

**Econ 468: Senior Seminar in Economic Development**Course & Instructor Information

Course Meets 09/07/2006 - 12/07/2006

Thursday 3:30 pm – 5:20 pm,

Room: ST 166 (Street Hall, corner of Chapel St. and High St.)

No Class: Nov 23 (Fall Recess)

Course Website: [www.colorado.edu/Economics/courses/mobarak](http://www.colorado.edu/Economics/courses/mobarak)

Pre-requisites:

- Intermediate Microeconomic Theory.

- Econometrics (very important) – *this class will be a struggle without it*

Instructor: A. Mushfiq Mobarak, Visiting Assistant Professor of Economics

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Office Hours: Mon 10:30 am – 11:15 am; Thurs 2:30-3:15 pm

**Texts**Highly Recommended

Jeffrey Wooldridge, Economic Analysis of Cross Section and Panel Data, MIT Press, 2001

The above is an excellent econometrics reference for advanced undergraduates and graduate students. The lectures and discussion will be primarily based on journal articles and working papers in the reading list provided below. Here are some other texts that you may find useful to consult from time to time:

Debraj Ray, Development Economics, Princeton University Press, 1998.

Pranab Bardhan and C. Udry, Development Microeconomics, Oxford Univ. Press, 1999

H. Chenery and T.N. Srinivasan eds, Handbook of Development Economics Vols. I to IV, Elsevier Publishers.

Angus Deaton, The Analysis of Household Surveys: A Microeconomic Approach to Development Policy, World Bank, 1997

J. Wooldridge, Introductory Econometrics: A Modern Approach 2e, Thompson Southwestern Press, 2003. isbn: 0-324-11364-1.

Ray's book is an advanced undergraduate or Master's level text that contains intuitive treatments of some of the material covered in this course. Bardhan and Udry is a more advanced text that attempts to summarize the literature on each of the topics it covers. The four-volume Handbook of Development Economics set contain essays on selected issues in development by prominent authors in each sub-field. This is an expensive set.

## Course Objectives & Description

The objective of this course is to introduce you to a few frontier topics in development economics, and to put you in a position to be able to do empirical research in development economics. The course will be structured around you and a classmate teaming up to write a research paper that includes some original data analysis, which you will submit to me at the end of the semester.

The topics that are included in the reading list below, some of which you will present on, reflects recent trends in the field of development economics, as well as some of my own research interests. Broadly speaking, development has two sub-fields: “micro-development” and “macro-development”. This course will attempt to cover topics in both sub-fields, but will be focused more on the micro aspects.

One of the first topics we will cover (that I will lecture on) is empirical research methodology in development economics. I will point you to some publicly available micro and macro datasets that may be useful for the research paper that you will write. I will ask you to choose a research partner and a topic area very quickly (i.e. before the second week), and then you will jointly make a series of presentations on your chosen topic area, starting with a literature review and then moving on to your research design and methodology, and ultimately the empirical results you’ve generated. The presentations will be short, so the challenge will be for you to synthesize a lot of information into 30 minute slots.

Every time someone makes a presentation in class, every other person will have to fill out an “evaluation sheet” in which you write a synopsis of what was presented, detailed suggestions for improvement, and evaluate the presenter’s presentation skills, choice of subject matter as it relates to the research question at hand, and how the presenter was able to explain the economics and statistical concepts involved. You will be graded on how well you complete these evaluation sheets. I will also take note of your class participation (e.g. providing comments to others during their in-class presentations) in determining your final grade.

I will assign 2 problem sets which will require you to spend many hours cleaning, compiling and analyzing data using a statistical software package such as Stata. You can use any software package you choose, but based on my own experience doing empirical research, I will highly recommend that you use Stata.

The research paper that you hand in at the end of the semester will have to have the look of a thesis paper. It should begin with a clearly stated empirical research question that is answerable, a hypothesis, then develop methodology to test that hypothesis, collect and analyze data that allows one to test the hypothesis, and finally, it should contain a write-up of the results of the statistical analysis and their implications.

