

Economics 881

Foundations of Development Economics: Theory and Empirics

Erica Field and Xiao Yu Wang

Class

Friday 08:45-11:45
Classes begin: 30 August 2013
Classes end: 22 November 2013
Classroom: Social Sciences 111

Contact information

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Office hrs:	Friday 1:10-3:00 and by appointment	Wed 10:30-noon 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. You must read these papers extremely 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. Guidance about the key readings for each lecture will be provided. In discussing individual papers, we will discuss questions about each paper related to understanding its research design:

- 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 theory or empirical specification?
- How else might the authors' have formulated this question? What are the positives and negatives of their approach?
- What other questions does this research open up?

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 two activities:

First, you will write two referee reports, reviewing a paper by a student on the job market in development last year and this year. Please include two sets of comments that address both the theoretical and empirical contributions of the paper. The two papers for the first report are:

- Jessica Leight, "Reallocating wealth? Insecure property rights and agricultural investment in rural China"
- Melanie Morten, "Temporary migration and endogenous risk sharing in village India"

The paper choices for the second report will be assigned later.

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 and Xiao Yu. The first report is due before class on 11 Oct 2013, and the second report is due before class on 15 Nov 2013.

Second, you will write a project proposal that will form the foundation of a paper you plan to complete. The proposal should lay out the scientific question you will address, explain why it is important, and provide an overview of the theory and empirical methods you will employ. A natural template for this proposal is that of a grant: motivate the research idea in the context of the existing literature, present suggestive statistics from available data, lay out the research design, and present preliminary results when possible. The proposal should discuss any difficulties with interpreting the results in the desired manner, and how you plan to deal with these problems. It should be approximately 10 double-spaced pages and there will be a heavy emphasis on conciseness and clarity.

For a more theoretical paper, the proposal should describe the main model, its predictions, its key assumptions and caveats to the predictions, how these predictions differ from existing models, and how these differences could be observed in data.

For a more empirical paper, it should include the theoretical basis for the paper, the empirical strategy/specification, and the data (and additional data that you plan to have – be realistic).

You are strongly encouraged to provide some descriptive statistics using those data in order to establish the feasibility of your research. If you are writing a second year paper, you may use this proposal to describe your plans for that paper. This is a good opportunity to write a proposal that will

lead to a thesis chapter or research paper.

You are also strongly encouraged to discuss your plans for this proposal with both Erica and Xiao Yu. You must discuss your plans with at least one of them before class on Nov 01. The proposal is due at 5pm on Monday December 2. Email your proposal to Erica and Xiao Yu.

Due dates:

Referee report #1	Before class on 11 Oct 2013
Referee report #2	Before class on 15 Nov 2013
Project proposal	By 5pm on 2 Dec 2013

Email your work to Erica and Xiao Yu

Students who plan to take only one-half of the course should complete the referee report and proposal. The due date for both pieces of work is 5 pm on 11 Oct 2013.

3. Class web-site

All material will be on the web site for Econ 881 on Sakai.

4. Development Economics at Duke

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 3.30-5.00 pm 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 or Xiao Yu 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/>

5. Topics covered

The following topics will be covered in this course:

Section	Lect	Date	Topic	Lecturer
Introduction	1	30-Aug	Intro/Poverty Traps and Health	Field/Wang
Financial Markets	2	6-Sep	Credit and savings	Field/Wang
	3	13-Sep	Microfinance	Field/Wang
	4	20-Sep	Risk and Insurance	Field/Wang
	5	27-Sep	Firms	Field/Wang
Labor and Firms	6	4-Oct	Technology Adoption	Field/Wang
		11-Oct	NO CLASS	Field/Wang
	7	18-Oct	Labor Markets and Contracting	Field/Wang
Households	8	25-Oct	Decision-making in the Household/Gender	Field/Wang
Institutions and Governance	9	1-Nov	Institutions	Field/Wang
	10	8-Nov	Land and Property Rights	Field/Wang
	11	15-Nov	Corruption	Field/Wang
	12	22-Nov	Public Finance and Collective Action	Field/Wang

Readings

General (All suggested readings)*Articles on methods*

Holland, Paul, (1986) "Statistics and Causal Inference," Journal of the American Statistical Association, Vol. 81 (396), 945-960.

