ECON 616: Economic Development

Fall 2015

Monday/Wednesday, 11:00-12:15, Tydings 4103

Professor Jessica Goldberg
Tydings 3115G
301-405-3559
Email: Goldberg@econ.umd.edu
Web: http://econweb.umd.edu/~goldberg/
Office hours: Wednesdays, 4:00 to 5:30 PM
(sign up by e-mail)

Description

Survey of a variety of models explaining how market failures may lead to poverty and underdevelopment, with an emphasis on the empirical evaluation of constraints faced by individuals in developing countries and the programs that attempt to alleviate those constraints. Topics include: agricultural and land markets, labor markets, human capital in developing countries, credit markets, and consumption smoothing and risk coping.

Course Objectives

At the end of this course, students should be familiar with the canonical papers in applied micro-economic development, and with more recent empirical work. Students will develop skills as critical readers; learn to assess the rigor of common empirical approaches in development economics; and learn to build upon past theoretical and empirical research to develop new questions of academic and policy relevance. Each student will develop a proposal for a substantial independent research project, suitable for a field and third year paper and as a chapter of the dissertation. Additionally, students will gain experience in key professional activities of academic economists, including writing referee reports and giving short presentations.

Requirements

In addition to the requirements listed below, reading the required papers (indicated with a * on the reading list below) is essential. You will be expected to discuss and answer questions about the required readings in class.

1) **15%** One referee reports (due dates corresponding to topics in syllabus). Students will sign up to write a referee report for two of the working papers included on the syllabus and indicated by a ^. The written referee reports
will be due on the day the topic is covered in class, and accompanied by a 30-minute in-class presentation that summarizes and critiques the paper.

2) **35% Replicate and extend assignment** (due Wednesday Dec. 9; see handout)

3) **15%**: Three two-page research ideas, including the following sections (due Monday Nov. 30)
   i. Statement of the research question.
   ii. Motivation/importance of the problem (4-5 sentences).
   iii. **Brief** summary of the related literature (1 paragraph).
   iv. Proposed data and/or setting for the research. What variables will you need in your analysis? How can you obtain the needed data?
   v. Empirical strategy (identification strategy and proposed estimating equations). Include a discussion of the required sample size.
   vi. Key outcomes (include “mock-ups” of key tables) and expected results.

These research ideas must be for feasible projects you could carry out as part of your dissertation. No more than one idea may be for an RCT, and if you propose an RCT, you must include a budget and proposed timeline for implementation.

4) **15%** Midterm exam (Monday Oct. 26, in class).

5) **20%** Final exam (Wednesday Dec. 9, in class).

You are strongly encouraged to attend the Labor, Public Finance, and Development seminar, which meets from 3:30 PM to 5:00 PM on Thursdays. You may also be interested in the Trade, Institutions, and Politics seminar, which meets from 3:30 PM to 5:00 PM on Mondays.

**Reading List**

Readings marked with an asterisk (*) are required and will be discussed in class; readings with double asterisks (**) are recommended. Other readings are provided as references for students especially interested in each topic. Working papers marked with a caret (^) are examples of the most recent developments in the literature. One of the course requirements is to write a referee report for a working paper included in this reading list.

This reading list is long, but does not include every important topic in development economics. In particular, macro development topics including poverty and inequality measurement and economic growth get less attention than they deserve. The course will not cover political economy or public infrastructure. I have entirely omitted readings on the relationship between institutions and economic development, which are covered in Economics 681.
I strongly encourage you to build up your own file of notes as you read papers for this and other field classes. One option is to write brief summaries of papers after you read them. Another is to keep spreadsheet that records bibliographical information as well as the main research question, the identification strategy, the conclusion, and your brief comments on the paper. These files will be useful as you prepare for exams in this class, for finding related literature as you are writing papers, and in ensuring you are prepared to discuss the classic and recent literature in the field as you go on the job market. You may find it useful to use a PDF management program such as Papers (for Macs) to organize files, search abstracts, and create LaTeX-friendly bibliographies.

I have assigned chapters of Angrist and Pischke’s excellent Mostly Harmless Econometrics in some weeks. These readings will complement the substantive journal articles with a discussion of the econometric methods used in development and other applied micro fields. I strongly encourage you to read these chapters to build your knowledge of how to read and write empirical papers.

In addition to the articles below, excellent general references and textbooks include:


1. Poverty and inequality measurement (1 lecture – August 31)

Poverty


Inequality


2. Economic growth (1 lecture – September 2)
Angrist and Pischke, chapter 2

Trends in growth


Empirical growth


3. Agriculture and land markets (4 lectures)

Property rights and land tenure – September 16
Angrist and Pischke, chapter 3


Tenancy – September 21


**Farm size and productivity – September 28**


**Technological adoption – September 30**

**Foster, Andrew and Mark Rosenzweig (1995). “Learning by Doing and Learning**

4. Labor markets (5 lectures)

Agricultural HH separability – October 5


Agricultural labor markets – October 7


^Foster, Andrew and Mark Rosenzweig (2010). "Is There Surplus Labor in Rural India?" Working Papers 85, Yale University, Department of Economics.

Labor Supply – October 12
Angrist and Pischke, chapter 4


**Kaur, Supreet, Michael Kremer and Sendhil Mullainathan (forthcoming). “Self-
Control at Work: Evidence from a Field Experiment,” *Journal of Political Economy.*


**Labor Market Networks – October 14**


**Migration – October 19**


5. Household bargaining (1 lecture – October 21)


MIDTERM EXAM – October 26
6. Human capital (4 lectures)

Education – October 28
Angrist and Pischke, chapter 5


Nutrition – November 2
Angrist and Pischke, chapter 7


Health – November 4
Angrist and Pischke, chapter 8


**Unconditional and conditional CCTs – November 9**


7. **Consumption smoothing and risk coping (3 lectures)**

**Income and Consumption Smoothing – November 11**


Deaton, Angus (1997). “Savings and Consumption Smoothing,” Chapter 6 of *The
Analysis of Household Surveys: Microeconometric Analysis for Development Policy.

Informal insurance and risk sharing – November 16


Insurance Markets – November 18


8. Credit markets (4 lectures)

Microcredit – November 23


Individual meetings to discuss term paper – November 25

Returns to capital – November 30


Evidence from Health Savings Experiments,” Mimeo, Stanford University.
Anonymous: Evidence on Self-Help Groups and Peer Pressure as a Savings
*Dupas, Pascaline and Jonathan Robinson (2013). “Savings Constraints and
Microenterprise Development: Evidence from a Field Experiment in Kenya,”
192.

Time inconsistency and commitment savings – December 7

*Ashraf, Nava, Dean Karlan and Wesley Yin (2006). “Tying Odysseus to the Mast:
Evidence from a Commitment Savings Product in the Philippines,” Quarterly
*Banerjee, Abhijit and Sendhil Mullainathan (2010). “The Shape of Temptation:
to Use Fertilizer: Theory and Experimental Evidence from Kenya,” American
**Gine, Xavier, Jessica Goldberg, Dan Silverman, and Dean Yang (2013). “Revising
Commitments: Field Evidence on Adjustment of Prior Choices,” Mimeo, University of Maryland.
to Save: A Field Experiment in Rural Malawi,” Economic Development and
Cultural Change, forthcoming.

Final Exam – December 9