

University of Pennsylvania
The Wharton School
Spring 2024

BEPP 2330: CONSUMERS, FIRMS AND MARKETS IN DEVELOPING COUNTRIES

Class location: Huntsman 240

Instructor: Shing-Yi Wang

Office hour location: Vance Hall 323

Office hours: Fridays 3:45-4:45pm or by appointment

Class times: T/Th noon and 1:45pm

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Description

Nearly four-fifths of the world's population live 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 regression 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) and the Banerjee and Duflo book, I do not recommend that you buy the whole books but instead use them on e-reserve at the library.

Grades and Assignments

There will be two problem sets, two 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 4%
2nd Problem Set 4%
Team Presentations 20%
Second Exam 31%
Class Participation 10%

This course can be taken P/F (pass/fail).

Exams

Both exams will be closed book.

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 are available to take the exam on the day scheduled.

Students will be given a period of one week from the date exams are returned to request 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. All requests must be made in writing and submitted via emailing to the instructor stating the specific question that they are disputing and the reason they believe they should receive a regrade. Please also specify in your email that you are aware of the policy of regrading the entire exam. 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 7 for classroom participation. This score will be determined by regularity of attendance, on time arrival, and contributions to classroom discussion (including during the team presentations). You can miss up to 3 sessions with no penalty to your class participation grade. Attendance data may come from a variety of sources, including your filling out PollEverywhere polls during class.

Eating substantive food is not allowed during class as this can be distracting to your classmates.

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. Of the 3 total sessions that you can miss without penalty, one of those sessions can occur on a day with

team presentations without penalty to the second component of your class participation grade. If you attend all the presentations (except for one day of presentations), listen attentively and provide feedback on the forms, you will receive 3. After the one day that you can miss without penalty, each presentation receives an equal share of the points, so if you only attend half of the presentations and provide feedback for half of them, you will get 1.5 out of 3 points. You should not submit a feedback form for your own presentation.

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

You are encouraged to work in groups. However, students must write and hand in their own written assignment. If you submit your problem set late, the first hour late will cost 2 points and each hour after that will cost 1 point (up to a maximum of the total number of points of the problem set) where problem sets are out of around 40 points.

Team Presentations

Overview: The size of the teams will depend on class size. You can form your own teams. If you choose not to do so, we will assist in assigning teams. Presentations will focus on either a core concept or an application of that concept.

Logistics: Presentation sign-ups will occur after the first few weeks of class.

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. The grades for presentations will be released after all of the presentations are completed.

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 contact the Weingarten Learning Resources Center (215-573-9235) for more information.

Session 1 (Thursday 1/18) 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. [Canvas]

Session 2 (Tuesday 1/23) Poverty Measurement

- + Deaton, Angus (2006). "Measuring Poverty," Banerjee et al (eds.): *Understanding Poverty*, Chapter 1, Oxford University Press 2006. [Canvas]
- + 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 1/25) Understanding the Household as an Economic Decision-Making Unit: Theory

- + 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. [Canvas]

Session 4 (Tuesday 1/30) Evidence on Household Decision-Making

- + Duflo, Esther. (2003). "Grandmothers and Granddaughters: Old-Age Pensions and Intrahousehold Allocation in South Africa." *World Bank Economic Review*. 17. (only Introduction) [Canvas]

Session 5 (Thursday 2/1) Population Growth and Fertility

- + Weil, David, *Economic Growth*, 2nd edition, 2009, Chapter 4.1 [E-reserve]
- + RAY: Chapter 9.3 (Suggested) [E-reserve]
- + Poor Economics. Chapter 5 [E-reserve]
- + 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 6 (Tuesday 2/6) 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/>
- + Anderson, Siwan and Debraj Ray, (2015), "Missing Unmarried Women," Vox.
<https://voxeu.org/article/missing-unmarried-women>

Session 7 (Thursday 2/8) Supply Side Issues in Education and the Returns to Education