Meyer, Bruce D. (1995), "Natural and quasi-experiments in economics," *Journal of Business and Economic Statistics*, 13 (2), pp. 151-161.

Angrist, Joshua and Alan Krueger (2001), "Instrumental Variables and the Search for Identification: From Supply and Demand to Natural Experiments," *Journal of Economic Perspectives*, Vol. 15 (4), pp. 69-87.

Angrist, Josh and Alan Krueger (1999), "Empirical Strategies in Labor Economics", ch. 23 in Ashenfelter and Card, *Handbook of Labor Economics*, vol. 3.

Duflo, Esther, Rachel Glennerster and Michael Kremer "Randomization in Development Economics Research: A Toolkit" *Handbook of Development Economics*, vol.4

Imbens, Guido and Jeffrey M. Wooldridge (2009). "Recent Developments in the Econometrics of Program Evaluation," *Journal of Economic Literature*, 47(1):5-86.

The Big Picture

Banerjee, Abhijit and Esther Duflo (2011), Poor Economics, PublicAffairs - Perseus Books.

Dollar, David and Aart Kray (2002) "Growth is good for the poor", *Journal of Economic Growth*, 7, 195-225.

Rodrik, Subramanian and Francesco Trebbi (2002), "Institutions Rule: The Primacy of Institutions over Geography and Integration in Economic Development," *Journal of Economic Growth*, 9(2), 131-165.

Sala i Martin, Xavier (2006), "The World Distribution of Income: Falling Poverty and... Convergence, Period", *Quarterly Journal of Economics*, Vol. 121, No. 2: 351-397

Poverty traps and health*Readings for Discussion**Theory*

Dasgupta, Partha, and Debraj Ray. "Inequality as a Determinant of Malnutrition and Unemployment: Theory." *The Economic Journal* 96 (1986): 1011-1034.

Empirical

Thomas, D, Frankenberg, E., Friedman, J., Habicht, J.-P., Ingwersen, N., McKelvey, C., Hakimi, M., Jaswadi, Pelto, G., Sikoki, B., Seeman, T., Smith, J. P., Sumantri, C., Suriastini, W. and Wilopo, S. 2011. "Causal effect of health on labor market outcomes: Experimental evidence", mimeo

Almond, Douglas "Is the 1918 Influenza Pandemic Over? Long-Term Effects of In Utero Influenza Exposure in the Post-1940 U.S. Population." *Journal of Political Economy*, Vol. 114, No. 4 (August 2006), pp. 672-712

Erica M. Field, Omar Robles and Maximo Torero, "Iodine Deficiency and Schooling Attainment in Tanzania" *American Economic Journal: Applied Economics*, Vol. 1, No. 4 (October 2009), pp. 140-169

Miguel, Edward and Michael Kremer (2004). "Worms: Identifying Impacts on Education and Health in the Presence of Treatment Externalities", *Econometrica*, 72(1), 159-217.

Additional Readings

Baird, Sara, Joan Hicks, Michael Kremer and Edward Miguel (2011). "Worms at Work: Long-run Impacts of Child Health Gains", Mimeo.

Besley, T. and R. Kanbur, "Food Subsidies and Poverty Alleviation", *Economic Journal*, 1988

Barker, D. J. P., ed. (1992). "Fetal and infant origins of adult disease." London: *British Medical Journal*. ISBN 0-7279-0743-3.

Roseboom TJ, Painter RC, van Abeelen AF, Veenendaal MV, de Rooij SR. "Hungry in the womb: what are the consequences? Lessons from the Dutch famine." *Maturitas*. 2011 Oct;70(2):141-5. Epub 2011 Jul 28.

