

University of Pennsylvania
The Wharton School
Spring 2021

BEPP 233: CONSUMERS, FIRMS AND MARKETS IN DEVELOPING COUNTRIES

Class location:

Instructor: Shing-Yi Wang

Office: Vance Hall 323

Office hours: TBD

Class times: T/Th 10:30am and noon

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Undergraduate Teaching Assistants:

TBD

Description

Nearly four-fifths of the world's population lives in low income or developing countries. Though currently far behind the U.S., the 15 fastest growing economies/markets in the world are all developing countries. And developing countries already account for 6 of the world's 15 largest economies. This course will examine economic life, including consumers, firms and markets, in low income countries. We will apply both economic theory and empirical analysis for the roles of both business and government in consumption, production and market equilibria.

Prerequisites

Students are expected to be familiar with basic regressions analysis. For students who have not yet had exposure to regressions, a handout will be posted on Canvas covering the knowledge on regressions expected in the course.

Reading Materials

The lectures provide the primary course content. Attending class is the most important responsibility. There will be supplemental material drawn from a range of sources.

The book by Abhijit Banerjee and Esther Duflo, *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*, covers some of the material we cover in class. As does the textbook by Debraj Ray, *Development Economics* (denoted by RAY in the reading list). Given that we are only using a couple of chapters of the Ray textbook (and many of these are suggested readings), I do not recommend that you buy the whole books but instead use it on reserve at the library where it should be available both on e-reserve and as a physical copy at the library.

Grades and Assignments

There will be two problem sets, two in-class exams and a team presentation. The schedule below provides the dates for assignments and exams. The weighting of these assignments in the final grade will be as follows:

First Exam 31%
1st Problem Set 5%
2nd Problem Set 5%
Team Presentations 20%
Second Exam 31%
Class Participation 8%

Exams

Both exams will be closed book; no books, notes, “cheat sheets” or calculators.

Please check the exam dates right away for any potential conflicts. We will not be able to accommodate requests to take the exam early or late based on travel plans, exams for other classes on the same day or any other reason. It is your responsibility to make sure you will be present in class on the exam day.

Students will be given a period of one week from the date exams are returned to request a regrade. All requests must be made in writing and submitted via emailing to the instructor stating the reason they believe they should receive a regrade. Note that the entire exam will be reviewed during a regrade, not only the questions requested, and a regrade may be higher or lower than the original grade. We have established this re-grade procedure to ensure fairness for all students. The professor will not discuss specific exam questions until the re-grade period is over.

Class Participation

The classroom learning experience is greatly enhanced when students are engaged and provide their own perspective, comments and ideas towards the classroom discussion. Students will receive a grade from 0 to 5 for classroom participation, determined by regularity of attendance, on time arrival, and contributions to classroom discussion. Quality matters more than quantity.

The second key component of your class participation score is your attendance and feedback on the team presentations. You will receive a grade from 0 to 3. If you attend all of the presentations, listen attentively and provide feedback on the forms, you will receive 3. You are allowed to miss one day of presentations without penalty. After that, you will lose 1/3 of a point for each presentation missed. In other words, if you miss two days of presentations (i.e. 6 presentations total), you will receive 2 points out of 3 on this component. Note that if you hand in all of the forms but are not listening attentively (i.e. leave the classroom for a long period), your score here will be reduced a little.

If you are going to miss class for a medical or non-medical reason please do not contact the Professor directly, but instead use the official Course Absence Report system through

the UPenn Registrar. It is not recommended that you attend a section other than your official section. If you choose to do so, this may reflect negatively on your class participation score (even if you let us know that you will be attending another section).

Problem sets

The problem sets will involve data analysis that can be done in Excel. No credit will be given for late problem sets. You are encouraged to work in groups. However, students must hand in their own written assignment.

Team Presentations

Overview: Students will be in teams of about 4 to 6 students, depending on class size. Presentations will focus on either a core concept or an application of that concept.

Format: Each group presentation should run twenty-three minutes in total. This includes both time for the presentation and audience participation through either a Q&A session or other means.

Logistics: Presentation sign-ups will occur after the first few weeks of class. No changes in groups can occur after the sign-up date. There are no exceptions to this policy.

