ECON 240 Economic Development Winter 2004

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This course serves as an introduction to the empirical study of microeconomic development. Throughout the course we will discuss methods for obtaining and analyzing the kinds of data needed for the testing of theory and the evaluation of policy interventions in development contexts.

There will be two quantitative homeworks, each worth 20% of the grade, a referee report and inclass presentations of the reading worth a further 10%, a final exam worth 30%, and a 'grant proposal' due on the last day of class which should include a hypothesis or policy intervention and a strategy for identification and data collection worth 20%.

Required Texts:

Bardhan, Pranab, and Christopher Udry (1999) *Development Microeconomics*. Oxford University Press.

Deaton, Angus (1997) *The Analysis of Household Surveys: A Microeconomic Approach to Development Policy.* Johns Hopkins/World Bank Press.

Week 1: Introduction: The Big Picture, the Little Picture, & Measurement: Deaton Ch. 3.

Lindauer, D. & L. Pritchett 'What's the Big Idea? The Third Generation of Policies for Economic Growth', *Project Muse publication*.

North, D., (1991). 'Institutions', The Journal of Economic Perspectives, Vol. 5 No. 1 pp. 97-122.

Ravallion, M. (1996) 'Issues in measuring and modelling poverty'. *The Economic Journal*, Vol. 106, pp. 1238-43.

Week 2: Evaluating the Impact of Development Policies:

Deaton Ch. 2.

Angrist, J., and A. Krueger, (1991). 'Does compulsory school attendance affect schooling and earnings?', *The Quarterly Journal of Economics*, Vol 106(4), pp. 979-1014.

Duflo, E., (2001). 'Schooling and labor market consequences of school construction in Indonesia: Evidence from an unusual policy experiment', *American Economic Review*, http://econ-www.mit.edu/faculty/download_cv.php?prof_id=eduflo

Schultz, T.P., (2004). 'School subsidies for the poor: Evaluating the Mexican Progresa poverty program', forthcoming *Journal of Development Economics*, http://www.econ.yale.edu/growth_pdf/cdp834.pdf

Miguel, E., and M. Kremer, (2004). 'Worms: Identifying impacts on education and health in the presence of treatment externalities', *Econometrica*, Vol. 72, No. 1. http://emlab.berkeley.edu/users/emiguel/miguel_worms.pdf

Week 3: Household Models, Constraints, & Missing Markets

Bardhan & Udry Chs. 2, 4, & 5.

Eswaran, M. and A. Kotwal, (1985) 'A theory of contractual structure in agriculture', *American Economic Review* Vol 75, pp. 352-367.

Key, N., A. de Janvry, and E. Sadoulet, (2000). 'Transactions costs and agricultural household supply response,' *American Journal of Agricultural Economics*, Vol. 82, pp. 245-259.

Deaton, A., & C. Paxson, (1998). 'Economies of scale, household size, and the demand for food', *The Journal of Political Economy*, Vol. 106(5), pp. 897-930.

Rozelle, S., J. Taylor, and A. DeBrauw, (1999). 'Migration, remittances, and agricultural productivity in China', *The American Economic Review*, 89(2), pp. 287-291.

Week 4: Intrahousehold Allocation, Gender, & Fertility.

Deaton, Ch. 4.

McElroy, M. (1990). 'The empirical content of Nash-bargained household behavior.' *Journal of Human Resources*, Vol. 25, No. 4, pp. 559-583.

Rao, V. (1993). 'The rising price of husbands: A hedonic analysis of dowry increases in rural India,' *Journal of Political Economy*, 101(4), pp. 666-677.

Thomas, D., (1997). 'Income, expenditures, and health outcomes: Evidence on intrahousehold resource allocation', in L. Haddad and J. Hoddinott, and H. Alderman (eds.) *Intrahousehold Resource Allocation in Developing Countries*, Baltimore, MD. The Johns Hopkins University Press.

Duflo, E. and R. Chattopadhyay, (2003). 'Women as policymakers: Evidence from a randomized policy experiment in India'. *MIT working paper*, http://econ-www.mit.edu/faculty/download_pdf.php?id=437

Week 5: Risk, Investment, & Insurance

Deaton, Ch. 6.

Bardhan & Udry Ch. 8.

Rosenzweig, M., and K. Wolpin, (1993). 'Credit market constraints, consumption smoothing, and the accumulation of durable production assets in low-income countries: Investment in bullocks in India', *Journal of Political Economy*, Vol. 101, No. 2, pp. 223-244.

Townsend, R. (1994). 'Risk and insurance in village India', Econometrica, Vol. 62, no. 3.

Udry, C. (1994) 'Risk and saving in Northern Nigeria. *American Economic Review*, Vol. 85(5), pp. 1287-1300.

