

Syllabus AY 2023-2024 (preliminary and subject to change)
John F. Kennedy School of Government
Harvard University

**ECONOMIC DEVELOPMENT: USING ANALYTICAL FRAMEWORKS FOR SMART
POLICY DESIGN**
DEV 102M

Class: Monday & Wednesday 3-4:15pm, W436

Review sessions: Friday 1:30-2:45pm & 3-4:15pm in R304
First day of class is Monday, January 22nd

Professor Asim I Khwaja
Rubenstein 434

Office hours:
Thursday 4:00-6:00pm
(sign up via website)

Assistant: Linda Almeida
Email: linda_almeida@hks.harvard.edu

COURSE INFORMATION

This is a half-semester spring course (Spring 1) that provides analytical frameworks to aid the design and implementation of development policy. The course will start by examining different diagnostic approaches for policy design and then provide a deep-dive analysis into diagnostics and policy design in a few specific areas such as education, finance, health, and governance.

Teaching Fellow:

Nurul Wakhidah nwakhidah@g.harvard.edu

Office Hours

TBD

Course Assistants:

Varsha Hari Prasad vhariprasad@hks.harvard.edu

TBD

Jose Tomas Hidalgo Jullian jhidalgojullian@hks.harvard.edu

TBD

Jhonatan Vicuña jvicuna@hks.harvard.edu

TBD

Please take the time to register (using your OFFICIAL Harvard email address) for our participation tracking program, Teachly.

COURSE REQUIREMENTS AND GRADING

The course grade will be based on the following components, with weights in parentheses:

- Class Participation (20%)
- Four Problem Sets (40%)
- Final paper (40%)

At four regularly spaced intervals during the module students will submit problem sets based on identified readings and lecture content. The final paper will be approximately four to five pages in length. Details on the format and content will be provided during the semester. The problem sets and final paper will provide students with complementary skills for evaluating development issues and designing policy responses.

Students are required to attend two lectures and one review section each week. These sections will review and provide materials that complement lectures and provide theory and econometric guidance for a better understanding of course material.

Students will be expected to have read the required readings *before* class. Lecture and class discussion will draw heavily on the key concepts and findings reported in these required readings. Students should come to class prepared.

READING LIST INFORMATION

The reading list below indicates the URLs for those papers that can be downloaded from the internet. The majority of the papers and articles for this course are available online and are easily accessible through these links. 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/, which can also be reached by the following steps: <http://www.harvard.edu/> → "Resources & Offices" → "Library and Academic Resources" → "Find E-Journals". 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 further reading that is not available online will be placed on reserve in the HKS library and can be found in the "Course Reserves" file on Canvas. ***Please check the class page frequently for announcements and other information.***

ELIGIBILITY

The class is a core requirement for students in the MPA/ID program. Students not in the MPA/ID program will be admitted only with the permission of the instructor.

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. More information about Harvard's policies on academic integrity may be found in the *Student Handbook*.

IMPORTANT DATES AND COURSE STRUCTURE

** Note: There will be two classes on Thursday 15th February given by Dr. Jishnu Das (Georgetown)*

	Day	Date	Topic	Professor
1	Mon	22-Jan	Course overview & Education I: Setting up the problem	Khwaja
2	Wed	24-Jan	Education II: Applications	Khwaja
	Fri	26-Jan	<i>No Review</i>	
3	Mon	29-Jan	Education III: Applications	Khwaja
4	Wed	31-Jan	Education IV: Applications	Khwaja
R1	Fri	2-Feb	<i>Review Session (Pset 1: Due 5pm Friday Feb 9th)</i>	Wakhidah
5	Mon	5-Feb	Finance I	Khwaja
6	Wed	7-Feb	Finance II	Khwaja
R2	Fri	9-Feb	<i>Review Session (Pset 2: Due 5pm Friday Feb 16th)</i>	Wakhidah
	Mon	12-Feb	No Class (due to additional classes on Thursday)	
7	Wed	14-Feb	Health I	Das
8	Thurs	15-Feb	Health II at 3.00-4.15 pm (Room W436)	Das
9	Thurs	15-Feb	Health III at 4.30-5.45 pm (Room R304)	Das
R3	Fri	16-Feb	<i>Review Session (pset 3: Due 5pm Friday Feb 23rd)</i>	Wakhidah
	Mon	19-Feb	HOLIDAY (President's Day)	Khwaja
10	Wed	21-Feb	Political Economy I: Accountability	Khwaja
R4	Fri	23-Feb	<i>Review Session (pset 4: Due 5pm Friday Mar 1st)</i>	Wakhidah
11	Mon	26-Feb	Political Economy II: Bureaucratic Performance	Khwaja
12	Wed	28-Feb	SPDI Framework: Revisiting Education & Wrap-Up	Khwaja
R5	Fri	1-Mar	<i>Review Session (Final paper: Due March 22nd 5pm)</i>	Wakhidah
	Mon	4-Mar	No Class (Midterm week)	
	Wed	6-Mar	No Class (Midterm week)	
	Fri	8-Mar	<i>No Class (Midterm week)</i>	
	Fri	22-Mar	Final paper due 5pm	

