

**Econ 8784: Economic Development  
Spring 2014 Course Syllabus (Preliminary)**

**Professor Tania Barham**

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**Office Hours:** Thursday 3:15-4:45pm and by appointment  
**Class Time and location:** Econ 5 Tuesday and Thursday 2:00 - 3:15pm

**Course Description**

This is a graduate course in development economics. The primary goal of this course is to prepare students for original research within the field of Development Economics. The course readings focus on empirical papers mainly on human capital.

The primary goal of this course is to build skills in reading and writing applied microeconomic papers. Accordingly, I have put less emphasis on giving a thorough overview of the literature and more emphasis on teaching a fewer papers in detail. The focus on human capital will help demonstrate the wide array of topics that can be worked on in one area.

**Prerequisites**

PH.D. Microeconomic Theory and Econometrics. I'm also assuming you have learnt many of the applied models through classes such as Applied Microeconomics or Labor.

**Textbook**

There is no textbook for this course. However, I have put together a list of resources that may have useful supplementary material.

**Requirements and Grading**

<u>Assignment</u>	<u>Weight</u>	<u>Due Date</u>
Class participation and reading	10%	Including 10 summaries
1 Referee Report	10%	TBA
Class presentation 1	5%	See schedule
Class presentation 2	15%	See schedule
Research Proposal	15%	April 18th
Midterm	20%	March 11 <sup>th</sup>
Final	25%	TBA

**Class Participation/Readings:** You are expected to read the assigned articles prior to coming to class and to be prepared to answer questions and participate in discussion. Bring a copy of the paper (hard or electronic) we will be discussing that day. In addition, please prepare a half page summary of each paper starting in week 2 of the course. For topics that cover more than a day, we will read the papers in the order they are presented in the reading list. Your summary should include the following: the main research question, the model/conceptual framework that guides the analysis, the data used (i.e. unit of analysis), the primary methodology including the

identification, and any major limitations that you see in the paper. Part of this grade will come from successfully turning in a summary of each paper. The other portion will come from a review of a random sample of your summaries.

**Referee Report:** I will assign one paper during the semester. I prefer to use working papers, so will assign one when I find an appropriate paper. You will be required to write a brief summary of the paper's topic, method and conclusions, as well as an analysis of the paper's strength and weaknesses.

**Class Presentation 1:** You will give two short presentations during the semester. The point of the first presentation is to pitch a paper idea based on data you have found. In development economics it can be hard to find data sources, so the point of this exercise is to have you find a good or multiple data sources and pitch an idea for a paper based on these data. The presentation will be 10-15 minutes including time for feedback/discussion. I will give you more instructions on the content of the presentation in class.

**Class Presentation 2:** This presentation will be based on your research proposal. More information will be given in class.

### Tentative Class Schedule

WEEK OF	TUESDAY	THURSDAY
1 – Jan 13	1. Randomize Experiments, Limitations, and Data	
2 – Jan 20	2a. Randomization Policy Example: CCTs and Short-Term Effects	
3 – Jan 27	2b. Longer term effects of CCTs	
4 – Feb 3	2c. How to design CCTs	3. Fetal Origins
5 – Feb 10	3. Fetal Origins	4a. Early intervention on Human Capital
6 – Feb 17	4a. Early health interventions on Human Capital	4a. Effect of health on income
7 – Feb 24	Presentation: Pitch an idea	TBD
8 – Mar 3	TBD	Presentation: Pitch an idea
9 – Mar 10	<b>MIDTERM</b>	4.c Health and Development
10 – Mar 17	4d. HIV/AIDS	4f. Pricing of Socially-Valuable Goods
11 – Mar 24	<b>SPRING BREAK</b>	
12 – Mar 31	TBD	TBD
13 – Apr 7	5. Education	6. Migration
14 – Apr 14	6. Migration	7. Micro-credit and insurance
15 – Apr 21	7. Micro-credit and insurance /Class Presentations	Class Presentations
16 – Apr 28	Class Presentations	Class Presentations

