



NYU

**ROBERT F. WAGNER GRADUATE
SCHOOL OF PUBLIC SERVICE**

PADM-GP 2203

**Economics of international development
Fall 2023**

Instructors

Kathleen Wetzel Apltauer

kwapltauer@nyu.edu

Jonathan Morduch

The Puck Building, Room 3028, (212) 998-7515

jonathan.morduch@nyu.edu

Wednesday session: Wednesday 4:55-6:35pm

Location: Silver 410

Tuesday session: Tuesday 5:30-6:30pm

Location: Online

Office hours time

Apltauer: By appointment

Morduch: By appointment

Course overview

How can the economies of the world become richer? Fairer? More open to opportunity?

We will investigate economic growth, poverty, inequality, and the sources of economic change. The course begins by reviewing global relationships and then we'll turn attention to households—how they earn, spend, and cope with uncertainty.

Learning objectives

Students will be able to...

Synthesize complex concepts and evidence to understand the context and mechanisms of international development and poverty.

Understand how economic principles and tools can be used to craft better solutions for individuals and communities.

Assess the quality and reliability of evidence presented by proponents of interventions and policy, including statistical evidence.

Tuesday sessions are not recitations. They complement and add to what can be covered during Wednesday sessions. Tuesdays include new material, assignments and participatory discussions. We often explore more deeply into issues and concepts raised during a Wednesday session. Other times they are to build skills, including the comprehension of the data analysis and statistics essential to evaluating the evidence offered as part of our course and in life.

In short, in addition to building your knowledge and understanding of development concerns, we hope our course gives you tools to evaluate and construct better programs, policies and interventions, whether these are to address development or to address other issue and policy areas in which you will work.

Books to purchase

Abhijit Banerjee and Esther Duflo. 2011. Poor Economics. PublicAffairs. (~USD12)

Daryl Collins, Jonathan Morduch, Stuart Rutherford, Orlanda Ruthven. 2009. Portfolios of the Poor: How the World's Poor Live on \$2 a Day. Princeton University Press. ([~USD15](#))

Charles Wheelan. 2014. Naked Statistics. Norton. ([~USD15](#))

The books to buy are available through the NYU Bookstore and many other bookstores, large and small.

Course Requirements

Course requirements are a mid-term examination, a final examination, and three problem sets. Also required is full participation in course activities. Grades will be calculated according to:

| | |
|---------------------|--|
| Class Participation | 20% (participating and contributing thoughtfully to discussions and assigned activities – See rubric below for expectations) |
| Problem Sets | 20% (3 problem sets + policy memo) |
| Mid-Term Exam | 25% |
| Final Examination | 35% |

Participation Rubric

Participation will count for 20% of the grade for the semester.

Participation happens in various ways.

1. **Prepare before class** so you're ready to engage on Tuesdays and on Wednesdays. This includes completing assignments like "reflections," developing your answers to "When preparing" questions posted to Brightspace, and other activities. In class, we may "cold call" on students, and we expect you to be ready to discuss the topics.
2. **Engage during class** on Tuesdays and Wednesdays. We expect:
 - a. Active engagement
 - b. Listening to others
 - c. Responding constructively
 - d. Taking responsibility to teach others, share what you've learned, and raise pertinent questions.

Participation grades will reflect:

Do you meaningfully prepare for class?

Are you present—physically and intellectually—in class?

Do you actively contribute to discussion?

Do your comments actively engage with the material and discussion by others?

NYU Wagner Policies on Academic Honesty and Grading

We follow the NYU Wagner School general policy guidelines on academic honesty and grading (including incomplete grades).

Academic Integrity

Academic integrity is a vital component of Wagner and NYU. All students enrolled in this class are required to read and abide by [Wagner's Academic Code](#). All Wagner students have already read and signed the [Wagner Academic Oath](#). Plagiarism of any form will not be tolerated and students in this class are expected to report violations to us. If any student in this class is unsure about what is expected of you and how to abide by the academic code, you should consult with us. **We ask each student to become familiar with these policies.**

Henry and Lucy Moses Center for Students with Disabilities at NYU

Academic accommodations are available for students with disabilities. Please visit the [Moses Center for Students with Disabilities \(CSD\) website](#) and click on the Reasonable Accommodations and How to Register tab or call or email CSD at (212-998-4980 or mosescsd@nyu.edu) for information. Students who are requesting academic accommodations are strongly advised to reach out to the Moses Center as early as possible in the semester for assistance.

NYU's Calendar Policy on Religious Holidays

[NYU's Calendar Policy on Religious Holidays](#) states that members of any religious group may, without penalty, absent themselves from classes when required in compliance with their religious obligations. Please notify us in advance of religious holidays that might coincide with class assignments to schedule mutually acceptable alternatives.

Important NYU Wagner policies

Please see the NYU Wagner website for information on academic policies and procedures, including the academic code and grading:

1. [Academic Policies and Procedures](#)
2. [Academic Code](#)
3. [Grading](#)
4. [Incomplete Grades](#)
5. Wagner online class policy: You are expected to participate in each class with your Zoom audio and video on. Please review Wagner's Zoom in the Classroom series about classroom etiquette, participation, and more. If you are unable to participate with video on, please contact us. Students may not share the Zoom classroom recordings. The recordings are kept within the NYU Brightspace site and are for students enrolled in this course only. If you do not have the appropriate hardware technology nor financial resources to purchase the technology, please consider applying for the NYU Emergency Relief Grant.

