



北京大學  
汇丰商学院

Peking University HSBC Business School

# Econ 544 Economics of Poverty Module 3, 2015-16

## Course Information

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### **Instructor: Qing Wang**

Office: PHBS Building, Room 731

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Office Hour: Tuesday, 10:30-12:30pm or by appointment

### **Classes:**

Lectures: Tuesday & Friday, 8:30-10:20am

Venue: PHBS Building, Room 335

### **Course Website:**

<http://cms.pkusz.edu.cn>

## 1. Course Description

### 1.1 Context

Course overview:

This is an elective course designed for graduate students in Economics and related fields. In this course, we will explore theory, empirical practices, and public policy in development economics at the micro level. This course examines the causes and consequences of development and poverty in the developing world. Students will learn to apply economic theory to practices and understand the behaviour of households and firms. Analysis of selected topics in economic development includes human capital, health, inequality, savings and credit, globalization and technological change, and others. Emphasis is placed on empirical analysis given available data.

Prerequisites:

Students are expected to have completed undergraduate level Microeconomic Theory or equivalent. This includes the decision making procedure of individuals and firms, market equilibrium and failure, and the basic knowledge of data analysis. Please see me if you are unsure about your background to take this course.

### 1.2 Textbooks and Reading Materials

There is no required textbook for the course. I will use the course website to distribute all announcements, handouts, readings and homework assignments. The following textbooks are a good source of references.

- [1]. Ray, Debraj, 1998. Development Economics. Princeton University Press.
- [2]. Banerjee, Abhijit V., and Esther Duflo, 2012. Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty. PublicAffairs.

- [3]. Deaton, Angus. The Analysis of Household Surveys: A Microeconomic Approach to Development Policy. The World Bank.
- [4]. Khandker, Shahidur R., Gayatri B. Koolwal, and Hussain A. Samad. Handbook on Impact Evaluation: Quantitative Methods and Practices. The World Bank.
- [5]. Data Source  
 World Development Indicators:  
<http://data.worldbank.org/indicator/>  
 Poor Economics Data:  
<http://www.pooreconomics.com/data/country/home/>  
 IPUMS:  
<https://international.ipums.org/international>  
 World Bank Microdata Library:  
<http://microdata.worldbank.org/index.php/home/>

## 2. Learning Outcomes

### 2.1 Intended Learning Outcomes

Learning Goals	Objectives	Assessment
1. Our graduates will be effective communicators.	1.1. Our students will produce quality business and research-oriented documents.	√
	1.2. Students are able to professionally present their ideas and also logically explain and defend their argument.	√
2. Our graduates will be skilled in team work and leadership.	2.1. Students will be able to lead and participate in group for projects, discussion, and presentation.	√
	2.2. Students will be able to apply leadership theories and related skills.	
3. Our graduates will be trained in ethics.	3.1. In a case setting, students will use appropriate techniques to analyze business problems and identify the ethical aspects, provide a solution and defend it.	
	3.2. Our students will practice ethics in the duration of the program.	
4. Our graduates will have a global perspective.	4.1. Students will have an international exposure.	
5. Our graduates will be skilled in problem-solving and critical thinking.	5.1. Our students will have a good understanding of fundamental theories in their fields.	√
	5.2. Our students will be prepared to face problems in various business settings and find solutions.	
	5.3. Our students will demonstrate competency in critical thinking.	√

### 2.2 Course specific objectives

This course aims to equip students to understand and engage in fundamental theories and empirical research in the field of micro economic development. Learning will be achieved through reading book chapters, presenting academic papers and articles, and critically analysing the learning materials.

## **2.3 Assessment/Grading Details**

Students are expected to attend all lectures, participate in class discussions, read the required class materials and complete homework and projects. The course grade will be determined by:

- [1]. Attendance and class participation (10%).  
Attendance to all lectures is mandatory.
- [2]. Class presentation (20%).  
Students will be responsible for presenting one or two papers or articles from the reading list depending on the class size.
- [3]. Midterm exam (20%).  
There will be an individual open-book exam including problem solving and essay questions.
- [4]. Homework assignments (30%).  
There will be three homework assignments. The assignments will contain computer exercises using statistical packages. Send me a copy by email before class begins (no later than 8am) and submit a hard copy in class. Attach the code with your answer if there is any. Late homework will not be accepted.
- [5]. Written summary (20%).  
Each student will write five summaries of papers that are listed in the references and presented by other students. Send me a copy by email before class begins and bring me a hard copy in class. Late submission will not be accepted.

## **2.4 Academic Honesty and Plagiarism**

It is important for a student's effort and credit to be recognized through class assessment. Credits earned for a student work due to efforts done by others are clearly unfair. Deliberate dishonesty is considered academic misconducts, which include plagiarism; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; or altering, forging, or misusing a University academic record; or fabricating or falsifying of data, research procedures, or data analysis.

All assessments are subject to academic misconduct check. Misconduct check may include reproducing the assessment, providing a copy to another member of faculty, and/or communicate a copy of this assignment to the PHBS Discipline Committee. A suspected plagiarized document/assignment submitted to a plagiarism checking service may be kept in its database for future reference purpose.

