

# ECON 4434 Economic Development and Growth

Fall 2020

Hong Kong University of Science & Technology

Course website: <https://canvas.ust.hk>

<u>Class meetings</u>	Wed & Fri	4:30 – 5:50 pm	Zoom: 914-5646-0669
<u>Tutorials</u>	Mon	12:00 – 12:50 pm	

## Instructor

Professor Sujata VISARIA

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LSK 6083 OR Zoom: 443-411-2019

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## Teaching Assistant

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LSK 4063 OR Zoom (by appointment)

Office hours: Wed 10:00 – 11:30 am

## Course description

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Arguably, economic growth and human development are the most important topics that economists study. Governments all over the world are focused on their countries' economic growth, and all individuals are concerned about their economic and social wellbeing. So it is important to understand what it means for an economy to be developed, and what barriers individuals and countries face in achieving development.

We will work through a set of topics that will all contribute to this understanding. These include the measurement of human development, poverty and inequality, and barriers to growth and development, with a focus on land, credit and insurance markets, education and health.

In the process we will also discuss the methodology of development economics research: the formulation of theoretical models, development of hypotheses, and approaches to testing these in the data. You will also work in teams to critically analyse one particular research article, with an eye on evaluating its contribution to the literature.

## **Course Intended Learning outcomes (CILOs)**

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Students who complete this course successfully will be able to:

1. list the features of underdevelopment.
2. explain the links between income, non-income factors and human wellbeing.
3. define basic measures of underdevelopment, poverty and inequality, and critique their usefulness.
4. describe market imperfections and explain in their own words how market imperfections may impede growth.
5. conduct simple theoretical analyses of agrarian land, credit and insurance markets.
6. describe the logic behind empirical methodologies commonly used in development economics research, and how these contribute to causally identifying phenomena at work.
7. articulate how the education and health sectors tend to operate in developing countries, and the major barriers to high achievement.
8. analyze economic phenomena observed in the developing world.

The course will also provide students the opportunity to:

9. debate, convince and work effectively with team members.
10. develop oral communication and argumentation skills.

## **Prerequisites**

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You must have taken at least ECON 3133 or ECON 3014 successfully to enrol in this course.

I will assume that you know core concepts in calculus and microeconomics. Please review these if you feel uncertain.

## **Learning resources**

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- Slides will be posted on the course website immediately before the class meeting. All class meetings will be automatically recorded through Zoom and recordings will be provided as soon as they become available.
- However in addition to looking at the slides and attending the class meetings, it is expected that you will read all required readings.

- We will use the [course website](#) for announcements, to post assignments and assignment scores. Please check it regularly.
- The material in this course draws on different textbooks and journal articles. The reading list is below. Readings marked with a † are available on reserve in the library. The most reliable way to find the readings is to click on the [hyperlink](#), while you are logged into your UST account.

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## Reading List

- AM** †Armendariz de Aghion, Beatriz and Jonathan Morduch (2005), *The Economics of Microfinance*. Cambridge, MA: MIT Press. (Chapters 4 & 5.)
- CHKMR** Chaudhury, Nazmul, Jeffrey Hammer, Michael Kremer, Karthik Muralidharan and F. Halsey Rogers (2006), “[Missing in Action: Teacher and Health Worker Absence in Developing Countries](#)”, *The Journal of Economic Perspectives*, Volume 20, Number 1, pp. 91-116.
- BD** Banerjee, Abhijit and Esther Duflo (2011), *Poor Economics*, Public Affairs, Chapter 8.
- D** Duflo, Esther (2001), “[Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment](#)”, *American Economic Review*, Vol. 91, No. 4, pp. 795-813.
- MK** Miguel, Edward and Michael Kremer (2004), “[Worms: Identifying Impacts on Education and Health in the Presence of Treatment Externalities](#)”, *Econometrica*, Vol. 72, No. 1, pp. 159-217.
- R** †Ray, Debraj (1998), *Development Economics*. Princeton: Princeton University Press. (Chapters 6, 8, 11, 12 and 14.)
- TL** †Taylor, J. Edward and Travis J. Lybbert (2015), *Essentials of Development Economics*, University of California Press. (Chapters 4, 5, 6.)
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## Team Exercise Article Choices

### Microcredit

- BDGK** Banerjee, Abhijit, Esther Duflo, Rachel Glennerster and Cynthia Kinnan (2015), “[The Miracle of Microfinance? Evidence from a Randomized Evaluation](#)”, *American Economic Journal: Applied Economics*, Vol. 7, No. 1, pp. 22-53.

