

14.73x: The Challenges of Global Poverty

Instructors:

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Course Descriptions:

This is a course for those interested in the challenge posed by massive and persistent world poverty, and are hopeful that economists might have something useful to say about this challenge. The questions we will take up include: Is extreme poverty a thing of the past? What is life like when living under a dollar per day? Are the poor always hungry? How do we make schools work for poor citizens? How do we deal with the disease burden? Is microfinance invaluable or overrated? Without property rights, is life destined to be “nasty, brutish and short”? Should we leave economic development to the market? Should we leave economic development to non-governmental organizations (NGOs)? Does foreign aid help or hinder? Where is the best place to intervene? And many others. At the end of this course, you should have a good sense of the key questions asked by scholars interested in poverty today, and hopefully a few answers as well, viewed through an economic lens.

If you are interested in getting an overview of the content and exercises covered in this course, or eager to find additional resources please check out our [course preview](#). A score of 60% or above in the course previews indicates that you are ready to take the course, while a score below 60% indicates that

you should further review the concepts covered before beginning the course. The answers to the course preview are located [here](#).

This Course and the MicroMasters:

This course is part of the International Development track MITx MicroMasters Program in Data, Economics, and Design of Policy (DEDP). The program consists of two tracks and eight online courses and proctored exams. This course is an introductory elective in the International Development Track. Learners who pass the three core classes and two elective courses can earn their MicroMasters credential. The program is co-designed by and run by MIT's Department of Economics and the Abdul Latif Jameel Poverty Action Lab (J-PAL), a global leader in conducting randomized evaluations to test and improve the effectiveness of programs aimed at reducing poverty. The MicroMasters program is intended for learners who are interested in building a full set of tools and skills required for data analysis in the social sciences, understanding the problems facing the world's poor, and learning how to design and evaluate social policies that strive to solve them. You can learn more about this program on our [website](#) – we hope that many of you will decide to join us!

Prerequisites:

There are no prerequisites. But economics is a mathematical science, so math will appear, in small doses, in two forms. First, this course is empirically-oriented, so almost all of the required readings and lectures will, at times, use elementary statistics to describe the world. A handful of the required readings will use more advanced statistical tools (such as correlations and regressions) to dig deeper into the data. Second, the lectures will occasionally discuss simple mathematical models that economists find helpful to describe some aspects of the data. The intuition behind these models will, however, always be made clear, and can be used as a substitute (for the purposes of your understanding, and when answering assignment questions) for mathematics.

Assignments and Grading Scheme:

For most weeks during the course, there will be a homework assignment that covers the main topics in that unit. Homework assignments will be released

on Tuesdays along with the videos, and will be due the following Tuesday. In addition, there will be a final exam. Please see the online calendar for further information.

Grades of the online course are calculated as follows:

- Homework Assignments: **14%**
- Finger Exercises: **9%**
- Comprehensive Review: **7%**
- Proctored Exam: **70%**

Lectures and Time Commitment:

The material for each topic will be posted weekly, and you should keep pace with the rest of the class. There will be one lecture per week. You will have access to videos of the lecture presented in short segments (8-10 minutes on average), followed by finger exercises. You will also have access to the lecture notes and presentation slides.

The minimum commitment will be approximately 12 hours per week for watching the lectures, doing the readings, and completing the assignments.

Honor Code Pledge:

By enrolling in a MITx Online course or program, you agree that you will:

- Complete all tests and assignments on my own, unless collaboration on an assignment is explicitly permitted.
- Maintain only one user account and not let anyone else use my user-name and/or password.
- Not engage in any activity that would dishonestly improve my results, or improve or hurt the results of others.
- Not post online or share answers to problems that are being used to assess learner performance.

We will strictly enforce the honor code pledge. If you are found in violation of the Terms of Service or Honor Code, you may be subject to one or more of the following actions:

- Receiving a zero or no credit for an assignment;
- Having any certificate earned in the course or program withheld or revoked;
- Being unenrolled from a course or program; or
- Termination of your use of the MITx Online Site.
- Additional actions may be taken at the sole discretion of MIT.

No refunds will be issued in the case of any corrective action for such violations.

