Economics 881
Foundations of Development Economics

Professor Erica Field

Class
Wednesday 11:45-1:00; Friday 08:30-9:45
Classes begin: 19 October 2016
Classes end: 02 December 2015
Classroom: Social Sciences 105

Contact information
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Office: Social Sciences 319
Office hrs: Friday 10:00-11:30
and by appointment

1. Goals

The primary goal of this semester-long course is to provide an introduction to some emerging issues in the economics of development, with a focus on the roles of individuals, families, institutions and policies. Throughout the class, emphasis will be placed on the interaction between modeling behaviors of agents and choosing appropriate empirical methods to understand the processes that are investigated. The course will discuss empirical methods ranging from random assignment to structural modeling in the context of examples drawn from the literature.

Examples will illustrate how economic models can provide insights into understanding behavior and how, with appropriate research design, high quality data and prudent choice of econometric methods, it is possible to assess the empirical content of those models and their contributions to understanding the world around us. These examples should provide you with the foundation to apply these kinds of models and methods to a wide range of problems in economics in the field of development and more broadly.

The syllabus and reading list are intended to be a guide to help you become acquainted with the issues, models and methods in the areas covered by the course. Classes will focus on a subset of papers. For each topic, we will begin by laying out the main issues within an economic framework, relying primarily on standard consumer demand theory. We will proceed to assess the value of different research designs that might be used to investigate the topic; these will take into account the underlying theory, concerns with measurement and econometric methodology. The course will then discuss existing empirical evidence and evaluate what we have learnt.

2. Course requirements

The course will follow a lecture format. Every student is expected to participate in all aspects of the class. An essential requirement of the class is the mandatory paper readings (Up to 3 papers listed for each class under “Required Reading” – the Other Readings are listed for anyone
interested in going more in-depth on a topic, and also because I am likely to refer to them during lecture). You must read papers listed in the first category carefully. While you will not be formally graded on your participation during lectures, the value to you and your colleagues of asking questions and raising new ideas cannot be over-stated. In discussing individual papers, we will discuss questions about each paper. For you to learn both these types of skills, we will require discussion in class. The more discussion we have, the better the class will be.

Grades will depend on three activities:

First, you will write short (1-2 pg/1 paragraph per starred reading) reading responses in preparation for each class. Please do not summarize the paper in these responses, but instead address questions related to the papers’ research design and contribution. For instance,

- Why is this paper considered a contribution? As a measure of its importance, why is this paper published and cited?
- What innovative strategies did the authors use to translate a research question to a feasible empirical specification?
- What are the major shortcomings of their approach and how else might the authors’ have formulated this question?
- What other questions does this research open up?

Second, you will be asked to write a referee report on one particular paper, reviewing a paper by a student on the job market in development last year. Please include comments that address both the theoretical and empirical contributions of the paper. The two papers for the report are:

- Daniel Bjorkegren, “The Adoption of Network Goods: The Spread of Mobile Phones in Rwanda”
- Frank Schilbach, “Alcohol and Self-Control: A Field Experiment in India”

Treat this report as if you were reviewing the paper for a first rate journal. The goal is to evaluate the work, identify the strengths and weaknesses and make constructive suggestions for improving the work. Email your report to Erica. The first report is due before class on Friday, November 4.

Second, you will take a (written) in-class exam at the end of the semester. The scheduled exam time is Wednesday, December 14, at 2pm. The exam will cover material discussed in lecture and the main assigned readings.

Due dates:

- Referee report: Before class on 4 Nov 2016
- Final exam: Wednesday, December 14, at 2pm

3. Class web-site

All material will be on the web site for Econ 881 on Sakai.
4. Development Economics at Duke and Beyond

There are several intellectual activities that you are encouraged to at least sample during this term and in the future. First, the Labor and Development Seminar Series is held on Wednesday from 3.15-4.45pm in Social Sciences 111. The seminars bring some of the best people in labor and development to campus to present and discuss their work. This is a spectacular opportunity to see work in progress and learn about the problems that we all encounter in our research and how we think about addressing them. See http://ipl.econ.duke.edu/seminars/labordev/. When there is an out-of-town speaker, we will try to save a couple of spots in his/her schedule for graduate students. Please email Erica in advance if you are interested in meeting with a particular speaker.

Second, the International Population Health and Development (IPHD) workshop is held on Friday from 12.00 noon to 1.00 pm in Social Sciences 111. IPHD is a forum for Duke, UNC and NC State students and faculty who are interested in population health and development to present their own work in progress. See http://ipl.econ.duke.edu/seminars/iphd/. Duke econ students should register for Econ 911.11, and policy students may register for Econ 911.01.

Finally, please check the BREAD (http://ipl.econ.duke.edu/bread/) and NBER Dev (http://www.nber.org/programs/dev/dev.html) websites regularly for announcements (for conferences, calls for papers, etc.), and for working papers. Once you are further along in research, it is also particularly useful to submit one of your paper drafts to a development conference such as NUEDC (http://www.neudc.org/) or SEA (https://www.southerneconomic.org/conference/) where graduate students regularly participate.
5. Topics covered

The following topics will be covered in this course:

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<td>Intro/Poverty Traps and Health</td>
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<td>Financial Markets</td>
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<td>Households</td>
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<td>Institutions</td>
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<td>11-Nov</td>
<td>Land and Property Rights</td>
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<td>Corruption</td>
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<td>11</td>
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<td>Path Dependence</td>
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<td>Economics of Conflict</td>
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*Nov 6 NEUDC
Readings

**General (All suggested readings)**

**Articles on methods**


**The Big Picture**


**Poverty traps and health**

*Readings for Discussion*


*Additional Readings*


Frankenberg, E. T. Gillespie, S. Preston, B. Sikoki and D. Thomas. 2011. Mortality, the family and the Indian


**Risk, Credit, and Savings**

*Readings for Discussion*


**Additional Readings**


Microfinance

Readings for Discussion


Additional Readings


Besley, Tim, “Nonmarket Institutions for Credit and Risk Sharing in Low-Income Countries”, *Journal of Economic Perspectives* 1995


**Consumption Smoothing/Informal Insurance**

*Readings for Discussion*


**Additional Readings**


Statistics, 63.4:409-436.


**Social Networks**

*Readings for Discussion*


*Additional Readings:*


**Technology Adoption/Learning**

*Readings for Discussion*


*Additional Readings:*


**Decision-making in the Household**

*Readings for Discussion*

1251-1285.


*Additional Readings*


**Land and Property Rights**

Readings for Discussion


Additional Readings:


**Corruption**

*Readings for Discussion*


*Additional Readings*


**Institutions**

*Readings for Discussion*


*Other Readings:*


Path Dependence/Sorting
Readings for Discussion


Other Readings:


Conflict
Readings for Discussion


Other Readings


INTERESTING TOPICS NOT COVERED IN CLASS

**Labor Markets and Contracting**


**Political Economy and Voting**


**Public Finance and Collective Action**


Empirical


**Firms**


**Behavioral Economics in Development**


Karna Basu, “Hyperbolic Discounting and the Sustainability of Rotational Savings and Credit Associations,” mimeo.


**Growth and Income Distribution**


Piketty, T., “Social Mobility and Redistributive Politics”, QJE 1995

**Gender and Society**


Oster, Emily. “Hepatitis B Does Not Explain Male-Biased Sex Ratios in China” (Comment on “Hepatitis B and the Case of the Missing Women”) Draft, April 2008