Syllabus, Fall 2017
John F. Kennedy School of Government
Harvard University

ECONOMIC DEVELOPMENT: THEORY, EVIDENCE AND POLICY DESIGN
DEV 101

Class in Fall 2017: Tues/Thurs 10:15-11:30am Littauer Building (HKS) L-140

Fall Review sessions: Friday 1:15-2:30pm or 2:45-4:00pm, Belfer Building Land Hall

First day of class is Thursday, 31st August 2017

Professor Lant Pritchett
Littauer-315
Office hours:
Tuesdays 12:30-2:30 pm (sign-up sheet posted weekly on door)
Assistant: Ramie Jacobson
Office: Rubenstein-126
Email: ramie_jacobson@hks.harvard.edu

Professor Dani Rodrik
Rubenstein-334
Office hours:
Mondays 10:00-12:00 (sign-up sheet posted weekly on door)
Assistant: Jessica De Simone
Office: Rubenstein 131A
Email: jessica_de_simone@hks.harvard.edu

COURSE INFORMATION

DEV-101 is a semester-long course that evaluates theories of economic (under)development and scrutinizes empirical evidence in order to understand key features of the development process across countries. To do so, the course will utilize analytical frameworks, grounded in economic theory, that examine the determinants of factor accumulation by individuals, firms and societies. Drawing on empirical evidence on individual and societal behavior, we will evaluate the relevance of these frameworks for diagnosing root causes of economic development. The course has three broad sections: (i) Analytical frameworks for understanding proximate determinants of economic growth and factor accumulation; (ii) Individual determinants and returns to investment in human capital (health and education), financial capital (credit markets, savings behavior) and the role of behavioral economics, culture and governance systems in affecting individual investments; and (iii) resource misallocation, learning and coordination and their impacts on productivity; the role of industrialization and growth diagnostics. In the Spring, DEV-102 will use these frameworks to examine the design of development policies.

Teaching fellow: Elizabeth Spink
espink@g.harvard.edu

Office Hours:
Thurs 1:00-3:00pm
Course assistants:
Mohamed Qamar     Mohamed_Qamar@hks18.harvard.edu
Mariana Oseguera Rodriguez      mariana_oseguera_rodriguez@hks18.harvard.edu
Dulguun Baasandavaa  Dulguun_Baasandavaa@hks18.harvard.edu

COURSE REQUIREMENTS AND GRADING

General requirements

Students are required to attend two lectures and one class section each week. Sections will review material covered in lecture, cover complementary material, and provide a forum to debate and discuss questions about the material with fellow students. Students are expected to have read the required readings before class, as lectures and class discussions will draw heavily on their key ideas and results.

Grading rubric

The course grade will be assigned based on the following components:
- Seven short reading responses (7%)
- Three assignments (33%)
- Midterm (20%)
- Final (40%)

Assignments and exams

The assignments and exams will test understanding of concepts taught in lectures and review sections, and the ability to apply these insights to policy situations. Exam material will be taken from both the lecture and review sections. Assignments are to be submitted in the (physical) dropbox before the first class of the day (ie. 10:10 am on Tu/Th and 11:40 am on M/W). Assignments will be returned via mail folders in the MPA/ID office area.

At seven regularly spaced intervals during the semester students will be required to provide short responses to questions based on identified readings and lecture content. Responses will require students to think critically about the reading and will be graded on a 0, check, check+ scale. Short responses are to be submitted through the CANVAS system on Fridays by 5pm on the dates indicated below.

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. 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. The course is cross-listed at FAS as Ec2326. Non MPA/ID students will be admitted only with the permission of the instructor. Students are expected to have reasonable facility with multivariable calculus.

