ECON 615: Economic Development

Spring 2014

Tuesday/Thursday, 2:00-3:15, Tydings 2108

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Office hours: Tuesdays, 3:30 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) 20% Two 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) **15%** Three research ideas (due February 13, February 25, March 11). Each idea should be written up as follows (approximately 2-3 pages):
   a. Statement of the research question.
   b. Motivation/importance of the problem (4-5 sentences).
   c. **Brief** summary of the related literature (1 paragraph).
   d. Proposed data and/or setting for the research.
   e. Empirical strategy (identification strategy and proposed estimating equations, description of experiment if relevant).
   f. Key outcomes (can include “mock-ups” of key tables).

3) **30%** Research proposal (15-20 pages including literature review, data, methodology, and preliminary results or mock tables; 30-minute presentations on April 29, May 1, May 6, and May 8). The proposal should be an expansion of one of the research ideas submitted earlier in the semester. Students should commit to a topic for the research proposal no later than spring break, in order to allow sufficient time for finding data and preparing the proposal.

4) **15%** Midterm exam (Thursday, March 13, in class).

5) **20%** Final exam (Thursday, May 13, 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.

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


1. Poverty and inequality measurement (1 lecture – January 28)

Poverty


Inequality


2. Economic growth (1 lecture – January 30)

Trends in growth


Empirical growth


**Banerjee, Abhijit and Esther Duflo (2005). “Growth Theory through the Lens of
3. Agriculture and land markets (4 lectures)

Property rights and land tenure – February 4


Tenancy – February 6


# Technological adoption – February 13


*Conley, Timothy G., and Christopher R. Udry (2010). "Learning about a New

4. Labor markets (5 lectures)

**Agricultural HH separability – February 18**


**Agricultural labor markets – February 25**


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

**Labor Supply – February 27**


**Labor Market Networks – March 4**


Bryan, Gharad Dean Karlan, and Jonathan Zinman (2010). “Making the Most of the
Friends you Have: Referrals and Enforcement in a Referrals Field Experiment,” Mimeo, Yale University.


Migration – March 6


“Escaping Famine Through Seasonal Migration,” Mimeo, Yale School of Management.

5. Household bargaining (1 lecture – March 11)


MIDTERM EXAM – MARCH 13

6. Human capital (4 lectures)

Education – March 25


**Nutrition – March 27**


**Health – April 1**


Unconditional and conditional CCTs – April 3


*Schultz, T. Paul (2004). “School Subsidies for the Poor: Evaluating the Mexican...


7. Consumption smoothing and risk coping (3 lectures)

**Income and Consumption Smoothing – April 8**


**Informal insurance and risk sharing – April 10**


Fafchamps, Marcel (1992). “Solidarity Networks in Pre-Industrial Societies:


**Insurance Markets – April 15**


8. Credit markets (4 lectures)

Microcredit – April 17


Returns to capital – April 12


**Savings – April 44**


**Time inconsistency and commitment savings – April 24**


**Gine, Xavier, Jessica Goldberg, Dan Silverman, and Dean Yang (2013). “Revising
Commitments: Field Evidence on Adjustment of Prior Choices,” Mimeo, University of Maryland.
