

PADP 8680: Policy Analysis II: Poverty Reduction Policy Analysis for Developing Countries

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Course Information

Classroom: Baldwin Hall 0307

Class Time: R 6:30 – 9:15 pm

Course Overview

This course teaches a systematic approach to economic policy analysis and applies it in the study of efforts to reduce poverty and promote development in poor countries. We examine policies ranging from short-run cash and food transfer programs; to infrastructure, agricultural technology and micro finance projects; to policies shaping long-run investments in education and health. Emphasis is on the rigorous use of economic reasoning, the identification and use of critical empirical evidence, and the effective communication of policy analytic results.

Pre-requisites

Introductory economics or PADP 6950 or PADP 8670 are strongly recommended.

Required Text

Development Economics: Theory, Empirical Research, and Policy Analysis by Julie Schaffner. Wiley.

Recommended Text

- *Microeconomics* by Paul Krugman, 3rd edition.
- *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty* by Abhijit Banerjee and Esther Duflo

Grading

Final exam	30%
Class participation	10%
Discussion leading	10%
Problem sets	20%
Policy analysis project	30%

Final exam (30%) There will be a take-home final exam worth 30% of your course grade handed out on April 23. It will be due on April 29 by 11:59 pm. It will be cumulative and open-book. Unless you receive prior authorization from the instructor in writing, late exams will be penalized two full letter grades for each day—or fraction thereof—that they are late.

Class participation (10%) Regular class sessions will involve a combination of lecture and discussion. Students are expected to read the readings the week they are assigned and to come to class prepared to ask questions and actively participate in discussion.

Discussion leading (10 %) You will be asked to lead discussion in 1-2 class sessions for the weeks we discuss policy analyses. Such session leading may include brief presentation of key points from the readings, posing of questions for discussion, and moderating of discussion/debate. Discussion leaders will also be expected to prepare by reading additional relevant papers and to use knowledge gained from these papers to help the class consider the topic of the day.

Problem sets (20%) Working together in study groups of up to 4 members, students will complete between 4 and 5 problem sets over the semester. One copy should be submitted by each study group. Please make sure to indicate the names of all study group members at the top of the problem set (preferably in alphabetical order). I encourage you to submit problems via email, but submitting in hardcopy is also fine. Unless you receive prior authorization from the instructor in writing, late assignments will not be accepted.

Policy Analysis Projects (30%): Working in teams of 3 or 4, students will undertake policy analysis projects, in which they will (1) identify and describe in detail a specific policy or policy reform, (2) identify a meaningful and important policy analytic question related to this policy that merits careful study, (3) employ the systematic approach expounded in this 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, and (6) write up the results in an effective manner. The final output of the project is a 25- to 30-page policy paper on a precisely defined and carefully researched analytical question.

On April 23 each group will give a 15 minutes presentation on their findings, followed by 5 minutes of feedback and discussion by the instructor and other students.

Grading Scale

A	90-100
A-	87-89
B+	84-86
B	80-83
B-	77-79
C+	74-76
C	70-73
C-	67-69

D 60-66
 F 59 and below

Academic Integrity

All students are responsible for maintaining the highest standards of honesty and integrity in every phase of their academic careers. The penalties for academic dishonesty are severe and ignorance is not an acceptable defense.

Course Topics

Note: The course syllabus is a general plan for the course; deviations announced to the class by the instructor may be necessary. We may not cover all of these topics. Conversely, time permitting, other topics might be covered in this course.

Jan 8	Introduction <ul style="list-style-type: none"> • Schaffner, Chapter 1. What is Development Economics Good for? • Schaffner, Chapter 14 Policy Analysis (Skim now) • Kremer and Miguel, 2007, “The Illusion of Sustainability,” <i>Quarterly Journal of Economics</i>, August, p. 1007-1065.
Jan 15	Development Objectives and Measures of Success <ul style="list-style-type: none"> • Schaffner, Chapter 2. Well-Being • Schaffner, Chapter 3. Economic Growth (Skim only) • Schaffner, Chapter 5. Poverty, Inequality, and Vulnerability • Alatas, et al., 2012, “Targeting the Poor: Evidence from a Field Experiment in Indonesia,” <i>American Economic Review</i> 102(4):p. 1206-1240. (esp. p.1206-1215 and conclusion) • Christaensen, L., et al., 2003, “Macro and Micro Perspectives of Growth and Poverty in Africa,” <i>World Bank Economic Review</i> 17(3): 317-347.
Jan 22	Microeconomic Analysis of Individual and Household Decisions <ul style="list-style-type: none"> • Schaffner, Chapter 6, “Consumption, Time Allocation and Production Basics” (on consumption and time allocation) • Schaffner, Chapter 7, “Households” (on non-unitary household models)
Jan 29	Policy Analysis: Targeted Cash and Food Transfer Programs <ul style="list-style-type: none"> • Schaffner, Chapter 15, “Rigorous and Practical Policy Analysis” • Schaffner, Chapter 23, “Targeted Transfer Programs” • Morduch, J., “Between the State and the Market: Can Informal Insurance Patch the Safety Net?,” <i>The World Bank Research Observer</i> 14(2), August 1999, p.187-207.
Feb 5	Microeconomic Analysis of Markets for Goods and Services <ul style="list-style-type: none"> • Schaffner, Chapter 6, “Consumption, Time Allocation and Production Basics” (on production decisions) • Schaffner, Chapter 7, “Households” (on unitary household models) • Schaffner, Chapter 8, “Domestic Markets for Goods and Services” • If you would like exposure to related information that we don’t have time

	for in class: read Schaffner, Chapter 9, "Labor Markets"
Feb 12	Policy Analysis: Agricultural Pricing Policies <ul style="list-style-type: none"> • Schaffner, Chapter 17, "Agricultural Market Interventions and Reforms"
Feb 19	Microeconomic Analysis of Investment and Financial Markets <ul style="list-style-type: none"> • Schaffner, Chapter 10, "Investment and Financial Markets"
Feb 26	Policy Analysis: Infrastructure Policies and Programs <ul style="list-style-type: none"> • Schaffner, Chapter 18, "Infrastructure Policies and Programs"
March 5	Policy Analysis: Education Policies <ul style="list-style-type: none"> • Schaffner, Chapter 19, "Education"
March 12	Spring Break
March 19	Policy Analysis: Agricultural Research and Extension Efforts <ul style="list-style-type: none"> • Schaffner, Chapter 17, "Agricultural Research and Extension"
March 26	Policy Analysis: Banking and Microfinance Interventions <ul style="list-style-type: none"> • Schaffner, Chapter 21, "Microfinance"
April 2	Policy Analysis: Public Health, Health Care and Health Insurance <ul style="list-style-type: none"> • Schaffner, Chapter 22, "Public Health, Health Care and Health Insurance"
April 9	TBA <ul style="list-style-type: none"> • Chapter 11, "International Markets and General Equilibrium" • Chapter 12, "Institutions and Cooperation" • Chapter 13, "Policy, Governance, and Political Economy." • Impact evaluation in practice
April 16	MPSA <ul style="list-style-type: none"> • Guest Lecture: International Development Policy in Practice
April 23	Class Presentation / Exam Handed Out