AEB 4283: International Development Policy

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Office Hours	**Monday 3:00 – 4:00pm,**
	Thursday 4:00 – 6:00pm,
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Course Description

Half of the people on the planet live on less than $5 per day. Ten percent of the population survive on less than $1.90 per day, the global extreme poverty line. This level of material deprivation has profound consequences for human freedom and well-being. A child born in a low-income country is 14 times more likely to die before his or her fifth birthday than a child born in a high-income country. Families regularly must choose between drinking clean water and having basic medicines; between planning for future goals and providing for short-term needs; between sending their children to school and sending them to work on the farm so the family has enough food to eat.

Despite the bleak statistics, we have achieved steady reductions in global poverty in recent years. These gains have been made possible by a combination of innovative antipoverty programs, investments from the private sector, and the resourcefulness of the poor themselves. In this course we will explore what has worked, what has not, and how to evaluate the effectiveness of new antipoverty initiatives on the horizon. In every case, we will first establish the underlying foundation of human behavior that successful policies build upon, often borrowing from the analytical frameworks of the discipline of economics.

Until recently, the confounding issue of "correlation does not mean that there is causation" has frustrated efforts to create truly reliable anti-poverty programs. Over the last 15 years, there has been a revolution in international development: new quantitative techniques for evaluating program effectiveness have made policymaking much more evidence-based and data-driven. Through implementing some of those techniques with real data, this course offers a thorough understanding of how policymakers can quickly distinguish good policies from bad policies.

In the course, concepts that are applicable to life in both developed and developing countries will be embedded within discussions of context-specific subject areas. Among other topics, we will see how abstract imperfect information problems like adverse selection and moral hazard block the poor from obtaining potentially life-changing credit and insurance services. We will analyze collective action problems like free riding, which are common culprits preventing the preservation of the environment and natural resources. We will examine whether people engage in the sunk cost fallacy when choosing healthcare products and services. Throughout the semester, the course will require drawing on strong critical thinking skills while keeping in mind the difference between normative and positive modes of policy analysis. (3 credits)

Learning Objectives

Upon completion of this course, you will:

1. Understand the behavior of individuals and households in developing countries given the material, informational, and institutional constraints that they face;

2. Know the details of a range of policies that have sought to reduce poverty in developing countries;

3. Be capable of critically analyzing the evidence on how successful these policies have been in achieving their objectives;

4. Possess quantitative skills that are crucial for interpreting studies of policy impacts and understanding economic behavior.

Course Prerequisites

At a minimum, to enroll in the course you must have taken one of these courses:

- AEB 3103 Principles of Food and Resource Economics
- AEB 2014 Economic Issues, Food and You
- ECO 2013 Principles of Macroeconomics
- ECO 2023 Principles of Microeconomics

Required Book

The course requires you to read most chapters in *Poor Economics* by Abhijit Banerjee and Esther Duflo. Copies for purchase are available at the UF bookstore. The book is also on reserve at the UF library. All other readings will be available for download at the course's E-Learning website.

Grading

Assessment in the course is determined by:

- Four projects, worth 40% of the total grade
  - To allow you to get used to the project format, Project 1 will be worth 7% and Projects 2, 3, and 4 will be worth 11%.
- In-class quizzes on the readings, worth 7%
- Attendance and in-class questions via a classroom response system, worth 8%
- Midterm exam, worth 18%
- Final exam, worth 27%

The final exam is not cumulative, so it will only test material that is discussed between one week prior to the midterm exam and the end of the semester. Any extra credit will be at the professor's initiative and will be offered to all students in the class. The exams themselves will not be curved, but a grading curve is "built into" the overall grading scale at the outset of the course. Instead of earning an A with 93% and above as is standard, students who achieve a 89% or above will earn an A. Numeric grades will be rounded to the nearest whole number. The professor reserves the right to implement a Pareto improvement in the assignment of grades. The grading scale is:

Grading scale

89% & above	A
88% – 86%	A-
85% – 83%	B+
82% – 79%	B
78% – 76%	B-
75% – 73%	C+
72% – 69%	C
68% – 66%	C-
65% – 63%	D+
62% – 59%	D
58% – 56%	D-
55 & below	E

Projects

The four projects are designed to develop quantitative skills by analyzing theoretical and empirical issues. Once a project is late, you have 24 hours to turn it in with a 20% penalty. For each additional 24 hours late, 20% will be subtracted from your project; you will not receive any credit for a project that is five or more days late.

