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**EIB E241 Development Economics: Policy Analysis**

*Brief description.* This course equips students for rigorous analysis of development problems and policies. During the first half of the semester, students gain proficiency with the analytical framework and tools that economists bring to their study of development in low and middle income countries. The framework is built on the foundation of basic microeconomic theory, but pays closer attention to complications that are important in poor places: transaction costs, risk and financing considerations, information problems, cooperation and coordination problems, institutional rules and norms, and insights from behavioral economics. During the second half of the semester, students learn an approach to systematic and comprehensive policy analysis that employs the analytical tools developed in the first half. Students develop their analytical instincts as they apply the approach to the study of policy questions involving targeted transfers, workfare, agricultural pricing and marketing, infrastructure, education, agricultural technology, microfinance, small and medium enterprise development, insurance and health.

*Textbook and course materials.* The textbook for the course is:

Schaffner, Julie, *Development Economics: Theory, Empirical Research and Policy Analysis,* John Wiley and Sons, Inc., 2014.

All other course materials – including videos, lecture slides, quiz questions, handouts and supplementary readings – will be available on Trunk.

*The learning process.* For each topic covered in the class, you will familiarize yourselves with the basic material by following instructions for pre-class preparation. You will then deepen your understanding, and practice applying concepts and methods, through in-class activities, which may involve case study discussions, group problem solving, debates or role play. After the relevant class, you will use problem sets and other practice materials to review and reinforce your understanding (and prepare for mid- and end-semester assessments). During the second half of the semester, you will also carry out group-based policy analysis research and writing projects.

*Pre-class preparation.* Pre-class preparation is critical to the learning process in this course. Through pre-class preparation you will familiarize yourself with concepts and tools, allowing us to spend much of our class time discussing, applying, critiquing and extending the basic ideas (rather than having to spend class time on lecturing through the basic material). *I commit to providing you with clear instructions regarding pre-class preparation and to avoid giving you non-essential reading or work.* For most class sessions the preparation will require: (1) reading one short textbook chapter or half of a longer textbook chapter, and (2) preparing for an in-class activity by, for example, reading a 2-3 page case document or familiarizing yourself with some problems that we will work through together in class. *I ask you to commit to preparing well for each class.* As a signal of the importance I place on preparation (and because students seem to like being held accountable for preparation activities), I will require you to complete short online quizzes related to the preparation materials before each class.

By following the pre-class preparation instructions, participating in class, and completing any post-class review materials or assignments shortly after each class, you will internalize important skills and instincts as you go and will avoid having to cram for midterm and final assessments.

Students enter this class with very different levels of exposure to and comfort with economics. To help level the playing field, I will provide videos that help students digest the technical material in some chapters. Students entering the class with weaker backgrounds in economics should plan on viewing these pre-class videos as part of their pre-class preparation. Students in past years have found that this helps them participate more in, and get more out of, class sessions. I suggest that all students – even students who think they might not need them – start the semester viewing the videos (perhaps at accelerated speed), to get a sense of how they might enhance your learning experience. You might find that they help you understand the analytics at a deeper level and give you a better sense of the significance or uses of the analytical tools.

*Assignments.* Students will reinforce their understanding of course material while completing approximately 2 ungraded and 6 graded assignments, including the mid-semester assessment (Assignment 5) and final assessment (Assignment 8). Assignments may take the form of problem sets or online quizzes. Students should take a first pass at completing problem sets on their own, but are encouraged to discuss them in study groups, and may submit problem set answers as a group or individually. Quizzes and mid- and end-semester assessments must be completed individually. All assignments and assessments are open book, but will be straightforward only for students who are keeping up with pre-class preparation and review and are engaging in class.

*Policy Analysis Research and Writing Projects.* Working in teams of 3 or 4, students will undertake policy analysis projects, in which they (1) describe in detail a specific policy or policy reform, (2) identify a meaningful and important policy analytic question related to this policy, (3) employ the systematic approach exposited in the course to identify all the empirical issues that must be addressed in a complete study of the question posed, (4) research these issues, (5) synthesize all the information uncovered by the research (laying out what we can and cannot say with confidence about the answer to the research question), and (6) write up the results in an effective manner. The project will be completed in several steps, with many opportunities for feedback along the way. The final output of the project will include a 25- to 35-page paper and a brief in-class presentation.