**Grading**

The following weights will be used to compute your final grade:

Presentations	25%
Evaluations of your classmates' presentations + paper summaries	15%
Problem Sets	25%
Research Paper	25%
Class Participation	10%

**Schedule of Topics and Reading List**

\* You are required to hand in one-page summaries of the papers that will be presented in class on a given day at the beginning of class that day. I have starred some of these articles.

**1. Introduction to Development and History of the Field**

(1 lecture)

Amartya Sen, "The Concept of Development," Chapter 1 in *Handbook of Development Economics, Volume 1*, pp. 9-26.

Paul Krugman, "The Fall and Rise of Development Economics," Chapter 1 in *Development, Geography and Economic Theory*, MIT Press, 1995.

**2. Empirical Research in Development**

(3.5 lectures)

Deaton, Angus (1993). "Data and Econometric Tools for Development Economics," in *Handbook of Development Economics Vol. III*.

Udry, C. (1995). "Recent Advances in Empirical Microeconomic Research in Poor Countries: An Annotated Bibliography," *Journal of Economic Education* 28 (1): 58-75. Working Paper: [www.econ.yale.edu/~cru2/pdf/review.pdf](http://www.econ.yale.edu/~cru2/pdf/review.pdf)

Discussion Pieces

- a. "Ugly Children May Get Parental Short Shrift," *New York Times*, May 3, 2005
- b. "One Possible Cure for the Common Criminal," *New York Times*, June 16, 2005

Joshua Angrist and Alan Krueger (1999). "Empirical Strategies in Labor Economics." In Orley Ashenfelter and David Card eds. *Handbook of Labor Economics*, v. 3. Amsterdam: Elsevier Science. Ch. 23. (working paper version: <http://www.irs.princeton.edu/pubs/pdfs/401.pdf>)

\*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.

- Holland, Paul, (1986) "Statistics and Causal Inference", *Journal of the American Statistical Association*, Vol. 81 (396), 945-960. (JSTOR)
- Freedman, David (1991) "Statistical Models and Shoe Leather," *Sociological Methodology*, Vol. 21, 291-313. (JSTOR)
- \*Meyer, Bruce D. (1995), "Natural and quasi-experiments in economics," *Journal of Business and Economic Statistics*, 13 (2), pp. 151-161.  
<http://papers.nber.org/papers/t0170.pdf>
- John Bound, David Jaeger and Regina M. Baker (1995). "Problems with Instrumental Variables Estimation when the Correlation between the Instruments and the Endogenous Explanatory Variable is Weak," *Journal of the American Statistical Association* 90 (430): 443-450, June. (JSTOR)
- Marianne Bertrand, Esther Duflo and Sendhil Mullainathan (2004). "How Much Should We Trust Differences-in-Differences Estimates?," *Quarterly Journal of Economics*, 2004, 119(1): 249-75. (can access through library website for QJE)

### 3. Growth in Developing Countries

- \*Acemoglu, D. and F. Zilibotti (1997), "Was Prometheus Unbound by Chance? Risk, Diversification and Growth," *Journal of Political Economy* 105 (4): 709-751. (JSTOR)
- Pritchett, Lant (2000), "Understanding Patterns of Economic Growth: Searching for Hills among Plateaus, Mountains and Plains," *World Bank Economic Review* 14 (2): 221-50.  
<http://www.worldbank.org/research/journals/wber/revmay00/pdf/Article1.pdf>
- Mobarak, A. Mushfiq (2005). "Democracy, Volatility and Development," *The Review of Economics and Statistics* 87 (2), May 2005.  
(access through library website for published version or on papers.ssrn.com)
- \*Levine, Ross and David Renelt (1992). "A Sensitivity Analysis of Cross-Country Growth Regressions," *American Economic Review* 82(4): 942-963. (JSTOR)
- Durlauf, Steven (2001). "Manifesto for a Growth Econometrics," *Journal of Econometrics* 10: 65-69.
- \*Acemoglu, D., S. Johnson and J. Robinson (2001). "Colonial Origins of Comparative Development: An Empirical Investigation," *American Economic Review* 91 (5): 1369-1401. (JSTOR)
- Comment on Paper:* David Albouy (2005). "The Colonial Origins of Comparative Development: A Reexamination Based on Improved Settler Mortality Data.,"  
<http://ist-socrates.berkeley.edu/~albouy/AJRreinvestigation/AJRreinvestigation.pdf>