Where violation is suspected, penalties will be implemented. The penalties for academic misconduct may include: deduction of honour points, a mark of zero on the assessment, a fail grade for the whole course, and reference of the matter to the Peking University Registrar.

For more information of plagiarism, please refer to *PHBS Student Handbook*.

## **3. Topics, Teaching and Assessment Schedule**

An asterisk (\*) indicates readings for students to present and write a summary.

### **Introduction**

Lecture 1: February 23

1. Banerjee, Abhijit V., and Esther Duflo, 2012. Poor Economics, Chapter 2.

2. Chandy, Lawrence and Jeffrey Gertz, 2011. Poverty in Numbers: The Changing State of Global Poverty from 2005 to 2015. The Brookings Institution. Washington, DC.
3. Ray, Debraj, 1998. Development Economics, Chapter 1 and 8.
4. Cohen, Jessica, and William Easterly. Introduction: Thinking Big vs. Thinking Small.
5. Solow, Robert M, 2007. The Last 50 Years in Growth Theory and the Next 10. *Oxford Review of Economic Policy* 23(1): 3-14.
6. Do poor countries really get richer? 2014. The Economist.

### **Empirical methods**

Lecture 2: February 26

Lecture 3: March 1

1. Dehejia, Rajeev H., and Sadek Wahba, 1999. Causal Effects in Nonexperimental Studies: Reevaluating the Evaluation of Training Programs. *Journal of the American Statistical Association*, 94(448): 1053-62.
2. Duflo, Esther, and Michael Kremer, 2003. Use of Randomization in the Evaluation of Development Effectiveness. Conference on Evaluation and Development Effectiveness.
3. Khandker, Shahidur R., Gayatri B. Koolwal, and Hussain A. Samad, 2010. Handbook on Impact Evaluation: Quantitative Methods and Practices, Chapter 3, 4, 6, and 7.
4. Paul Holland, 1986. Statistics and Causal Inference. *Journal of the American Statistical Association*, 81(396): 945-960.

### **Human capital investment and productivity**

Lecture 4: March 4

Lecture 5: March 8

1. Angrist, Joshua D., and Alan B. Krueger, 1991. Does Compulsory School Attendance Affect Schooling and Earnings? *Quarterly Journal of Economics*, 106(4): 979-1014.
2. David Card, 1999. The Causal Effect of Education on Earnings. Chapter 30 in *The Handbook of Labor Economics*, 3A: 1801-64.
3. \* Duflo, Esther, 2001. Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment. *American Economic Review*, 91(4): 795-813.
4. \* Sarah Baird, Craig McIntosh, and Berk Ozler, 2011. Cash or Condition? Evidence from a Cash Transfer Experiment. *The Quarterly Journal of Economics*, 126(4): 1709-53.
5. \* Barrera-Osorio, Felipe, Marianne Bertrand, Leigh L. Linden, and Francisco Perez-Calle, 2011. Improving the Design of Conditional Transfer Programs: Evidence from a Randomized Education Experiment in Colombia. *American Economic Journal: Applied Economics*, 3(2): 167-95.
6. \* Online Learning is Becoming More Popular. 2014. The Economist.
7. \* Down and Out in Rural China. 2014. The Economist.

## Health and nutrition

Lecture 6: March 11

Lecture 7: March 15

1. Ray, Debraj, 1998. Development Economics. Chapter 8.
2. \* Cohen, Jessica and Pascaline Dupas, 2010. Free Distribution or Cost-Sharing? Evidence from a Randomized Malaria Prevention Experiment. *Quarterly Journal of Economics*, 125(1): 1-45.
3. \* Galani, Gertler and Schargrodsky, 2005. Water for Life: The Impact of Privatization of Water Services on Child Mortality. *Journal of Political Economy* 113(1): 83-120.
4. \* Gertler, Paul, 2004. Do Conditional Cash Transfers Improve Child Health? Evidence from PROGRESA's Control Randomized Experiment. *American Economic Review* 94(2): 336-341.
5. \* Maccini, Sharon, and Dean Yang, 2009. Under the Weather: Health, Schooling, and Economic Consequences of Early-Life Rainfall. *American Economic Review*, 99(3): 1006-26.
6. \* Strauss and Thomas, 1998. Health, Nutrition and Economic Development. *Journal of Economic Literature*, 36(2): 766-817.
7. \* The Nutrition Puzzle. 2012. The Economist.