Most students have excellent experiences working in groups on these projects. Unfortunately, groups have occasionally functioned poorly, causing group work to become a source of frustration rather than growth and learning. *I would like to do everything I can to guide your groups into excellent experiences.* For this reason, I will encourage you to have conversations early on about work styles and expectations, and to report to me about those conversations. *I will also require each of you, at the end of the semester, to write up a description of your individual contributions to your group’s project, and an evaluation of your own and your teammates’ contributions to the project.* With this in mind, I encourage you to keep running lists of your individual contributions to your group’s project, and I encourage groups to hold frequent discussions about how project responsibilities and burdens are distributed across members and what expectations members have regarding the nature, quality and quantity of work expected. If you see other ways in which I can be helpful in encouraging good group work experiences, please let me know.

*Office hours.* I invite and encourage you to come to office hours! Please come during the first or second week of the semester to introduce yourself. Please also come as often as you like to go over course material or discuss topics that interest you in greater depth. Feel free to email me with questions about course content or assignments.

*Class participation inventory.* Class participation is important and required in this course. Students with different personalities and backgrounds will find it easier to participate in different ways. I encourage you to change up where you sit within the classroom from time to time, especially if your natural inclination is to sit in the back of the classroom. To assess whether and how much you are participating, you could periodically complete the following checklist. Notice that you can participate outside of class by sharing resources or ideas with your classmates (using the Trunk email tool) or by coming to office hours.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Indicate whether you do each of the following never (N), rarely (R), sometimes (S) or frequently (F). | N | R | S | F |
| I have *asked* questions in class… |  |  |  |  |
| I have *answered* questions in class… |  |  |  |  |
| I have helped out at the board in class…. |  |  |  |  |
| I have contributed significantly to in-class group exercises (such as group preparation for debates, problem solving, role plays or other in-class activities)…. |  |  |  |  |
| I have asked questions or shared ideas in office hours… |  |  |  |  |
| I have emailed a relevant link or observations to my classmates using the Trunk email tool…. |  |  |  |  |

*Midterm and final assessments.* Near the middle and end of the semester you will complete do-at-home assessments that are somewhat longer than, but otherwise similar to, the weekly assignments.

*Grading.* Final grades will be determined roughly along these lines:

* 15% class participation and pre-class preparation checks
* 15% weekly assignments
* 20% mid-semester assessment
* 20% end-of-semester assessment
* 30% policy analysis project

*Pre-Requisite.* Students must have completed EIB E201 or EIB E211, or have passed the related equivalency exam, before taking this course.

*Accommodation for disability.* In accordance with federal and state law, Tufts University provides for reasonable accommodation to students with documented disabilities.  If you believe you have a disability requiring an accommodation, please contact the Registrar, Goddard 212, (617) 627-2405.

**Abbreviated Course Outline**

For the complete course outline, with instructions about how to prepare for each class and with links to many useful reference papers, please see the **Course Materials and Study Guide** page on Trunk.

**I. Introduction and Overview**

**Topic 1: Introduction**

Text Chapter 1, “What is Development Economics Good For?”

Case doc: “From MDGs to SDGs”

**Topic 2: Well-being and the lives of developing country households**

Text Chapter 2, “Well-being”

Case doc: “Poverty targeting in Indonesia”

**Topic 3: Growth and reductions in poverty, inequality, and vulnerability: the big picture**

Text Chapter 3, “Economic Growth” (You will have the choice of either reading this chapter or viewing a video presentation of highlights.)

Text Chapter 5, “Poverty, Inequality and Vulnerability” (You will need to read the second half of the chapter before class, but will also need to read the first half for a problem set.)

