

Behavioral Economics of Poverty and Development

88366, 90892

Syllabus

Syllabus updated: January 16, 2024

Class meetings

Class times	Tuesdays and Thursdays 9:30 - 10:50
Class location (in-person)	Porter Hall 225B
First class	16 January, 2024
Last class	25 April, 2024

Instructor

Instructor	Andrea Kiss
Email	akiss@andrew.cmu.edu
Office	Porter Hall 319A
Office hour times	Wednesdays 9:00-10:00am
Office hour location	Zoom, https://cmu.zoom.us/j/andreakiss
Office hour sign-up	https://andreakiss.youcanbook.me/ sign-up for 15 minute slots 24 hours in advance

Teaching Assistant

Teaching Assistant	Libby Eichberger
Email	leichber@andrew.cmu.edu
Office hour times	Tuesday 11:00-12:00
Office hour location	Porter Hall 222B
Office hour sign-up	none required, it's a walk-in system

1 Course overview

The course is cross-listed at the upper-level undergraduate (SDS) and master's (PP) levels. It targets students interested in learning about the processes of economic development and poverty alleviation.

In the first half of the course, we will explore how to evaluate a policy intervention, aiming to discover methods that determine policy effectiveness. We will primarily rely on randomized experiments and focus on interventions that are applicable to households, small firms, and farms. In the second half, the class will engage in discussions about challenges in the developing world and potential policy solutions, with a particular emphasis on interventions applying insights from behavioral economics. The course will predominantly focus on four sectors in developing countries: health, microfinance, agriculture, and education.

2 Objectives

By the end of the course you should be able to:

1. Describe insights from behavioral economics that are relevant for development policy and interventions.
2. Discuss the strengths and weaknesses of a given impact evaluation.
3. Design an appropriate impact evaluation for a behaviorally informed policy and develop an execution plan.

3 Course Pre-requisites

The class has the following pre-requisites: a “Principles of Microeconomics”-type course (73102 or 73100 or 88220), and the “Methods for Statistics and Data Science” course (36202).

4 Textbooks

We will use the following two textbooks:

- Gertler, P. J., Martinez, S., Premand, P., Rawlings, L. B., and Vermeersch, C. M. (2016). *Impact evaluation in practice*. World Bank Publications
- Duflo, E. and Banerjee, A. (2011). *Poor Economics*. PublicAffairs

You can download the entire book of Gertler et al. (2016) from the (World Bank’s website). Individual chapters will also be available on Canvas. If you need further resources on impact evaluation, I would recommend the book of “Glennster, R. and Takavarasha, K. (2013). *Running Randomized Evaluations*. Princeton University Press”, available online through the library, or in the course reserves of Hunt Library.

A physical copy of Poor Economics is in the reserves in the Hunt Library. You can also access it online through the library (Poor Economics). If you plan to purchase the book, a new paperback copy is about \$12. The used and e-book versions may be cheaper and you may opt for those.

Additional course readings and materials will be uploaded to Canvas.

5 Class Format, Structure and Etiquette

During classes, I will mix lectures, discussions, and exercises. You should ask questions, engage in the discussion, and participate in the exercises.

5.1 Discussion Policy

I expect that some policy topics may reveal disagreement between members of the class. Robust debates are welcome and encouraged as they contribute to a more nuanced understanding of difficult topics; however, the tone of the discussions must remain civil and respectful at all times. If you have suggestions, questions, or other comments, please reach out to the instructor.

Here are a few principles to follow that will allow for civil discourse:

- Give the benefit of the doubt. Interpret statements in a charitable light if at all possible. If you can't think of a charitable interpretation, seek clarification before assuming the worst.
- Be willing to forgive. All of us have flaws. We do things out of ignorance, and we do things that we later regret. If somebody does or says something and apologizes, let bygones be bygones.
- De-escalate, rather than escalate, when possible.
- Intimidation is not an appropriate way to engage in debate.
- Be polite and civil even to those you disagree with. All ideas are fair game for discussion and dispute, but harassment or hostility toward a classmate is unacceptable.

5.2 Laptop and Mobile Device Policy

Technology can be useful in classrooms, and you may be asked to use your mobile devices during class at certain times. These times will be clearly specified by the instructor. Technology, however, can also be disruptive. Unexpected noise and movement automatically divert and capture people's attention, meaning that laptops and mobile devices can affect everyone's learning experience. Please silence your mobile devices during every class period. If you suspect that your screen may distract others, try sitting in the back row.

