

# Economics 270B: Development Economics (Ph.D. course)

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## SPRING 2024 SYLLABUS

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**Description:** This course covers current research topics and methods in Development Economics. It is appropriate for Ph.D. students in Economics and related fields.

**Prerequisites:** Graduate coursework in economic theory and econometrics.

### Course Logistics

**Lectures:** Monday 2-4 pm PT in Evans 597.

### Office hours:

For Prof. Kaur, please sign up for office hours online at [www.supreetkaur.com](http://www.supreetkaur.com).

For Prof. Miguel, please sign up for office hours online at <https://bit.ly/2QQeCAv>.

Grady Killeen ([gkilleen@berkeley.edu](mailto:gkilleen@berkeley.edu)) and Sam Wang ([samzwang@berkeley.edu](mailto:samzwang@berkeley.edu)) will serve as additional resource people for the course.

### Course Assignments and Grading:

(Note: assignments should be uploaded on bCourses by 2pm PT on the due date.)

(1) Referee reports on papers by job market candidates (30 percent):

-- Each referee report should be no more than 3 pages double-spaced. The report should start off with a one paragraph summary of the main argument of the article. You should describe your main 3-4 points in detail as if you were writing directly to the author. Conclude the report with more minor comments. A good referee report not only clearly states the shortcomings of the work, but also lays out constructive, detailed and realistic suggestions for improvement.

-- These assignments will allow you to read and critique papers on the research frontier of development economics, and get a concrete sense of the quality of work being done by leading Ph.D. candidates in the field. These papers are also posted on bCourses.

-- Report 1 on Nina Buchmann (Stanford University), "Paternalistic discrimination", due Friday 2/2 [<https://sites.google.com/view/ninabuchmann/research>]

-- Report 2 on Florian Grosset (Columbia University), "Complementarities in labor supply", due Friday 3/1 [<https://www.fgrosset.com/research>]

-- Report 3 on Dev Patel (Harvard University), "Learning About a Warming World: Attention and Adaptation in Agriculture", due Friday 3/15 [<https://dev-patel.com/>]

\* Extra credit option for each referee report: please critically assess the presentation of data in each of the referee report papers. You can receive one point of extra credit for each report if you also

include a detailed discussion of the shortcomings of one particular table / figure in the paper, and the concrete modifications you would make to improve the presentation of the data. (This does not count toward the 3 page limit for the referee report itself. Please restrict yourself to 1 page for this additional discussion of data presentation.) For a classic treatment on the presentation of quantitative data, refer to: Tufte, Edward R. (1983). *The Visual Display of Quantitative Information*. Cheshire: Graphics Press.

(2) Two problem sets (30 percent):

-- Problem set 1, posted by Friday 2/2 and due Friday 2/16

PS1 will require you to work through theoretical and conceptual exercises related to consumption smoothing under market imperfections. This will include application of the Euler equation under credit constraints, and consumption and portfolio choice under uncertainty.

-- Problem set 2, posted by Friday 3/15 and due Friday 4/5

PS2 will require replication and extension of the econometric analysis in a published development economics article.

(3) One research proposal, 8-9 pages (30 percent):

The research proposal should briefly (3-4 pages) survey an existing literature in Development Economics, and then describe a planned research project (5-6 pages). Proposals should be in 12 point font, double-spaced with 1 inch margins. Proposals exceeding 9 pages in length will lose credit. This assignment will encourage you to generate, refine and receive feedback on a research idea that might form part of your dissertation.

-- The research proposal is due Monday 5/6 at 2pm (uploaded on bCourses).

(4) Class participation (10 percent): In borderline cases, attendance at lecture and the quality of classroom comments may be a factor in assigning grades. Active class participation enriches the course, benefiting other students (and the instructors), and is highly encouraged.

(5) Exams: There are no exams for this course. The Development Economics Ph.D. Field Exam this summer will cover all readings on this syllabus (as well as material from Econ 270A, 270C).

