

Special Topics 281: Macroeconomic Development

UCSD, Winter 2017

Instructors

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Meetings

Mondays 2:30pm to 5:20pm in ECON 300

Office Hours

We are very happy to meet with you about your research ideas; please email us to arrange a time.

Course overview

In this class, we will cover selected topics of frontier research at the intersection of macroeconomics and development. The aim of the class is to set solid basis for future research on the topic, and to get each student to identify and develop a viable research topic. Learning to read, evaluate, and present papers is an essential intermediate step towards generating novel research. For this reason, each student will present one paper during the course. You will be evaluated based on your presentation, class participation and, most importantly, progress toward identifying and developing a viable dissertation topic. Each student will pass in a research proposal by the end of the course.

Paper Presentation

Giving a presentation does not come easy to most people (including us), and so we will try to help you prepare. In particular, we would like to meet with you at least once before your presentation to go over your slides ***at least one week before your talk is scheduled***. So please schedule a meeting with us at least one week before your talk and have your slides and talk well underway by then. We are more interested at this stage to see your introduction, and the big picture of how you view the paper, rather than the details.

In your presentation, be sure to explain to the audience (1) what the question is, (2) why it is interesting, (3) what the authors conclude, (4) how they reach that conclusion, (5) how one could improve upon on the study.

You should be thinking of somewhere in the range of 20 hours preparation for your presentation. It might take you more than this. Thinking critically about what point a paper is making and why takes a very long time. Spending a few hours reading the paper and then

a few more typing up all the equations in the order they appear in the paper is likely to lead to a very painful presentation for all (especially you!) Do not do this.

Research Proposal

To help you begin to begin work on an original research topic, we will ask you to write a research proposal. The research proposal will ideally serve as the foundation for an academic paper that would turn into part of your dissertation.

We will break this up into two stages. By **Friday, Feb 10th** we ask that you submit a *Preliminary Research Proposal* which will outline a research question on a topic of importance and interest to you along with a plan to tackle that problem. This should be a couple of pages perhaps. By **Wed, Mar 15th** we ask that you submit a *Final Research Proposal* which will be more specific about what your question is and how you plan to address it.

Schedule of Classes

Week 1 (9th of January). Development Accounting. Syllabus; DL presents Caselli (2005), Gollin (2002), Schoellman (2012) and Jones and Klenow (2016)

Further reading: Hall and Jones (1999); Hsieh and Klenow (2010); Weil (2007)

Week 2 (16th of January). Holiday, no class.

Week 3 (23th of January). Human Capital: Student talk 1: Malmberg (2016); DL presents Lagakos, Moll, Porzio, Qian, Schoellman (2016); Student talk 2: Manuelli & Seshadri (2014).

Further reading: Jones (2014 AER), Hendricks and Schoellman (2016), Hendricks (2006), Rossi (2016)

Week 4 (30th of January). Misallocation: DL presents Hsieh and Klenow (2009); Student talk 3: Midrigan and Xu (2014); Student talk 4: David, Hopenhayn and Venkateshwaran (2015).

Further reading: Asker, Collard-Wexler, De Loecker (2014, JPE); Yang (2016 WP, UW "Entry and Misallocation"), Moll (2014)

Week 5 (6th of February). Macro Models and Randomized Controlled Trials: Student talk 5: Kaboski and Townsend (2012); DL presents Lagakos, Mobarak and Waugh (2016); Student talk 6: Buera, Kaboski, Shin "Macroeconomics of Microfinance"

Further reading: Todd and Wolpin (2006); Wolpin (2013)

Feb 10th: Preliminary Research Proposals Due

Week 6 (13th of February). Allocation of Talent and Organization of Production. Student talk 7: Hurst Hsieh Klenow Jones (2016); Student talk 8: Roys and Seshadri (2014); TP presents Porzio (2016)

Further reading: Kremer (1993), Lucas (1978), Bryan and Morten (2015)

Week 7 (20th of February). Holiday, no class.