Late Policy

Extensions on assignments will be granted only in case of emergency or special circumstances. This policy is adopted out of respect to those who abide by deadlines despite equally demanding schedules. Assignments handed in late without authorized extensions will be penalized one-third of a grade per day.

Policy on ChatGPT and other AI tools

The [policies of Wagner](#) require that you complete and submit your own work. **You may not use ChatGPT, Bard, and other generative AI tools on exams.**

We recognize, however, that AI tools can be useful for research and background, so, in other work submitted for the course, if you use ChatGPT, Bard, and other generative AI tools in your work, you must cite them, and you should describe how they were used. All writing produced and submitted for the course should be yours, not generated by AI. Please note that citing AI tools does not substitute for the necessary citations to the evidence and ideas that may have been generated by AI. Those original sources must be cited and failure to do so will affect grades. You are responsible for all errors or incomplete/off-topic responses, including those generated by AI tools. It is a violation of the school's norms if you fail to properly and fully cite original sources, and you will be held to the guidance outlined in [Wagner's Academic Integrity Policy](#).

Overview of the semester

[No session on Tuesday, September 5. The first Tuesday session is September 12]

1. **Wed 9/6: Introduction to development economics. Development and inequality**

Tue 9/12: Evaluating evidence and the RCT debate (deeper dive)

2. **Wed 9/13: Demographics and migration**

Tue 9/19: How to read an economic paper: Just what do all those numbers in the tables mean? (skill building)

3. **Wed 9/20: Climate change, growth, and poverty**

Tue 9/26: Theories of economic growth (deeper dive)

4. **Wed 9/27: Health in a global context**

Tues 10/3: Help with questions on problem set 1 (skill building, attendance optional)

5. **Wed 10/4: Education and learning. Problem set 1 due on October 6 at 7am**

Tue 10/10: No Tuesday session

6. **Wed 10/11: Social business: band-aid or solution?**

Tue 10/17: Tackling the Liberia case study from a stakeholder perspective (deeper dive)

7. **Wed 10/18: Women and Development. Problem set 2 due on October 20 at 7am**

Tue 10/24: Help with midterm preparation (skill building, attendance optional)

8. **Wed 10/25: Mid-term exam (in class)**

Tue 10/31: No Tuesday session this week

9. Wed 11/1 **What is poverty? (Insufficiency, instability, illiquidity)**
Tues 11/7 Poverty as measured compared to poverty as lived (deeper dive)
10. **Wed 11/8 Markets and market failure. Informal finance Problem set due on November 10 at 7am**
Tues 11/14 Population, context & generalizability (deeper dive)
11. Wed 11/15 **Microcredit and market-based financial innovation**
Tues 11/21 Proof of concept? Among whom? (deeper dive)

- Wed 11/22 Thanksgiving – No session
12. **Wed 11/29 Saving and investment (short-term vs long-term)**
Tues 12/5 Help with PS4
13. **Wed 12/6 Risk and resilience. Problem set 4 due on November 8 at 7am**
Tues 12/12 Help with final preparation (skill building, attendance optional)
14. **Wed 12/13 Just give people money? Final reflections**

15. **Wed 12/20 Final exam (in class)**

Detailed syllabus for the semester

NOTE: This syllabus provides only an outline of course content. Our NYU Brightspace site holds additional material, instructions and assignments. Any adjustments to content, assignments and timing will be posted there instead of in the syllabus. **Please use the Brightspace site** for the specific assignments and expectations tied to each session and to the course more broadly.

The following designations identify which readings and materials are required and which are recommended:

> Recommended reading (Resources listed with > in front of the citation indicates a recommended reading. Those without a > indicate a required reading.)

► **Watch:** Required videos

(recommended) ► **Watch:** Recommended videos

PART I. Introduction to development and the big issues

How did we come to define the “development problem” the way we do? What drives economic growth? Does foreign aid work? Can global poverty be eradicated?

1. Introduction to development economics. Development and inequality.

The past few years have raised concerns with widening inequality – both within countries and globally. Inequalities matter in themselves, and they also tell us about how economies are evolving. We start with global inequalities and situate the course in that context. Development Economics is a relatively young field, arising just after World War II as many countries that had been colonized gained independence from Europe. Since the early 1970s, a focus has been on extreme poverty, but progress in reducing extreme poverty and widening inequalities are reshaping conversations.

Banerjee and Duflo, *Poor Economics*. Chapter 1, all pages.

Branko Milanovic. 2023. *The Great Convergence: Global Equality and Its Discontents*. *Foreign Affairs*, July/August 2023. Ungated: <https://osf.io/preprints/socarxiv/yg2h9/>

Abstract: The paper re-estimates global inequality between 1820 and 1980, reappraises the results up to 2013, and presents new inequality estimates for 2018. It shows that historically, global inequality has followed three eras: the first, from 1820 until 1950, characterized by rising between country income differences and increasing within country inequalities; the second, from 1950 to the last decade of the 20th century, with very high global and between-country inequality; and the current one of decreasing inequality thanks to the rise of Asian incomes, and especially so Chinese. The present era has seen the emergence of the global “median” class, reduced population weighted gaps between nations, and the greatest reshuffling in income positions between the West and China since the Industrial Revolution. Whether global inequality will continue on its downward trend depends now much more on changes in India and large African countries than on China.