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

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<th>Day</th>
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<th>Professor</th>
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<td>Thurs</td>
<td>Aug 31 Course introduction</td>
<td>Pritchett/Rodrik</td>
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<tr>
<td>2</td>
<td>Tues</td>
<td>Sept 5 The link of causal models and organization for action in development</td>
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<td>Sept 7 Strategies for improving human well-being: Drive, shift, kink</td>
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<td>Fri</td>
<td>Sept 8 Round #1 – Send in your short response by 5pm</td>
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<td>4</td>
<td>Tues</td>
<td>Sept 12 Economic growth and its proximate determinants: growth accounting</td>
<td>Rodrik</td>
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<td>Thurs</td>
<td>Sept 14 Productivity growth: the Industrial Revolution and its spread</td>
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<td>Fri</td>
<td>Sept 15 Round #2 – Send in your short response by 5pm</td>
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<td>6</td>
<td>Tues</td>
<td>Sept 19 Institutions: what are they and how do they matter</td>
<td>Rodrik</td>
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<td>7</td>
<td>Thurs</td>
<td>Sept 21 Analytics of Productivity Growth I</td>
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<td>Fri</td>
<td>Sept 22 Round #3 – Send in your short response by 5pm</td>
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<td>8</td>
<td>Tues</td>
<td>Sept 26 Analytics of Productivity Growth II</td>
<td>Rodrik</td>
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<td>Wed</td>
<td>Sept 27 ASSIGNMENT #1 DUE in drop box by 11:40am</td>
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<td>9</td>
<td>Thurs</td>
<td>Sept 28 Analytics of Productivity Growth III</td>
<td>Rodrik</td>
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<td>10</td>
<td>Tues</td>
<td>Oct 3 Analytics of Productivity Growth IV</td>
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<td>11</td>
<td>Thurs</td>
<td>Oct 5 Productive development policies</td>
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<td>12</td>
<td>Tues</td>
<td>Oct 10 Introduction to growth diagnostics: episodic growth and growth transitions</td>
<td>Pritchett</td>
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<td>Oct 12 MIDTERM</td>
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<td>Tues</td>
<td>Oct 17 Human capital (education) I: Micro and macro of demand and impact</td>
<td>Pritchett</td>
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<td>15</td>
<td>Thurs</td>
<td>Oct 19 Human capital (education) II: What governments do and why</td>
<td>Pritchett</td>
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<td>Fri</td>
<td>Oct 20 Round #4 – Send in your short response by 5pm</td>
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<td>16</td>
<td>Tues</td>
<td>Oct 24 Human capital (health) I: Micro and macro of demand and impact</td>
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<td>17</td>
<td>Thurs</td>
<td>Oct 26 Human capital (health) II: What governments do, why and why not</td>
<td>Pritchett</td>
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<td>Fri</td>
<td>October 27 Natural capital and growth</td>
<td>Pritchett</td>
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<td>Mon</td>
<td>Oct 30</td>
<td>ASSIGNMENT #2 DUE in drop box by 11:40am</td>
<td>Pritchett</td>
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<td>18</td>
<td>Tues</td>
<td>Oct 31</td>
<td>Pritchett</td>
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<td>19</td>
<td>Thurs</td>
<td>Nov 2 REVIEW SECTION (from Friday Oct 27th)</td>
<td>TF/CA</td>
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<td>Fri</td>
<td>Nov 3</td>
<td>*Round #5 – Send in your short response by 5pm</td>
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<td>20</td>
<td>Tues</td>
<td>Nov 7 Analytics of economic reform</td>
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<td>21</td>
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<td>Nov 9 Political economy of economic reform</td>
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<td>22</td>
<td>Tues</td>
<td>Nov 14 ASSIGNMENT #3 DUE in drop box by 10:10am</td>
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<td>23</td>
<td>Thurs</td>
<td>Nov 16 State capability for policy implementation: micro and macro</td>
<td>Pritchett</td>
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<td>Fri</td>
<td>Nov 17</td>
<td>*Round #6 – Send in your short response by 5pm</td>
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<td>24</td>
<td>Tues</td>
<td>Nov 21 State capability: what governments do and don’t do and why</td>
<td>Pritchett</td>
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<td>25</td>
<td>Tues</td>
<td>Nov 28 Developing countries in the world economy</td>
<td>Rodrik</td>
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<td>26</td>
<td>Thurs</td>
<td>Nov 30 Wrap up discussion</td>
<td>Rodrik</td>
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<td>Fri</td>
<td>Dec 1</td>
<td>*Round #7 – Send in your short response by 5pm</td>
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<tr>
<td>Fri</td>
<td>Dec 8</td>
<td>FINAL EXAM</td>
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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.

COURSE OUTLINE AND READINGS

1. Course introduction (August 31, LP/DR)

   No readings

2. The link of causal models and organization for action in development (September 5, LP)


3. Strategies for improving human well-being: Drive, Shift, Kink (September 7, LP)


   Short takes:


   [https://www.cgdev.org/blog/getting-kinky-chickens](https://www.cgdev.org/blog/getting-kinky-chickens)
4. Economic growth and its proximate determinants: growth accounting (September 12, DR)


*Conference Board, Total Economy Database, Growth Accounting and Total Factor Productivity, 1990-2014. This is a database. Look at and understand the growth decompositions for four countries that interest you.


5. Productivity growth: the Industrial Revolution and its spread (September 14, DR)


6. **Institutions: what are they and how do they matter (September 19, DR)**


7. **Analytics of Productivity Growth I: Misallocation (September 21, DR)**

   *Hsieh, Chang-Tai and Peter J. Klenow. 2009. “Misallocation and Manufacturing TFP in China and*


8. Analytics of Productivity Growth II: Learning (September 26, DR)


9. Analytics of Productivity Growth III: Coordination Failures (September 28, DR)


10. Analytics of Productivity Growth IV: Industrialization, de-Industrialization (October 3, DR)


11. Productive development policies (October 5, DR)


**12. Episodic growth and linking medium and long run growth (October 10, LP)**


**13. MIDTERM (October 12)**

**14. Human Capital (Education) I: Micro and macro of demand and returns (October 17, LP)**


**Or:**


(The latter is more technical and an encompassing review of the literature to that point).


15. Human Capital (education) II: What do governments do and why? (October 19, LP)


16. Human Capital (Health) I: Micro and macro of demand and impact (October 24, LP)


17. Human Capital (Health) II: What governments do, why and why not (October 26, LP)


https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3730274/


18. Poverty and poverty dynamics: micro and macro (October 31, LP)


*Narayan, Deepa with Souma Kapoor and Lant Pritchett. 2009. “Chapter 3: Poverty is a condition, not a characteristic” in Moving Out of Poverty: Volume 2: Success from the bottom up.


19. Natural Capital (November 2, TBD)

TBD

20. Analytics of economic reform (November 7, DR)


21. Political economy of economic reform (November 9, DR)


22. State Capability for policy implementation: micro and macro (November 14, LP)


23. **State Capability: typology and PDIA (November 16, LP)**


24. **Combining capability diagnostics with growth diagnostics (November 21, LP)**


25. **Developing countries in the world economy (November28, DR)**


26. **Wrap Up Discussion (November, 30, DR)**


*Tyler Cowen, “Economic Development in an “Average is Over” World,” April 8, 2016.*