Syllabus Fall 2023
Harvard Kennedy School of Government
Harvard University

ECONOMIC DEVELOPMENT: THEORY AND EVIDENCE
DEV-101

Class in Fall 2023: Tue/Thu, 10:30-11:45am, Littauer-140
Review Sessions: Fridays, 10:30-11:45am and 12:00-1:15pm, Rubenstein-304

First day of class is Thursday, August 31st, 2023

<table>
<thead>
<tr>
<th>Faculty</th>
<th>Professor Eliana La Ferrara</th>
<th>Office hours: Tuesdays, 4:45-6pm, or by appointment (sign up here for Professor La Ferrara)</th>
<th>Assistant: Christine Dziuba, <a href="mailto:christine_dziuba@hks.harvard.edu">christine_dziuba@hks.harvard.edu</a></th>
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<tbody>
<tr>
<td></td>
<td>Professor Dani Rodrik</td>
<td>Office hours: Wednesdays, 9-11am, or by appointment (sign up here for Professor Rodrik)</td>
<td>Assistant: Jessica De Simone, <a href="mailto:jessica_de_simone@hks.harvard.edu">jessica_de_simone@hks.harvard.edu</a></td>
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COURSE INFORMATION
DEV-101 is a semester-long course that evaluates theories of economic development and scrutinizes empirical evidence to understand key features of the economic development processes across countries. The course will utilize analytical frameworks, grounded in economic theory, to examine the determinants of factor accumulation by individuals, firms and societies, and productivity and efficiency of resource allocation across activities and time. Drawing on empirical evidence and country illustrations, we will evaluate the relevance of these frameworks for diagnosing root causes of economic development and to develop an understanding of how the judicious use of theory and empirics can provide guidance for economic policy reforms. The course is organized along the following broad sections: (i) a methodological overview, with an emphasis on analytical frameworks for understanding economic growth, factor accumulation and institutional outcomes; (ii) an historical overview of comparative economic development, with focus on the Industrial Revolution, the Great Divergence, and colonialism; (iii) an analysis of individual decision-making in relevant domains, including the economics of the family, the determinants and returns to investment in human capital (health and education), and financial capital (credit markets, savings behavior), and constraints to factor accumulation; (iv) determinants of productivity, with emphasis on resource misallocation within and across households/firms, poverty traps, learning and coordination and their impacts on productivity; (v) principles of economic reform and introduction to policy design; and (vi) the role of political factors and social norms in development.

Teaching Fellow
Nurul Wakhidah nwakhidah@fas.harvard.edu Tuesdays, 3-5pm

Course Assistants
Alejandra Guardia Muguruza aleguardia@hks.harvard.edu Mondays, 4:30-6:30pm
Leandro Urbano leandro_urbano@hks.harvard.edu Tuesdays/Thursdays, 12-1pm
Gede Virananda gede_virananda@hks.harvard.edu Thursdays, 4:30-6:30pm
COURSE REQUIREMENTS AND GRADING

Eligibility
The class is a core requirement for students in the MPA/ID program. Non-MPA/ID students will not be admitted to the course. Auditors are not allowed.

Pre-requisites
Students will be assumed to have basic familiarity with empirical methods of regression analysis and impact evaluation (e.g., difference-in-differences, instrumental variables, randomized controlled trials). For those who would like to review these methods at a very basic level (more will be done in other core courses), the following readings constitute useful background:


General requirements
Students are expected to prepare for each class by doing the required readings (see below), available on Canvas.

Grading rubric

<table>
<thead>
<tr>
<th>Component</th>
<th>Grade x Unit</th>
<th>Total Grade</th>
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<tbody>
<tr>
<td>Quizzes</td>
<td>5 x 5</td>
<td>25</td>
</tr>
<tr>
<td>Assignments</td>
<td>10 x 2</td>
<td>20</td>
</tr>
<tr>
<td>Midterm</td>
<td>20</td>
<td></td>
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<tr>
<td>Final</td>
<td>35</td>
<td></td>
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<tr>
<td>Total</td>
<td>100</td>
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Assignments and exams
The assignments and exams will test understanding of concepts taught in class lectures, discussions, and required readings, and the ability to apply these insights to policy situations. We will have two long assignments and five shorter quizzes. Assignments and quizzes must be submitted online on Canvas before the scheduled time. One point per 24-hour period will be deducted for late assignments. (However, if you face technical difficulties in submitting then get in touch with the teaching team immediately.)