6 Communication

I will make all class announcements on Canvas and/or in class. It is your responsibility to ensure that you are aware of these announcements, even if you missed class.

You may contact me by email, during office hours, or after class. Email should be used for administrative questions or short clarifying questions (yes/no). If your question does not qualify for an email response, you will be asked to visit during office hours. Please allow at least 24 hours for an email response, and do not expect a response over weekends, teaching breaks, or holidays.

7 Office hours

I encourage you to visit office hours to discuss questions about the class, readings, and assignments. The course material is designed to challenge you, so seeking help along the way is expected. Office hours are typically busy before exams. If you cannot book a time for office hours with the instructor, please utilize the TA's office hours.

Instructor office hours will be conducted on Zoom (find the link on the first page). Please sign up for a 15-minute slot at least 24 hours in advance through <https://andreakiss.youcanbook.me/>. While you are welcome to share your booked slots with others, please note that shared slots are not suitable for questions that require a private conversation, such as questions about your grade or accommodations. Ensure you come prepared for your session, as 15 minutes pass quickly.

TA office hours are held weekly, and operate on a walk-in basis.

8 Assessment

8.1 Assignments

	Due	% of grade
Quizzes	beginning of classes	10%
Reading questions	23:55 on the previous day	15%
Impact evaluation problem set	Feb 7th, 23:55	5%
Critique	Feb 16th, 23:55	15%
Midterm (in-person)	Feb 27th, in-class	20%
Term project		
Idea brief part 1	March 25th, 23:55	1%
Idea brief part 2	April 1st, 23:55	4%
Presentation	April 18th - April 25th, in-class	10%
Final paper	May 3rd, 23:55	20%

Quizzes

At the beginning of each class, there will be a short quiz covering material from the previous class. There are 25 quizzes, and I will drop the 3 lowest-scoring ones when calculating the total points. There are no extensions or excuses for quizzes; they must be turned in within 5 minutes after they are released.

Reading questions

There are 10 classes with assigned readings during the semester. These readings will be discussed during class time and thus should be read *before* the given class. To ensure that students complete the reading, they should answer questions about the reading by the end of the day prior to the relevant class on Canvas. Each assignment is worth 1.5% of the final grade. The assigned readings are marked in the Course schedule with asterisks and red font.

Problem set

This problem set will allow students to practice program evaluation basics and review the relevant behavioral phenomena for the course.

Midterm

The midterm exam will take place in person during class time. It is a closed-book exam, meaning no notes, calculators, phones, or other devices are allowed. You will receive a practice exam in advance. If you cannot attend the midterm or require accommodation, please inform the instructor as soon as possible.

Critique

The critique is a written assignment (~ 750-1000 words) in which you evaluate the validity of an impact analysis (or the statements about the claimed impact) of a program ran by an NGO or a

social enterprise of your choosing. The websites below are examples of such NGO impact analyses (and you cannot choose them)

- <https://oneacrefund.org/our-impact>
- <https://finca.org/our-impact>

More detailed instructions will be provided at a later point.

Term project

The term project is a proposal for an NGO to evaluate (one of) the intervention(s) that the NGO implements. The selected NGO must be different from the one you chose for the critique. The proposal should be approximately 1000-1500 words and must include a behavioral element. This can be achieved by either choosing an intervention that already applies behavioral insights (e.g., leverages or targets behavioral phenomena such as self-control, (in)attention, etc.) or by proposing a behavioral tweak to the intervention that could make it more effective.

There are several check-in points for this project to ensure that you successfully complete it. First, you will need to submit the name of the NGO of your choosing that you would propose working for (idea brief part 1). In part 2 of the idea brief you would summarize your proposed intervention and highlight the behavioral element of your proposal. Then you will present your almost proposal during class, and finally, you will submit the proposal as your final paper. More detailed instructions will be provided at a later point.

Bonus Points

Students have the opportunity to earn bonus points through active participation and providing helpful comments on presentation days. There are a total of four such classes, and participation will be graded on a 4-point scale during each of these sessions: 0 for non-attendance or disruptive behavior, 1 for attendance without participation, 2 for non-trivial participation, and 3 for very good contributions to the discussion. Participation bonus points, with a 5% weight equivalent to one lab assignment, will be added to the final grade.

8.2 Extensions and Late Policy

Late assignments will be graded, except for quizzes. Assignments submitted less than 24 hours late will incur a 10 percentage point penalty, while those submitted between 24 to 48 hours late will face a 20 percentage point penalty. Assignments more than 48 hours late will be assigned a grade of zero, but the student will still receive feedback.