## **Course Policies**

**Special Accommodations:** If you need disability-related accommodations in this class, please inform us immediately by email or in office hours.

**Honor Code:** The student community at U.C. Berkeley has adopted the following Honor Code: *"As a member of the U.C. Berkeley community, I act with honesty, integrity, and respect for others."* The hope and expectation is that all students and course instructors will adhere to this code at all times.

**Academic Honesty Policy:** Cheating will be harshly punished. Any evidence of cheating will result in a score of zero (0) on that assignment. Cheating on the midterm or the final exam results in an "F" for the course. Cheating includes, but is not limited, to copying off another person's assignment, allowing someone to copy off of your assignment, having someone else do an assignment for you, and plagiarizing written or other materials. Incidences of cheating are reported to the Center for Student Conduct, which administers additional punishment. See also <http://sa.berkeley.edu/conduct/students/standards>.

**Limits to Confidentiality:** As University of California employees, all course instructors are Responsible Employees and we are required to report incidents of sexual violence, harassment or other conduct prohibited by university policy to the Title IX officer. We cannot keep reports confidential, but the Title IX officer will consider requests for confidentiality. There are confidential resources available, including the CARE Advocate Office (<http://sa.berkeley.edu/dean/confidential-care-advocate>).

## COURSE SCHEDULE - SPRING 2024

<b>Date</b>	<b>#</b>	<b>Topic</b>	<b>Instructor</b>	<b>Notes</b>
1/22	1	Understanding growth and development	Both	
1/29	2	Consumption smoothing I: Savings	Kaur	<i>Referee report 1 due 2/2</i>
2/05	3	Consumption smoothing II: Risk + insurance	Kaur	
2/12**	4	Corruption	Finan (guest)	<i>Problem set 1 due 2/16</i>
2/19	--	No Lecture – President’s Day		
2/26	5	Labor markets I: Rural labor markets	Kaur	<i>Referee report 2 due 3/1</i>
3/01**	6	Labor markets II: Urban labor markets	Kaur	Extra lecture (Friday, 10am-12pm)
3/04	7	Poverty traps	Kaur	
3/11**	8	Behavioral development economics	Rao (guest)	<i>Referee report 2 due 3/15</i>
3/18	9	Education I	Miguel	
3/25**	--	No Lecture – Spring Break		Please do these readings: Education II (+slides posted)
4/01	10	Health/nutrition I	Miguel	<i>Problem Set 2 due 4/5</i>
4/08	11	Health/nutrition II	Miguel	
4/15	12	General equilibrium effects and infrastructure	Miguel	
4/22	13	Institutions, democracy and development	Miguel	
4/29**	14	Political economy of conflict	Miguel	Special reading week lecture
5/03**	15	Research design	Kaur	Extra lecture (Friday, 10am-12pm)
				<i>Research proposal due 5/6</i>

## COURSE SYLLABUS

### **Lecture 1: Understanding economic growth and development (1/22)**

Banerjee, Abhijit and Esther Duflo (2007). "The Economic Lives of the Poor", *Journal of Economic Perspectives*, 21(1), 141-167.

Deaton, Angus. (2005). "Measuring Poverty in a Growing World (or Measuring Growth in a Poor World)," *Review of Economics and Statistics*, 87(1), 1-19.

Henderson, J. Vernon, Adam Storeygard, and David N. Weil. (2012). "Measuring Economic Growth from Outer Space", *American Economic Review*, 102(2), 994-1028.

#### *Additional readings:*

Burke, Marshall, Anne Driscoll, David B. Lobell, and Stefano Ermon. (2021). "Using satellite imagery to understand and promote sustainable development", *Science*, 371, eabe8628.

Jones, Charles I. (2016). "The Facts of Economic Growth", *Handbook of Macroeconomics*, Vol. 2A, (eds.) John B. Taylor and Harald Uhlig, Elsevier B.V.

Merfeld, Joshua and Jonathan Murdoch (2023). "Poverty at High Frequency." Working paper.