Regrading policy
On receiving your exam or assignment score, look carefully through the suggested answers and comments provided by the teaching team. Students who still wish to submit their answer sheets for regrading, should write a detailed email to the teaching team explaining their reason to contest a score within one week from the date that the graded assignment is returned to the class. The teaching team will assign a different grader from the original one and re-evaluate the entire assignment/exam and determine whether a change in points is mandated across any question, including the ones not highlighted/contested by the student. This process may take up to a week and the outcome will be final. Keep in mind, that the teaching team puts in a great deal of thought and effort in their assessments, and you are encouraged to be cautious/prudent in raising a re-grading issue.
**Academic integrity**
Students are encouraged to work together and discuss class material and assignments. What is important is the eventual understanding of material achieved, and less about how that is achieved. Any exam, paper or assignment you submit is presumed to be your own original work, so if you do – as you will – use words or ideas written by other people, please make sure to cite these appropriately, and to indicate other students with whom you have collaborated. It is also a violation of the HKS Academic Code to incorporate into your coursework text produced predominantly by generative AI. More information about Harvard’s policies on academic integrity may be found in the Student Handbook.

**TF review sessions**
The live review sessions will go over concepts covered in class that may need more elaboration/discussion. As and when required, they will cover short summaries of additional empirical work that is closely related to what we have studied and can help in expanding your knowledge base. The additional material covered can enrich your responses to questions in the exams or problem sets, but it will not be directly tested upon and you are not required to read the papers on which it will be based. The TF will hold office hours, in case any students would like to go over session content.

**READING LIST INFORMATION**
The reading list below includes the URLs for those papers that can be downloaded from the internet. The majority of the papers and articles for this course are available on the Canvas site. If the links become broken then you can find the articles by searching Harvard library’s E-Journals using the following link: http://sfx.hul.harvard.edu/sfx_local/az/. Type in the journal name and select a database that has issues for the year of the article. Each database is set up differently, but the citation will have all the information necessary to obtain the article.

All required reading for this course is available on the class page on Canvas. **Please check Canvas frequently for announcements and other information.**

Readings marked with **** are required readings for this class. These are usually papers that set the tone for a module or provide an overarching understanding of the material that will be covered in class. Readings with * are readings that are strongly recommended; these will deepen your understanding of the material and will provide you with additional material you can use in writing better answers in exams. Some readings without any stars may also be referred to in the lectures or review sessions. These papers may be important examples of the material being discussed and contribute towards enriching your knowledge on the topic. While you don’t need to read these papers, you will be expected to know their content to the extent that is covered in the lectures and review sessions. Keep in mind that the goal of the syllabus is to create a resource for you that you can use to extend the breadth and depth of your knowledge on development economics throughout your MPAID studies and beyond.

**Accessibility and Accommodations for Student Learning**
Harvard University values inclusive excellence and providing equal educational opportunities for all students. Our goal is to remove barriers for disabled students related to inaccessible elements of instruction or design in this course. If reasonable accommodations are necessary to provide access, please contact the local disability coordinator, Melissa Wojciechowski St. John (melissa_wojciechowski@hks.harvard.edu). She is the Senior Director of Student Services in the HKS Office of Student Services. Accommodations do not alter fundamental requirements of the course and are not retroactive. Students should request accommodations as early as possible, since they may take time to implement. Students should notify Melissa at any time during the semester if adjustments to their communicated accommodation plan are needed.
## IMPORTANT DATES AND COURSE STRUCTURE

