Syllabus, Fall 2018
Harvard Kennedy School of Government
Harvard University

ECONOMIC DEVELOPMENT: THEORY, EVIDENCE AND POLICY DESIGN
DEV 101/Ec2326

Class in Fall 2018: Tues/Thurs 10:15-11:30am, Littauer Building (HKS) L-140
Fall Review sessions: Friday 1:15-2:30pm or 2:45-4:00pm, L-230

First day of class is Thursday, September 6th, 2018

Professor Rohini Pande
Littauer-340
Office hours:
TBD (please contact Cori Simmons)
Assistant: Cori Simmons
Office: Littauer-301
Email: cori_simmons@hks.harvard.edu

Professor Dani Rodrik
Rubenstein-334
Office hours:
Wednesdays 10-11:45 (sign up with Jessica De Simone)
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 with a focus on political economy. It scrutinizes empirical evidence to understand key features of the economic and political development processes 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. Finally, it will use country case studies to develop an understanding of how the judicious use of theory and empirics can provide guidance for economic and governance reforms. The course has broad sections: (i) Analytical frameworks for understanding economic growth, institutional outcomes 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, (iii) resource misallocation within and across households, poverty traps, learning and coordination and their impacts on productivity; (iv) reform and policy design. In the Spring, DEV-102 will use these frameworks to examine the design of development policies.

Teaching fellow:
Shweta Bhogale sbhogale@g.harvard.edu

Office Hours:
Thurs 1:00-3:00pm

Course assistants:
Pascuala Dominguez pad792@student.hks.harvard.edu
Nathaniel Little nal147@student.hks.harvard.edu
COURSE REQUIREMENTS AND GRADING

General requirements
Students are required to attend two lectures and one review session each week. Review sessions will discuss material from the 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 sessions. We will have one solo DEV 101 assignment and two joint assignments with other required MPA/ID courses – one joint with API-209 Advanced Quantitative Methods I and one joint with DEV401Y Applications and Cases in International Development. Assignments are to be submitted in the (physical) drop box before the first class of the day (i.e., 10:10 am on Tu/Th and 11:40 am on M/W). Non-MPA/ID students need not be enrolled in both classes. The joint assignments can be done as stand-alone DEV-101 assignments. 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, after filling a form that will be available on first day of class. Students are expected to have strong background in microeconomics, macroeconomics and statistics, as well as reasonable facility with multivariable calculus.

CLASSROOM POLICY
Students are required to bring their name cards to every class. Participation in discussions is highly encouraged. Electronics must not be used during class unless specifically permitted (no use of laptops, cell phones off). To maintain class decorum, side conversations must be avoided at all times, food/drink should be consumed responsibly, and students should leave class for emergencies only.

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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<td><strong>FINAL EXAM</strong></td>
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1. Course introduction: What the data tells us (September 6, RP)

*Lucy Page and Rohini Pande, “Ending Global Poverty: Why money isn’t enough”

2. Industrial Revolution and the great divergence (September 11, DR)


3. Economic exchange and trade (September 13, RP)


4. Economic growth and growth accounting (September 18, 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. Country studies: Contemporary perspective on growth and development policy (September 20-21, RP/DR)

TBD

7. Introduction to political economy (September 27, RP)

*Lucy Page and Rohini Pande, “Ending Global Poverty: Why money isn’t enough”

Finan, Olken and Pande, The Personnel Economics of the State


8. The political economy of market-supporting institutions (October 2, DR)


Polanyi, Karl. 1944. The Great Transformation, Beacon Press, Boston, MA.

9. Interests, Ideas, and Institutions (October 4, DR)


10. **Human capital accumulation: What are the returns to health and education investments? (October 9, RP)**

**Health**


Impacts and Determinants of Health Levels in Low-Income Countries

Pascaline Dupas and Ted Miguel Handbook of field experiments


**Education**


11. Human capital accumulation: Issues in delivery of health and education (October 11, RP)
   What are the issues?
   The Learning crisis in education
   The health care quality crisis
   Recent learnings on delivery

12. Financial capital accumulation (October 16, RP)

13. Using behavioral economics to understand factor accumulation (October 18, RP)

14. MIDTERM (October 23)

15. Norms, power, and factor accumulation: An application to gender (October 25, RP)

   Productivity Impacts


   Investment Impacts


16. Productivity growth: misallocation, learning and coordination (October 30, DR)


17. **Productivity growth: misallocation, learning and coordination (November 1, DR)**


18. **Productivity: Labor market and poverty traps (November 6, RP)**

19. **Governance and environmental policy (November 8, RP)**
* HKS Case: Fighting Pollution with Data: Environmental Audits and the Gujarat Pollution Control Board. Case Number 2054.0. Available on course website.


20. Analytics of economic reform (November 13, DR)


21. Growth Diagnostics (November 15, DR)


22. Productive development policies (November 20, DR)


23. Developing countries in the world economy (November 27, DR)


24. Return to country studies: Evaluating reforms (November 29, RP/DR)

TBD

25. Return to country studies: Evaluating reforms (December 4, RP/DR)

TBD

26. Wrap Up Discussion (December 6, DR)