Honor Code violations will be determined at the sole discretion of MIT. You will be notified if a determination has been made that you have violated this Honor Code and you will be informed of the corresponding action to be taken as a result of the violation.

Course Syllabus and Reading Assignments:

The required text for this class is *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*. The book is available within the MITx Online platform, courtesy of Perseus Books Group. You can also purchase a hard copy of *Poor Economics* [here](#).

We will also rely on articles that you can access online, either through the course website or elsewhere. All readings should be read before the lecture under which they are listed.

Week One: Introduction & Poverty Traps and Experiments

- Introduction I: What this class is about
 - *Poor Economics*: Chapter 1 and 2 (Pages 19-22)
- Introduction II: What you will learn

- Introduction III: How to interact with the course: Thoughts from Prof. Duflo and Prof. Banerjee
- Poverty Traps I: What is a poverty trap?
- Poverty Traps II: Learning what works: The role of experiments
- Fill in entrance survey

Week Two: Food

- Food I: Is there a nutrition-based poverty trap?
 - *Poor Economics*: Chapter 2 (Pages 22-28)
 - The Indian Jones of Economics, Part I, II, III (Freakanomics Blog post by Robert Jensen on his work Giffen goods)
- Food II: The hidden traps
 - *Poor Economics*: Chapter 2 (Pages 28-40)

Week Three: Health

- Health I: Delivering healthcare: A case study from India
 - Udaipur Case Study: "Improving Health Care Delivery in India"
 - Film: *The Name of the Disease* (2006). Edited by Sumit Ghosh. Directed by Abhijit Banerjee, Arundhati Banerjee and Bappa Sen.
- Health II: Low hanging fruit: Understanding health care behavior in developing countries
 - *Poor Economics*: Chapter 3

Week Four: Education

- Education I: Setting the stage
 - Case, Anna, "The Primacy of Education", Chapter 18 in *Understanding Poverty*
- Education II: How to make schools work for the poor: Pratham's experience

- Banerjee, Abhijit, Shawn Cole, Esther Duflo and Leigh Linden (2007), "Remedying Education: Evidence from Two Randomized Experiments in India", *Quarterly Journal of Economics*, 122(2), pp 1235-64.

- Education III: Beyond supply and demand wars

- *Poor Economics*: Chapter 4

Week Five: Family

- Family I: (Somewhat) unorthodox findings on the family

- Family II: What drives fertility decisions?

- *Poor Economics*: Chapter 5: Pages 103-123

- Family III: Gender discrimination

- *Poor Economics*: Chapter 5: Pages 123-129

- Amartya Sen "100 Million Missing Women" *New York Review of Books*

Week Six: Risk and Insurance

- Risk and Insurance I

- Besley, Timothy, "Nonmarket Institutions for Credit and Risk Sharing in Low Income Countries," *Journal of Economic Perspectives*, 9, Pages 115-127

- Risk and Insurance II

- *Poor Economics*: Chapter 6

Week Seven: Credit

- Credit I: The not so simple economics of lending to the poor

- *Poor Economics*: Chapter 7: Pages 157-168

- Credit II: The promise and perils of microfinance

- *Poor Economics*: Chapter 7: Pages 168-180

- Financial Times article - "Microcredit is not the enemy"

- The Economist article - "Big Troubles for Microfinance"
- New York Times Op-Ed - "Sacrificing Microcredit for Megaprof"
- Banerjee, Abhijit, Esther Duflo, Rachel Glennerster and Cynthia Kinnan (2009), "The Miracle of Microfinance? Evidence from a Randomized Evaluation," working paper, MIT

Week Eight: Savings

- Savings I
 - *Poor Economics*: Chapter 8
- Savings II

Week Nine: Entrepreneurship

- Entrepreneurship I: Entrepreneurs and workers
 - *Poor Economics*: Chapter 9

Week Ten: Institutions and Conclusion

- Policies and Politics I: Can evidence play a role in the fight against poverty?
 - *Poor Economics*: Chapter 10
- Policies and Politics II
- Policies and Politics III
- Conclusion: In place of a sweeping conclusion
 - *Poor Economics*: Conclusion

*** Week Eleven: Comprehensive Review**