Week 8 (27th of February). Rural-Urban Wage Gaps. Student talk 9: Gollin, Lagakos, Waugh (2014); TP presents Lagakos and Waugh (2013); Student talk 10: Young (2014)

Further reading: Jorgenson 1961, Todaro 1969

Week 9 (6th of March). Technology Adoption and Diffusion. TP presents Comin and Mestieri (2016); Student talk 11: Cole, Greenwood, Sanchez (2015); Student talk 12: Caunedo and Keller (2016)

Further reading: Acemoglu and Zilibotti 2001; Acemoglu Aghion Zilibotti 2006, Donovan (2015)

Week 10 (13th of March). Informality and Job Ladders in Developing Countries. Student talk 13: Meghir, Narita, Robin (2015); Student talk 14: Ulyssea (2014) “Firms, Informality and Development: Theory and evidence from Brazil”; TP presents Heise and Porzio (2016);

Further reading: Burdett and Mortensen 1998; Moser and Engbom (2016)

15th of March: Preliminary Research Proposals Due

Reference List

Note: this is a *very* incomplete list of papers on the subject of macroeconomics and development. You are encouraged to look elsewhere for papers of interest on each topic. The list of references on each of the papers is a good place to start. So is the list of recent and upcoming conferences at the NBER (<http://www.nber.org/~confer/>), the program of recent SED annual meetings (<http://www.economicdynamics.org/sed2016.htm>), or the annual Minnesota Macro conference (<http://www.econ.umn.edu/macro/>), or seminar lists at top universities.

Acemoglu and Zilibotti 2001 “Productivity Differences,” *Quarterly Journal of Economics*

Acemoglu Aghion Zilibotti (2006) “Distance to the Frontier, Selection and Economic Growth,” *Journal of the European Economic Association*

Adamopoulos and Restuccia (2014) “[The Size Distribution of Farms and International Productivity Differences](#),” *American Economic Review*

Asker, Collard-Wexler, De Loecker (2014) “Dynamic Inputs and Resource (Mis)Allocation,” *Journal of Political Economy*

Bryan and Morten (2015) “Development and the Spatial Allocation of Labor: Evidence from Indonesia”

Burdett, Kenneth, and Dale T. Mortensen. "Wage differentials, employer size, and unemployment." *International Economic Review* (1998): 257-273.

Caselli (2005) “[Accounting for Cross-Country Income Differences](#),” *Handbook of Economic Growth*

Caunedo and Keller (2016) “Capital Obsolescence and Agricultural Productivity”

Chari and Hopenhayn (1991) “[Vintage Human Capital, Growth and the Diffusion of New Technology](#),” *Journal of Political Economy*

Comin and Mestieri (2016) “If Technology Has Arrived Everywhere, Why Has Income Diverged?”

David, Hopenhayn and Venkateshwaran (2015) “Information, Misallocation and Aggregate Productivity”

Donovan (2016) “Agricultural Risk, Intermediate Inputs and Cross-Country Productivity Differences”

Erosa, Koreshkova and Restuccia (2010) “[How Important is Human Capital? A Quantitative Theory Assessment of World Income Inequality](#),” *Review of Economic Studies*

Gollin (2002) “[Getting Income Shares Right](#),” *Journal of Political Economy*

Gollin, Lagakos and Waugh (2014) “[The Agricultural Productivity Gap in Developing Countries](#),” *Quarterly Journal of Economics*

Greenwood, Sanchez and Wang (2010) “[Financing Development: The Role of Information Costs](#),” *American Economic Review*

Hall and Jones (1999) “[Why do Some Countries Produce So Much More Output per Worker than Others?](#),” *Quarterly Journal of Economics*

Heise and Porzio (2016) “Unemployment Risk and Flat Job Ladders: Lessons from the German Reunification”

Henderson, Storeygard, Weil (2011) “[Measuring Economic Growth from Outer Space](#)” *American Economic Review*

Hendricks (2002) “[How Important is Human Capital for Development? Evidence from Immigrant Earnings](#)” *American Economic Review*

Hendricks and Schoellman (2016) “Human Capital and Development Accounting: New Evidence from Wage Gains at Migration”