Bleakley, Hoyt. "Malaria Eradication in the Americas: A Retrospective Analysis of Childhood Exposure." Unpublished paper, August 2006. (PDF - 1.5 MB)

Subramanian, Shankar & Deaton, Angus, 1996. "The Demand for Food and Calories," *Journal of Political Economy*, University of Chicago Press, vol. 104(1), pages 133-62, February.

Thomas Duncan and John Strauss. 1997. Health and wages: Evidence on men and women in urban Brazil. *Journal of Econometrics*, 77: 159-185.

Pitt, Mark M., Rosenzweig, Mark R. and Hassan, Md.N. 2011. "Human Capital Investment and the Gender Division of Labor in a Brawn-Based Economy," Mimeo.

Vogl, T. 2011. "Height, skills and labor market outcomes in Mexico." Mimeo.

Baird, S., J. H. Hicks, M. Kremer and E. Miguel. 2011. "Worms at Work: Long-run impacts of child health status", mimeo.

Hoddinott, J., J. Maluccio, J. Behrman, R. Flores and R. Martorell. 2008. Effect of a nutrition intervention during early childhood on economic productivity in Guatemalan adults. *Lancet*, 381:411-16.

Case, Anne and Christina Paxson. 2008. "Stature and status: Height, ability and labor market outcomes", *Journal of Political Economy*.

Deaton, A. 2017. Height, health and Development. PNAS 104.33:1323-13237.

Mohanani, Manoj. 2010. "Causal Effects of Health Shocks on Consumption and Debt: Quasi-Experimental Evidence from Bus Accident Injuries." Mimeo

Strauss, J. (1986). "Does Better Nutrition Raise Farm Productivity?" *Journal of Political Economy* 94.2:297-320.

Strauss, John and Duncan Thomas. (1998). "Health, nutrition and economic development", *Journal of Economic Literature*, 36.2:766-817.

Credit and Savings

Readings for Discussion

Theory

Banerjee, Abhijit, "Contracting Constraints, Credit Markets, and Economic Development," MIT Working Paper 2001

Hoff, Karla and Joseph E. Stiglitz, "Imperfection Information and Rural Credit Markets: Puzzles and Policy Perspectives", chapter in *The Economics of Rural Organization: Theory, Practice and Policy* (Hoff, Karla, Avishay Braverman, and Joseph E. Stiglitz, eds.), New York: Oxford University Press for the World Bank, 1993

Empirical

Dupas and Robinson "Why Don't the Poor Save More?" *American Economic Review*.

Schaner, Simone, 2011. Intrahousehold Preference Heterogeneity, Commitment, and Strategic Savings: Theory and Evidence from Kenya. Mimeo.

Burgess, Robin, and Pande, Rohini (2005). "Do Rural Banks Matter? Evidence from the Indian Social Banking Experiment." *American Economic Review*, 95(3), 780-795.

Additional Readings

Hoff, Karla and Joseph E. Stiglitz, "Moneylenders and bankers: price-increasing subsidies in a monopolistically competitive market", *Journal of Development Economics* 1997

Rosenzweig, Mark, and K. Wolpin. "Credit Market Constraints, Consumption Smoothing and the Accumulation of Durable Production Assets in Low-Income Countries: Investments in Bullocks in India." *Journal of Political Economy* 101, no. 2 (1993): 223-244.

Fafchamps, Marcel, Christopher Udry, and Katie Czukas. "Drought and Savings in West Africa: Are Livestock a Buffer Stock?" *Journal of Development Economics* 55, no. 2 (1998): 273-306.

Besley, T., Coate, S., and Lury, G. "The Economics of Rotating Savings and Credit Associations." *American Economic Review* 83, no. 4 (1993):792-810.

Ashraf, Nava, Dean Karlan, and Wesley Yin. "Tying Odysseus to the Mast: Evidence from a Commitment Savings Product in the Philippines." *Quarterly Journal of Economics* 121, no. 2 (2006): 635-672.

Karlan, Dean S., and Jonathan Zinman. "Credit Elasticities in Less Developed Countries: Implications for Microfinance." *American Economic Review* 8, no. 3 (2008): 1040-1068.