**II. The Analytical Framework and Tools for Development Studies**

**Topic 4: Consumption choices**

Text Chapter 6, “Consumption, Time Allocation, and Production Choices,” pages 108-121, on consumption choices

Problems relate to nutrition policy

**Topic 5: Time allocation and production choices**

Text Chapter 6, “Consumption, Time Allocation, and Production Choices,” pages 121-136, on time allocation and production choices

Problems related to impacts of infrastructure, workfare and microcredit programs

**Topic 6: Unitary household models and price effects on well-being and behavior**

Text Chapter 7, “Households,” pages 142-159, on unitary household models

Problems related to rice and fertilizer market reforms in Vietnam

**Topic 7: Non-unitary household models and gender**

Text Chapter 7, “Households,” pages 160-169, on non-unitary household models

Case doc: “Care Village Saving and Loan Program and women’s empowerment in Rwanda”

**Topic 8: How goods markets work in developing countries**

Text Chapter 8, “Domestic Markets for Goods and Services,” pages 174-189, on market equilibrium analysis in the presence of transfer costs

Problems related to impacts of cash and food transfers, agricultural technology policies, export quotas

**Topic 9: How goods markets could work better**

Text Chapter 8, “Domestic Markets for Goods and Services,” pages 189-199, on market development through transfer cost reduction

Case doc: “Dairy value chain development in Bangladesh”

**Topic 10: Labor markets and development**

Text Chapter 9, “Labor Markets”

Problems related to Green Revolution and urban job creation

**Topic 11: Investment choice basics and financial markets**

Text Chapter 10, “Investment and Financial Markets,” pages TBA, on the potential and limitation of financial markets for encouraging investment, liquidity constraints and insurance constraints

Problems related to education policy, agricultural technology policy, microfinance, safety net policies

**Topic 12: Cooperation and private institutions**

Text Chapter 12, “Institutions and Cooperation,” pages TBA.

Problems related to cooperation for irrigation canal maintenance

**Topic 13: Choice, behavior change, and policy**

Draft Chapter on “Choice, Behavior Change, and Policy”

Case doc: “Encouraging use of improved cook stoves”

**III. Policy Analysis Overview**

**Topic 14: Policies’ benefits and costs**

Text Chapter 14, “Policy Analysis”

Text Chapter 12, pages 335-337, on informal mutual assistance institutions

Case doc: “Social cash transfer program role play exercise”

**Topic 15: Policies’ rationales, objectives and design**

Text Chapter 13, “Policy, Governance, and Political Economy,” pages TBA, on rationales for intervention and policy design

Text Chapter 15, “Targeted transfer programs,” pages 391-395, on objectives and design of targeted transfer programs

Text Chapter 16, “Workfare programs,” pages 417-420, on objectives and design

Case doc: “Orphans in Africa”

**Topic 16: Policy implementation and governance challenges**

Text Chapter 13, “Policy, Governance, and Political Economy,” pages 359-371, on governance concerns

Case doc: Micro hydro-based electrification in Nepal

**IV. Policy analysis applications**

**Topic 17: Targeted transfers: evaluation of benefits and costs**

Text Chapter 15, “Targeted Transfers,” pages 395-405, on the evaluation of targeted transfer programs

Case doc: “Payments for Environmental Services in Mexico”

**Topic 18: Targeted transfers: evaluating design changes**

Text Chapter 15, “Targeted Transfers,” pages 405-413, on the analysis of transfer program design changes

Case document: “DDR program design”

Note: For a related problem set you will also read Chapter 16, “Workfare.”

**Topic 19: Infrastructure: constructive skepticism**

Text Chapter 18, “Infrastructure,” pages 471-487, on evaluation of infrastructure programs

Case document: “Total Sanitation Campaign in India”

**Topic 20: Infrastructure: user fees and community participation reforms**

Text Chapter 18, “Infrastructure,” pages 487-492, on design and governance reforms for infrastructure programs

Case doc: “Electricity for Irrigation in India”

**Topic 21: Education: strengthening incentives**

Text Chapter 19, “Education”

Problems related to teacher, student and school manager incentives

**Topic 22: Agricultural research and extension: roles of public and private sectors**

Text Chapter 20, “Agricultural research and extension,” some of which you read earlier

Case document: “A New Green Revolution for Africa”

**Topic 23: Finance for micro, small and medium enterprises: outreach, impact and subsidy**

Chapter 21, “Microfinance”

Problems related to outreach, direct and indirect impacts, and subsidy in finance-based interventions

**Topic 24: Insurance programs: Potential and challenges**

Text Chapter 22, “Public Health, Health Care, and Health Insurance,” pages 575-580 and 589-603, on health shocks, health care, and health insurance

Problems related to index-based crop insurance

**Topic 25: Student presentations**

**Topic 26: Student presentations**