Martin Ravallion. Income inequality in the developing world. *Science* 344 (61862014), May 23 2014. <https://doi.org/10.1126/science.1251875>

Abstract: Should income inequality be of concern in developing countries? New data reveal less income inequality in the developing world than 30 years ago. However, this is due to falling inequality between countries. Average inequality within developing countries has been slowly rising, though staying fairly flat since 2000. As a rule, higher rates of growth in average incomes have not put upward pressure on inequality within countries. Growth has generally helped reduce the incidence of absolute poverty, but less so in more unequal countries. High inequality also threatens to stall future progress against poverty by attenuating growth prospects. Perceptions of rising absolute gaps in living standards between the rich and the poor in growing economies are also consistent with the evidence.

► **Watch** Sabine Alkire. "What is the capability approach to development?"

(recommended) ► **Listen** to Banerjee on poverty and poor people (3:06 minutes):

(recommended) ► **Watch** Thomas Piketty's TED Talk on increasing inequality

Silver, Marc (January 4, 2015) "If You Shouldn't Call It The Third World, What Should You Call It?" Goats and Soda, National Public Radio. (After events in Washington DC on January 6, 2021, NPR's Goats and Soda re-sent this 2015 blog, linking to it with this phrase: "it's an insulting way to classify countries." We ask you for similar introspection regarding the designation "developing countries.")

> Silver, Marc (January 8, 2021) "Memo to People of Earth: 'Third World' Is an Offensive Term!" Goats & Soda, NPR (Updated conversation with the article above)
<https://www.npr.org/sections/goatsandsoda/2021/01/08/954820328/memo-to-people-of-earth-third-world-is-an-offensive-term>

> Deaton, Angus. "Introduction." *The Great Escape*. Princeton University Press, 2013.

Tuesday session. Evaluating evidence and the RCT debate (deeper dive)

► **Listen** Esther Duflo. 2019, November 11. NPR interview with Brian Lehrer. Please pay special attention to Esther Duflo's explanation of RCTs role in evidence and achieving change – their experimental mindset – and how she defines poverty (program minutes 3:30-10:45).

► **Watch** UNICEF Innocenti – Randomized Controlled Design. (8 min).

Carroll, Aaron E. 2018, August 6. "Workplace Wellness Programs Don't Work Well. Why Some Studies Show Otherwise. Randomized controlled trials, despite their flaws, remain a powerful tool." *New York Times*, 6 August 2018.

Drèze, Jean. 2018. "Evidence, policy, and politics." *Ideas for India*, 3 August 2018.

> Deaton, Angus and Nancy Cartwright. 2018. "Understanding and misunderstanding randomized controlled trials." *Social Science and Medicine* 210: 2-21.

> Jonathan Morduch. "The disruptive power of RCTs." (July 30, 2019).

(recommended) ► **Watch** Esther Duflo: TED Talk "Social experiments to fight poverty." (17 minutes) (Required content for next week but useful here too.)

2. Demographics and migration

Banerjee and Duflo, *Poor Economics*. Chapter 5.

William Easterly, "Review: Going Beyond the Limits of the Earth With 'The Wizard and the Prophet'; The population catastrophe so often predicted never occurred, for a single reason: human ingenuity." *Wall Street Journal*. January 19, 2018.

► **Watch** Hans Rosling's TED Talk on Global Population (10 minutes)

Danzer, Alexander M. and Lennard Zyska. 2023. "Pensions and Fertility: Microeconomic Evidence." *American Economic Journal: Economic Policy* 15(2): 126–165.
<https://doi.org/10.1257/pol.20200440>

Clemens, Michael A. 2011. "Economics and Emigration: Trillion-Dollar Bills on the Sidewalk?" *Journal of Economic Perspectives* 25 (3): 83–106.

Ahmed Mushfiq Mobarak, Iffath Sharif, and Maheshwor Shrestha. 2023. "Returns to International Migration: Evidence from a Bangladesh-Malaysia Visa Lottery." *American Economic Journal: Applied Economics*.

> World Bank, "Migrants, Refugees, and Societies" (World Development Report 2023). Chapter 1: The Match and Motive Matrix.

> Banerjee and Duflo, 2019. *Good Economics for Hard Times*, Chapter 2 "From the Mouth of the Shark," pp 10-50. [an idea?? maybe we could get someone to copy the pages and post them. see what. you think]

> Lee, Jean, Jonathan Morduch, Saravana Ravindran, Abu Shonchoy, and Hassan Zaman. 2021. "Poverty and Migration in the Digital Age: Experimental Evidence on Mobile Banking in Bangladesh," *American Economic Journal: Applied Economics* 13, 38–71.

Tuesday session. (skill building) How to read an economic paper: Just what do all those numbers in the tables mean?