## Useful Books and Methods Articles

- Bardhan, Pranab and Christopher Udry. 1999. *Development Microeconomics*. New York: Oxford University Press.
- Ray, Debraj. 1998. *Development Economics*. Princeton, N.J.: Princeton University Press.
- Deaton, Angus. 1997. *The Analysis of Household Surveys: A Microeconometric Approach to Development Policy*. Baltimore, Maryland: The World Bank.
- H. Chenery, T.N. Srinivasan, J. Behrman, T. Schultz, and J. Strauss, eds. *Handbook of Development Economics*, Vol. 1-4. Published by Elsevier.
- Duflo, Esther, Rachel Glennerster, and Michael Kremer. 2008. "Randomization in Development Economics Research: A Toolkit." *Handbook of Development Economics*, Vol. 4, Ch. 61.
- Wooldridge, Jeffrey M. 2001. *Economic Analysis of Cross Section and Panel Data*. Cambridge, MA: The MIT Press.
- Deaton, Angus. 1993. "Data and Econometric Tools for Development Analysis." *Handbook of Development Economics*, Vol. 3, Ch. 33, Ed. J. Berhman and T.N. Srinivasan.
- Angrist, Joshua D. and Alan B. Krueger. 1999. "Empirical Strategies in Labor Economics." *Handbook of Labor Economics*, Vol. 3, Ch. 23, Ed. O. Ashenfelter and D. Card.
- Todd, Petra E. 2008. "Evaluating Social Programs with Endogenous Program Placement and Selection of the Treated." *Handbook of Development Economics*, Vol.4, Ch. 60. Pp. 3847-3894.
- Angrist, Joshua D., Guido W. Imbens, and Donald B. Rubin. 1996. "Identification of Causal Effects Using Instrumental Variables." *Journal of the American Statistical Association*, 91(434): 444-455.
- Angrist, Joshua D. and Alan B. Krueger. 2001. "Instrumental Variables and the Search for Identification: From Supply and Demand to Natural Experiments." *The Journal of Economic Perspectives*, 15(4): 69-85.
- Meyer, Bruce D. (1995). "Natural and Quasi-Experiments in Economics." *Journal of Business and Economic Statistics*, 13(2): 151-161.
- Bound, John, David A. Jaeger, 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.
- Imbens and Wooldridge. 2009. "Recent Developments in the Econometrics of Program Evaluation." *Journal of Economic Literature*, 47(1): 5-86.

You may also want to check out some these more popular press title:

Poor Economics, Why Nations Fail, The Bottom Billion, The End of Poverty, The White Man's Burden, Development as Freedom, Economic Gangsters ...

## Reading List

Along with readings for class I have provided some background readings and supplementary readings. I recommend you read the background readings. The supplementary readings are not required and are for your interest.

### 1. Randomized Experiments and the Limitations

Banerjee, Abhijit and Esther Duflo. "The Experimental Approach to Development Economics," *Annual Review of Economics*, Vol. 1: 151-178, September 2009. (also see CEPR working paper No. DP7037, NBER working paper No. 14467).

Rodrik, Dani, "The New Development Economics: We Shall Experiment, but How Shall We Learn?" (October 24, 2008). HKS Working Paper No. RWP08-055. Available at SSRN: <http://ssrn.com/abstract=1296115> or <http://dx.doi.org/10.2139/ssrn.1296115>

Duflo, Esther, Rachel Glennerster. 2008. "Chapter 61: Using Randomization in Development Economics Research: A Toolkit." in T. Paul Schultz and John A. Strauss (eds.), *Handbook of Development Economics*, vol. 4. Amsterdam, The Netherlands: North Holland.

#### *Supplementary Reading*

Deaton, Angus. 2010. "Instruments, Randomization, and Learning about Development," *Journal of Economic Literature*, vol. 48(2): 424-55.

Easterly, William. 2009. "Can the West Save Africa?" *Journal of Economic Literature*, 47( 2).

Duflo, Ester and Micheal Kremer. 2008. "Use of Randomization in the Evaluation of Development Effectiveness" working paper <http://economics.mit.edu/files/2785>

### 2. Social Policy Experiments: Conditional Cash Transfers

#### A. What are CCTs and Short-Term Effects

Schultz, T. Paul. 2004. "School Subsidies for the Poor: Evaluating the Mexican Progresa Poverty Program", *Journal of Development Economics*, 74(1):199-250. (Impact on Education – Experimental Evidence)

