This course is part of a two-part graduate sequence on development economics, focusing mainly on microeconomic topics. The goal of this sequence is to introduce the central issues in development economics and to explore the application of microeconomic analysis to gain deeper insights into these questions. Prof. Chris Udry teaches in the winter. To satisfy the field requirement, you must take both development classes. For students planning on writing a dissertation in development economics, you should also take Kellogg.

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.

Office Hours
Tuesdays, 10am-12pm

Course Requirements (% of final grade):

A primary goal of this course is a critical reading of the current literature on the empirical microeconomics of development. I expect you to do all of the required reading and to participate in class discussion. (10%)

Two referee reports (30%). 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, your main comments, and then a list of smaller comments. You must use 11 point font or larger. Alain de Janvry's has a helpful guide on how to write a referee report. There is also a helpful Journal of Economic Perspectives article by Berk et al., published in 2017, with advice.
In addition to the written reports, prepare a short discussion with 2-3 slides to present in class plus an idea of follow-up research question. I will randomly select a few students to present their discussion during lecture on the day the report is due. The first report is due October 9, 2019 and the second is due October 23, 2019.


Research proposal (30%). 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 2 research questions, motivate their importance, and propose how you would answer them (an identification strategy, including an estimating equation(s), and ideally description of potential data sets). The proposal should be about 4 to 5 pages long (2 to 3 pages per idea). Use at least 11 point font. The due date is Wednesday, December 11th. Students will also describe one of the two research questions to the group in class on December 2nd.

In-class Presentation (20%). 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 to 25 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 smiley. The papers discussed in student presentations are required reading for all students.

Exercises (10%). There will be three relatively short exercises to be done out of class. Due dates will be announced in class.

You are encouraged to attend the Development Lunch on Wednesdays at 12:10 and the Development sessions of the applied micro workshop on Thursdays at 3:00.

Other Policies

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 the 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 the following as a short treatment of many of the empirical methods discussed in the course:


Deaton (1997), The Analysis of Household Surveys, is an excellent introduction of micro-development work based on household survey data and also very useful for its treatment of econometric topics.

The reading list comprises mainly published papers and working papers. Readings marked with a star are required. Readings without a mark will be taught in lecture, but in less detail. Readings marked with a smiley (☺) are potential papers for your in-class presentations.

1. Introduction and Rubin Causal Model (Sept 25 and 30)


Angrist and Pischke (2008, Chapter 2)

2. Effect of health on income [Instrumental variables] (Oct 2)


Angrist and Pischke (2008, Chapter 4)

3. **Effect of education on income [Diff-in-diff] (Oct 7)**


Angrist and Pischke (2008, Chapter 5)


4. **School quality and peer effects [Regression discontinuity, RCTs] (Oct 9 and 14)**


Angrist and Pischke (2008, Chapter 6)


5. **Effect of health on education (Oct 16 and 21)**


Angrist and Pischke (2008, Chapter 8)


6. **Spatial misallocation (Oct 23)**


7. Migration (Oct 28)


8. Labor markets: GE effects (Oct 30)


9. Discrimination and group disparities (Nov 4)


10. Labor market referrals (Nov 6)


11. **Targeting (Nov 11)**


**Nov 13**: One on one meetings in lieu of lecture

12. **Property rights (Nov 18)**


**Nov 20**: No class due to Kellogg Book conference for *Good Economics for Hard Times*. RSVP & attend!
13. **Behavioral Economics (Nov 25)**


14. **Taxes (Nov 27)**


Dec 2: Student Presentations

Dec 4: Guest lecture by Isabel Onate Falomir, GPRL, Research Transparency and Best Practices