For example, if a student earned 80 points out of 100 on an assignment, their percentage mark would be 80%. However, if the assignment is submitted 10 hours late, the student's mark would be adjusted to 70% ($80 - 10 = 70$). If submitted 30 hours late, the mark would be further adjusted to 60% ($80 - 20 = 60$).

To avoid the late penalty, everyone may request a one-time extension without providing a reason. The extension period should not exceed 48 hours, and the request must be emailed to the instructor at least 24 hours before the deadline.

Note, deadline extensions may be granted for students facing challenges. See section 11 for more details.

8.3 Grading

Master and undergraduate students are graded on separate scales. I do not use a grade curve for this class. The provisional scales are below.

88-366 (undergraduate)		90-892 (masters)	
A	90-100%	A	94-100%
B	80-89%	A-	90-93%
C	70-79%	B+	87-89%
D	60-69%	B	84-86%
R	59% and below	B-	80-83%
		C+	77-79%
		C	74-76%
		C-	70-73%
		D	60-69%
		R	59% and below

9 Learning Accommodations

If you have a disability and have an accommodations letter from the Disability Resources office, I encourage you to discuss your accommodations and needs with me as early in the semester as possible. I will work with you to ensure that accommodations are provided as appropriate. If you suspect that you may have a disability and would benefit from accommodations but are not yet registered with the Office of Disability Resources, I encourage you to contact them at access@andrew.cmu.edu.

10 Academic Integrity

You are expected to read, understand and uphold CMU's academic integrity policy and the Carnegie Mellon Code.

All course materials will be posted on Canvas. You are not allowed to circulate them or accept course materials from other sources. This includes exam information from students who already took the exam.

11 Take care of yourself

It may happen that you find yourself in a particularly challenging situation during the semester. Please know that your health and well-being are a priority. If you experience difficulties throughout the semester, communicate as early as possible so that I can work with you to help you get back up to speed when you are well again. Your grade should reflect what you are capable of and not be impacted by challenges during the semester.

There are many helpful resources available on campus and an important part of the college experience is learning how to ask for help. Asking for support sooner rather than later is almost always helpful. Consider reaching out to someone you trust who can then connect you to resources; for example, a family member, a friend, a mentor, a faculty member or your academic advisor could be a great starting point. In addition you may find the Counseling and Psychological Services at CMU (CaPS) helpful. To reach them, call 412-268-2922 and visit their website at <http://www.cmu.edu/counseling/>.

12 Provisional Course Schedule and Readings

The most updated syllabus and reading schedule will be available on Canvas and changes will be announced.

Date	Topic	Reading assignment
16 Jan	Introduction	Read syllabus
18 Jan	Behavioral economics and public policy	Loewenstein and Chater (2017)** , Samson (2014)
23 Jan	Goals of development economics	PE Foreword and Ch 1
25 Jan	Intro to Program Evaluation	IEP Ch 1, Ch 2
30 Jan	Impact of a Program	IEP Ch 3, Ch 4
1 Feb	Experimental design I	IEP Ch 9, Ch 15
6 Feb	Experimental design II	IEP Ch 10, Muralidharan and Niehaus (2017)**
8 Feb	Ethics	IEP Ch 13, Jachimowicz et al. (2017)**
13 Feb	Evaluating experiments	IEP Ch 17
15 Feb	Behavioral case studies	Datta and Mullainathan (2014)**
20 Feb	Managing evaluations	IEP Ch 12
22 Feb	Revision	
27 Feb	Midterm exam	
29 Feb	Term paper introduction	
5 March	Spring break, no class	
7 March	Spring break, no class	
12 March	Risky life	PE Ch 6
14 March	Savings I	PE Ch 8
19 March	Savings II	Dupas and Robinson (2013)**
21 March	Microcredit	PE Ch 7
28 March	Health I	PE Ch 2 Kestenbaum (2013)**
30 March	Health II	PE Ch 3, Ashraf et al. (2017)**
2 April	Education I	PE Ch 4
4 April	Education II	Bernard et al. (2019)**
9 April	Scarcity	Shah et al. (2012)**
11 April	Spring carnival, no class	
18 April	TBD	
20 April	Student presentations	
25 April	Student presentations	
27 April	Student presentations	

Readings, including textbooks (Poor Economics (PE) and Impact Evaluation in Practice (IEP)), are uploaded/linked on Canvas.