► **Watch** ColumbiaLearn How to Activate Your Reading (10 minutes)

Charles Wheelan, Naked Statistics, Chapters 8, 9 & 11.

Danzer, Alexander M. and Lennard Zyska. 2023. "[Pensions and Fertility: Microeconomic Evidence.](#)" American Economic Journal: Economic Policy 15(2): 126–165.

3. Climate change, growth, and poverty as climate change creates global challenges that lead some people to argue for slowing down economic growth, countries need to address poverty, unemployment, and ambitions to boost productivity.

Pinelopi Koujianou Goldberg. 2023. "The Climate Elephants in the Room." Project Syndicate. May 19, 2023.

Vinod Thomas. 2023. "The truth about climate action versus economic growth." Brookings Future Tense. May 3, 2023.

Rachel Glennerster and Seema Jayachandran. 2023. "[Think Globally, Act Globally: Opportunities to Mitigate Greenhouse Gas Emissions in Low- and Middle-Income Countries.](#)" Journal of Economic Perspectives 37 (3): 111–136.

► **Watch:** video for: [Allan Hsiao](#). 2022. "Coordination and Commitment in International Climate Action: Evidence from Palm Oil." Working paper, downloaded March 2022.
[Video:](#) Created by Hoai-Luu Nguyen

>Maggie Liu, Yogita Shamdasani, and Vis Taraz. 2023. "Climate Change and Labor Reallocation: Evidence from Six Decades of the Indian Census." American Economic Journal: Economic Policy 15(2): 395–423.

Abstract: How do rising temperatures affect long-term labor reallocation in developing economies? In this paper we examine how increases in temperature impact structural transformation and urbanization within Indian districts between 1951 and 2011. We find that rising temperatures are associated with lower shares of workers in nonagricultural sectors, with effects intensifying over a longer time frame. Supporting evidence suggests that local demand effects play an important role: declining agricultural productivity under higher temperatures reduces the demand for nonagricultural goods and services, which subsequently lowers nonagricultural labor demand. Our results illustrate that rising temperatures limit sectoral and rural-urban mobility for isolated households.

Tuesday session (deeper dive) Theories of economic growth underlie most development efforts since World War II. How did these theories shape past interventions and foreign aid strategies? Where do we stand today?

Sachs, Jeffrey et al (2004) "Ending Africa's Poverty Trap." Brookings Papers on Economic Activity, pp. 117-240, in particular pp. 123-128 and 144-147.

Banerjee & Duflo, Poor Economics, Chapter 1.

Economic growth models:

> Lewis, Arthur. "Economic Development with Unlimited Supplies of Labor." The Manchester School vol 22, no. 2 (1954), pp 139-181, especially pp 139-141; 146 paragraph 1; 157; 189-191.

> Solow, Robert M. "A Contribution to the Theory of Economic Growth." Quarterly Journal of Economics vol. 70, no. 1. (Feb 1956), pp. 65-94, especially pp 65-66, 70-72.

Income & nutrition thresholds tied to "poverty traps":

> Banerjee & Duflo Poor Economics, pp 22-40

> Aart Kraay and David McKenzie. 2014. "Do Poverty Traps Exist? Assessing the Evidence." Journal of Economic Perspectives 28 (3). Summer: 127-148.

4. Health in a global context

(recommended) ► **Watch** Sendhil Mullainathan's TED Talk on health and nudges

Banerjee and Duflo, Poor Economics. Chapter 2 and 3.

Pascaline Dupas. 2011. "Health Behavior in Developing Countries." Annual Review of Economics 3:425-49.

Melody Schreiber. "What Kills 5 Million People A Year? It's Not Just Disease." NPR Goats and Soda. September 5, 2018.

> Margaret E Kruk, Anna D Gage, Naima T Joseph, Goodarz Danaei, Sebastián García-Saisó, Joshua A Salomon. 2018. "Mortality due to low-quality health systems in the universal health coverage era: a systematic analysis of amenable deaths in 137 countries." Lancet 2018; 392: 2203-12. (This is the research paper from which the Schreiber piece was drawn.)

Di Giorgio, Laura, David K. Evans, Magnus Lindelow, Son Nam Nguyen, Jakob Svensson, Waly Wane, and Anna Welander Tärneberg. "An Analysis of Clinical Knowledge, Absenteeism, and

Availability of Resources for Maternal and Child Health: A Cross-Sectional Quality of Care Study in 10 African Countries." *BMJ Global Health* vol 5, no 2 (December 2020): 1-31.

Jishnu Das, Jeffrey Hammer, and Kenneth Leonard. 2008. "The Quality of Medical Advice in Low-Income Countries." *Journal of Economic Perspectives* 22 (2). Spring: 93-114.

> Nyqvist, Martina, et al. "Reducing Child Mortality in the Last Mile: Experimental Evidence on Community Health Promoters in Uganda" *American Economic Journal: Applied Economics* 2019, 11(3): 155–192.

> Castro-Leal, F., Dayton, J., Demery, L. and Mehra, K. (2000). "Public Spending on Healthcare in Africa: Do the Poor Benefit?" *Bulletin of the World Health Organization*, 78(1), 66-74.