- Herrendorf, Rogerson, Valentinyi (2013) "[Two Perspectives on Preferences and Structural Transformation](#)", *American Economic Review*
- Hsieh, Hurst, Jones and Klenow (2014) "[The Allocation of Talent and U.S. Economic Growth](#),"
- Hsieh and Klenow (2007) "[Relative Prices and Relative Prosperity](#)," *American Economic Review*
- Hsieh and Klenow (2009) "[Misallocation and Manufacturing TFP in China and India](#)," *Quarterly Journal of Economics*
- Hsieh and Klenow (2010) "Development Accounting," *American Economic Journal: Macroeconomics*
- Hsieh and Klenow (2014) "[The Life Cycle of Plants in India and Mexico](#)"
- Jones (2014 AER) "The Human Capital Stock: A Generalized Approach," *American Economic Review*
- Jorgenson, Dale W. "The development of a dual economy." *The Economic Journal* 71.282 (1961): 309-334.
- Kaboski and Townsend (2011) "[A Structural Evaluation of a Large-Scale Quasi-Experimental Microfinance Initiative](#)," *Econometrica*
- Jones and Klenow (2016) "Beyond GDP? Welfare Across Countries and Time," *American Economic Review*
- Kremer (1993) "The O-Ring Theory of Development," *Quarterly Journal of Economics*
- Lagakos (2016) "Explaining Cross-Country Productivity Differences in Retail Trade," *Journal of Political Economy*
- Lagakos, Moll, Porzio and Qian (2016) "Lifecycle Wage Growth Across Countries"
- Lagakos and Waugh (2013) "[Selection, Agriculture and Cross-Country Productivity Differences](#)," *American Economic Review*
- Lucas (1978) "On the Size Distribution of Business Firms," *Bell Journal of Economics*
- Malmberg (2016) "Human Capital and Development Accounting Revisted"
- Manuelli and Seshadri (2014) "[Human Capital and the Wealth of Nations](#)", *American Economic Review*
- Meghir, Narita, Robin (2015) "Wages and Informality in Developing Countries," *American Economic Review*

Midrigan and Xu (2014) “Finance and Misallocation: Evidence from Plant-level Data”, *American Economic Review*

Moll (2014) “[Productivity Losses from Financial Frictions: Can Self-Financing Undo Capital Misallocation?](#)”, *American Economic Review*

Engbom, Niklas, and Christian Moser. "Earnings Inequality and the Minimum Wage: Evidence from Brazil." (2016).

Ngai and Pissarides (2007) “[Structural Change in a Multi-Sector Model of Growth](#),” *American Economic Review*

Peters, Michael (2016) “[Heterogeneous Mark-ups and Endogenous Misallocation](#)”

Porzio (2016) “Cross-Country Differences in the Optimal Allocation of Talent and Technology”

Restuccia and Rogerson (2009) “[Policy Distortions and Aggregate Productivity with Heterogeneous Plants](#)”, *Review of Economic Dynamics*

Rossi (2016) “Parents, Schools and Human Capital Differences across Countries”

Roys and Seshadri (2016) “Economic Development and the Organization of Production”

Schmitz (2005) “[What Determines Productivity? Lessons From the Dramatic Recovery of the U.S. and Canadian Iron Ore Industries Following Their Early 1980s Crisis](#),” *Journal of Political Economy*

Schoellman (2012) “[Education Quality and Development Accounting](#),” *Review of Economic Studies*

Song, Storesletten and Zilibotti (2011) “[Growing Like China](#)”, *American Economic Review*

Stokey (2016) “The Race Between Technology and Development”

Todaro, Michael P. "A model of labor migration and urban unemployment in less developed countries." *The American economic review* 59.1 (1969): 138-148.

Todd and Wolpin (2006) “Assessing the Impact of a School Subsidy Program in Mexico: Using a Social Experiment to Validate a Dynamic Behavioral Model of Child Schooling and Fertility,” *American Economic Review*

Yang (2016) “Micro-Level Misallocation and Entry Selection”

Young (2012) “[Africa’s Growth Miracle](#)”, *Journal of Political Economy*

Young (2014) “[Urban-Rural Gaps, Inequality and Migration](#)”, *Quarterly Journal of Economics*

Weil (2007) “Accounting for the Effect of Health on Economic Growth,” *Quarterly Journal of Economics*

Wolpin (2013) “The Limits of Inference Without Theory” (Tjalling C. Koopmans Memorial Lectures)