COURSE OUTLINE AND TENTATIVE READINGS

Required readings are marked with a star (*), recommended readings are not starred. Most readings are available online (by clicking on the title). Readings not available online can be found on reserve at the HKS library. See above description for more detailed instructions.

A. Education Policy (AK: Jan 22, 24, 29, 31)

- **Setting up the problem**

*HKS Case. Primary Education in Pakistan: Show Me the Evidence

*Andrabi, Tahir, Jishnu Das, Asim Khwaja, Tara Vishwanath, Tristan Zajonc & the LEAPS Team. 2007. [Learning and Educational Achievements in Punjab Schools \(LEAPS\): Insights to Inform the Policy Debate, Executive Summary](#)

- **Applications**

*Andrabi, Tahir, Jishnu Das & Asim Khwaja. 2014. [Report Cards: The Impact of Providing School and Child Test-scores on Educational Markets](#). *American Economic Review* Vol. 107, No. 6, June 2017.

*J-PAL. 2008. [Solving Absenteeism, Raising Test Scores](#). Policy Briefcase No. 6, September 2008.

*Andrabi, Tahir, Jishnu Das & Asim Khwaja. 2010. [Education Policy in Pakistan: A Framework for Reform](#). IGC Pakistan Policy Brief.

*Andrabi, Tahir, Jishnu Das & Asim Khwaja, Selcuk Ozyurt, Niharika Singh. 2017. [Upping the Ante: The Equilibrium Effects of Unconditional Grants to Private Schools](#). Working Paper.

Muralidharan, Karthik & Venkatesh Sundararaman. 2011. [Teacher Performance Pay: Experimental Evidence from India](#). *Journal of Political Economy*, 119(1): 39-77.

B. Finance (AK: Feb 5, 7)

- **Finance I**

* Asim Khwaja, A. Mian, B. Zia. [Dollars Dollars Everywhere, Nor Any Dime to Lend?](#) (with A. Mian, Princeton and B. Zia, World Bank). *Review of Financial Studies*. Vol. 23(12): 4281-4323, 2008.

Carmen Reinhart and Ken Rogoff. This Time Is Different: Eight Centuries of Financial Folly. Copyright Date: 2009 Published by: Princeton University Press
<https://doi.org/10.2307/j.ctvc4m4gqx>

*Iyer, Rajkamal, Asim Khwaja, Erzo Luttmer, & Kelly Shue. 2014. [Screening Peers Softly: Inferring the Quality of Small Borrowers](#). *Management Science* Vol. 62(6), June 2016.

Karlan, Dean and Jonathan Zinman. 2009. [Observing Unobservables: Identifying Information Asymmetries with a Consumer Credit Field Experiment](#). *Econometrica*, 77(6): 1993-2008.

- **Finance II**

Klinger, Bailey, Asim Khwaja, & Joseph LaMonte. 2013. [Improving Credit Risk Analysis with Psychometrics in Peru](#). IDB Technical Note.

* Larson, Greg. [How a New Tool is Unlocking Entrepreneurship in Africa](#). 2012. *Harvard Kennedy School Review*. 76-80

Klinger, Bailey, Asim Khwaja, & Carlos del Carpio. 2013. [Enterprising Psychometrics and Poverty Reduction](#). *Springer New York*.