> Abhijit Banerjee, Angus Deaton, and Esther Duflo (2004). "Wealth, health, and health services in rural Rajasthan," *Poverty Action Lab Paper No. 8*, May.

> Abhijit V. Banerjee, Rachel Glennerster, Esther Duflo (2008). "Putting A Band-Aid on a Corpse: Incentives for Nurses in the Indian Public Health Care System." *Journal of European Economic Association* 6(2-3): pp 487-500.

> Edward Miguel and Michael Kremer. (2004). "Worms: Identifying Impacts on Education and Health in the Presence of Treatment Externalities," *Econometrica*, pp 159-217.

> Jean N. Lee, Mahreen Mahmud, Jonathan Morduch, Saravana Ravindran, Abu Shonchoy. 2021. "[Migration, externalities, and the diffusion of COVID-19 in South Asia.](#)" *Journal of Public Economics* 193: 104312.

Tuesday session. Help with questions on problem set 1 (skill building, attendance optional)

5. Education and learning

The readings focus on practical, concrete steps to improve the quantity and quality of schooling. Some of the papers are long and technical. Read them to understand the motivation and main results. We'll discuss the methodology & results in class.

Banerjee and Duflo, *Poor Economics*. Chapter 4.

Esther Duflo. 2011. "Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment," *American Economic Review* 91(4): 795-813.

> Richard Akresh, Daniel Halim, Marieke Kleemans. Long-term and intergenerational effects of education. *VoxEU*. 18 May 2019.

> Monica Martinez-Bravo. "The Local Political Economy Effects of School Construction in Indonesia." *American Economic Journal: Applied Economics* 2017, 9(2): 256–289.

(recommended) ► **Watch** Animation on education and local politics in Indonesia (2:19 minutes)

Esther Duflo, Rema Hanna, and Stephen Ryan. 2012. "Incentives Work: Getting Teachers to Come to School." *American Economic Review*, 102(4): 1241–1278

Karthik Muralidharan and Nishith Prakash. 2017. "Cycling to School: Increasing Secondary School Enrollment for Girls in India." *American Economic Journal: Applied Economics* 9(3), pp. 321–350.

Jensen, Robert (2010). "The (Perceived) Returns to Education and the Demand for Schooling." *Quarterly Journal of Economics*, 125(2), p. 515-548.

> Dizon-Ross, Rebecca. 2019. "Parents' Belief about their Children's Academic Ability: Implications for Educational Investments." *American Economic Review* 109(8): 2728-2765.

> Afridi, Farzana; Bidisha Barooah; Rohini Somanathan. 2020. "Improving learning outcomes through information provision: Experimental evidence from Indian villages." *Journal of Development Economics*, vol. 146, September, pp 1-11.

Research on a remedial education intervention that was progressively applied in new settings:

> Banerjee, Abhijit V., Shawn Cole, Esther Duflo, Leigh Linden. 2007. "Remedying Education: Evidence from Two Randomized Experiments in India." *Quarterly Journal of Economics* 122:3, 1235-1264.

> Duflo, Esther, Pascaline Dupas and Michael Kremer. 2015. "School governance, teacher incentives, and pupil–teacher ratios: Experimental evidence from Kenyan primary schools." *Journal of Public Economics* 123: 92–110.

> Bold, Tessa, Mwangi Kimenyi, Germano Mwabu, Alice Ng'ang'a, and Justin Sandefur. 2018. "Experimental evidence on scaling up education reforms in Kenya." *Journal of Public Economics* 168: 1-20.

Tuesday session. No inclass Tuesday session. Administrative Monday. Outside of class work and submission due. See Brightspace for instructions.

6. Social business: Band-Aid or solution?

Many argue that the solution for service delivery is to tap the private sector, or at least to incorporate ideas from the market into nonprofit activities. Microfinance is a leading edge for that push, but the microfinance story is more complicated than it might seem at first. Two healthcare studies are discussed, in which the evidence for charging user fees is weak.

► **Watch** Acumen Fund's Jacqueline Novogratz talk: "A third way to think about aid" (TED Talk)

Jessica Cohen and Pascaline Dupas. 2010. "Free Distribution or Cost-Sharing? Evidence from a Randomized Malaria Prevention Experiment." *Quarterly Journal of Economics* CXXV (1), February.

Kremer, Michael and Edward Miguel. 2007. "The Illusion of Sustainability." *Quarterly Journal of Economics*, August: 1007-1065.

(recommended) ► **Watch** Berkeley's Ted Miguel on Worms (3:52 minutes)

(recommended) ► **Watch** Deworm the World: A Call to Action (9:04 minutes)

> Werker, Eric, and Faisal Z. Ahmed. 2008. "What Do Nongovernmental Organizations Do?" *Journal of Economic Perspectives*, 22(2): 73–92.

> Jonathan Conning and Jonathan Morduch. 2011. "Microfinance and Social Investment" *Annual Review of Financial Economics*, vol. 3, ed. Robert Merton and Andrew Lo: 407-434.