Nunn, Nathan. (2020). "The Historical Roots of Economic Development", *Science*, 367, eaaz9986.

### **Lecture 2: Consumption Smoothing I - Framework and Savings (1/29)**

Fink, G., B.K. Jack and F. Masiye (2020) "Seasonal liquidity, rural labor markets and agricultural production." *American Economic Review*, 110(11): 3351-3392.

#### *Additional Readings:*

[Background: Romer, David, *Advanced Macroeconomics*, Sections: 8.1-8.2 (Consumption under uncertainty), 8.4 (Interest rate and saving), and 8.6 (Buffer stocks and precautionary savings). You can alternately look at POG's notes on the same topic.]

Augenblick, Ned, Kelsey Jack, Supreet Kaur, Felix Masiye, and Nicholas Swanson. 2023. "Retrieval Failures and Consumption Smoothing. A Field Experiment on Seasonal Poverty". (Revise and resubmit, *Quarterly Journal of Economics*).

Burke, Marshall, Lauren Falcao Bergquist, and Edward Miguel. 2019. "Sell Low and Buy High: Arbitrage and Local Price Effects in Kenyan Markets", *Quarterly Journal of Economics*, 134(2): 785-842.

Casaburi, Lorenzo, and Rocco Macchiavello. 2019. "Demand and Supply of Infrequent Payments as a Commitment Device: Evidence from Kenya." *American Economic Review* 109(2): 523-555.

Dupas, Pascaline, and Jonathan Robinson. 2013. "Why don't the poor save more? Evidence from health savings experiments." *American Economic Review*. 103.4: 1138-1171.

Jayachandran, Seema. 2006. "Selling labor low: Wage responses to productivity shocks in developing countries." *Journal of political Economy*, 114(3): 538-575.

Karlan, Dean, Sendhil Mullainathan, and Benjamin N. Roth. 2019. "Debt traps? Market vendors and moneylender debt in India and the Philippines." *American Economic Review: Insights* 1(1): 27-42.

### **Lecture 3: Consumption Smoothing II - Risk and Insurance (2/5)**

Karlan, Dean, et al. (2013). "Agricultural Decisions after Relaxing Credit and Risk Constraints," *Quarterly Journal of Economics*, 129(2): 597-652.

#### *Additional Readings:*

[Background: Romer, David, *Advanced Macroeconomics*, Section 8.5 (Consumption and risky assets, consumption CAPM).]

Bardhan, Pranab and Chris Udry (1999). *Development Microeconomics*, Chapter 8 - "Risk and Insurance in an Agricultural Economy."

Carranza, Eliana, Aletheia Donald, Florian Grosset, and Supreet Kaur. 2023. "The Social Tax: Redistributive Pressure and Labor Supply". (Revise and resubmit, *Econometrica*).

Rosenzweig, Mark, and Christopher Udry. 2013. "Forecasting profitability." NBER Working Paper No.. w19334. National Bureau of Economic Research.

### **Lecture 4: Corruption (2/12) – Guest Lecture Prof. Fred Finan**

Avis, Eric, Claudio Ferraz, and Frederico Finan. (2017). "Do Government Audits Reduce Corruption? Estimating the Impacts of Exposing Corrupt Politicians", *Journal of Political Economy*, forthcoming.

Olken, Ben and Patrick Barron. (2009). "The Simple Economics of Extortion: Evidence from Trucking in Aceh", *Journal of Political Economy*, 117(3), 417-452.

#### *Additional readings:*

Ferraz, Claudio, and Frederico Finan. (2008). "Exposing Corruption politicians: The Effects of Brazil's Publicly Released Audits on Electoral Outcomes", *Quarterly Journal of Economics*, 123(2), 703-745.

Fisman, Raymond and Edward Miguel. (2007). "Corruption, Norms, and Legal Enforcement: Evidence from Diplomatic Parking Tickets", *Journal of Political Economy*, 115(6), 1020-1048.

Olken, Ben and Rohini Pande (2012) "Corruption in Developing Countries", *Annual Review of Economics*, Vol. 4.