Bertrand, Marianne, Dean Karlan, Sendhil Mullainathan, Eldar Shafir, and Jonathan Zinman. "How Much Does Psychology Matter? A Field Experiment in the Consumer Credit Market." Unpublished paper, March 2005.

Microfinance

Readings for Discussion

Theory

Besley, T., Coate, S., and Lury, G. (1993). "The Economics of Rotating Savings and Credit Associations," *American Economic Review*, 83(4), 792–810.

Banerjee, Abhijit, and Sendhil Mullainathan. "The Shape of Temptation: Implications for the Economic Lives of the Poor." Unpublished paper, September 2008.

Empirical

Rohini Pande, Ben Feigenberg, and Erica Field "The Economic Returns to Social Interaction: Experimental Evidence from Microfinance." Forthcoming, *Review of Economic Studies*.

Banerjee, Abhijit, Esther Duflo, Rachel Glennerster, and Cynthia Kinnan. "The Miracle of Microfinance? Evidence from a Randomized Evaluation", May 2009. Mimeo.

Karlan, Dean and Jonathan Zinman. "Expanding Microenterprise Credit Access: Using Randomized Supply Decisions to Estimate the Impacts in Manila" (May 2010), Mimeo.

Additional Readings

Besley, Tim, "Nonmarket Institutions for Credit and Risk Sharing in Low-Income Countries", JEP 1995

Karlan, Dean, and Jonathan Zinman. "Observing Unobservables: Identifying Information Asymmetries with a Consumer Credit Field Experiment." (November 2009) *Econometrica*, 77(6), pp. 1993-2008.

Karlan, Dean, and Jonathan Zinman. "Microcredit in Theory and Practice: Using Randomized Credit Scoring for Impact Evaluation, *Science*, 10 June 2011, 332(6035), 1278-1284.

Karlan, Dean and Xavier Gine. Group versus Individual Liability: Long Term Evidence from Philippine Microcredit Lending Groups (May 2010), Mimeo.

Morduch, Jonathan, "The Microfinance Promise," *Journal of Economic Literature* 37 (4), December 1999, 1569 - 1614.

Karlan, Dean S., and Jonathan Zinman. "Credit Elasticities in Less Developed Countries: Implications for Microfinance." *American Economic Review* 8, no. 3 (2008): 1040-1068.

Aleem, Irfan (1990). "Imperfect Information, Screening and the Costs of Informal lending: A Study of a Rural Credit Market in Pakistan", *World Bank Economic Review*, 3, 329-349.

Banerjee, Abhijit and Kaivan Munshi (2004). "How Efficiently is Capital Allocated? Evidence from the Knitted Garment Industry in Tirupur," *Review of Economic Studies*, 71(1), 19-42.

Ghosh, P., Mookherjee, D. and D. Ray (2000). "Credit Rationing in Developing Countries: An Overview of the Theory," Chapter 11 in *Readings in the Theory of Economic Development*, edited by D. Mookherjee and D. Ray, London: Blackwell.

Banerjee, Abhijit (2004). "Contracting Constraints, Credit Markets, and Economic Development," in M. Dewatripoint, L. Hansen and S. Turnovsky, eds. *Advances in Economics and Econometrics: Theory and Applications*, Eight World Congress of the Econometric Society, Volume III. Cambridge University Press, 1-46.

Fafchamps, Marcel, Chris Udry, and Katie Czukas (1998). "Drought and Savings in West Africa: Are Livestock a Buffer Stock?" *Journal of Development Economics*, 55(2), 273-306.

Stiglitz, J. and A. Weiss (1981). "Credit Rationing in Markets with Imperfect Information," *American Economic Review*, 71(3) 393-410.

Rosenzweig, Mark and K. Wolpin (1993). "Credit Market Constraints, Consumption Smoothing and the Accumulation of Durable Production Assets in Low-Income Countries: Investments in Bullocks in India," *Journal of Political Economy*, 101(2), 223-244.