### Part 1: Introduction and Framework

<table>
<thead>
<tr>
<th>No.</th>
<th>Day</th>
<th>Date</th>
<th>Topic</th>
<th>Lecturer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Thu</td>
<td>Aug 31</td>
<td>Stylized facts of economic development</td>
<td>DR</td>
</tr>
<tr>
<td>2</td>
<td>Tue</td>
<td>Sept 5</td>
<td>Doing development policy: The diagnostic approach</td>
<td>DR</td>
</tr>
<tr>
<td>3</td>
<td>Thu</td>
<td>Sept 7</td>
<td>Understanding productivity</td>
<td>DR</td>
</tr>
<tr>
<td></td>
<td>Fri</td>
<td>Sept 8</td>
<td><strong>Quiz #1 – Send in your response by 5pm</strong></td>
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### Part 2: History and Comparative Development

<table>
<thead>
<tr>
<th>No.</th>
<th>Day</th>
<th>Date</th>
<th>Topic</th>
<th>Lecturer</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Tue</td>
<td>Sept 12</td>
<td>The Industrial Revolution and its sources</td>
<td>DR</td>
</tr>
<tr>
<td>5</td>
<td>Thu</td>
<td>Sept 14</td>
<td>Colonialism, the great divergence, and its present-day ramifications</td>
<td>DR</td>
</tr>
<tr>
<td></td>
<td>Thu</td>
<td>Sept 19</td>
<td>Recent patterns of economic growth in the developing world</td>
<td>DR</td>
</tr>
<tr>
<td></td>
<td>Thu</td>
<td>Sept 21</td>
<td>From macro- to micro-development: The role of policy evaluation</td>
<td>ELF</td>
</tr>
<tr>
<td></td>
<td>Fri</td>
<td>Sept 22</td>
<td><strong>Quiz #2 – Send in your response by 5pm</strong></td>
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### Part 3: Understanding Household Decisions

<table>
<thead>
<tr>
<th>No.</th>
<th>Day</th>
<th>Date</th>
<th>Topic</th>
<th>Lecturer</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>Tue</td>
<td>Sept 26</td>
<td>Economics of the family</td>
<td>ELF</td>
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### Part 4: Factor Accumulation

<table>
<thead>
<tr>
<th>No.</th>
<th>Day</th>
<th>Date</th>
<th>Topic</th>
<th>Lecturer</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>Thu</td>
<td>Sept 28</td>
<td>Human capital: Education (1)</td>
<td>ELF</td>
</tr>
<tr>
<td>10</td>
<td>Tue</td>
<td>Oct 3</td>
<td>Human capital: Education (2)</td>
<td>ELF</td>
</tr>
<tr>
<td>11</td>
<td>Thu</td>
<td>Oct 5</td>
<td>Human capital: Marriage and fertility</td>
<td>ELF</td>
</tr>
<tr>
<td></td>
<td>Fri</td>
<td>Oct 6</td>
<td><strong>Quiz #3 – Send in your response by 5pm</strong></td>
<td></td>
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<tr>
<td>12</td>
<td>Tue</td>
<td>Oct 10</td>
<td>Human capital: Health</td>
<td>ELF</td>
</tr>
<tr>
<td>13</td>
<td>Thu</td>
<td>Oct 12</td>
<td>MID-TERM EXAM</td>
<td></td>
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<tr>
<td>14</td>
<td>Tue</td>
<td>Oct 17</td>
<td>Physical capital: Investment, intermediation and saving (1)</td>
<td>ELF</td>
</tr>
<tr>
<td>15</td>
<td>Thu</td>
<td>Oct 19</td>
<td>Physical capital: Investment, intermediation and saving (2)</td>
<td>ELF</td>
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### Part 5: Productivity Growth

<table>
<thead>
<tr>
<th>No.</th>
<th>Day</th>
<th>Date</th>
<th>Topic</th>
<th>Lecturer</th>
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<tbody>
<tr>
<td>16</td>
<td>Tue</td>
<td>Oct 24</td>
<td>Misallocation, learning, and coordination failures (1)</td>
<td>DR</td>
</tr>
<tr>
<td>17</td>
<td>Thu</td>
<td>Oct 26</td>
<td>Misallocation, learning, and coordination failures (2)</td>
<td>DR</td>
</tr>
<tr>
<td></td>
<td>Fri</td>
<td>Oct 27</td>
<td><strong>Quiz #4 – Send in your response by 5pm</strong></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Tue</td>
<td>Oct 31</td>
<td>Agriculture (1)</td>
<td>ELF</td>
</tr>
<tr>
<td>19</td>
<td>Thu</td>
<td>Nov 2</td>
<td>Agriculture (2)</td>
<td>ELF</td>
</tr>
<tr>
<td>20</td>
<td>Tue</td>
<td>Nov 7</td>
<td>Productive development policies</td>
<td>DR</td>
</tr>
</tbody>
</table>

