

Econ 425-1: Graduate Development Economics Microeconomic Topics

Fall Quarter 2020

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Office hours: Monday 4 to 6 pm on Zoom

The class meets Tuesday and Thursday, 1:50 to 3:40 pm on Zoom.

Course Description and Requirements

This course is part of a three-part graduate sequence on development economics, focusing mainly on microeconomic topics. The second course will be taught by Prof. Chris Udry in winter quarter. The third course will be taught by Prof. Lori Beaman in spring quarter. To satisfy the field requirement, you must take all three development classes.

One of this course's main objectives is to build skills in reading and writing applied microeconomics papers. Accordingly, I have put less emphasis on giving a thorough overview of the literature (though you should have a thorough knowledge if you intend to specialize in development economics) and more emphasis on teaching a few papers in detail. Also, the papers have been chosen in part because they are vehicles to teach empirical methods relevant to (mostly "reduced form") empirical work such as the Rubin causal model, IV, regression discontinuity design, methods for calculating standard errors and bounds, and power calculations.

The course is aimed primarily at economics PhD students who have satisfied all requirements for the first year. **Prior knowledge of economic theory and econometrics at this level is a prerequisite.**

Your grade for the course will be determined as follows:

- **25%: Research proposals.** This assignment asks you to develop research ideas on development economics topics that would be suitable as a second-year paper. You are asked to describe a research question, motivate its importance and how your project would advance what is known from previous research, and propose how you would answer the (an empirical strategy, including an estimating equation(s), and ideally description of potential data sets). The proposal should be about 2 to 3 pages long. Use at least 11 point font. The due dates are Thursday, October 8 and Thursday, November 5.
- **30%: Referee Reports.** You are asked to write referee reports, due Tuesday, October 20, and Tuesday, November 17, on the following two papers:
 1. McKelway (2020). [\[link\]](#)
 2. TBD

The referee reports should be about 3 to 4 pages long, with a paragraph-long summary of the paper, a discussion of its importance/contribution, a numbered list with your main comments,

and then a list of minor comments. Again, this should go without saying, but you must use 11 point font or larger. There is a helpful *Journal of Economic Perspectives* article by Berk et al., published in 2017, with advice.

- **10%: In-class Presentation.** The exact format of this component of the class will depend on class size. Tentatively, students will each present one paper and lead a class discussion. All other students are required to prepare 5 minutes of comments on the paper in the form of 3 slides, one each on strengths of the paper, weaknesses of the paper, ideas for follow-on work. In class, one student will be randomly selected to present his or her comments. The presentation will be 20 minutes, and then there will be 5 minutes of discussant comments and 10 minutes of general discussion. You should present one of the papers on the syllabus marked with a dagger. The papers discussed in student presentations are required reading for all students. Please prepare your list of top 5 choices by October 1. Students will choose in randomized order (hence the need for choices beyond a top choice.)
- **10%: Class Participation.** The class will be more engaging for all if you do the required readings in advance and contribute to class discussion. As such, class participation is a component of your course grade. I will sometimes cold call on students with the assumption that you have done the readings.
- **25%: Final Exam.** There will be a final examination in class on November 24, the last day of class.

Other Policies

Mid-class break: We'll have a 10-minute break halfway through the class. Note that I will also be away from the Zoom room during this break.

Class info disseminated by email: I will not be using the Canvas site for this class. I will email you with announcements, updated copies of the syllabus, slides before each class, etc.

Applied micro seminar: For Northwestern students, I strongly encourage you to attend the Wednesday development lunch and Thursday seminar (on the weeks it is held). The faculty's expectation is that students in their second year and above who specialize in development will attend these regularly.

Students with documented disabilities: Any student with a verified disability requiring special accommodations should speak to the Office of Services for Students with Disabilities (847-467-5530) and provide documentation to me as early as possible in the quarter, ideally in the first week, to arrange appropriate accommodation. All discussions with me, with the Office of Services for Students with Disabilities and with Academic Services will remain confidential.

Reading List

No textbook is required, but I recommend [Angrist and Pischke \(2008\)](#), *Mostly Harmless Econometrics*, to any student planning to write an applied micro thesis. It provides the best short treatment of many of the empirical methods discussed in the course.

The reading list comprises mainly published papers and working papers. Readings marked with 2 stars (★★) are required. Readings without a mark will be taught in lecture, but in less detail.

Readings marked with a dagger (†) are potential papers for your in-class presentations. Most of the readings can be found through the library's e-resources (e.g., JSTOR). Links to many of them can be found at www.seemajayachandran.com/econ425.html.