Gertler, Paul. 2000. "Final Report: The Impact of Progresa on Health" IFPRI Report [http://www.ifpri.cgiar.org/sites/default/files/publications/gertler\\_health.pdf](http://www.ifpri.cgiar.org/sites/default/files/publications/gertler_health.pdf) (Impact on Health – Experimental Evidence)

Barham, Tania. 2011. "A Healthier Start: The Effect of Conditional Cash Transfers on Neonatal and Infant Mortality in Rural Mexico," *Journal of Development Economics*, 94(1), 74-85. (Health- quasi-experimental evidence using national roll out)

#### *Background Reading:*

Ravallion, M. 2008. "Chapter 59 Evaluating Anti-Poverty Programs" in T. Paul Schultz and John A. Strauss (eds.), *Handbook of Development Economics*, vol. 4. Amsterdam, The

Netherlands: North Holland.

Parker, Susan, Luis Rubalcava, Graciela Teruel. 2008. "Chapter62: Evaluating Conditional Schooling and Health Programs" in T. Paul Schutlz and John A. Strauss (eds.), *Handbook of Development Economics* vol. 4. Amsterdam, The Netherlands: North Holland.

*Supplemental Reading:*

Karen Macours, Norbert Schady and Renos Vakis. 2012. "Cash Transfers, Behavioral Changes, and Cognitive Development in Early Childhood: Evidence from a Randomized Experiment", *American Economic Journal: Applied Economics*, 4(2):247-73.

Gertler, Paul. 2004. "Do Conditional Cash Transfers Improve Child Health? Evidence from PROGRESA's Controlled Randomized Experiment", *American Economic Review* 94(2): 336–41. (Impact on Health - Experimental Evidence)

Fiszbein, Ariel and Norbert Schady. 2009. *Conditional Cash Transfers: Reducing Present and Future Poverty*. World Bank Policy Research Report, The World Bank, Washington D.C.

Barham, Tania and John Maluccio. 2009. "Eradicating Disease: The Effect of Conditional Cash Transfers on Vaccination Coverage in Rural Nicaragua," *Journal of Health Economics*, 28(3), 611-621.

Filmer, Deon, Norbert Schady. 2011. "Does More Cash in Conditional Cash Transfer Programs Always Lead to Larger Impacts on School Attendance?" *Journal of Development Economics*, 96(1): 150-157.

Gertler, Paul J., Sebastian W. Martinez, and Marta Rubio-Codina. 2012. "Investing Cash Transfers to Raise Long-Term Living Standards." *American Economic Journal: Applied Economics*, 4(1): 164-92.

de Janvry, Alain, Finan, Frederico, Sadoulet, Elisabeth. 2012. "Local Electoral Incentives and Decentralized Program Performance." *Review of Economics and Statistics* 94.3 (Aug 2012): 672-685.

**B. Longer-term Effects of CCTs – (Are they learning?)**

Behrman, Jere R., Susan W. Parker, and Petra E. Todd. 2009. "Medium-Term Impacts of the *Oportunidades* Conditional Cash Transfer Program on Rural Youth in Mexico," in Stephan Klasen and Felicitas Nowak-Lehmann (eds.), *Poverty, Inequality, and Policy in Latin America*. Cambridge: MIT Press (pp. 219–270).

Barham, T, K. Macours, J Maluccio. 2013. "Cognitive Skill Formation and Physical Growth: Long-term Experimental Evidence on Critical Ages and Early childhood Interventions" IDB working paper.

*Supplementary Reading:*

Behrman, Jere R., Susan W. Parker, and Petra E. Todd. 2009. Schooling Impacts of Conditional Cash Transfers on Young Children: Evidence from Mexico. *Economic Development and Cultural Change*. 57(3): 439–477.

Behrman, Jere R., Susan W. Parker, and Petra E. Todd. 2011. “Do Conditional Cash Transfers for Schooling Generate Lasting Benefits? A Five-Year Followup of Progres/Oportunidades. *Journal of Human Resources*, 46(1): 93–122.