Risk and Insurance

Readings for Discussion

Theory

Ligon, Ethan, Jonathan P. Thomas, and Tim Worrall, "Informal Insurance Arrangements with Limited Commitment: Theory and Evidence from Village Economies," *Review of Economic Studies* (2002), 69(1), 209-244

Wang, Xiao Yu, "Endogenous Insurance and Informal Relationships, Working Paper 2013

Empirical

Townsend, Robert M. "Risk and Insurance in Village India", *Econometrica* (1994) 62(3):539-591.

Robinson, J., "Limited Insurance within the Household: Evidence from a Field Experiment in Western Kenya", April 2008. Mimeo

Dean Karlan and Markus Mobius and Tanya Rosenblat and Adam Szeidl, 2009. "Trust and Social Collateral," *The Quarterly Journal of Economics*, MIT Press, vol. 124(3), pages 1307-1361, August.

Additional Readings

Coate, Stephen and Ravallion, Martin, 1993. "Reciprocity without Commitment : Characterization and Performance of Informal Insurance Arrangements," *Journal of Development Economics*, Elsevier, vol. 40(1), pages 1-24, February

G. DeGiorgi, M. Angelucci, M. Rangel, and I. Rasul, "Insurance and Investment within Family Networks," mimeo. (http://www.stanford.edu/~degiorgi/progres_a_insurance_webJUNE2010.pdf).

Ambrus, Attila, Markus Mobius and Adam Szeidl, 2010. "Consumption risk-sharing in social networks," Forthcoming, *American Economic Review*.

Chandrasekhar, Arun, Cynthia Kinnan, and Horacio Larreguy, "Can networks substitute for contracts? Evidence from a lab experiment in the field," Working Paper 2013

Paxson, C. (1992). Using weather variability to estimate the response of savings to transitory income in Thailand, *American Economic Review*, March, 82.1:15-33.

Maccini, S and .D. Yang. 2009. Under the weather: Health, schooling and economic consequences of early life rainfall. *American Economic Review*, 00.3:1006-36.

Stillman, S and D. Thomas. 2010. "Nutritional status during an economic crisis: Evidence from Russia", *Economic Journal*

Frankenberg, Elizabeth, James P. Smith and Duncan Thomas (2003). "Economic shocks, wealth and welfare", *Journal of Human Resources*.

Frankenberg, E. T. Gillespie, S. Preston, B. Sikoki and D. Thomas. 2011. Mortality, the family and the Indian Ocean tsunami. *Economic Journal*, 121:554.

Foster, Andrew. 1995. "Prices, credit markets and child growth in low-income rural areas", *Economic Journal*, 105:551-570.

Browning, M., A. Deaton and M. Irish (1985), A Profitable Approach to Labor Supply and Commodity Demand Over the Life-Cycle, *Econometrica*, 1985, 503-543.

Card, D. (1994), Intertemporal Labor Supply: An Assessment, in C. Sims, ed., *Advances in Econometrics Sixth World Congress*, vol. II, Cambridge University Press, 1994.

Fafchamps, Marcel, Chris Udry and Katie Czukas. 1998. "Drought and Saving in West Africa: Are Livestock a Buffer Stock?" *Journal of Development Economics* . 55(2), pp. 273-306.

Dercon, Stefan and Krishnan, Pramila. 2000. "In sickness and health: Risk sharing with households in rural Ethiopia", *Journal of Political Economy*, 108.4:688-727.

Genoni, Maria. 2012. Health shocks and consumption smoothing: Evidence from Indonesia. *Economic Development and Cultural Change*.

Gertler, Paul and Gruber, Jonathan. 2002. "Insuring consumption against illness", *American Economic Review*, 92.1:51-70.

Hoddinott, John and Kinsey, Bill. 2001. "Child growth in the time of drought", *Oxford Bulletin of Economics and Statistics*, 63.4:409-436.

Paxson, C. (1993). Consumption and income seasonality in Thailand, *Journal of Political Economy*, February, 101.1:39-72.

Rosenzweig, M. and O. Stark. (1989). Consumption smoothing, migration and marriage: evidence from rural India, *Journal of Political Economy*, August, 97.4:905-926.