Schedule

Thurs Sep 17 Introduction and Rubin Causal Model

Banerjee and Duflo (2007) **

Tues Sept 22 Rubin Causal Model (continued) [*Instrumental variables*]

Angrist et al. (1996) **

Angrist and Pischke (2008, Chapter 2)

Thurs Sept 24 Effect of income on health

Haushofer and Shapiro (2016) **

Banerjee and Duflo (2009) **

Angrist and Pischke (2008, Chapter 4)

Cunha (2014)

Dasgupta and Ray (1986) †

Egger et al. (2019) †

Tues Sept 29 Preventative health care + quality of social services

Cohen and Dupas (2010) **

Chaudhury et al. (2006) **

Dupas (2014)

Kremer (2002)

Muralidharan and Sundararaman (2011)

Cohen et al. (2015) †

Thurs Oct 1 Effect of education on income [*Difference-in-differences*]

Duflo (2001) **

Angrist and Pischke (2008, Chapter 5)

Jensen (2010)

Tues Oct 6 School quality and peer effects [*Regression discontinuity*]

Duflo et al. (2011a) **

Imbens and Lemieux (2008)

Muralidharan and Sundararaman (2011)
Muralidharan and Sundararaman (2015) †
Urquiola and Verhoogen (2009) †
Dizon-Ross (2019) †
Angrist and Pischke (2008, Chapter 6)

Thurs Oct 8 Effect of health on education *[Clustered standard errors]*

Miguel and Kremer (2004) **
Bertrand et al. (2004)
Kremer and Miguel (2007)
Angrist and Pischke (2008, Chapter 8)
Jayachandran and Lleras-Muney (2009)
Graff Zivin et al. (2009)
Bleakley (2010) †

Tues Oct 13 Behavioral economics

Kremer et al. (2019) **
TBD
Duffo et al. (2011b)
Mani et al. (2013)

Thurs Oct 15 Catch-up + RCTs + Student presentation #1

TBD
Olken (2020) [[link](#)]
Deaton (2009)
Imbens (2010)

Tues Oct 20 Gender inequality

Jayachandran (2015) **
Jayachandran and Kuziemko (2011)
Ebenstein (2010)
Deaton (1989)

Thurs Oct 22 Property rights + Student presentation #2

Banerjee et al. (2002) **
Field (2007)
De Janvry et al. (2015) †

Tues Oct 27 Firms + Student presentation #3

[Bloom et al. \(2013\)](#) **

[Atkin et al. \(2017\)](#) †

[Kremer \(1993\)](#) †

Thurs Oct 29 Infrastructure + Student presentation #4

[Donaldson \(2018\)](#) **

[Jensen \(2007\)](#)

[Dinkelman \(2011\)](#)

[Duflo and Pande \(2007\)](#) †

Tues Nov 3 Corruption

[Olken \(2007\)](#) **

[Olken and Barron \(2009\)](#)

[Banerjee \(1997\)](#)

[Fisman \(2001\)](#)

[Mauro \(1995\)](#)

[Shleifer and Vishny \(1993\)](#)

Thurs Nov 5 Electoral politics

[Ferraz and Finan \(2008\)](#) **

[Fujiwara \(2015\)](#)

[Ferraz and Finan \(2011\)](#)

[Chattopadhyay and Duflo \(2004\)](#)

Tues Nov 10 One-on-one meetings this week in lieu of class

Thurs Nov 12 Taxation + Student presentation #5

TBD

Tues Nov 17 Conflict + Student presentation #6

[Dube and Vargas \(2013\)](#) **

[Blattman and Annan \(2010\)](#)

Thurs Nov 19 Environment and development

[Oliva \(2015\)](#) **

[Jayachandran et al. \(2017\)](#)

Chen et al. (2013)

Dell et al. (2012)

Lipscomb and Mobarak (2016) †

Tues Nov 24 In-class final exam

Presentation Schedule and Readings

- Oct 15: Kaman presents [Egger et al. \(2019\)](#)
- Oct 22: Anastasiia presents [Cohen et al. \(2015\)](#)
- Oct 27: Filip presents [Muralidharan and Sundararaman \(2015\)](#)
- Oct 29: Matheus presents [Bleakley \(2010\)](#)
- Nov 12: Ryu presents [Duflo and Pande \(2007\)](#)
- Nov 17: Devis presents [Lipscomb and Mobarak \(2016\)](#)

References

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