Hand in: Team participants must hand in one stapled print out of the complete PowerPoint (or pdf) slides at the beginning of class *on the day of the presentation*, and the slides must also be submitted by email (cc'ing all teammates) by 9am on the day of the presentation. Please name the file with your section number and topic.

Grades: The professor will grade each team project, using as a guide the feedback of your fellow students, as well as instructor judgment about the content and structure of the presentation, and in particular the relevance of the economic concepts used and comparison to relevant cases. Each team project will receive one group grade. All students in the team will receive the same grade for their team assignment. Students who fail to participate fully in team presentations will lose credit on their class participation grade.

Code of Academic Integrity

All students enrolled in courses in the Business Economics and Public Policy Department are expected to comply with the University of Pennsylvania's Code of Academic Integrity. We encourage all students to read the Code so that they are well aware of all situations that would be considered a violation.

It is the policy of the Department of Business Economics and Public Policy to immediately fail any student who is to be in violation of the Code. Cheating, in any manner, on a graded assignment, exam, or the presentation will result in failing both the assignment/exam and the course. In addition to the sanctions imposed by the Department of Business Economics and Public Policy, the Office of Student Conduct may impose additional sanctions.

Please review the Code of Academic Integrity on the below link as well as example of violations and possible sanctions: <https://catalog.upenn.edu/pennbook/code-of-academic-integrity/>

Tutoring Support

Students experiencing difficulty in this course should seek assistance from the Penn Tutoring Resource Center. Refer to the Wharton Undergraduate homepage for the schedule of walk-in tutoring hours. Private tutors from the Tutoring Center can be obtained (without cost) through the recommendation of a professor or professional advisor in the Undergraduate Division. Students who wish to inquire more about tutoring, study skills, learning disabilities, test-taking strategies, time management, or reading/writing coaching should call the Weingarten Learning Resources Center (215-573-9235) for more information.

Session 1 (Thursday 1/14) Economic Lives of the Poor

- + Banerjee, A. V., & Duflo, E. (2007). "The Economic Lives of the Poor." *Journal of Economic Perspectives*, 21(1), 141-167.

Session 2 (Tuesday 1/19) Poverty Measurement

- + Deaton, Angus (2006). "Measuring Poverty," Banerjee et al (eds.): *Understanding Poverty*, Chapter 1, Oxford University Press 2006.
- + Deaton, A. (1997). Analysis of Household Surveys: A Microeconomic Approach to Development Policy, pages 251-260 (beginning at "Engel's Method" and ending before "Other Models of Equivalence Scales"). The book is available for free at <http://documents.worldbank.org/curated/en/593871468777303124/pdf/multi-page.pdf>.

Session 3 (Thursday 1/21) + Session 4 (Tuesday 1/26) Understanding the Household as an Economic Decision-Making Unit

- + Alderman, Harold, Pierre-Andre Chiappori and Lawrence Haddad (1995). "Unitary vs. Collective Models of the Household: Is it Time to Shift the Burden of Proof?" *World Bank Research Observer*, 10(1), p. 1-19.
- + Duflo, Esther. (2003). "Grandmothers and Granddaughters: Old-Age Pensions and Intrahousehold Allocation in South Africa." *World Bank Economic Review*. 17. (only Introduction)

Session 5 (Thursday 1/28) Population Growth: A Macroeconomic Approach

- + Weil, David, *Economic Growth*, 2nd edition, 2009, Chapter 4.1
- + RAY: Chapter 9.3 (Suggested)

Session 6 (Tuesday 2/2) Fertility: A Microeconomic Approach

- + Poor Economics. Chapter 5
- + Ashraf, Nava, Erica Field and Jean Lee (2014), "Contraceptive Adoption, Fertility and the Family in Zambia," J-PAL Note.

<https://www.povertyactionlab.org/evaluation/contraceptive-adoption-fertility-and-family-zambia>

Session 7 (Thursday 2/4) Gender Discrimination and Missing Women

- + Sen, Amartya, 1990, “More than 100 Million Women Are Missing,” *New York Review of Books*.
<https://www.nybooks.com/articles/1990/12/20/more-than-100-million-women-are-missing/>
- + <https://voxeu.org/article/son-preference-and-indian-child-malnutrition>
- + Anderson, Siwan and Debraj Ray, (2015), “Missing Unmarried Women,” Vox.
<https://voxeu.org/article/missing-unmarried-women>

Session 8 (Tuesday 2/9) Nutrition

- + RAY: Chapter 8.42 + Chapter 13.4.1 to page 492
- + Deaton, A. (1997). Analysis of Household Surveys: A Microeconomic Approach to Development Policy, pages 204-216. The book is available for free at <http://documents.worldbank.org/curated/en/593871468777303124/pdf/multi-page.pdf>.
- + Jayachandran, S and Kuziemko, I (2015). “Son Preference Drives India’s High Child Malnutrition Rates,” Vox.
<https://voxeu.org/article/son-preference-and-indian-child-malnutrition>
- + Poor Economics. Chapter 2.