FPPR 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*, Vol. 103, No. 6, pp. 2196-2226.

GK Gine, Xavier and Dean S. Karlan (2014), “Group versus Individual Liability: Short and Long Term Evidence from Philippine Microcredit Lending Groups”, *Journal of Development Economics*, Vol. 107, pp. 65-83.

### Saving Behaviour

AKY Ashraf, Nava, Dean Karlan and Wesley Yin (2006), “Tying Odysseus to the Mast: Evidence from a Commitment Savings Product in the Philippines”, *Quarterly Journal of Economics*, pp. 635-672.

DR Dupas, Pascaline and Jonathan Robinson (2013), “Why Don’t the Poor Save More? Evidence from Health Savings Experiments”, *American Economic Review*, Vol. 103, No. 4, pp. 1138-1171.

KMR Dean S. Karlan, Sendhil Mullainathan and Benjamin Roth (2019), “Debt Traps? Market Vendors and Moneylender Debt in India and the Philippines”, *AER Insights*, Vol. 1, No. 1, pp. 27-42.

*Please contact the TA if you have trouble locating any of the reading material.*

## **Learning environment**

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### **Meetings/Lessons**

To start with, we will ONLY meet online via Zoom ([meeting ID 914-5646-0669](#)).<sup>1</sup> Only HKUST authenticated users will be eligible to join.

Your active participation is essential to make these class meetings a success. Please try and sign into the meeting a few minutes in advance. Barring *temporary* technical problems, I encourage and expect you to join with both audio and video.<sup>2</sup> To avoid noise distraction I will mute all participants upon joining the meeting. Group chat will be on for the first few minutes of every meeting in order to discuss any connection problems, and may be turned on again from time to time if needed. However for most of the meeting, *the chat function will be turned off*. This helps to avoid parallel conversations that may distract other students.

So that I can get to know you a bit better, please create a short “About Me” video on Flipgrid (Click [here](#), or visit <https://flipgrid.com> and use join code:

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<sup>1</sup>Note: Starting in the fourth week of classes we may switch to “mixed-mode”. This means that some students will be able to attend class in person, while others continue to attend via Zoom. Further details will be provided as soon as I have them.

<sup>2</sup>If you have privacy concerns, please contact me and we can discuss them.

**614e83dc**). In this video, please answer a few questions about yourself, and tell me about your expectations and possible concerns about this course. Your Flipgrid videos will be visible to everyone else in the class. The Flipgrid link will remain active until 25th September.

I would like our meetings to be interactive. You are always welcome to ask questions or make comments related to the material we are discussing. To do this, please “raise your hand” in the Zoom meeting. I will unmute you so you can speak. I may also ask a question and ask for volunteers to answer, or ask a specific question to a specific student. We will also use Zoom polls as a way to check understanding. It is important that you are actively participating throughout!

*The tutorial slot will generally not be used.* However if for any reason we need to cancel a class, we may use the tutorial slot to make up for lost time.

## Assessment scheme

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### Class Participation 10%

Your participation score will depend on your active participation in the course. You can participate by submitting your About Me video, attending the class meetings, and participating in the Zoom polls that will be conducted from time to time. Students who actively ask questions, answer questions and make comments will also receive extra credit.

### Homework Assignments 45%

- There will be **four** homework assignments. They will test your understanding of material that has been discussed in class or in your readings.
- **Three** assignments will require you to submit written answers. These will include both short- and long-answer questions. You may be expected to submit graphs or concept maps. These can be hand-drawn, drawn on a computer or tablet, or created using online apps such as [Miro](#)). If hand-drawn, we strongly recommend [scanning](#) the image to maximise contrast and resolution, and minimise file size. This will help ensure you can upload the file smoothly.
- **One** assignment will require you to record and upload a video presentation explaining your answer. Further details will be provided with the assignment.
- Each assignment will have a stated deadline and must be submitted before the deadline is up. Late submissions are generally not possible. See exact dates for each assignment in the schedule.