Firms

Readings for Discussion

Theory

Tirole, Jean. "A Theory of Collective Reputations (With Applications to the Persistence of Corruption and to Firm Quality)." *Review of Economic Studies* 63, no. 1 (1996): 1-22.

Empirical

Greif, Avner. "Contract Enforceability and Economic Institutions in Early Trade: The Maghribi Traders' Coalition." *American Economic Review* 83, no. 3 (1993): 525-548.

Field, Erica Rohini Pande, John Papp and Natalia Rigol. "Does the Classic Microfinance Model Discourage Entrepreneurship Among the Poor? Experimental Evidence from India." Forthcoming, *American Economic Review*.

Woodruff, Christopher and McKenzie, David and de Mel, Suresh, 2007. "Returns to Capital in Microenterprises: Evidence from a Field Experiment," *Quarterly Journal of Economics*, Vol 123, No. 4, 1329-72.

Additional Readings

Macchiavello, R., "Financial Development and Vertical Integration: Theory and Evidence", *Journal of the European Economic Association* 2012.

Marianne Bertrand and Schoar, Antoinette. "The Role of Family Firms" *Journal of Economic Perspectives*.

Banerjee, Abhijit, and Esther Duflo. "Reputation Effects and the Limits of Contracting: A Study of the Indian Software Industry." *Quarterly Journal of Economics* 115, no. 3 (2000): 989-1017.

McMillan, John, and Christopher Woodruff. "Interfirm Relationships and Informal Credit in Vietnam." *Quarterly Journal of Economics* 114, no. 4 (1999): 1285-1320.

Raymond J. Fisman. "Ethnic Ties and the Provision of Credit." *Advances in Economic Analysis and Policy* 3, no. 1 (2003).

Fafchamps, Marcel. "Ethnicity and Credit in African Manufacturing." *Journal of Development Economics* 61 (2000): 205-235.

Technology Adoption

Readings for Discussion

Theory

Foster, A. D., and M. R. Rosenzweig. "Learning by Doing and Learning from Others: Human Capital and Technical Change in Agriculture." *Journal of Political Economy* 103, no. 6 (1995): 1176-1209.

Banerjee, Abhijit, "A Simple Model of Herd Behavior", QJE 1992

Empirical

Jensen, R. "The Digital Divide: Information (Technology), Market Performance and Welfare in the South Indian Fisheries Sector." *Quarterly Journal of Economics* 122, no. 3 (2008): 879-924.

Duflo, Esther, Michael Kremer, and Jonathan Robinson. "Nudging farmers to use fertilizer: theory and experimental evidence from Kenya." *American Economic Review*. 2011.

Conley, Timothy, and Christopher Udry. "Learning about a New Technology: Pineapple in Ghana." *American Economic Review*, 100(1): 35-69.

Labor Markets and Contracting

Readings for Discussion

Theory

Ghatak, Maitreesh and Priyanka Pandey, "Contract Choice in Agriculture with Joint Moral Hazard in Effort and Risk", JDE 2000

Ghatak, M., "Group Lending, Local Information and Peer Selection", JDE 1999

Empirical

Benjamin, Dwayne (1992). "Household Composition, Labor Markets, and Labor Demand: Testing for Separation in Agricultural Household Models," *Econometrica*, 60, 287-322.

Udry, C. (1994). Gender, agricultural production and the theory of the household, *Journal of Political Economy* .

Additional Readings:

Stiglitz, "Incentives and Risk Sharing in Sharecropping", *Review of Economic Studies* 1974

Bikhchandani, Hirshleifer, Welch, "A Theory of Fads, Fashion, Custom, and Cultural Change as Informational Cascades", JPE 1992

Jacoby, H. (1993). Shadow wages and peasant family labor supply: an econometric application to the Peruvian Sierra, *Review of Economic Studies*, October, 60.4:903-21.

