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, indicated by stars and bold print on the reading list. 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 address 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 three activities:

I. Paper Responses and Participation

First, before each class, write a reading response for each of the papers we will discuss, indicated by stars and bold print on the reading list. For example, the two required papers for the first class are Dasgupta and Ray (1986) and Browning and Chiappori (1998).

Responses must include the following components at a minimum:

1. Why do you think this is a seminal paper in the literature? That is, what are the major contributions, and how did these contributions add to our understanding of economic development and development policy?
2. What are the major shortcomings of the paper? Be sure to explain why you consider each to be a major shortcoming, as well as how you could feasibly fix these shortcomings (it is okay to talk about hypothetical theories or datasets, as long as those hypotheticals are feasible).
3. What are two significant improvements that could be made to the paper, and how would you implement them? Be sure to explain why it would be a significant improvement.

There is no need to provide a separate general summary of the paper’s techniques or results in these responses. Of course, you can write one to organize your thoughts/for your future records, but points will not be awarded for summaries.

Points will not be given for vague responses that could apply to almost any paper, e.g. “The paper would have been better if identification were better” and the like.

Email your response to Xiao Yu before each class, and be prepared to share your thoughts with the rest of the class.

II. Referee Report

Second, you will write a referee report, reviewing a paper by a student recently on the job market in development. Please include two sets of comments: your report must contain both a theoretical and an empirical section, addressing those respective contributions of the paper. You do not have to include a recommendation (accept, reject, R&R). The two paper choices are:

- Clare Balboni, “In Harm’s Way? Infrastructure Investments and the Persistence of Coastal Cities”
III. Exam

Third, you will take a written in-class exam on October 11. The exam will draw upon material discussed in lecture and in the assigned readings.

Due dates:

- Paper Responses: Before each class
- Referee Report: By 9am on 20 Sept. 2019
- Final Exam: 9am-11:15am on 11 Oct. 2019

Always email your work to Xiao Yu by the deadline, even if you also bring a hard copy to class.

Grade Breakdown:

The final grade breakdown is as follows:

Paper responses and Participation: 30%
Referee report: 30%
Final exam: 40%

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 should participate in 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/](http://ipl.econ.duke.edu/seminars/labordev/). If you are interested in meeting
with a particular speaker, please email Xiao Yu at least a week in advance and she will do her best to reserve some time for you on the schedule (no guarantees).

Second, the International Population Health and Development (IPHD) lunch 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/](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/](http://ipl.econ.duke.edu/bread/)) and NBER Development ([http://www.nber.org/programs/dev/dev.html](http://www.nber.org/programs/dev/dev.html)) websites regularly for announcements (for conferences, calls for papers, etc.), and for working papers.
5. Topics covered

The following topics will be covered in this course:

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<tr>
<th>Section</th>
<th>Lect</th>
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<td>Human Capital</td>
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<td>30-Aug</td>
<td>Poverty Traps and Health</td>
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<td>Decision-making in Households</td>
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<td>2</td>
<td>6-Sep</td>
<td>Risk, Credit, Savings</td>
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<td>Insurance</td>
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<td>Financial Markets</td>
<td>2</td>
<td>6-Sep</td>
<td>Risk, Credit, Savings</td>
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<td>3</td>
<td>13-Sep</td>
<td>Institutions</td>
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<td>20-Sep</td>
<td>Corruption</td>
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<td>5</td>
<td>27-Sep</td>
<td>Voting</td>
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<td>6</td>
<td>4-Oct</td>
<td>Public Finance and Collective Action</td>
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<td>7</td>
<td>11-Oct</td>
<td>Exam</td>
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<tr>
<td>Firms and Governance</td>
<td>3</td>
<td>13-Sep</td>
<td>Firms and Contracting</td>
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<td>20-Sep</td>
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<td>Public Finance and Collective Action</td>
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<td>6</td>
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<td>NO CLASS (Fall Break)</td>
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<td>7</td>
<td>11-Oct</td>
<td>Exam</td>
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Readings

General (All suggested readings)

Articles on methods


The Big Picture


Poverty traps and health


Empirical


Additional Readings


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


Decision-making in the Household/Gender

Readings for Discussion

Theory


Empirical


Additional Readings


Readings

Ashraf, N. 2009. Spousal Control and Intra-Household Decision Making: An Experimental Study in the


**Risk, Credit, Savings**

*Readings for Discussion*

*Theory*


**Empirical**

Dupas and Robinson “Why Don’t the Poor Save More?” *American Economic Review*.


Additional Readings


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


Insurance
Readings for Discussion
Theory


Empirical


Additional Readings


**Firms and Contracting**

Readings for Discussion

Theory


*Empirical*


*Additional Readings:*


*Institutions*

*Readings for Discussion*

**Theory***


*Empirical*


*Other Readings:*


**Corruption**
Readings for Discussion

Theory


Empirical


Additional Readings


**Political Economy and Voting**

Theory


Empirical


Additional Readings


**Public Finance and Collective Action**

**Readings for Discussion**

**Theory**


**Empirical**


**Additional Readings**


INTERESTING TOPICS NOT COVERED IN CLASS

Conflict and Culture


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

**Technology Adoption**

**Readings for Discussion**

**Theory**


**Empirical**


**Land and Property Rights**

**Readings for Discussion**


Additional Readings:


