

**University of Maryland**  
**Master of Science in Applied Economics Program**

**Syllabus for ECON 676: Economic Development**

Spring 2020, College Park Campus

**Instructor:** Dr. Steven Payson, [SPayson@umd.edu](mailto:SPayson@umd.edu)

Cell Number is provided in ELMS, to be called only during reasonable hours - email is highly preferable.

**Office hours:** 5:30 - 6:15 PM, Morrill Hall, Room 1102C, on the same days we have class. Additional meeting times may be available by appointment - contact the Instructor for an alternative meeting time.

**Teaching Assistant:** Zhenxun Liu ([ZLiu1995@umd.edu](mailto:ZLiu1995@umd.edu))

Office hours: Wednesday 5:05-6:25 in Morrill 1102

**Class Meets:** Wednesdays 6:30- 9:15 PM, Tydings Hall, Rm. 2102  
(with a 15-minute break halfway through).

**Prerequisites:** ECON 641, ECON 642; and must have completed, or be currently enrolled in, ECON 645.

**Course Description:** The class will use economic theory and empirical evidence to understand important questions in the field of development economics. Each meeting of the class is designed to be self-contained, but some broad topics within the field will be considered in more than one of the meetings. The broad topics include: poverty, inequality and growth; agricultural markets; credit markets; and the development of human capital (i.e., health and education). Course readings will include textbooks, policy pieces, and academic articles.

### **Course Objectives**

Our Masters in Applied Economics Program has the following seven general learning outcomes, all of which pertain to this course:

1. Ability to understand, evaluate and analyze economic data
2. Ability to understand and interpret statistical evidence from economic data
3. Ability to apply empirical evidence to assessing economic arguments
4. Ability to apply macroeconomic theories to policy discussions
5. Ability to apply microeconomic theories to policy discussions
6. Ability to communicate economic ideas to a broader audience
7. Ability to evaluate the effectiveness of policy programs using sound economic techniques

Students will develop their skills in theoretical and empirical analysis. They will apply these skills to questions related to development economics. They will be required to present their work before an audience, in writing, mathematically, and empirically based on appropriate econometric analysis of data. Emphasis will be on the analysis of policies and their impacts.

### Textbooks (and Required Reading):

Schaffner, Julie. 2013. *Development Economics: Theory, Empirical Research, and Policy Analysis*. First Edition. Wiley.

World Bank. 2019. *World Development Report: The Changing Nature of Work*. (freely available online at: <https://www.worldbank.org/en/publication/wdr2019>)

Other suggested readings that relate to the class lectures will be posted on the course's ELMS site during the semester.

**Statistical Software:** Stata (version 13 or above, preferably version 14, 15, or 16)

### General Description of the Class Timeline, Assignments, and Grading

Students will be graded on the basis of two factors: (1) a midterm examination on the course material presented during the *first half* of the semester, and (2) specific assignments associated with a *final report* that will be due on the last day of the class. This class will not have a final examination.

Four problem sets will be assigned to help students prepare for the midterm. The problem sets are ungraded, but students are strongly encouraged to complete them. They will be due on their deadline dates prior to the start of class, and will be discussed on that day in class.

The table below summarizes the grading method that will apply, where “points” and “percent of grade” are synonymous. Thus, the midterm will account toward 35 percent of the grade, while the various assignments associated with the final report will collectively account for 65 percent.

Grading Method		Points/ Percent of Grade
Problem Sets 1-4 (to help students prepare for the midterm)		0
Midterm Exam		35
Assignments for Report		
	Initial Suggested Research Topic, Justification, & Outline	0
	Revised Research Topic, Justification, & Outline	3
	Preliminary Data Collection (Shown in Stata)	2
	Final Data and Preliminary Empirical Findings (Shown in Stata)	5
	Ten-Minute Presentation to the Class	5
Final Report		
	Quality of the Written Portion of the Report	40
	Technical Appendix on Data and Empirical Results (Using Stata)	10
<b>TOTAL</b>		<b>100</b>

In studying for the midterm students should focus primarily on the material presented in lectures and in the problem sets. Most of the lecture material will be shown in PowerPoint slides, which will be made available in ELMS on the day *after* the class. Students should study all of the assigned reading as well, which will enable them to better understand the material covered in class.