Jayachandran, S. (2006). "Selling Labor Low: Wage Responses to Productivity Shocks in Developing Countries," *Journal of Political Economy*, 114(3):538-575

Singh, I., L. Squire and J. Strauss, (1986). "A Survey of Agricultural Household Models: Recent Findings and Policy Implications", *World Bank Economic Review*

Strauss, J. (1984). Joint determination of food consumption and production in rural Sierra Leone: estimates of a household-firm model, *Journal of Development Economics*, Jan-Feb, 14:77-104.

Singh, I., L. Squire and J. Strauss (eds.) 1986. *Agricultural Household Models: Extensions, Applications and Policy*, Baltimore: Johns Hopkins University Press, chapters 1,2.

Pitt, M. and M. Rosenzweig. (1986). Agricultural prices, food consumption and the health and productivity of Indonesian farmers, in I. Singh, L. Squire and J. Strauss (eds.), *Agricultural Household Models: Extensions, Applications and Policy*, World Bank.

Decision-making in the Household/Gender

Readings for Discussion

Theory

Bourguignon, F. and P-A Chiappori (1992), "Collective Models of Household Behavior: An Introduction," *European Economic Review* 36:355-364.

Basu, Kaushik (2006), "Gender and say: a model of household behavior with endogenously determined balance of power," *The Economic Journal*, 116:558-580.

Empirical

McElroy, M. and M-J Horney. (1981). Nash-bargained household decisions: Toward a generalization of the theory of demand, *International Economic Review*, June, 22:333-347.

Ashraf, N, E. Field, and J. Lee "Household Bargaining and Excess Fertility: An Experimental Study in Zambia." Forthcoming, *American Economic Review*.

Additional Readings

Bourguignon, Francois and Pierre-Andre Chiappori, "The collective approach to household behavior", chapter in *The Measurement of Household Welfare* (R. Blundell, I. Preston and I. Walker, eds.) (1994), pp. 70–85, Cambridge: Cambridge University Press

Chiappori, P-A. (1988). Rational household labor supply, *Econometrica*, 56:63-90

Chiappori, P-A. (1992). Collective labor supply and welfare, *Journal of Political Economy*, June, 100:437-467.

Lundberg, S. and R. Pollak. (1993). Separate spheres bargaining and the marriage market. *Journal of Political Economy*, Dec, 101.6:998-1010.

Browning, M. and P.-A. Chiappori. (1998). Efficient intra-household allocations: A general characterization and empirical tests, *Econometrica* 66.6:1241-78

Thomas, D. (1990). Intra-household resource allocation: an inferential approach, *Journal of Human Resources*, Fall, 25:635-664.

Thomas, D. (1994). Like father like son or like mother like daughter: parental education and child health, *Journal of Human Resources*, Fall, 29:950-988.

Lundberg, Shelley, Robert Pollak and Terence Wales. (1994). Do husbands and wives pool their resources? Evidence from the U.K. Child Benefit. *Journal of Human Resources*

Hotchkiss, J. (2005). "Do husbands and wives pool their resources: Further evidence". *Journal of Human Resources*. 40.2:519-31.

Ward-Batts, J.(2008) Out of the Wallet and into the Purse: Modeling Family Expenditures to Test Income Pooling, *Journal of Human Resources* 43.2:325-31

Rangel, M. (2006). "Alimony rights and intrahousehold allocation of resources", *Economic Journal*. July, 116.513:627-58.

Bobonis, G. 2009. Is the Allocation of Resources within the Household Efficient? New Evidence from a Randomized Experiment. *Journal of Political Economy*, 117.3:300-54.

Altonji, J., F. Hayashi and L. Kotlikoff. (1992). Is the extended family altruistically linked? *American Economic Review*, December, 82.5:1177-98.

Readings

Ashraf, N. 2009. Spousal Control and Intra-Household Decision Making: An Experimental Study in the Philippines. *American Economic Review*, 99.4:1245-77.

Banerjee, Abhijit (2004), "Educational Policy and the Economics of the Family," *Journal of Development Economics*, Vol. 74 (1), pp. 3-32.

Behrman, Jere, Robert Pollak and Paul Taubman. (1982). Parental preferences and provision for progeny, *Journal of Political Economy*, February, 90:52-73.

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