participate in a team that shares knowledge, while refining and transforming that knowledge
- Treat all ideas as **improvable** and improve the **diversity** of the ideas
- Work toward broader reformulations of a problem

Guideline Questions to Think About Your Team Research Project

Each member of the class will participate in a team to research a project. It would be useful for you to write down answers to the following questions, and then iterate by revising your answers as you think about each question, discuss it with your team members, your other colleagues and the instructor. Send me your write up at any stage you wish, and feel free to come and talk to me about it.

- What is the question you would like to have answered after the project? (Your answer should be a single sentence with a question mark at the end.)
- What do you know already about the possible answers to the question you have stated above?
- What are the various possible ways of finding an answer to the question you have stated above? Include both experimental and econometric/statistical methods you can think of.
- How important is this question to YOU? What are the chances that the answer you get from the data analysis will surprise you or others? What are the chances that it will change someone's mind?
- How would you conduct an impact evaluation? (Write down a design as if you could design a policy experiment and had the resources to do so — just outlines)
- Is your design of the analysis the simplest possible design to help answer the question you have stated?
- What are the possible outcomes of the analysis? Do the possible outcomes include at least one outcome that will answer the question you stated above? What is the chance that you will observe this outcome?

At any stage of your thinking, feel free to go back and revise your earlier answers if you wish to.

Team Formation

I will put you into teams. I will take your answers to the course survey about your backgrounds -- your majors, the courses you've taken, etc -- to design teams with diverse backgrounds and capabilities. The extra courses you've taken will help to improve the diversity of perspectives in your teams. I would recommend that you assign each person in your team a role and either hold roles constant for the semester or occasionally rotate roles to expose people to different tasks. I would suggest you put together a calendar with rotations and deadlines (see below).

Team Project Deadlines

You have four deadlines that I have imposed for the Team Research Project.

- initial meeting with me before fall break
- team proposal presentation
- team final presentation
- final submission of project

I would suggest that you consider imposing deadlines within your team which you write up as a contract which all your team members agree to and sign. Provide me with a scan/photo of the agreement and submit parts of the project as the semester proceeds. You can amend the contract if everyone votes and agrees (send me a copy of the amendment). If you don't vote to amend, then someone may fail to meet their contractual obligations. This happens all the time in teams, so please also be forgiving, but also let me know if this happens repeatedly and a group member does not do their agreed tasks.

Extra Credit for Spinelli Center Workshops

Using MS Excel or Google Spreadsheets is a crucial component of this course in order to start working with economic data. Unfortunately, Apple's Numbers is strictly inferior to MS Excel.

Moodle

We have a Moodle site for the course that will be available through your Smith Moodle Login details. Specific readings, the course syllabus, and other resources will be available on Moodle.

Slack, Questions & Email

In ECO211 we will use Slack. Slack is an app that allows participants to chat and start threads and ask questions. I'll send you a log in and post links.

You can also join here: https://join.slack.com/t/eco211economy-cri5896/shared_invite/enQtOTI2MjAxNzYxNjg3LTUwMWU0YmY2NzhkOTQzNGFhMjZiODFjYzYyZjA5YjMyYWU4ZTdhMGEyOGI5M2QwYmNhNWU4MmRmZjM0NTVmZTU

You can respond to questions other people ask and they can respond to questions you ask. I can also endorse, comment on and add feedback to questions. I strongly encourage you to assist each other online (and preferably to do so with your names) so that I can see if and when you understand or do not understand an idea. Using Slack also helps to ensure that I do not receive many emails asking the same question (which has happened in the past). If you email me about something already covered on Slack, I will direct you to Slack I will add you all to the Slack.

All of which said, please feel free to email me. Typically, if an email is not about course content (which should almost always go on Slack), then the email will be about something that is particularly relevant to you personally, e.g. you are traveling and will miss class, you need an extension for an assignment, you have a physical or mental health issue that needs to be resolved, etc. I shall always do my best to accommodate you. That said, I receive many, many emails. I try to ensure I get back to you within 24 hours (during the business week) or by Monday (if you emailed over the weekend). Occasionally, I may miss an email because of reading it on my phone and forgetting to mark it as unread to respond to it later. I apologize in advance if this happens. Do please follow up!

Method of Instruction

The course is based on lectures by the professor and work among students and facilitated by the professor. Students are expected to prepare the readings for each session and to be able to answer questions about the readings to produce a high quality discussion. Each student is expected to contribute to the discussion. If you do not contribute, I shall encourage you to do so. If you contribute substantially more than anyone else, then I may ask you rather to encourage the engagement of others. We will also employ peer evaluation, though the professor will award grades.

World Bank

Each year the World Bank issues a World Development Report. Here are a few recent reports.

- World Development Report 2012: [Gender Equality and Development](#)
- World Development Report 2013: [Jobs and Development](#)
- World Development Report 2014: [Risk and Opportunity](#)
- World Development Report 2015: [Mind, Society and Behavior](#)

Independently of the WDRs, the World Bank is a valuable resource for a variety of data. Though we discuss in the course how poor developing country data is, even from 'official' sources, it might be the case that using some of this data helps us to understand particular cases within countries.

This course syllabus is preliminary and subject to change.