### Part 6: Economic Reform, Political and Social Constraints

<table>
<thead>
<tr>
<th>No.</th>
<th>Day</th>
<th>Date</th>
<th>Topic</th>
<th>Lecturer</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>Thu</td>
<td>Nov 9</td>
<td>Analytics of economic reform: Theory of second best</td>
<td>DR</td>
</tr>
<tr>
<td></td>
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<td></td>
<td><strong>Assignment #2 – due at 10am</strong></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Tue</td>
<td>Nov 14</td>
<td>Analytics of economic reform: Diagnostics in practice</td>
<td>DR</td>
</tr>
<tr>
<td>23</td>
<td>Thu</td>
<td>Nov 16</td>
<td>Poverty traps</td>
<td>ELF</td>
</tr>
<tr>
<td></td>
<td>Fri</td>
<td>Nov 17</td>
<td><strong>Quiz #5 – Send in your response by 5pm</strong></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>Tue</td>
<td>Nov 21</td>
<td>Political economy</td>
<td>DR</td>
</tr>
<tr>
<td>25</td>
<td>Tue</td>
<td>Nov 28</td>
<td>Social norms</td>
<td>ELF</td>
</tr>
<tr>
<td>26</td>
<td>Thu</td>
<td>Nov 30</td>
<td>General discussion and wrap-up</td>
<td>ELF/DR</td>
</tr>
<tr>
<td></td>
<td>Wed</td>
<td>Dec 6</td>
<td>FINAL EXAM (9am-12pm)</td>
<td></td>
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COURSE OUTLINE AND READINGS

** = required readings (before lecture);  * = strongly recommended readings;  no stars = additional reading for further background

Most required readings are available online (by clicking on the title). Required readings that are not linked in this syllabus can be found on Canvas.

PART 1: INTRODUCTION AND FRAMEWORK

1. Stylized facts of economic development (Aug 31, DR)

2. Doing development policy: The diagnostic approach (Sept 5, DR)

3. Understanding productivity (Sept 7, DR)

Conference Board, Total Economy Database. Growth Accounting and Total Factor Productivity, 1990-2019. (This is a database. Look at and understand the growth decompositions for four countries that interest you.)


PART 2: HISTORY AND COMPARATIVE DEVELOPMENT

4. The Industrial Revolution and its sources (Sept 12, DR)

5. Colonialism, the great divergence, and its present-day ramifications (Sept 14, DR)


6. Recent patterns of economic growth in the developing world (Sept 19, DR)


7. From macro- to micro-development: The role of policy evaluation (Sept 21, ELF)


PART 3: UNDERSTANDING HOUSEHOLD DECISIONS

8. Economics of the family (Sept 26, ELF)


PART 4: FACTOR ACCUMULATION

9, 10. Human capital: Education (Sept 28-Oct 3, ELF)


11. Human capital: Marriage and fertility (Oct 5, ELF)

12 . Human capital: Health (Oct 10, ELF)

13. MIDTERM EXAM (October 12)

14, 15. Physical capital: Investment, intermediation and savings (Oct 17-19, ELF)

Credit markets

Savings

PART 5: PRODUCTIVITY GROWTH

16. Misallocation, learning and coordination failures I (Oct 24, DR)


17. Misallocation, learning and coordination failures II (Oct 26, DR)


18. 19. Agriculture (Oct 31-Nov 2, ELF)


20. Productive development policies (Nov 7, DR)

PART 6: ECONOMIC REFORM, POLITICAL AND SOCIAL CONSTRAINTS


22. Analytics of economic reform: Diagnostics in practice (Nov 14, DR)

23. Poverty traps (Nov 16, ELF)
24. Political economy (Nov 21, DR)


25. Social norms (Nov 28, ELF)


26. General discussion and wrap-up (Nov 30, ELF/DR)

FINAL EXAM (December 6)