The numerical parts of the projects can be completed with Excel. You are permitted to use other software to complete the projects, but first you must obtain approval for it from the professor.

Expected project due dates

- Project 1: Wednesday, February 5

- Project 2: Monday, March 16

- Project 3: Monday, March 30

- Project 4: Wednesday, April 15

Quizzes

I will provide questions to guide interpretation of the readings. On days that a reading is due, a reading quiz will occur with $33.\bar{3}$ percent probability, determined by a dice roll at the beginning of class. You will then answer one of the questions for the reading due that day. Quizzes with your lowest two scores, including zeros for absences, will be dropped from the calculation of your final grade.

If you have an excused absence on a day a quiz occurs, you can make up the quiz at the end of each month. Contact Luqing Yu, our TA, through yuluqing1992@ufl.edu to schedule the make-up quiz. A question will be chosen randomly from the pool of all readings for that month.

Attendance and in-class questions

We will be using a classroom response system to record attendance and gather responses to in-class questions to provoke class discussion and to evaluate comprehension. Up to 5 classes will be dropped from the attendance/in-class questions portion of your grade in case of problems with technology or absence. We will try to use a "homebrew" system first and if there are technical problems, we will switch to Poll Everywhere. With Poll Everywhere (polleverywhere.com) you will be able to submit answers to in-class questions using iOS or Android smartphones and tablets, laptops, or through SMS text message. **Registration and the Poll Everywhere apps are free for students.** If necessary, I will send out email invitations to join the group for our class. A user's guide is available here:

https://www.polleverywhere.com/guides/student

For questions with definite correct answers, you will receive 0.75 points for submitting any response and one full point for submitting a correct response. For opinion-based questions with no incorrect answers, you will earn one point for submitting a response. For attendance you will earn 1 point. Marking yourself present via the electronic system while you are not physically present in the classroom will be considered a violation of the Honor Code.

Given the importance of the first two days of class for establishing expectations for the course, I will adhere to UF's policy on mandatory attendance during the first two days of class: "Students who do not attend at least one of the first two class meetings of a course or laboratory in which they are registered, and who have not contacted the department to indicate their intent, **may be dropped from the course.**" http://handbook.aa.ufl.edu/teaching/policies/.

Exams

- Midterm: Wednesday, February 19, 1:55pm – 2:45pm in 110 Rinker Hall

- Final: Thursday, April 30, 3:00 – 5:00pm in 110 Rinker Hall

The final is not cumulative, so it will only test material taught after the midterm exam. Any makeup exams with an excused absence will be given after, not before, the scheduled exam time and date.

Study group chats

If you are in a messaging app group with three or more students in the course and discuss the course content, projects, or exams, you must add me as an observer to the group. One example of such an app is GroupMe, but this policy applies to all messaging apps. Please email me with the instructions for joining the group when applicable. Failure to do so will be considered a violation of the Honor Code.

Course Plan and Readings

Throughout the semester, we will host several guest speakers who are involved in international development policy in various roles; the content of their presentations will appear on exams. With the exception of Poor Economics (indicated by "B&D" here), all readings will be posted on the course's E-learning website. The list and schedule of readings will likely change as the semester proceeds. Check the E-learning website for alterations. The project due dates are unlikely to change.

B&D = Abhijit Banerjee and Esther Duflo (2011). *Poor Economics.*
D&S = Alain de Janvry and Elisabeth Sadoulet (2016). *Development Economics: Theory and Practice.*
T&L = J. Edward Taylor and Travis Lybbert (2015). *Essentials of Development Economics.* 2nd Edition.