Problem Set 1 due on Wednesday, February 10 at 5pm

Session 9 (Thursday 2/11) Health

- + Poor Economics. Chapter 3.
- + Dupas, P (2014), “Getting essential health products to their end users: Subsidize, but how much?” *Science* 345.6202 (2014): 1279-1281.

Session 10 (Tuesday 2/16) Education and Human Capital I

- + Easterly, William, (2001), The Elusive Quest for Growth. Chapter 4.
- + Banerjee, Abhijit, and Esther Duflo. 2006. "Addressing Absence." *Journal of Economic Perspectives*, 20 (1): 117-132.

Session 11 (Thursday 2/18) Education and Human Capital II

- + Poor Economics. Chapter 4

Session 12 (Tuesday 2/23) Student Presentations

Session 13 (Thursday 2/25) Student Presentations

Session 14 (Tuesday 3/2) Review and Catch-Up

Session 15 (Thursday 3/4) First Exam

Session 16 (Tuesday 3/16) Credit Markets

- + Anderson, Siwan and Jean-Marie Baland, 2002, “[Economics of ROSCAs and Intra-Household Resource Allocation](#),” *Quarterly Journal of Economics*. (only Sections I+II)
- + Burgess, Robin and Rohini Pande, 2005, “Do Rural Banks Matter? Evidence from the Indian Social Banking Experiment,” *American Economic Review*. (Sections Introduction + I + IV Suggested)

Session 17 (Thursday 3/18) + Session 18 (Tuesday 3/23) Savings

- + Goldstein, Markus, “Pull him down? How about pull her down...” World Bank Development Impact Blog. October 2, 2012.
<http://blogs.worldbank.org/impactevaluations/pull-him-down-how-about-pull-her-down>
- + Karlan, Dean and Jacob Appel (2011). *More than Good Intentions: How a New Economics is Helping to Solve Global Poverty*. Chapter 7.

Session 19 (Thursday 3/25) Insurance

- + Poor Economics. Chapter 6.

Session 20 (Thursday 4/1) Organization of Firms

- + de Mel, Suresh, David McKenzie and Christopher Woodruff, “One-Time Transfers of Cash or Capital Have Long-Lasting Effects on Microenterprises,” *Science*, February 24, 2012.

Session 21 (Tuesday 4/6) + Session 22 (Thursday 4/8) Labor and Migration

- + <https://www.evidenceaction.org/blog-full/why-test-at-scale-no-lean-season/>
- + Piper, Kelsey, “A Charity Just Admitted that its Program Wasn’t Working. That’s a Big Deal,” Vox, November 29, 2018
<https://www.vox.com/2018/11/29/18114585/poverty-charity-randomized-controlled-trial-evidence-action>
- + Blattman, Christopher and Stefan Dercon, “Everything We Knew About Sweatshops Was Wrong,” *New York Times*, April 27, 2017.
https://www.nytimes.com/2017/04/27/opinion/do-sweatshops-lift-workers-out-of-poverty.html?_r=0
- + RAY: Chapter 10.3.1-10.3.4 up to page 382 (Suggested)

Problem Set 2 due on Thursday, April 8 at 5pm

Session 23 (Tuesday 4/13) Land and Agriculture

- + RAY: Chapter 12.3.2
- + Banerjee, A., Gertler, P., & Ghatak, M. (2002). Empowerment and Efficiency: Tenancy Reform in West Bengal. *Journal of Political Economy*, 110(2), 239-280. (Section I only, rest of the paper is suggested)

Session 24 (Thursday 4/15) Student Presentations

Session 25 (Tuesday 4/20) Student Presentations

Session 26 (Thursday 4/22) Review and Catch Up

Session 27 (Tuesday 4/27) Second Exam in Class