Reply to comment: [http://econ-www.mit.edu/faculty/download\\_pdf.php?id=1138](http://econ-www.mit.edu/faculty/download_pdf.php?id=1138)

#### 4. Trade and Development

Mobarak and Purbasari (2005). "Political Trade Protection in Developing Countries: Firm Level Evidence from Indonesia"

<http://www.colorado.edu/Economics/courses/mobarak/Research.htm>

Thierry Mayer, Philippe Martin, Mathias Thoenig (2005), *Make Trade not War?*, Working Paper

\*Topalova, Petia (2004). "Factor Immobility and Regional Impacts of Trade Liberalization: Evidence on Poverty and Inequality from India"

[http://econ-www.mit.edu/graduate/candidates/download\\_res.php?id=143](http://econ-www.mit.edu/graduate/candidates/download_res.php?id=143)

#### 5. Corruption

Bardhan, P. (1997). "Corruption and Development: A Review of Issues," *Journal of Economic Literature* 35 (3): 1320-1346. (JSTOR)

Fisman, R. (2001). "Estimating the Value of Political Connections," *American Economic Review* 91(4): 1095-1102. (JSTOR)

\*Ray Fisman and Shang-Jin Wei (2004). "Tax Rates and Tax Evasion: Evidence from 'Missing Imports' in China," *Journal of Political Economy* 112 (2): 471-496

<http://www.nber.org/~wei/data/fisman&wei2004/fisman&wei2004.pdf>

\*Olken, Benjamin A. (2004), "Monitoring corruption: Evidence from a field experiment in Indonesia," Mimeo, Harvard, November.

<http://www.nber.org/~bolken/corruptionexperiments.pdf>

#### 6. Political Economy & Public Service Delivery

Besley, T. and R. Burgess (2004), "The Political Economy of Government Responsiveness: Theory and Evidence from India," *Quarterly Journal of Economics* 117 (4): 1415-1451.

<http://ideas.repec.org/a/tpr/qjecon/v117y2002i4p1415-1451.html>

\*A. Foster and M. Rosenzweig (2001). "Democratization, Decentralization and the Distribution of Local Public Goods in a Poor Rural Economy," Working Paper, November.

Mobarak, Rajkumar and Cropper (2004). "The Political Economy of Health-Care Provision and Access in Brazil," World Bank Policy Research Paper 3508,

[http://www.colorado.edu/Economics/courses/mobarak/Mobarak\\_Rajkumar\\_Cropper\\_Brazil.pdf](http://www.colorado.edu/Economics/courses/mobarak/Mobarak_Rajkumar_Cropper_Brazil.pdf)

\*Duflo, Esther and R. Chattopadhyay (2004). "Women as Policy Makers: Evidence from a Randomized Policy Experiment in India," *Econometrica* 72(5), pp. 1409-1443. [http://econ-www.mit.edu/faculty/download\\_pdf.php?id=437](http://econ-www.mit.edu/faculty/download_pdf.php?id=437)

Wantchekon, Leonard (2004). "Clientelism and Voting Behavior: Evidence from a Field Experiment in Benin", *World Politics*, Forthcoming.  
[http://www.nyu.edu/gsas/dept/politics/faculty/wantchekon/research/WP\\_0331.pdf](http://www.nyu.edu/gsas/dept/politics/faculty/wantchekon/research/WP_0331.pdf)

World Bank (2003), *World Development Report 2004: Making Services Work for Poor People*, Washington DC: The World Bank.  
[http://wdsbeta.worldbank.org/external/default/WDSContentServer/IW3P/IB/2003/10/07/000090341\\_20031007150121/Rendered/PDF/268950PAPER0WDR02004.pdf](http://wdsbeta.worldbank.org/external/default/WDSContentServer/IW3P/IB/2003/10/07/000090341_20031007150121/Rendered/PDF/268950PAPER0WDR02004.pdf)