### **Lecture 5: Labor markets I (2/26)**

Breza, Emily, Supreet Kaur, and Yogita Shamdasani. 2021. "Labor Rationing." *American Economic Review*, 2021. 111(10): 3184-3224.

#### *Additional Readings*

Asher, Sam, and Paul Novosad. 2020. "Rural roads and local economic development." *American Economic Review*, 110(3): 797-823.

Bryan, G., S. Chowdhury, and A. Mobarak. (2014). "Underinvestment in a Profitable Technology: The Case of Seasonal Migration in Bangladesh," *Econometrica*, 82, 1671-1748.

Kaur, Supreet (2019). "Nominal Wage Rigidity in Village Labor Markets." *American Economic Review*, 109(10): 3585-3616.

### **Lecture 6: Labor markets II (3/01)\*\*\* (Special Friday lecture)**

Carranza, Eliana, Robert Garlick, Kate Orkin, Neil Rankin (2022). "Job Search and Hiring with Limited Information about Workseekers' Skills," *American Economic Review*, 112(11): 3547-3585.

#### *Additional Readings*

Alfonsi, Livia, et al. 2020. "Tackling youth unemployment: Evidence from a labor market experiment in Uganda." *Econometrica*, 88(6): 2369-2414.

Donovan, Kevin, Will Jianyu Lu, and Todd Schoellman. 2023. "Labor market dynamics and development." *Quarterly Journal of Economics* 138(4): 2287-2325.

McKenzie, David (2017). "How Effective Are Active Labor Market Policies in Developing Countries? A Critical Review of Recent Evidence." *The World Bank Research Observer*, 32(2): 127–154.

### **Lecture 7: Poverty traps (3/4)**

Balboni, Clare, Oriana Bandiera, Robin Burgess, Maitreesh Ghatak and Anton Heil. (2021). "Why Do People Stay Poor?," *Quarterly Journal of Economics*, doi: 10.1093/qje/qjab045.

#### *Additional Readings:*

Banerjee, Abhijit and Esther Duflo (2005). "Growth Theory through the Lens of Development Economics," in Aghion, Philippe and Steven Durlauf (eds), *Handbook of Economic Growth*, vol. 1A.

Banerjee, Abhijit and A. Newman (1993). "Occupational Choice and the Process of Development," *Journal of Political Economy* 101, 274-298.

Banerjee, Abhijit, Emily Breza, Esther Duflo, and Cynthia Kinnan (2019). "Can Microfinance Unlock a Poverty Trap for Some Entrepreneurs?" Working paper.

Dasgupta, Partha and Debraj Ray (1986). "Inequality as a Determinant of Malnutrition and Unemployment: Theory." *The Economic Journal*, 96(384): 1011-1034.

Murphy, Kevin, Shleifer, Andrei and R. Vishny (1989). "Industrialization and the Big Push," *Journal of Political Economy* 97, 1003-1026.

### **Lecture 8: Behavioral development economics (3/11) – Guest Lecture Prof. Gautam Rao**

Kremer, Michael, Gautam Rao, and Frank Schilbach (2019). "Behavioral Development Economics." *Handbook of Behavioral Economics*, Volume 2.

#### *Additional readings:*

Bessone, Pedro, Gautam Rao, Frank Schilbach, Heather Schofield, and Mattie Toma. (2021). "The economic consequences of increasing sleep among the urban poor." *Quarterly Journal of Economics*, 136(3): 1887-1941.

Hanna, Rema, Sendhil Mullainathan, and Joshua Schwartzstein. 2014. "Learning through noticing: Theory and evidence from a field experiment." *Quarterly Journal of Economics*, 129(3): 1311-1353

Kaur, Supreet, Michael Kremer, and Sendhil Mullainathan (2015). "Self-Control at Work." *Journal of Political Economy*, 123(6): 1227-1277.

Ridley, Matthew, Gautam Rao, Frank Schilbach, and Vikram Patel. (2020). "Poverty, Depression, and Anxiety: Causal Evidence and Mechanisms," *Science*, 370(6522).

### **Lecture 9: Education I (3/18)**

Ganimian, Alejandro J., Karthik Muralidharan, and Christopher R. Walters. (2021). "Augmenting State Capacity for Child Development: Experimental Evidence from India", forthcoming *Journal of Political Economy*.

Mbiti, Isaac, Karthik Muralidharan, Mauricio Romero, Youdi Schipper, Constantine Manda, and Rakesh Rajani. (2019). "Inputs, Incentives, and Complementarities in Education: Experimental Evidence from Tanzania", *Quarterly Journal of Economics*, 134(3), 1627-1673.

Muralidharan, Karthik and Venkatesh Sundararaman. (2011). "Teacher Performance Pay: Experimental Evidence from India", *Journal of Political Economy*, 119(1), 39-77.

#### *Additional readings:*

Muralidharan, Karthik, Abhijeet Singh, and Alejandro Ganimian. (2019). "Disrupting Education? Experimental Evidence on Technology-Aided Instruction in India", *American Economic Review*, 109(4), 1426-1460.

Royal Swedish Academy of Sciences. (2019). "Scientific Background on the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel: Understanding Development and Poverty Alleviation"

[<https://www.nobelprize.org/uploads/2019/10/advanced-economicsciencesprize2019.pdf>].

### **Extra Topic 1: Education II (Readings for week of 3/25 – No lecture, Spring Break)**

Akresh, Richard, Daniel Halim, and Marieke Kleemans. (2023). "Long-term and intergenerational Effects of Education: Evidence from School Construction in Indonesia", *Economic Journal*, 133(650): 582-612.

Ashraf, Nava, Natalie Bau, Nathan Nunn and Alessandra Voena. (2020). "Bride Price and Female Education," *Journal of Political Economy*, 128 (2), 591-641.



Baird, Sarah, Craig McIntosh, and Berk Ozler. (2011). "Cash or condition? Evidence from a Randomized Cash Transfer Program", *Quarterly Journal of Economics*, 126(4), 1709-1753.

Duflo, Esther. (2001). "Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment," *American Economic Review*, 91(4).

*Additional readings:*

Hanushek, Eric A., and Ludger Woessmann. (2021). "Education and Economic Growth", Oxford Research Encyclopedia

**Lecture 10: Health and nutrition I (4/1)**

Das, Jishnu, Alaka Holla, Aakash Mohpal, and Karthik Muralidharan. (2016). "Quality and Accountability in Health Care Delivery: Audit-study Evidence from Primary Care in India", *American Economic Review*, 106(12), 3765-3799.

Karing, Anne. (2021). "Social Signaling and Childhood Immunization: A Field Experiment in Sierra Leone", working paper.

Okeke, Edward. (2023). "When a Doctor Falls from the Sky: The Impact of Easing Doctor Supply Constraints on Mortality", *American Economic Review*, 113(3): 585–627.

*Additional readings:*

Dupas, Pascaline, and Edward Miguel. (2017). "Impacts and Determinants of Health Levels in Low-Income Countries", *Handbook of Field Experiments*, (eds.) Esther Duflo and Abhijit Banerjee.

**Lecture 11: Health and nutrition II (4/8)**

Alsan, Marcella. (2015). "The Effect of the TseTse fly on African Development", *American Economic Review*, 105(1), 382-410.

Hamory, Joan, Edward Miguel, Michael Walker, Michael Kremer, and Sarah Baird. (2021). "Twenty Year Economic Impacts of Deworming", *Proceedings of the National Academy of Sciences*, 118(14): e2023185118, doi: 10.1073/pnas.2023185118.

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:*

Miguel, Edward, and A. Mushfiq Mobarak. (2022). "The Economics of the COVID-19 Pandemic in Poor Countries", *Annual Review of Economics*, 14(1): 253–85.