Carter, M., (1997). 'Environment, technology, and the social articulation of risk in West African agriculture', *Economic Development and Cultural Change*, Vol. 45, No. 3 pp. 557-590.

Week 6: Informal Financial Institutions

Bardhan & Udry, Ch. 7

Stiglitz, J., and A. Weiss, (1981). 'Credit rationing and markets with imperfect information', *American Economic Review*, Vol. 71 pp. 393-411.

Boucher, S., and Carter, M., (1991). 'Risk rationing and activity choice in moral hazard constrained credit markets'. Wisconsin AAE working paper, http://www.aae.wisc.edu/www/pub/sps/stpap445.pdf

Besley, T., S. Coate, and G. Loury, (1993). 'The economics of rotating savings and credit associations', *The American Economic Review*, Vol. 83, No. 4, pp. 792-810.

Anderson, S., and Baland, J.M. (2002). 'The economics of roscas and intrahousehold resource allocation,' *Quarterly Journal of Economics*, 117 (3), pp. 963-995.

Week 7: Information & New Financial Institutions

Morduch, J.(1999) 'The microfinance promise' *Journal of Economic Literature*, Vol. 37 No. 4, pp. 1569-1614.

Coleman, B., (1999). 'The impact of group lending in Northeast Thailand', *Journal of Development Economics*, Vol 60, pp.105-141.

Pitt, M., and S. Khandker (1998). 'The impact of group-based credit programs on poor households in Bangladesh: Does the gender of participant matter?' *Journal of Political Economy*, Vol 106(5), pp. 958-996.

Navajas, S., J. Conning, and C. Gonzalez-Vega, (2003). 'Lending technologies, competition and consolidation in the market for microfinance in Bolivia', *Journal of International Development* 15, pp. 747-770.

McIntosh, C., and B. Wydick, (2004). 'Competition and microfinance' http://www-irps.ucsd.edu/academics/f-mcintosh-competition.pdf

McIntosh, C., A. de Janvry, and E. Sadoulet, (2004). 'How rising competition among microfinance institutions affecs incumbent lenders', *The Economic Journal*, forthcoming. http://www-irps.ucsd.edu/academics/f-mcintosh-empiricalcomp.pdf

Week 8: Property Rights, Contracting, and the Commons

Bardhan & Udry, Ch. 13.

Bardhan, P, (1993) 'Analytics of the Institutions of Informal Cooperation in Rural Development', *World Development* Vol 21. No. 4,

Baland, J-M., and Platteau, J-P., (1998). 'Division of the commons: A partial assessment of the new institutional economics of land rights', *American Journal of Agricultural Economics*, Vol. 80, No. 3, pp. 644-650.

Miguel, E., & Gugerty, M.K., (2004). 'Ethnic diversity, social sanctions, and public goods in Kenya', forthcoming, *Journal of Public Economics*. http://emlab.berkeley.edu/users/emiguel/miguel_tribes.pdf

Field, E. (2004), 'Do property titles increase credit access among the urban poor? Evidence from a nationwide titling program'

http://www.rwj.harvard.edu/papers/field/Field%20Do%20Property%20Titles%20Increase%20Credit....pdf

Banerjee, A., P. Gertler, and M. Ghatak, (2002). 'Empowerment and efficiency: tenancy reform in West Bengal', *Journal of Political Economy*, Vol. 110(2), pp. 239-280.

Week 9: Population & Growth

Bardhan & Udry, Ch. 3.

Dasgupta, P., (1995). 'The Population Problem: Theory and Evidence', *Journal of Economic Literature*, Vol XXXIII.

Kremer, M. (1993). 'Population Growth and Technological Change: 1,000,000 B.C. to 1990'. *Quarterly Journal of Economics*, Vol. 108 (3), pp. 681-716.

Acemoglu, D, Johnson, S., and Robinson, J. (2001) 'Colonial origins of comparative development: An empirical investigation', *American Economic Review*, 91(5), pp. 1369-1401. http://econ-www.mit.edu/faculty/download_pdf.php?id=144

Banerjee, A., and Duflo, E. (2003). 'Inequality and growth: What can the data say?' *Journal of Economic Growth*, 8(3) 267-299.

Week 10: Aid, Targeting, & Corruption.

Sen, A., (1981). 'Ingredients of famine analysis: availability and entitlements', *The Quarterly Journal of Economics* Vol. 96 No. 3.

Burnside, C., and Dollar, D. (2000). 'Aid, Policies, and Growth', *American Economic Review*, 90(4), 847-868.

Shleifer, A and Vishny, R. 'Corruption', The Quarterly Journal of Economics, 1993.

Fisman, R. (2001) 'Estimating the value of political connections', *American Economic Review*, 91(4), pp. 1095-1102.