Econ 0030: Issues in Economic Development

Lecturers information

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What will you learn about?

Developing countries face numerous market failures: externalities, credit constraints, asymmetric information, etc. Public policy is used to partially correct the consequences of these market failures. This course studies the cycle of public policy in developing countries, paying attention to: evaluation of public policies, taxation in developing countries, and a detailed analysis of conditional cash transfer policies. Examples of the questions that you will be able to answer after finishing the course are: How can I estimate the effect that a conditional cash transfer program had on children's schooling? What technique can I use to estimate the impact of health insurance on children's health? Will increased taxes result in more informal workers and firms? Why do developing counties rely more on trade taxes to raise revenues than developed countries? What drives the effects of a Conditional Cash Transfer programme? Do mothers and fathers pool resources?

The philosophy of the course is to explore a few issues in-depth rather than giving a broad view of many issues. In line with the UCL Connected Curriculum strategy, we use Conditional Cash Transfer programmes to connect most of the concepts and techniques that we study in the module, and to connect with other modules of the degree.

The content of this course aligns very well with the lecturers' research interests and professional experience. Both lecturers have done extensive research on the evaluation of policies in developing countries, and in particular, of conditional cash transfer policies. We have also worked in partnership with The World Bank, the Inter American Development Bank, and other stakeholders.

Is this course right for you?

The course will combine the use of economic models with empirical methods, so a good command of Intermediate Microeconomics (ECON2001) and Econometrics (ECON2007) will be required. You should not underestimate this. For instance, we will dedicate four lectures to learning about methods to evaluate public policies. At the end of the course, you will have a very good grasp of how this is done in practice at a level which is comparable to some MSc courses. But this also means that you need to have a taste for econometrics/evidence to enjoy this course. At

the same time, it is important to understand that we will focus on the application, and not on the theory.

It should also be noted that the quantitative methods that we learn to evaluate public policies are not exclusive to developing countries, and they can also be used to evaluate public policies in developed countries, and even in large private sector organizations. However, all the examples that we use focus on developing countries.

We will also be solving several microeconomic models, and will make constant reference to what you learnt in ECON2001.

What will you know (better) by the end of the course?

By the end of the course, students should:

- have gained major insights on the role of public policy in promoting development;
- be familiar with the methods and practice used to evaluate public policy interventions in developing countries, and be able to critically assess the robustness of the methodologies and findings;
- have a good understanding of issues related to taxation in developing countries;
- be familiar with the economics of conditional cash transfer policies in developing countries.

The course also intends to improve the following practical and transferable skills (which are stated in the L100/101 programme specification):

Research economic information in books, periodicals, websites and other sources.

We achieve this by asking the student to read books, academic and journalistic articles on the topics that we study.

Analyse economic data using standard statistical techniques, implemented through widely used software. AND Use computer applications appropriate to typical professional and academic situations.

We will do this through assignment #1, and assignment #3, as well as with examples given during the lectures

Collaborate with colleagues.

We encourage you to complete the assignments in groups of 2 or 3 students. Please, hand-in only one set of answers with the names of all the group members (group members can be different for different assignments). In Tutorial #1, you will also work in pairs.

What have students thought of the course in the past?

Last year, student evaluations in this module were very good. Students in the past have identified some issues with the module that we have tried to address:

"Too much econometrics, which hasn't helped improved my understanding of issues in economic development"

We now provide more information in the syllabus regarding the econometrics content of the course, so that students that take the course rightly anticipate that econometrics is very important in the course.

"I had problems doing the STATA section of the problem sets."

We now include STATA tips within the assignments, as well as STATA resources and videos in Moodle.

How do you learn on this course?

Lectures

10 Lectures of 110 minutes each if face to face teaching; bite size pre-recorded material, complemented with synchronous events with the course lecturers.

Tutorials

There will be four tutorials during the course.

Tutorial 1: Evaluation in Practice

The objective of this tutorial is to cover the practical aspects of evaluating a policy that is going to be implemented by a government. You will be presented with a policy and be asked questions. With the help of a class mate, you have to quickly come up with answers which will be discussed during the tutorial. To prepare for this tutorial, you only need up to date with the content of the course.

Tutorial 2: Estimation of the effect of public policy

The purpose of this assignment is to help you start to learn how to estimate the effect of public policies using statistical software (STATA). You will be provided with datasets and asked to carry out certain estimations, and interpret the computer output. You will have to hand in your work N days before the tutorial.

Tutorial 3: Estimation of Engel curves

The purpose of this assignment is to help you learn how to estimate Engel curves using statistical software (STATA) with data on household consumption extracted from the evaluation of a conditional cash transfer program. . You will have to hand in your work N days before the tutorial.

Tutorial 4: Discussion and exam preparation

The purpose of this assignment is to consolidate the learning of the material taught. You will be asked to solve exam type questions and you will discuss the material learnt in the course. You will have to hand in your work N days before the tutorial.

Tutorial 2, 3, and 4 have an assignment associated to them. You are encouraged to do the assignments in a group of two or three students, but it is perfectly OK to do the assignments individually if you prefer. All assignments need to be submitted by the deadline, which will be advertised. Please, only hand in one set of answers per group (with the names of all group members). You can have different group members in each assignment.

Readings
See information in Moodle

Assessment

Assessment will be 20% answers to quizzes taken during the term, and 80% open book coursework in Term 3.

Note that STATA related questions can be part of the assessments. Note that if there are any exam questions on STATA, they will be on the same commands which were used in the assignments/tutorials or shown in the lectures.

There will be 8 quizzes, with deadlines at 18:00 (London time) on the Thursday before the second, third, fourth, sixth, seventh, and eight synchronous session. That is: 21 January, 28 January, 4 February, 11 February, 4 March, 11 March, 18 March, 25 March.