**Lecture 12: General equilibrium effects and infrastructure (4/15)**

Asher, Sam, Alison Campion, Douglas Gollin, and Paul Novosad. (2023). "The Long-run Development Impacts of Agricultural Productivity Gains: Evidence from Irrigation Canals in India", unpublished working paper.

Egger, Dennis, Johannes Haushofer, Edward Miguel, Paul Niehaus, and Michael Walker. (2022). "General Equilibrium Effects of Cash Transfers: Experimental Evidence from Kenya",

*Econometrica*, 90(6), 2603-2643.

Lee, Kenneth, Edward Miguel, and Catherine Wolfram. (2020). "Experimental Evidence on the Economics of Rural Electrification", *Journal of Political Economy*, 128(4): 1523-1565.

*Additional Readings:*

Donaldson, Dave. (2018). "Railroads of the Raj: Estimating the Impact of Transportation Infrastructure", *American Economic Review*, 108(4-5), 899-934.

**Lecture 13: Institutions, democracy and development (4/22)**

Acemoglu, Daron, Suresh Naidu, Pascual Restrepo, and James A. Robinson. (2019). "Democracy Does Cause Growth", *Journal of Political Economy*, 127(1), 47-100.

Casey, Katherine, Rachel Glennerster, & Edward Miguel. (2012). "Reshaping institutions: Evidence on aid impacts using a pre-analysis plan", *Quarterly Journal of Economics*, 127(4), 1755-1812.

Martinez, Luis R. (2022). "How Much Should We Trust the Dictator's GDP Growth Estimates?" *Journal of Political Economy*, 130(10), 2731-2769.

*Additional readings:*

Dal Bó, Ernesto, Frederico Finan, and Martín A. Rossi (2013) "Strengthening State Capabilities: The Role of Financial Incentives in the Call to Public Service", *Quarterly Journal of Economics*, 128(3), 1169-1218.

Weigel, Jonathan L. (2020). "The Participation Dividend of Taxation: How Citizens in Congo Engage More with the State when it Tries to Tax Them", *Quarterly Journal of Economics*, 1849-1903, doi: 10.1093/qje/qjaa019.

**Lecture 14: The political economy of conflict (4/29)**

Chassang, Sylvain, and Gerard Padro-i-Miquel. (2010). "Economic Shocks and Civil War", *Quarterly Journal of Political Science*, 4(3), 211-228.

Hsiang, Solomon, Marshall Burke, and Edward Miguel. (2013). "Quantifying the Influence of Climate on Human Conflict", *Science*, 10.1126/science.1235367.

McGuirk, Eoin F., and Nathan Nunn. (2023). "Transhumant Pastoralism, Climate Change and Conflict in Africa", forthcoming *Review of Economic Studies*.

*Additional readings:*

Bauer, Michal, Chris Blattman, Julie Chytilova, Joe Henrich, Edward Miguel, and Tamar Mitts. (2016). "Can War Foster Cooperation?", *Journal of Economic Perspectives*, 30(3): 249-274.

Dell, Melissa, and Pablo Querubin. (2018). "Nation Building through Foreign Intervention: Evidence from Discontinuities in Military Strategies", *Quarterly Journal of Economics*, 133(2), 701-764.

**Lecture 15: Research design and finding a job market paper (5/3)\*\*** (Extra Friday lecture)

Kaur, Supreet (2019). "Nominal Wage Rigidity in Village Labor Markets." *American Economic Review*, 109(10): 3585-3616.

Breza, Emily, Supreet Kaur, and Yogita Shamdasani (2017). "The Morale Effects of Pay Inequality." *Quarterly Journal of Economics*, 133(2): 611-663. (Sections 1-3).

*Additional Readings*

Christensen, Garret S., and Edward Miguel. (2018). "Transparency, Reproducibility, and the Credibility of Economics Research", *Journal of Economic Literature*, 56(3), 920-980.

Mullainathan, Sendhil, Jens Ludwig, and Jeff Kling. (2011). "Mechanism Experiments and Policy Evaluations." *Journal of Economic Perspectives*, 25(3): 17-38