1. Introduction and Statement of the Problem

Date	Reading
Mon 1/6	• First day of class
Wed 1/8	• None
Fri 1/10	• B&D Forward and Chapter 1: "Think Again, Again" (through page 9 only)
Mon 1/16	• Banerjee, A. V. & E. Duflo (2007), "The Economic Lives of the Poor," Journal of Economic Perspectives 21(1), 141 – 167.
Wed 1/15	• D&S pages 70 – 72, "Development goes beyond Income, but can Income Growth Deliver Development?"

2. Measurement of Poverty and Inequality

    Fri 1/17   • T&L pages 75 – 6; 90 – 96; 110 – 124, (Purchasing Power Parity, Poverty, Gini Index)

    Wed 1/22   • None

3. Macroeconomic Growth

    Fri 1/24   • D&S pages 129 – 139, "Selected Schools of Thought in Development"

    Mon 1/27   • None

    Wed 1/29   • T&L pages 334 – 363, "International Trade and Globalization"

    Fri 1/31   • None

4. Impact Evaluation of Development Programs

    Mon 2/3   • T&L page 23 – 29, "What Works and What Doesn't?"

    Wed 2/5   **Project 1 due**

    Fri 2/7   • D&S pages 147 – 165, "Impact Evaluation of Development Policies and Programs"

    Mon 2/10   • D&S, pages 165 – 189, "Impact Evaluation of Development Policies and Programs"

    Wed 2/12   • None

5. Nutrition and Health

    Fri 2/14   • B&D Chapter 1.2: "Trapped in Poverty"
                          • B&D Chapter 3: "Low-Hanging Fruit for Better (Global) Health?"

    Mon 2/17   • None

    Wed 2/19   **Midterm Exam: 1:55pm – 2:45pm in 110 Rinker Hall**

6. Education and Conditional Cash Transfer Programs

    Fri 2/21   • None
    Mon 2/24   • B&D Chapter 4: "Top of the Class"

    Wed 2/26   • The Economist (2013), "Pennies from Heaven," Oct. 26, 2013.

    Fri 2/28   • None
    SPRING
    BREAK

7. Gender and Development

    Mon 3/9   • Ellen Barry (2017), "How to Get Away With Murder in Small-Town India." *The New York Times.* Aug. 19, 2017
                          • Suhasini Raj and Ellen Barry (2017), "Indian Police File Murder Charge After Times Describes Cover-Up," *New York Times.* Sept. 18, 2017.

    Wed 3/11   • T&L pages 238 – 240 and Sidebar 9.4, "Inside the Household"

    Fri 3/13   • None

    Mon 3/16   **Project 2 due**

8. Microfinance

    Wed 3/18   • B&D Chapter 7: "The Men from Kabul..."

    Fri 3/20   • None

    Mon 3/23   • B&D Chapter 8: "Saving Brick by Brick"

9. Agriculture and Rural-Urban Migration

Wed 3/25	• None
Fri 3/27	• Michael Todaro and Stephen Smith (2015) pages 462 – 466, "The Microeconomics of Farmer Behavior and Agricultural Development," *Economic Development*. 12th Edition.
Mon 3/30	**Project 3 due**
Wed 4/1	• Julie Schaffner (2014) pages 442 – 446; 464 – 467; 523 – 533, "Agricultural Market Interventions and Extension". *Development Economics*.
Fri 4/3	• Amanda Erickson (2018), "Shenzhen helped start China's boom. Now it's too expensive for factory workers." *The Washington Post*. Sep. 9, 2018. • Michael Haack (2018), "Hundreds of thousands displaced as Shenzhen 'upgrades' its urban villages." *The Guardian*. Aug. 23, 2018.