## 7. Environment, Health and Development

Mark M. Pitt, Mark R. Rosenzweig, and Md. Nazmul Hassan (2005). "Sharing the Burden of Disease: Gender, the Household Division of Labor and the Health Effects of Indoor Air Pollution," BREAD Working Paper 093.  
<http://www.cid.harvard.edu/bread/abstracts/093.htm>

Jayachandran, Seema (2005). "Air Quality and Infant Mortality During Indonesia's Massive Wildfires in 1997," BREAD Working Paper 095.  
<http://www.cid.harvard.edu/bread/abstracts/095.htm>

\*Grant Miller (2005). "Contraception as Development? New Evidence from Family Planning in Colombia,"  
[http://www.cid.harvard.edu/cidwp/pdf/grad\\_student/009.pdf](http://www.cid.harvard.edu/cidwp/pdf/grad_student/009.pdf)

\*Kremer, M. and Miguel, T (2004). "Worms: Identifying Impacts on Education and Health in the Presence of Treatment Externalities," *Econometrica*, Vol. 72, No. 1 (January, 2004), 159–217  
([http://emlab.berkeley.edu/users/emiguel/miguel\\_worms.pdf](http://emlab.berkeley.edu/users/emiguel/miguel_worms.pdf))

## 8. Water

\*Esther Duflo and Rohini Pande (2005). "Dams," BREAD Working Paper No. 100,  
<http://www.cid.harvard.edu/bread/abstracts/100.htm>

Hilary Sigman (2002). "International Spillovers and Water Quality in Rivers: Do Countries Free Ride?," *American Economic Review*, vol. 92(4), pages 1152-1159

## 9. Marriage

\*Mark Rosenzweig and Oded Stark (1989). "Consumption Smoothing, Migration, and Marriage: Evidence from Rural India," *Journal of Political Economy* 97(4): 905-26 (JSTOR)

Lena Edlund and Evelyn Korn (2002). "A Theory of Prostitution," *Journal of Political Economy*, vol. 110, issue 1, pages 181-214  
<http://the-idea-shop.com/papers/prostitution.pdf#search=%22a%20theory%20of%20prostitution%22>

Hanan Jacoby and Ghazala Mansuri (2005). "Watta-Satta: Exchange Marriage and Women's Welfare in Rural Pakistan," Working Paper, World Bank  
[http://www.cid.harvard.edu/bread/papers/0509conf/bread0509\\_jacoby\\_mansuri.pdf#search=%22watta%20satta%22](http://www.cid.harvard.edu/bread/papers/0509conf/bread0509_jacoby_mansuri.pdf#search=%22watta%20satta%22)

\*Nava Ashraf (2005). "Spousal Control and Intra-Household Decision Making: An Experimental Study in the Philippines," Working Paper.  
[http://www.people.fas.harvard.edu/~ashraf/Spousal\\_Control.pdf](http://www.people.fas.harvard.edu/~ashraf/Spousal_Control.pdf)

## 10. Land & Credit Markets

(3 lectures)

Eswaran, M and A. Kotwal (1985), "A Theory of Contractual Structure in Agriculture," *American Economic Review* 75 (3): 352-367. (JSTOR)

Pitt, Mark & S. Khandker (1997), "The Impact of Group-Based Credit Programs on Poor Households in Bangladesh: Does the Gender of Participants Matter?," *Journal of Political Economy*. (JSTOR)

Ashraf, Nava, Dean Karlan, and Wesley Yin. (2004). "Tying Odysseus to the Mast: Evidence from a Commitment Savings Product in the Philippines", BREAD Working Paper No. 083. <http://www.cid.harvard.edu/bread/abstracts/083.htm>

## 11. Behavioral Economics

\*Rabin, M. (1993). "Incorporating Fairness into Game Theory and Economics," *American Economic Review* 83(5): 1281-1302 (JSTOR)

Dean Karlan (2005). "Using Experimental Economics to Measure Social Capital and Predict Financial Decisions," forthcoming, *American Economic Review*  
<http://aida.econ.yale.edu/karlan/papers/gamespaper.pdf>