*Banerjee, Abhijit, Pranam Bardhan, Esther Duflo, Erica Field, Dean Karlan, Asim Khwaja, Dilip Mookherjee, Rohini Pande, & Raghuram Rajan. 2010. [Microcredit is not the Enemy](#). *Financial Times*, 13 December 2010.

*Field, Erica, Rohini Pande, John Papp and Natalia Rigol. 2013. [Does the Classic Microfinance Model Discourage Entrepreneurship Among the Poor? Experimental Evidence from India](#). *The American Economic Review* 103.6 (2013): 2196-2226.

Field, Erica, Rohini Pande, John Papp, & Y. Jeanette Park. 2012. [Repayment Flexibility Can Reduce Financial Stress: A Randomized Control Trial with Microfinance Clients in India](#). *PLoS ONE* 7(9): e45679. doi:10.1371/journal/pone.0045679

***** No Class Feb 12**

C. Health (Jishnu Das: Feb 14, 15)

- **Health I: Conditional money meets Unconditional Love**

*Andrew, Alison, and Marcos Vera-Hernández. "[Incentivizing demand for supply-constrained care: Institutional birth in India](#)." (2020).

Powell-Jackson, T, S Mazumdar and A Mills. "[Financial incentives in health: New evidence from India's Janani Suraksha Yojana](#)." *J Health Economics* 43 (2015): 154-69.

Mohanan, Manoj, Sebastian Bauhoff, Gerard La Forgia, Kimberly Singer Babiarz, Kultar Singh, and Grant Miller. "[Effect of Chiranjeevi Yojana on institutional deliveries and neonatal and maternal outcomes in Gujarat, India: a difference-in-differences analysis](#)." *Bulletin of the World Health Organization* 92 (2013): 187-194.

Godlonton, Susan, and Edward N. Okeke. "[Does a ban on informal health providers save lives? Evidence from Malawi](#)." *Journal of development economics* 118 (2016): 112-132.

- **Health II: The naïve patient and the altruistic doctor**

*Das, Jishnu, and Jeffrey Hammer. "[Quality of primary care in low-income countries: facts and economics](#)." *Annual Review of Economics* 6, no. 1 (2014): 525-553.

Das, Jishnu, and Quy-Toan Do. "[The Prices in the Crises: What We Are Learning from 20 Years of Health Insurance in Low-and Middle-Income Countries.](#)" *Journal of Economic Perspectives* 37, no. 2 (2023): 123-152.

Chaudhury, Nazmul and Jeffrey Hammer. "[Ghost Doctors: Absenteeism in Bangladeshi Health Facilities.](#)" *The World Bank Economic Review* 18.3 (2004): 423-41.

Das, Jishnu, Benjamin Daniels, Monisha Ashok, Eun-Young Shim, and Karthik Muralidharan. "[Two Indias: The structure of primary health care markets in rural Indian villages with implications for policy.](#)" *Social Science & Medicine* (2020): 112799.

Das, Jishnu, et al. "[Quality and Accountability in Health Care Delivery: Audit-Study Evidence from Primary Care in India.](#)" *American Economic Review* 106.12 (2016): 3765-99.

Currie, Janet, Wanchuan Lin, and Juanjuan Meng. "[Addressing antibiotic abuse in China: an experimental audit study.](#)" *Journal of development economics* 110 (2014): 39-51.

Das, Jishnu, Jeffrey Hammer and Ken Leonard. "[The Quality of medical advice in low-income countries.](#)" *Journal of Economic Perspectives* 22.2 (2008): 93-114.

Sohini Chattopahdyay. [I can't take it anymore. Sights and awful sounds from the labour room of an Indian public hospital.](#)

Bohren, Meghan A., Joshua P. Vogel, Erin C. Hunter, Olha Lutsiv, Suprita K. Makh, João Paulo Souza, Carolina Aguiar et al. "[The mistreatment of women during childbirth in health facilities globally: a mixed-methods systematic review.](#)" *PLoS medicine* 12, no. 6 (2015): e1001847.

- **Health III: Policy in Health Markets**

*Bedoya, Guadalupe, Jishnu Das, and Amy Dolinger. [Randomized Regulation: The impact of minimum quality standards on health markets.](#) No. w31203. National Bureau of Economic Research, 2023.