10. The Environment and Natural Resources

Mon 4/6	• None
Wed 4/8	• Nicholas Kristof (2019), "'Food Doesn't Grow Here Anymore. That's Why I Would Send My Son North.'" *The New York Times*, June 5, 2019.
Fri 4/10	• Michael Todaro and Stephen Smith (2015). Pages 502 – 518; 526 – 532. "The Environment and Development," *Economic Development*. 12th Edition.
Mon 4/13	• D&S pages 560 – 563, "Introducing New Markets: Payments for Environmental Services"
Wed 4/15	**Project 4 due**

11. Political and Social Institutions

Fri 4/17	• B&D Chapter 10. "Policies, Politics" • D&S pages 763 – 767, "Seven Strategies to Limit Rent-seeking"
Mon 4/20	• None

12. Conclusion

Wed 4/22	• B&D "In Place of a Sweeping Conclusion"
Thurs 4/30	**Final Exam: 3:00 – 5:00pm in 110 Rinker Hall**

University Policies

Attendance and Make-Up Work

Requirements for class attendance and make-up exams, assignments and other work are consistent with university policies that can be found at: https://catalog.ufl.edu/ugrad/current/regulations/info/attendance.aspx

Academic Honesty

As a student at the University of Florida, you have committed yourself to uphold the Honor Code, which includes the following pledge: "We, the members of the University of Florida community, pledge to hold ourselves and our peers to the highest standards of honesty and integrity." You are expected to exhibit behavior consistent with this commitment to the UF academic community, and on all work submitted for credit at the University of Florida, the following pledge is either required or implied: "On my honor, I have neither given nor received unauthorized aid in doing this assignment."

It is assumed that you will complete all work independently in each course unless the instructor provides explicit permission for you to collaborate on course tasks (e.g. assignments, papers, quizzes, exams). Furthermore, as part of your obligation to uphold the Honor Code, you should report any condition that facilitates academic misconduct to appropriate personnel. It is your individual responsibility to know and comply with all university policies and procedures regarding academic integrity and the Student Honor Code. Violations of the Honor Code at the University of Florida will not be tolerated. Violations will be reported to the Dean of Students Office for consideration of disciplinary action. For more information regarding the Student Honor Code and your rights, please see: http://www.dso.ufl.edu/sccr/process/student-conduct-honor-code and https://sccr.dso.ufl.edu/policies/student-honor-code-student-conduct-code

Assistance on Campus

Students experiencing crises or personal problems that interfere with their general wellbeing are encouraged to utilize the university's counseling resources. The Counseling & Wellness Center provides confidential counseling services at no cost for currently enrolled students. Resources are available on campus for students having personal problems or lacking clear career or academic goals, which interfere with their academic performance.

- University Counseling & Wellness Center, 3190 Radio Road, 352-392-1575, www.counseling.ufl.edu
- Counseling Services
- Groups and Workshops
- Outreach and Consultation
- Self-Help Library
- Wellness Coaching
- U Matter We Care, www.umatter.ufl.edu/
- Career Connections Center, First Floor JWRU, 392-1601, https://career.ufl.edu/

Services for Students with Disabilities

The Disability Resource Center coordinates the needed accommodations of students with disabilities. This includes registering disabilities, recommending academic accommodations within the classroom, accessing special adaptive computer equipment, providing interpretation services and mediating faculty-student disability related issues. Students requesting classroom accommodation must first register with the Dean of Students Office. The Dean of Students Office will provide documentation to the student who must then provide this documentation to the instructor when requesting accommodation. See 0001 Reid Hall, 352-392-8565, www.dso.ufl.edu/drc/

Software Use

All faculty, staff and students of the university are required and expected to obey the laws and legal agreements governing software use. Failure to do so can lead to monetary damages and/or criminal penalties for the individual violator. Because such violations are also against university policies and rules, disciplinary action will be taken as appropriate.

Grades and Grade Points

For information on current UF policies for assigning grade points, see:
https://catalog.ufl.edu/ugrad/current/regulations/info/grades.aspx

Instructor evaluations

Students are expected to provide professional and respectful feedback on the quality of instruction in this course by completing course evaluations online via GatorEvals. Guidance on how to give feedback in a

professional and respectful manner is available at https://gatorevals.aa.ufl.edu/students/ . Students will be notified when the evaluation period opens, and can complete evaluations through the email they receive from GatorEvals, in their Canvas course menu under GatorEvals, or via https://ufl.bluera.com/ufl/. Summaries of course evaluation results are available to students at https://gatorevals.aa.ufl.edu/public-results/