

ECON 240 Economic Development Winter 2008

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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 in-class 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 (2002) 'What's the Big Idea? The Third Generation of Policies for Economic Growth', *Economia*.

<http://www.wellesley.edu/Economics/Lindauer/Documents/lindauer.pdf>.

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.

Natural Experiments (DID):

Duflo, E., (2001). 'Schooling and labor market consequences of school construction in Indonesia: Evidence from an unusual policy experiment', *American Economic Review*, Vol. 91 No. 4.

Instrumental Variables:

Acemoglu, D, Johnson, S., and Robinson, J. (2001) 'Colonial origins of comparative development: An empirical investigation', *American Economic Review*, 91(5), pp. 1369-1401.

Randomized Experiments:

Miguel, E., and M. Kremer, (2004). 'Worms: Identifying impacts on education and health in the presence of treatment externalities', *Econometrica*, Vol. 72, No. 1.

Incidental Randomizations:

Ferraz, Claudio, and Fred Finan (2007), "Exposing Corruption: the effect of Brazil's publicly released audits on electoral outcomes", forthcoming *Quarterly Journal of Economics*.

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. DeBrau, (1999). 'Migration, remittances, and agricultural productivity in China', *The American Economic Review*, 89(2), pp. 287-291.

Week 4: Intrahousehold Allocation & Gender.

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.

Ashraf, Nava, (2006). "Spousal Control and Intra-household decisionmaking: An experimental study in the Philippines"

<http://people.hbs.edu/nashraf/Spousal.pdf>

Duflo, E. and R. Chattopadhyay, (2004). 'Women as policymakers: Evidence from a randomized policy experiment in India'. *Econometrica*, Vol 72 No. 5,

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., (2006). 'Risk rationing and activity choice in moral hazard constrained credit markets'. Forthcoming, *American Journal of Agricultural Economics*.
<http://www.agecon.ucdavis.edu/people/faculty/facultydocs/Boucher/papers/RiskRationing.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: 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.

McIntosh, C., and B. Wydick, (2005). 'Competition and microfinance' *Journal of Development Economics* Vol 78, pp. 271-298.

Gine, J., and D. Karlan (2007) "Group versus individual liability: a field experiment in the Philippines".
<http://aida.econ.yale.edu/karlan/papers/GroupversusIndividualLiability.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,

Miguel, E., & Gugerty, M.K., (2005). 'Ethnic diversity, social sanctions, and public goods in Kenya', *Journal of Public Economics*. Vol 89, Issue 11.

Field, E. (2004), 'Do property titles increase credit access among the urban poor? Evidence from a nationwide titling program'
<http://www.economics.harvard.edu/faculty/field/files/FieldTorerocs.pdf>

Banerjee, Abhijit, Dilip Mookherjee, Kaivan Munshi and Debraj Ray (2001). "Inequality, control rights, and rent seeking: Sugar cooperatives in Maharashtra". *Journal of Political Economy*, Vol 109, Issue 1.

Week 9: Population & HIV.

Bardhan & Udry, Ch. 3.

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

Young, A., (2005) "The gift of the dying: the tragedy of AIDS and the welfare of future African generations", *The Quarterly Journal of Economics*, Vol. CXX Issue 2, 423-466.

Oster, Emily (2006) "HIV and Sexual behavior change: Why not Africa?" NBER Working Paper Number [13049](#)

Thiramurthy, Zivin, and Goldstein (2005). "The economic impact of AIDS treatment: labor supply in western Kenya", NBER Working Paper #11871

Week 10: Corruption.

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

Olken, Ben, and Patrick Barron, (2007). "The simple economics of extortion: evidence from trucking in Aceh", *NBER Working paper No. 13145*
<http://www.nber.org/~bolken/trucking.pdf>

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

Khwaja, Asim, and Atif Mian, (2005). "Do lenders favor politically connected firms? Rent provision in an emerging financial market" *Quarterly Journal of Economics*, Vol 120 Issue 4.