As indicated in the above table, students will be given four interim assignments to guide their production of the final report, followed by a presentation of the report before the class and then the submission of the final report. The report will consist primarily of a standard written portion, but will also require a technical appendix showing the data and Stata programming involved in acquiring the report’s findings. (The empirical results should thus be entirely reproduceable from what is provided in the report.)

Students will be asked, early on, to think about their choice of a research topic for the report, and by the fourth class, as an assignment, they will provide an “Initial Suggested Research Topic, Justification, & Outline,” of their report. (Additional guidance will be given to students on what is expected for this assignment, and they will be encouraged to discuss it with the professor before deciding on a topic.) Students will receive no points for this assignment, but it will help them prepare the next “Revised Research Topic, Justification, and Outline,” which will account for 3 percent of the grade.

After the midterm exam, students will be expected to work expeditiously on their report, which will include data collection and analysis. Their next assignment will be preliminary data collection for their report, which they will show using Stata (accounting for 2 points), followed by another assignment that presents the final data and preliminary empirical findings (5 points). Feedback from the Instructor will be offered on each of these assignments to advise students in preparing their final report. Students will then be asked to deliver ten-minute presentations on their reports before the class based on their research and findings, worth 5 points, though the report need not be completed at the time of the presentation. The final report, due on the last day of class (May 20<sup>th</sup>), will represent 50 percent of the grade, of which 40 percent will be based on the quality of the written portion of the report, and 10 percent will be on the report’s technical appendix (required for each report) displaying the data and the coding that was done in Stata.

**Final Course Grades:** Grades on each component of the course will be weighed according to the scale above to calculate their numerical course grade. The numerical course grades will be translated into letter grades as follows:

93-100	90-92	80-89	70-79	60-69	50-59	40-49	30-39	20-29	10-19	0-9
A	A-	B+	B	B-	C+	C	C-	D+	D	F

### Requirements of the Final Report

The final report should serve any one, or combination, of the following three purposes (where none of the three is preferable over another): (1) Address a relevant, current, real-world policy issue in development economics, applicable to a single developing nation or to a group of developing nations; (2) Explore an issue that relates significantly to the success of certain businesses or to the well-being of certain households (or household members) in one or more developing nations; or (3) Present and analyze newsworthy developments pertaining to economic development that are not well-known and that could shed light on the modern study of economic development for applied purposes. What the report should *avoid* is complex economic models, or philosophical discussions of historical literature, that do not have a strong connection to applied economic research. The report should be approximately 4,000 words in length (and in no case exceed 4,500 words), not including the words in the reference section and technical appendix.