**C. How to design CCTs**

Baird, S. C. McIntosh, B. Ozler. 2011. “Cash or Condition? Evidence from a Cash Transfer Experiment,” *Quarterly Journal of Economics*, 126(4):1709-1753. (Conditional or unconditional)

(No need to read in detail: no summary necessary)

Benhassine Najy, Florencia Devoto, Estert Duflo, Pascaline Dupas, Victor Pouliquen. July 2013.” Turning a Shove into a Nudge? A “Labeled Cash Transfer” for Education,” [http://www.stanford.edu/~pdupas/Morocco\\_Tayssir\\_LCT.pdf](http://www.stanford.edu/~pdupas/Morocco_Tayssir_LCT.pdf) (Mom versus Dad, and conditional versus unconditional)

*Supplemental Reading:*

Akresh, Richard, Damiem De Walque, Harounan Kazianga. 2013. “Cash Transfers and Child Schooling: Evidence from a Randomized Evaluation of the Role of Conditionality,” World Bank Policy Research Working Paper No. 6340 (Conditional versus Unconditional)

**3. Fetal Origins Hypothesis and Early Child Development**

Almond, Douglas. 2006. “Is the 1918 Influenza Pandemic Over? Long-Term Effects of In Utero Influenza Exposure in the Post-1940 US Population” *Journal of Political Economy*, 114(4):672-712.

Barham, Tania, Karen Macours, John Maluccio. 2013. “Boys’ Cognitive Skill Formation and Physical Growth: Long-term Experimental Evidence on Critical Ages and Early Childhood Interventions,” *American Economic Review (Papers and Proceedings)*, 103(3), 467-71. (*Investing in first 1000 days*)

*Background Reading:*

Barker, D. J. P., ed. 1992. *Fetal and Infant Origins of Adult Disease*. London: British Medical Journal. (we will read a review article).

Heckman, James J. 2007. “The Technology, and Neuroscience of Human Capital Formation.” *Proceedings of the National Academy of Sciences*, 104(33): 13250-13255.

*Supplemental Readings:*

Almond, Douglas and Currie, Janet. 2011.”Killing Me Softly: The Fetal Origins Hypothesis” *Journal of Economic Perspectives*, 25(3): 153-172.

Almond, Douglas; Mazumder, Bhashkar. 2011. "Health Capital and the Prenatal Environment: The Effect of Ramadan Observance during Pregnancy," *American Economic Journal: Applied Economics*, 3(4): 56-85.

Heckman, James, Rodrigo Pinto and Peter Savelyev. 2013. "Understanding the Mechanisms through Which an Influential Early Childhood Program Boosted Adult Outcomes," *American Economic Review*, 103(6): 2052-86

#### **4. Health and Nutrition**

##### **A. Effect of Early Childhood Health and Nutrition on Human Capital**

Barham, Tania. 2012. "Enhancing Cognitive Functioning: Medium-Term Effects of Health and Family Planning Program in Matlab," *American Economic Journal: Applied Economics*, 4(1), 245-73.

Field, Erica, Omar Robles and Maximo Torero. 2009. "Iodine Deficiency and Schooling Attainment in Tanzania" *American Economic Journal: Applied Economics* 1(4): 140-169.

##### *Supplementary Reading:*

Maluccio, John, et al. 2009. "The Impact of Improving Nutrition during Early Childhood on Education among Guatemalan Adults". *Economic Journal* 119(537): 734-763.

Bharadwaj, Prashant, Katrine Vellesen Løken, and Christopher Neilson. 2013. "Early Life Health Interventions and Academic Achievement." *American Economic Review*, 103(5): 1862-91.

Jayachandran, Seema, Adriana Lleras-Muney. 2009. Life Expectancy and Human Capital Investments: Evidence from Maternal Mortality Declines *Quarterly Journal of Economics*, 124 (1): 349-397.

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

Cutler, D., Fung, W., Kremer, M., Singhal, M., Vogl, T. 2010, "Early-life Malaria Exposure and Adult Outcomes: Evidence from Malaria Eradication in India," *American Economic Journal: Applied Economics*, 2(2): 72-94.

Lucas, Adrienne M. 2010, "Malaria Eradication and Educational Attainment: Evidence from Paraguay and Sri Lanka," *American Economic Journal: Applied Economics*, 2(2): 46-71.

##### **B. Effect of Health on Income**

Baird, S, J. Hicks, M. Kremer, E Miguel. 2011. Worms at Work: Long-run Impacts of Child Health Gains. Unpublished

<http://www.povertyactionlab.org/publication/worms-work-long-run-impacts-child-health-gains>



*Supplementary Readings:*

Bleakley, Hoyt. 2010. "Malaria Eradication in the Americas: A Retrospective Analysis of Childhood Exposure." *American Economic Journal: Applied Economics*, 2(2): 1-45. (Spatial variation)

Hoddinott, J., J.A. Maluccio, J.R. Behrman, R. Flores, and R. Martorell. 2008. "Effect of a Nutrition Intervention During Early Childhood on Economic Productivity in Guatemalan Adults," *The Lancet*. 371(9610): 411–416.