(recommended) ► **Watch** Dan Palotta argue that the way we think about charity is all wrong. (TED Talk)

Tuesday session. (deeper dive) Liberia case study. Are social enterprises the tool to fill in gaps in service delivery left by markets and government. Are social enterprises a reliable choice in all settings, especially for essential services? We use delivery of education in Liberia as a case study of these questions. Pay attention to the details and constraints that are barriers to effective delivery of Liberia's education needs.

Werner, George K. "Liberia has to work with international private school companies if we want to protect our children's future." *Quartz Africa*, 03 January, 2017.

► **Watch** George Werner, Liberian Minister of Education, explaining his support of Bridge International Academies (14 mins)

Bold, Tessa, et al. Enrollment without Learning: Teacher Effort, Knowledge, and Skill in Primary Schools in Africa. *Journal of Economic Perspectives* vol. 31, no. 4 (Fall 2017): pp 185–204.

FrontPageAfrica. Liberia: Legislators Want LEAP Program Extended to All Public Schools at Education Officers Summit. 18 September 2018.

Complete instructions for the session, background documents and optional reading list will be posted to Brightspace.

7. Women and development

Seema Jayachandran. 2015. "The Roots of Gender Inequality in Developing Countries." *Annual Review of Economics* 7:63–88.

Esther Duflo, "Women Empowerment and Economic Development." *Journal of Economic Literature*, vol 50, no 4, December 2012: 1051-1070.

> More on Duflo, from The Atlantic.

Jensen, Robert and Emily Oster (2009). "The Power of TV: Cable Television and Women's Status in India," *Quarterly Journal of Economics*, 124(3), p. 1057-1094.

Raghabendra Chattopadhyay and Esther Duflo. 2004. Women as Policy Makers: Evidence from a Randomized Policy Experiment in India. *Econometrica*, Vol. 72, No. 5 (September, 2004), pp. 1409–1443.

> Cassan, Guilhem and Lore Vandewalle. "Political reservations for women increase the policy influence of low castes in India." *VoxEu* 09 December 2017. (This expands the Chattopadhyay and Duflo article, "Women as Policy Makers," to include women's caste in the assessments.)

> Friedson-Ridenour, Sophia & Rachael S. Pierotti. "Competing priorities: Women's microenterprises and household relationships." *World Development* vol 121 (September 2019): 53-62.

Tuesday session. (skill building) Help with midterm review (attendance optional)

8. Wednesday: Mid-term exam (In class)

Tuesday session. No Tuesday session this week.

9. What is poverty? (Insufficiency, instability, illiquidity)

Poverty and well-being

Jonathan Morduch. 2023. "Rethinking Poverty, Household Finance, and Microfinance." Chapter 2 in Valentina Hartarska and Robert Cull, eds., *Handbook of Microfinance, Financial Inclusion and Development*. Edward Elgar, 2023: 21-40.

Daryl Collins, Jonathan Morduch, Stuart Rutherford, Orlanda Ruthven. *Portfolios of the Poor: How the World's Poor Live on \$2 a Day*. Chapter 1.

> Johannes Haushofer. 2014. "The Price of Poverty: Psychology and the Cycle of Need," *Foreign Affairs*, July 15, 2014.

Measuring poverty

The Economist. 2015. "The tricky work of measuring falling global Poverty." October 12, 2015.

Jonathan Morduch, "Concepts of Poverty," chapter 2 of United Nations Handbook of Poverty Statistics project. New York: United Nations.

Jonathan Morduch, "Poverty Measures," chapter 3 of United Nations Handbook of Poverty Statistics project. New York: United Nations.

Annie Lowrey. "Poverty Is a Choice: Extreme poverty has declined, but the line is very low." *The Atlantic*, July, 2020.

> Oxford Poverty and Human Development Institute. *Global Multidimensional Poverty Index 2019: Illuminating inequalities*.

Tuesday session. (deeper dive) Poverty as measured compared to poverty as lived. How we measure poverty affects where we focus development efforts. What is poverty? How is it measured? Why do the differences matter?

Amartya Sen. *Poverty & Famines*, pp 1-8

Amartya Sen. *Development as Freedom*, pp 85-93

Selections from *Voices of the poor*:

- Can anyone hear us? pp 184-188, starting with "Police Activities"; p 98 "Corruption"; pp 51-56 "Humiliation & Shame"
- Crying out for change p 27 "Self-Respect and Dignity"; p 189 "Respect"

Hickel, Jason & Charles Kenny. "12 Things We Can Agree On about Poverty." *Center for Global Development*, 27 August 2018.

Portfolios of the poor, pp: 205 to 210, with special attention to Figure A1.1.

- > Amartya Sen. Development as Freedom, additional readings (posted to Brightspace)
- > Charles Kenny. "Getting better in pictures." Center for Global Development Essays, February 2011.

10. Markets and market failure. Informal finance

Formalized markets are based on impersonal legal contracts. Informal markets, in contrast, are usually based on personal relationships and (often unwritten) understandings.

As formal markets expand, informal markets rarely disappear. Sometimes they even expand. Why? Part of the answer is that informal markets deliver qualities (speed? trust? reliability?) that formal markets lack. Rather than rejecting informal institutions as "backward", we can learn from them and build on them.

Daryl Collins, Jonathan Morduch, Stuart Rutherford, Orlanda Ruthven. *Portfolios of the Poor: How the World's Poor Live on \$2 a Day*, Chapter 2.