**Class Schedule** (Subject to Revision as the Semester Proceeds)

<b>Week #</b>	<b>Date in 2020</b>	<b>Topic(s)</b>	<b>Readings: S = Schaffner, W = World Dev Rpt</b>	<b>Assignment Due</b> (Problem sets are due before the class starts.)
1	1/29	What is Development Economics Good For; Well-Being; Economic Growth	S: Ch. 1-3; pp. 1-56	
2	2/5	Economic Growth Theory; Poverty Inequality, & Vulnerability; Consumption, Time Allocation, & Production Choices	S: Ch. 4-6; pp. 57-141	Problem Set #1
3	2/12	Households; Domestic Markets for Goods and Services; Labor Markets	S: Ch. 7-9; pp. 142-241	Problem Set #2
4	2/19	Changing Nature of Work; Changing Nature of Firms; Building Human Capital	W: Overview & Ch. 1-3; pp. 1-68	Initial Suggested Research Topic, Justification, & Outline
5	2/26	Lifelong Learning; Returns to Work; Strengthening Social Protection; Ideas for Social Inclusion	W: Ch. 4-7; pp. 69-137	Problem Set #3
6	3/4	Investment and Financial Markets; International Markets and General Equilibrium;	S: Ch. 10-11; pp. 242-313	Problem Set #4
7	3/11	Institutions and Cooperation; Policy, Governance, and Political Economy	S: Ch. 12-13; pp. 314-376	Revised Research Topic, Justification, & Outline
-	3/18	No Class - Spring Break (3/15-3/22)		
8	3/25	<b>Midterm Exam</b> (First 90 minutes) Policy Analysis;	S: Ch. 14; pp. 377-390	
9	4/1	Targeted Transfer Programs;	S: Ch. 15; pp. 391-416	
10	4/8	Workforce; Agricultural Market Interventions and Reforms	S: Ch. 16-17; pp. 417-470	Preliminary Data Collection (Shown in Stata)
11	4/15	Infrastructure Policies and Programs	S: Ch. 18; pp. 471-495	
12	4/22	Education	S: Ch. 19; pp. 496-522	Final Data and Preliminary Empirical Findings (Using Stata)
13	4/29	Agricultural Research and Extension	S: Ch. 20; pp. 523-547	Group I Presentations
14	5/6	Microfinance	S: Ch. 21; pp. 548-574	Group II Presentations
-	5/13	No Class - Reading Day		
15	5/20	Public Health, Health Care, and Health Insurance	S: Ch. 22; pp. 575-607	Group III Presentations <b>Final Report Due - Includes Appendix with Stata Code &amp; Data Tables</b>

## **Presentations**

Although the final reports are due on the last day of class (May 20<sup>th</sup>), presentations of the reports will be conducted during the last three classes, in combination with lectures also offered during those same classes. This will enable the presentations to be better appreciated and heard when they are given. Students will be divided into three groups, with the first group presenting during the third-to-last class; the second group during the second-to-last class, and the third during the last class. Efforts will first be made to have students choose which group they would prefer to join, but students may be randomly assigned to a group if their expressed preferences are too unevenly divided.

**Course Website:** Copies of the course syllabus, your grades, and other relevant links and documents will be posted on the course's ELMS/Canvas website. You can access the site via [www.elms.umd.edu](http://www.elms.umd.edu). You will need to use your University of Maryland "directory ID" and password.

**Email:** The University has adopted email as the primary means of communication outside the classroom, and I will use it to inform you of important announcements. Students are responsible for updating their current email address via <http://www.registrar.umd.edu/current/> (Under the first major heading of "Online Transactions" there is a link to "Update Contact Information".)

**Work Load:** Mastering the material covered in this course requires a significant amount of work outside of class. Students should expect to spend more time outside of class than in class – typically at least twice as much time.

**Academic Integrity:** The University of Maryland, College Park has a nationally recognized Code of Academic Integrity. This Code sets standards for academic integrity at Maryland for all undergraduate and graduate students. As a student you are responsible for upholding these standards for this course. It is very important for you to be aware of the consequences of cheating, fabrication, facilitation, and plagiarism. For more information on the Code of Academic Integrity or the Student Honor Council, please visit <http://www.studentconduct.umd.edu>

**Student Conduct:** Students are expected to treat each other with respect. Disruptive behavior of any kind will not be tolerated. Students who are unable to show civility to one another or myself will be referred to the Office of Student Conduct. You are expected to adhere to the Code of Student Conduct.

**Use of Cell Phones and Laptops During Class:** Use of cell phones (for texting or any other function) during class is strictly forbidden. If a student must take, or make, a rare "emergency call," they should leave the classroom to do so. Use of laptops in the classroom is allowed under the presumption that they are being used to take notes. (Use of laptops with headphones on is not allowed, since that would not reflect the act of notetaking.)

**Excused Absences:** The University of Maryland's policy on excused absences is posted here: <http://www.president.umd.edu/administration/policies/section-v-student-affairs/v-100g>

Please note: If you miss any class meetings for any reason, you are still responsible for all material covered during the meeting you missed. It is your responsibility – not the instructor's – to make sure you catch up on the missed material. Instructors routinely facilitate things by posting lecture notes, etc.