Thomas, D., E. Frankenberger, J. Friedman, J.-P. Habicht, M. Hakimi, N. Ingwersen, Jaswadi, N. Jones, K. McKelvey, G. Peltó, B. Sikoki, T. Seeman, J. P. Smith, C. Sumantri, W. Suriastini, and S. Wilopo (2006): Causal Effect of Health on Labor Market Outcomes: Experimental Evidence," mimeo, UCLA.

<http://escholarship.org/uc/item/0g28k77w>

**C. Health and Development**

Acemoglu, Daran and Simon Johnson, 2007. "Disease and Development: The Effect of Life Expectancy on Economic Growth." *Journal of Political Economy*, 115(6): 925-985.

<http://www.jstor.org/stable/10.1086/529000>

**D. HIV/AIDS: Does information matter?**

Thornton, Rebecca. 2008. "The Demand for, and Impact of, Learning HIV Status." *American Economic Review*, 98(5): 1829–1863.

*Supplemental Readings:*

Dupas, Pascaline. 2011. "Do Teenagers Respond to HIV Risk Information? Evidence from a Field Experiment in Kenya." *American Economic Journal: Applied Economics*, 3(1): 1-34.

Gong, Eric. 2013 "HIV Testing and Risky Sexual Behavior" forthcoming *The Economic Journal*.

Evans, D., and E. Miguel. 2007. Orphans and Schooling in Africa: A Longitudinal Analysis," *Demography*, 44(1): 35-57.

Kremer, Michael. 2002. "Pharmaceuticals and the Developing World," *Journal of Economic Perspectives*, 16(4): 67-90.

**E. Pricing of Socially-Valuable Goods (Uptake)**

Ashraf, Nava, James Berry, and Jesse M. Shapiro. 2010. "Can Higher Prices Stimulate Product Use? Evidence from a Field Experiment in Zambia," *American Economic Review*, 100(5):2383-2413.

*Supplemental Reading*

Cohen, Jessica and Pascaline Dupas. 2010. "Free Distribution vs. Cost-Sharing: Evidence from a Malaria-Prevention Field Experiment in Kenya," *Quarterly Journal of Economics*, 125(1): 1-45.

Mahajan, A., Blackburn, B., Kopf, D., Krishnan, L., Tarozzi, A. Yoong, J. 2011. "Micro-loans, Insecticide-Treated Bednets and Malaria: Evidence from a Randomized Controlled Trial in Orissa (India)" Working Paper [http://www.stanford.edu/~axl/RCT\\_short.pdf](http://www.stanford.edu/~axl/RCT_short.pdf)

## **5. Education**

Bobonis, Gustavo, and Frederico Finan. 2009. "Neighborhood Peer Effects in Secondary School Enrollment Decision," *Review of Economics and Statistics*, 91(4):695-716. (Peer Effects)

Jensen, Robert. 2010. "The (Perceived) Returns to Education and the Demand for Schooling". *Quarterly Journal of Economics* 125(2): 515-548. (Returns to Education)

### *Supplementary Reading:*

Jensen, Robert. 2010. "The (Perceived) Returns to Education and the Demand for Schooling". *Quarterly Journal of Economics* 125(2): 515-548. (Returns to Education)

Friedman, W., Kremer, M, Miguel, E., and R. Thornton . 2011. "Education as Liberation?," NBER Working Paper 16939 <http://www.nber.org/papers/w16939>

## **6. Migration**

Gibson, J., McKenzie, D., Stillman, S. 2010. "How Important Is Selection? Experimental vs. Non-Experimental Measures of the Income Gains from Migration," *Journal of the European Economic Association*, 8(4): 913-45. (selection)

Yang, Dean. 2008. "International Migration, Remittances, and Household Investment: Evidence from Philippine Migrants' Exchange Rate Shocks," *Economic Journal*, 118 (528): 591-630. (Important of remittances)

## **7. Micro-credit and insurance. -- TBA**