Banerjee and Duflo, *Poor Economics*. Chapter 7.

Morduch, Jonathan. "Rethinking Poverty, Household Finance, and Microfinance." August 2021 (unpublished).

Beatriz Armendáriz and Jonathan Morduch (2010), *The Economics of Microfinance*:
 Chapter 1: "Rethinking banking"
 Chapter 2: "Why intervene in credit markets?"

> Rutherford, Stuart (1998), *The Poor and their Money*. Delhi: Oxford University Press, Chapters 1 and 2.

> Jonathan Morduch (2017). "Microfinance as a Credit Card." *Limn* Issue 9

Tuesday session. Population, context and generalizability: Heterogeneity of impacts... What's really being measured?

Please read the abstract of each of the following articles. See the lesson on Brightspace for your assignment:

Deworming interventions

Kremer, Michael and Edward Miguel. (2007). "The Illusion of Sustainability." *Quarterly Journal of Economics*, 122(3) August: 1007-1065.

Baird, Sarah, Joan Hamory Hicks, Michael Kremer and Edward Miguel. (2016). "Worms at Work: Long-Run Impacts of a Child Health Investment." *Quarterly Journal of Economics* 131(4): 1637–1680.

Remedial education interventions

Jensen, Robert (2010). "The (Perceived) Returns to Education and the Demand for Schooling." *Quarterly Journal of Economics*, 125(2): 515-548.

Banerjee, Abhijit V., Shawn Cole, Esther Duflo and Leigh Linden. (2007). "Remedying education: Evidence from two randomized experiments in India." *Quarterly Journal of Economics*, 122(3) August: 1235-1264.

Duflo, Esther, Pascaline Dupas and Michael Kremer. (2015). "School governance, teacher incentives, and pupil-teacher ratios: Experimental evidence from Kenyan primary schools." *Journal of Public Economics* 123: 92-110.

Bold, Tessa, Mwangi Kimenyi, Germano Mwabu, Alice Ng'ang'a, and Justin Sandefur. "Experimental evidence on scaling up education reforms in Kenya." *Journal of Public Economics* 168: 1-20.

11. Microcredit and market-based financial innovation

The root of credit market failures is lack of collateral. But new institutions like Bangladesh's Grameen Bank and Bolivia's BancoSol have shown that it is possible to secure high rates of repayment while lending to poor households. The key is a series of new mechanisms, most famously "group-lending" with joint liability. Yunus describes the early experience with Grameen, and Morduch's papers describe a range of other programs, as well as emerging opportunities and tensions in the movement.

Muhammad Yunus. Interview with NBR, March 9, 2005. Wharton Business School.

[Or ► **Watch** Muhammad Yunus documentary (10 minutes)]

[Or ► **Watch** Muhammad Yunus on the Daily Show (with Jon Stewart)...content starts at 2 minutes]

(recommended) ► **Watch** Stuart Rutherford on microfinance and talking to clients (9 minutes):

Beatriz Armendáriz and Jonathan Morduch (2010), *The Economics of Microfinance*:
Chapter 4: "Group lending"
Chapter 5: "Beyond group lending"
> Chapter 10: "Subsidy and sustainability"

Field, Erica, Rohini Pande, John Papp, and Natalia Rigol. 2013. "Does the Classic Microfinance Model Discourage Entrepreneurship among the Poor? Experimental Evidence from India." *American Economic Review*, 103(6): 2196-2226

(recommended) ► **Watch** Rohini Pande describe new ways of thinking about microcredit (10 minutes):

CGAP, "Microcredit Interest Rates," Occasional Paper Number 1, August 1996 [Extract].

Robert Cull, Asli Demirgüç-Kunt, and Jonathan Morduch. 2009. "Microfinance Meets the Market." *Journal of Economic Perspectives* 23(1), Winter: 167-192.

Daryl Collins, Jonathan Morduch, Stuart Rutherford, Orlanda Ruthven. *Portfolios of the Poor: How the World's Poor Live on \$2 a Day*. Chapter 6.

> Matt Mossman. 2015. "Moving Beyond Microcredit." *The New Yorker*, November 2, 2015.

> Banerjee and Duflo, *Poor Economics*. Chapter 9.

> Jonathan Morduch (2000), "The Microfinance Schism," *World Development*, vol. 28, no. 4, (April): pp. 617-629.

Tuesday session. (deeper dive). Proof of concept? Among whom? What are some limits to generalizability of RCT findings? How can we make use of what they do tell us? We explore these questions through evidence on microfinance interventions.

Banerjee, Abhijit, Dean Karlan, and Jonathan Zinman. "Six Randomized Evaluations of Microcredit: Introduction and Further Steps." *American Economic Journal: Applied Economics*, vol. 7, no. 1, 2015, pp. 1–21.

Additional readings, assignments and questions posted to Brightspace.

12. Saving and investment

Households use a great variety of strategies to cope with misfortune and to build assets for the future. Some are very effective, while others are less so – and none are costless. We investigate what the data reveal on factors contributing to effectiveness, or the lack thereof.