If you need to miss an exam or other graded course requirement because of illness, injury, or some other emergency: Follow doctor's orders and get documentation. Get in touch with the instructor as soon as you're able – preferably prior to missing the exam or deadline. Communicate with the instructor to make up the course requirement as soon as possible. You are entitled to recover before you make up the course requirement, but you are not entitled to extra days to study beyond the time the doctor's note says you're incapacitated. If you are incapacitated for more than a week or so beyond the end of the term, your grade in the course will be an "Incomplete". In such cases you must negotiate a plan with your instructor for completing the course requirements. Once you make up the course requirement the instructor will change your "I" to the appropriate letter grade.

**School Closings and Delays:** Information regarding official University closing and delays can be found on the campus website and the snow phone line: (301) 405-SNOW (405-7669). The program director will also announce cancellation information to the program as an announcement on the program's ELMS/Canvas site. This will generally be done by 1:00 p.m. on days when weather or other factors are an issue. If classes need to be cancelled during the semester, it may be necessary to move the final exam back a week so missed classes can be made up. (For this class, however, there is no final exam.)

**UMD Counseling Center:** Sometimes students experience academic, personal and/or emotional distress. The UMD Counseling Center in Shoemaker Hall provides comprehensive and confidential support services that promote personal, social, and academic success. The cost of these services is covered by the fees you already paid when you registered for classes, and there is no additional charge if you use the services. Proactively explore the range of services available, including the Counseling Service, Accessibility and Disability Service, Learning Assistance Service, and the Testing Office, all described at <http://www.counseling.umd.edu/>

**Students with Disabilities:** The University of Maryland does not discriminate based on differences in age, race, ethnicity, sex, religion, disability, sexual orientation, class, political affiliation, or national origin. Reasonable accommodations will be arranged for students with documented disabilities. Students who have an accommodations letter from the Accessibility and Disability Service (ADS) should meet with me during the first few weeks of the semester to discuss and plan for the implementation of your accommodations. If you require reasonable accommodations but have not yet registered with ADS, please contact the Accessibility and Disability Service at 301-314-7682 or [adsfrontdesk@umd.edu](mailto:adsfrontdesk@umd.edu).

**Academic Progress:** The graduate school requires that students maintain a GPA of at least 3.0. Students whose cumulative GPA falls below 3.0 will be placed on academic probation by the graduate school. Students on academic probation must ask the program's director to petition the graduate school if they want to remain in the program. The petition must include a plan for getting the student's GPA up to at least 3.0. Students who do not live up to their plan can be forced to leave the program without having earned the degree. Note: a grade of "B" corresponds to a GPA of 3.0. A grade of "B-" corresponds to a GPA of 2.7.

### **Purchasing Stata**

Students in our program must purchase Stata. Stata offers different "flavors" and different lengths of licensing. Price varies according to these two factors. We do not recommend Small Stata since it is too limited for the coursework in our program. Stata/IC is the least expensive and sufficient version for your

coursework. With a single-user license, you can install Stata on up to three computers. Description of all the flavors are given here: <http://www.stata.com/products/which-stata-is-right-for-me/>

You can obtain Stata at discounted rates through the Campus GradPlan, in which University of Maryland, College Park is a participating institution. To benefit from the discounted prices, click on the link below and pick the Stata version you would like to buy. (Note: Disregard the warning at the top which states that you must be a faculty or staff member. That is not correct.)

<http://www.stata.com/order/new/edu/gradplans/campus-gradplan/>

Through the Campus GradPlan you can buy either an annual (\$125 for Stata/IC) or a perpetual license (\$198 for Stata/IC). The perpetual license does not expire and is the most cost-effective option assuming that you will stay in the program for at least 15 months. There are also upgrade discounts provided to perpetual license holders. During the checkout process you will be asked to verify your “@umd.edu” email address.

If you wish to buy a 6-month license (\$75 for Stata/IC), you need to order it as a regular student using the following link: <http://www.stata.com/order/new/edu/gradplans/student-pricing/> During the checkout process you will be asked to upload a copy of your student ID or another document as a proof of your enrollment.