Ronnen, Uri. "[Minimum quality standards, fixed costs, and competition.](#)" *The RAND Journal of economics* (1991): 490-504. (The theory)

Further readings not covered in the lecture:

Health Insurance:

Das, Jishnu, and Quy-Toan Do. "[The Prices in the Crises: What We Are Learning from 20 Years of Health Insurance in Low-and Middle-Income Countries.](#)" *Journal of Economic Perspectives* 37, no. 2 (2023): 123-152.

Jain, Radhika. "[Private Hospital Behavior Under Government Insurance: Evidence from Reimbursement Changes in India.](#)" (2021).

Information:

Banerjee, Abhijit, Abhijit Chowdhury, Jishnu Das, Jeffrey Hammer, Reshmaan Hussam and Aakash Mohpal. "[The Market for Healthcare in Low-Income Countries](#)"

Das, Jishnu, Abhijit Chowdhury, Reshmaan Hussam, and Abhijit V. Banerjee. "[The impact of training informal health care providers in India: A randomized controlled trial.](#)" *Science* 354, no. 6308 (2016): aaf7384. (This is the original experiment)

Dulleck, Uwe, and Rudolf Kerschbamer. "[On doctors, mechanics, and computer specialists: The economics of credence goods.](#)" *Journal of Economic literature* 44, no. 1 (2006): 5-42.

Reallocation:

Daniels, Benjamin, Jishnu Das, Roberta Gatti, and Andres Yi Chang "[Caseloads and Competence: "Allocative" improvements and quality of care in sub-Saharan Africa.](#)" Mimeo.

Dahlstrand, Amanda. "[Defying Distance? The Provision of Services in the Digital Age.](#)" *Job Market Paper* (2021).

Chandra, Amitabh, Amy Finkelstein, Adam Sacarny, and Chad Syverson. "[Health care exceptionalism? Performance and allocation in the US health care sector.](#)" *American Economic Review* 106, no. 8 (2016): 2110-2144.

Innovation:

Venkateswaran, Aparajithan, Jishnu Das, and Tyler H. McCormick. "[Feasible contact tracing.](#)" *arXiv preprint arXiv:2312.05718* (2023).

Frank, Richard G., and Richard J. Zeckhauser. "[Custom-made versus ready-to-wear treatments: Behavioral propensities in physicians' choices.](#)" *Journal of health economics* 26, no. 6 (2007): 1101-1127.

Currie, Janet M., and W. Bentley MacLeod. "[Understanding doctor decision making: The case of depression treatment.](#)" *Econometrica* 88, no. 3 (2020): 847-878.

***** No Class Feb 19**

D. Political Economy (AK: Feb 21, 26)

• Political Economy I: Political Accountability

*Ferraz, Claudio & Frederico Finan. 2008. [Exposing Corrupt Politicians: The Effect of Brazil's Publicly Released Audits on Electoral Outcomes.](#) *Quarterly Journal of Economics*, 123(2): 703-745.

*Banerjee, Abhijit, Selvan Kumar, Rohini Pande, & Felix Su. 2011. [Do Informed Voters Make Better Choices? Experimental Evidence from Urban India.](#) Working paper.

Fujiwara, Thomas. 2015. [Voting Technology, Political Responsiveness, and Infant Health: Evidence from Brazil.](#) *Econometrica*.

• Political Economy II: Bureaucrat Performance

*Dal Bó, Ernesto, Frederico Finan & Martín A. Rossi. 2012. [Strengthening State Capabilities: The Role of Financial Incentives in the Call to Public Service](#). *The Quarterly Journal of Economics* 128.3 (2013): 1169-1218.

*Khwaja, Asim, Benjamin Olken, & Adnan Qadir. 2014. [Tax Farming Redux: Experimental Evidence on Incentive Pay for Tax Collectors](#). *The Quarterly Journal of Economics*, Vol. 131, No. 1, February 2016.

Muralidharan, Karthik & Venkatesh Sundararaman. 2011. [Teacher Performance Pay: Experimental Evidence from India](#). *Journal of Political Economy*, 119(1): 39-77.

E. SPDI Framework: Revisiting Education & Wrap-Up (AK : Feb 28)

***** No Class Mar 4, 6**