Daryl Collins, Jonathan Morduch, Stuart Rutherford, Orlanda Ruthven. *Portfolios of the Poor: How the World's Poor Live on \$2 a Day*. Chapter 4.

Vincent Somville and Lore Vandewalle. 2023. "[Access to banking, savings and consumption smoothing in rural India](#)." *Journal of Public Economics* 223, 104900.

Abstract: To what extent does access to banking help poor households to save and smooth consumption? To answer this fundamental question, we combine a field experiment that randomly provides access to a bank account with weekly interviews on household finances. Access to banking does not change average consumption, but it improves consumption smoothing by alleviating savings constraints. Indeed, the control's expenditures follow income more closely than the expenditures of the treated. The latter handle variations in income by engaging in pro-cyclical saving in their account. These results provide an important new insight into the role of banking in low- and middle-income countries.

► **Watch** Saving in groups and out – the animated videos! (3.5 minutes each)
Intro to savings groups. Why Savings Groups work. Other ways to save

Beatriz Armendáriz and Jonathan Morduch (2010), *The Economics of Microfinance*: Chapter 6: "Saving and insurance."

Pascaline Dupas and Jonathan Robinson. 2013. "Why Don't the Poor Save More? Evidence from Health Savings Experiments." *American Economic Review*.103(4): 1138–1171.

(recommended)► **Watch** Pascaline Dupas describe her research on saving (5.5 minutes)

(recommended)► **Watch** Dean Karlan describe why commitments matter to saving (9 minutes)

(recommended)► **Watch** Nava Ashraf describe the challenge of holding on to your money (14 minutes)

(recommended)► **Watch** LSE's Nava Ashraf describe behavior change in saving (9 minutes)

Banerjee and Duflo, *Poor Economics*. Chapter 8.

(recommended) For next steps: ► **Read/Listen/Watch** Aizeman, Nurith. "Dial M For Money: Can Mobile Banking Lift People Out Of Poverty?" NPR, 9 December 2016.

Tuesday session. (skill building) Help with problem set 4 (Attendance optional)

13. Risk and resilience

How do households and communities protect themselves in the face of risk? Can private insurance be commercially-viable in poorer communities? How does vulnerability constrain development?

Daryl Collins, Jonathan Morduch, Stuart Rutherford, Orlanda Ruthven. *Portfolios of the Poor: How the World's Poor Live on \$2 a Day*. Chapter 3.

(recommended)► **Listen** Adam Davidson interviews Daryl Collins and Jonathan Morduch about *Portfolios of the Poor*. NPR Planet Money Podcast. (26 minutes)

Banerjee and Duflo, *Poor Economics*. Chapter 6.

► **Watch** Moral Hazard and Adverse Selection – the animated videos! (3.5 minutes each)

Shawn Cole, Xavier Giné, and James Vickery. 2017. "How Does Risk Management Influence Production Decisions? Evidence from a Field Experiment," *Review of Financial Studies* 30 (6): 1935–1970.

> Shawn Cole, Xavier Giné, Jeremy Tobacman, Petia Topalova, Robert Townsend, and James Vickery. 2013. "Barriers to Household Risk Management: Evidence from India." *American Economic Journal: Applied Economics* 5 (1): 104-135.

> Shawn Cole and Wentao Xiong. 2017. "Agricultural Insurance and Economic Development." *Annual Review of Economics* 9: 235-262.

(recommended) ► **Watch** Shawn Cole describe the research on rainfall insurance

> Jonathan Morduch (1998), "Between the State and the Market: Can Informal Insurance Patch the Safety Net?" *World Bank Research Observer* 14(2), August, 187- 202.

> Jonathan Morduch, "Microinsurance: The Next Revolution?" in *Understanding Poverty*, edited by Abhijit Banerjee, Roland Benabou, and Dilip Mookherjee. Oxford University Press, 2006.

Tuesday session. (skill building) Help with midterm preparation (Attendance optional)

14. Just give people money? Final reflections

Toro, Francisco. "What if there was a miracle treatment for world poverty? It might already exist." *Washington Post*, August 19, 2019.

Haushofer, Johannes, and Jeremy Shapiro. "The Short-Term Impact of Unconditional Cash Transfers to the Poor: Experimental Evidence from Kenya." **Quarterly Journal of Economics** 131, no. 4 (2016): 1973–2042. PDF

Jonathan Morduch and Rachel Schneider. 2023. "Just Give People Money. But How and When?" Chapter in Ray Boshara and Ida Rademacher (eds.), *Brief Essays on the Best Ideas to Build Wealth—for Everyone*. St. Louis Federal Reserve/Aspen Institute. September 2021: 169-174.

> Egger, Dennis, Johannes Haushofer, Edward Miguel, Paul Niehaus, and Michael Walker. "General Equilibrium Effects of Unconditional Cash Transfers: Experimental Evidence from Kenya." **Econometrica** 90, no. 6 (2022): 2603–2643. PDF

> Abhijit Banerjee, Rema Hanna, Jordan Kyle, Benjamin A. Olken, Sudarno Sumarto (2015). "[The Power of Transparency: Information, Identification Cards and Food Subsidy Programs in Indonesia](#)" NBER Working Paper 20923.

Final exam (In class)