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

Session 8 (Tuesday 2/13) Demand Side Issues in Education

- + *Poor Economics*. Chapter 4 [E-reserve]

Problem Set 1 due on Wednesday, February 14 at 5pm

Session 9 (Thursday 2/15) Land and Agriculture

- + RAY: Chapter 12.3.2 [E-reserve]
- + 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) [Canvas]

Session 10 (Tuesday 2/20) Technology Adoption

- + <https://voxeu.org/article/sub-saharan-africa-s-low-adoption-high-tech-farm-inputs>
- + <https://www.vox.com/future-perfect/21420357/kenya-mobile-banking-unbanked-cellphone-money>
- + "To do with the price of fish," *Economist*, May 17, 2007. [Canvas]

Session 11 (Thursday 2/22) Nutrition

- + RAY: Chapter 8.42 + Chapter 8.43 to page 281 [E-reserve]
- + Deaton, A. (1997). Analysis of Household Surveys: A Microeconometric 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 R Pande (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. [E-reserve]

Session 12 (Tuesday 2/27) Review and Synthesis

Session 13 (Thursday 2/29) First Exam

Spring Break

Session 14 (Tuesday 3/12) Health Part 1

- + Poor Economics. Chapter 3. [E-reserve]

Team Presentation(s)

Session 15 (Thursday 3/14) Health Part 2

- + Dupas, P (2014), "Getting essential health products to their end users: Subsidize, but how much?" *Science* 345.6202 (2014): 1279-1281. [Canvas]

Team Presentation(s)

Session 16 (Tuesday 3/19) Team Presentations: Health and Other Institutions

Session 17 (Thursday 3/21) Solow Model of Growth

- + RAY: Chapter 3.3.3 – 3.5 [E-reserve]
- + Easterly, Chapter 3 (Suggested) [E-reserve]

Session 18 (Tuesday 3/26) Credit Markets

- + 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) [Canvas]

Session 19 (Thursday 3/28) Credit Markets continued + Savings

- + <https://www.vox.com/future-perfect/2019/1/15/18182167/microcredit-microfinance-poverty-grameen-bank-yunus>
- + Karlan, Dean and Jacob Appel (2011). *More than Good Intentions: How a New Economics is Helping to Solve Global Poverty*. Chapter 7. [E-reserve]
- + Anderson, Siwan and Jean-Marie Baland, 2002, "Economics of ROSCAs and Intra-Household Resource Allocation," *Quarterly Journal of Economics*. (only Sections I+II) [Canvas]

Session 20 (Tuesday 4/2) Informal Savings continued

- + Goldstein, Markus, "Pull him down? How about pull her down..." World Bank Development Impact Blog. October 2, 2012.
<http://blogs.worldbank.org/impac evaluations/pull-him-down-how-about-pull-her-down>

Session 21 (Thursday 4/4) Insurance

- + Poor Economics. Chapter 6. [E-reserve]

Problem Set 2 due on Friday, April 5 at 5pm

Session 22 (Tuesday 4/9) 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. [Canvas]
- + Cai, Jing and Shing-Yi Wang, “Improving management through worker feedback: Auto-manufacturing in China,” VoxDev, October 23, 2020.
<https://voxdev.org/topic/firms/improving-management-through-worker-feedback-auto-manufacturing-china>

Session 23 (Thursday 4/11) Surplus Labor Part 1

- + RAY: Chapter 13.4.1 to page 493 [E-reserve]

Team Presentation(s)

Session 24 (Tuesday 4/16) Surplus Labor Part 2

- + <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>

Team Presentation(s)

Session 25 (Thursday 4/18) Team Presentations

Session 26 (Tuesday 4/23) Migration and Jobs

- + 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) [E-reserve]

Session 27 (Thursday 4/25) Synthesis and Review

Session 28 (Tuesday 4/30) Second Exam in Class