### **Team Exercise 25%**

- There will be one exercise where you will work in teams, and create and present a critical review of a single published research article. See the list of articles on page 4.
- Teams will have 3 or 4 persons. We will form teams at the end of October. (More detail about how the teams will be formed will be provided later.) Each team will be able to select three papers that it would like to present. I will assign the teams to one of these.
- You will work with your team outside class hours. You are encouraged to collaborate through the online platform that I suggest, using the structure that I will provide; this will allow me to give you better guidance and feedback.
- You will prepare a 7-minute draft presentation. Your team will make this presentation privately to me during the class meeting slot, on either November 25 or 27. You will receive feedback immediately afterwards.
- You will use the feedback to revise your presentation, and then submit a 10-minute video recording of your final presentation on December 1 or December 2. On December 2 and 4, we will have a whole-class discussion on the basis of these presentations, where teams will have a chance to respond to questions from other students.
- Please note: I will provide an optional peer evaluation form at the end of the team exercise. *If they wish*, students will be able to submit positive or negative feedback about their team members. This feedback could inform your score on the team exercise.

### **Summary Discussion of Team Exercise Topic 20%**

- Each student will write their own individual summary of our discussion on microcredit, or savings behaviour. (You will choose the topic that you presented under.)
- This will be a critical summary of the articles that were presented, and our discussion. It will include your responses to the questions that were raised in the class discussion and/or I raised in my feedback to you.
- You may want to discuss this assignment with your team, but you must write it independently.
- When you submit your summary, Canvas will put your work through Turnitin to check for overlap with other submissions, or published material. Any student who receives a similarity score above 15% will be asked to revise and resubmit, or risk losing marks.

## **ECON 4670: Economics Research and Communication**

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This course is *not* listed as one of the courses that will help you pass ECON 4670. However, interested students may take their work from the team exercise as a starting point, and write a 10-page *individual* paper for ECON 4670. *This must be an extension of the work you will have done for this course, so please note that it requires additional research and reading.* The deadline for this submission will be in mid-January 2021. Students who wish to pursue this option should inform me *no later than Friday 16th October*. Further details will be provided to interested students after this date.

## **Academic honesty**

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Academic dishonesty is immoral and unfair, and I take a very serious view of it. You must be aware of [HKUST's policy on academic integrity](#), and abide by its provisions. I will report all cases of suspected misconduct to the Dean's Office, and their decision will be final and binding.

Please be especially careful not to plagiarize. Many students plagiarize without realizing what they are doing. For example, any text that you quote directly from another source must be included in quotation marks, and referenced correctly. If you do not include quotation marks, the words must be your own. If we detect plagiarism on written assignments we will penalise it. *Assignment 1 will give you an opportunity to find out more about what plagiarism is, and how to avoid it.*

### Course schedule<sup>a</sup>

Class	Date	Topics	Reading	Due
L1-3	Sep 9-16	Human Well-being & Development	TL Ch. 6	
L4-L7	Sep 18-30	Poverty & Inequality	R Ch.8 & 6, TL Ch. 4 & 5	HW1 Sep 23; About Me Sep 25
L8-L11	Oct 7-16	Empirical Methods; Education & Health	D, MK	HW2 Oct 7
L12-L13	Oct 21-23	Market Imperfections	R Ch. 11	
L13-L14	Oct 23-28	Land Markets	R Ch. 12	HW3 due Oct 28
L15-L17	Oct 30-Nov 6	Credit Markets	R Ch. 14	
L18-L20	Nov 11-18	Microcredit	AM	HW4 due Nov 11
L21	Nov 20	Savings Behaviour	BD, M	
L22-L23	Nov 25-27	_____Student Team Meetings with Instructor_____		
L24-L25	Dec 2*-4*	_____Whole-class Discussion of Team Presentations_____		Recordings due Dec 1-2
	Dec 14	_____Submit Individual Summary Paper_____		

<sup>a</sup> All students are expected to attend on dates marked with a star (\*). Topics and/or readings may change. Check the [course website](#) for updates.