## Entrepreneurship, innovation and technological change

Lecture 8: March 18

Lecture 9: March 22

1. Banerjee, Abhijit V., and Esther Duflo, 2012. Poor Economics. Chapter 9.
2. \* Bruton, G. D., Ahlstrom, D. and Obloj, K, 2008. Entrepreneurship in Emerging Economies: Where Are We Today and Where Should the Research Go in the Future. *Entrepreneurship Theory and Practice*, 32(1): 1-14.
3. \* Fan, S. and X. Zhang, 2002. Production and Productivity Growth in Chinese Agriculture: New National and Regional Measures. *Economic Development and Cultural Change*, 50(4): 819-38.
4. Foster, Andrew and Mark Rosenzweig, 2010. Microeconomics of Technology Adoption. *Annual Review of Economics*, 2: 395-424.
5. \*Gine, Xavier and Dean Yang, 2009. Insurance, Credit, and Technology Adoption: Field Experimental Evidence from Malawi. *Journal of Development Economics*, 89(1): 1-11.
6. \* Karlan, Dean and Martin Valdivia, 2011. Teaching Entrepreneurship: Impact Of Business Training On Microfinance Clients and Institutions. *Review of Economics and Statistics*, 93(2): 510-27.
7. \* Poschke, Markus, 2013. Who Becomes an Entrepreneur? Labor Market Prospects and Occupational Choice. *Journal of Economic Dynamics and Control*, 37: 693-710.
8. Technology in Emerging Economies. 2008. The Economist.

## Migration and rural development

Lecture 10: March 25

Lecture 11: March 29

1. Ray, Debraj. 1998. Development Economics. Chapter 10 and 13.
2. \* Antman, Francisca, 2012. Elderly Care and Intrafamily Resource Allocation when Children Migrate. *Journal of Human Resources*, 47(2): 331-63.
3. \* Antman, Francisca, 2012. Gender, Educational Attainment, and the Impact of Parental Migration on Children Left Behind. *Journal of Population Economics*, 25(4): 1187-1214.
4. \* Asli Demirguc-Kunt, Ernesto Lopez Cordova, Maria Soledad Martinez Peria, Christopher Woodruff. Remittances and banking sector breadth and depth: Evidence from Mexico. *Journal of Development Economics*, 95(2): 229-41.
5. \* Besley, Tim, and Robin Burgess, 2004. Can Labor Market Regulation Hinder Economic Performance? Evidence from India. *Quarterly Journal of Economics*, 119(1):91-134.
6. \* Dean, Yang, 2011. Migrant Remittances. *Journal of Economic Perspectives*, 25(3): 129-152.
7. \* The Great Transition. 2014. The Economist.

### **Midterm exam**

Lecture 12: April 1

### **Financial market**

Lecture 13: April 5

Lecture 14: April 8

1. Banerjee, Abhijit V., and Esther Duflo, 2012. Poor Economics. Chapter 7.
2. Ray, Debraj, 1998. Development Economics. Chapter 14.
3. \* Chatterji, Aaron K. and Robert C. Seamans, 2012. Entrepreneurial Finance, Credit Cards, and Race. *Journal of Financial Economics*, 106(1): 182-95.
4. \* Fafchamps, Marcel, and Flore Gubert, 2007. The Formation of Risk-Sharing Networks. *Journal of Development Economics*, 83(2):326-50.
5. \* Karlan, Dean, 2005. Using Experimental Economics to Measure Social Capital and Predict Financial Decisions. *American Economic Review*, 95(5):1688-1699.
6. \* Haunted Housing. 2013. The Economist.
7. \* Shadow Banking in China. 2014. The Economist.

### **Inequality**

Lecture 15: April 12

Lecture 16: April 15

1. Ray, Debraj, 1998. Development Economics. Chapter 6 and 7.

2. \* Zhang, Junsen, Jun Han, Pak-Wai Liu, and Yaohui Zhao. Trends in the Gender Earnings Differential in Urban China, 1988-2004. *Industrial and Labor Relations Review*, 61(2): 224-44.
3. \* Mammen, Kristinm, and Christina Paxson, 2000. Women's Work and Economic Development. *Journal of Economic Perspective*, 14(4): 141-64.
4. \* Wang, Shing-Yi, 2014. Property Rights and Intra-Household Bargaining. *Journal of Development Economics*, 107: 192-201.
5. \* Solon, Gary, 2002. Cross-Country Differences in Intergenerational Earnings Mobility. *Journal of Economic Perspectives*, 16(3): 59-66.
6. \* Mazumder, Bhashkar, 2005. Fortunate Sons: New Estimates of Intergenerational Mobility in the United States Using Social Security Earnings Data. *Review of Economics and Statistics*, 87(2): 235-55.

### **Fertility and children**

Lecture 17: April 19

1. Ray, Debraj, 1998. *Development Economics*. Chapter 9.
2. \* Field, Erica, and Attila Ambrus, 2008. Early Marriage, Age of Menarche, and Female Schooling Attainment in Bangladesh. *Journal of Political Economy*, 116(5): 881-930.
3. \* Qian, Nancy, 2009. Quantity-Quality and the One Child Policy: The Only-Child Disadvantage in School Enrollment in Rural China. NBER Working Paper 14973.
4. \* Why is China Relaxing its One-child Policy? 2013. *The Economist*.

### **Review session**

Lecture 18: April 22

## **4. Miscellaneous**

We will use CMS (<http://cms.pkusz.edu.cn/>) to manage the course. The course website will appear as Econ 544: Economics of Poverty in your CMS Course List. I will send email announcements through CMS and post all related course materials there. Please check the course website every week.