This course is the second of a three-part graduate sequence on development economics, focusing mainly on microeconomic topics. The goal of this sequence is to introduce students to the central issues in development economics and to explore the application of microeconomic analysis to gain deeper insights into these questions. Prof. Seema Jayachandran taught the Fall course; Prof. Lori Beaman will teach the Spring course. To satisfy the field requirement, you must the entire sequence.

I will assume that you have taken the first-year graduate sequences in microeconomics and econometrics.

The goal of this course is to prepare you for research in development economics. We begin with an example of a sustained research program on risk, saving, credit and insurance that illustrates the interplay between observation, theory, empirical testing and experimentation, bringing together many of the themes of the field. We continue with the analysis of households, agricultural technology and markets.

Office Hours
Tuesdays 3:30pm – 5:00pm on Zoom https://northwestern.zoom.us/my/cudry

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. This will include guiding the discussion on one paper. Papers eligible for presentation are marked with an asterisk. (25%)

2 referee reports. (25%)

Due 2/3: Balboni, Clare, Oriana Bandiera, Robin Burgess, Maitreesh Ghatak, Anton Heil. (2020) “Why Do People Stay Poor?”


Final project: a working paper on any topic in development economics. This can build on your research proposal from the fall or be a new project. Deadline: end of exam period. (40%). Presentation of final project (10%).

You are encouraged to attend the Development Lunch on Wednesdays and the Development sessions of the applied micro workshop on Thursdays.
Other Policies

**Accessibility**

Any student requesting accommodations related to a disability or other condition is required to register with AccessibleNU (accessiblenu@northwestern.edu; 847-467-5530) and provide professors with an accommodation notification from AccessibleNU, preferably within the first two weeks of class. All information will remain confidential.

**Sexual Misconduct and Reporting**

Northwestern University is committed to fostering an environment where students are safe and free from sexual misconduct. Confidential resources are available to those who have experienced sexual misconduct. Faculty, instructors, and TAs are not confidential resources and are required to report incidents of sexual misconduct, whether discussed in your assignments or in person, to the Office of Equity, which can provide information about resources and options. I encourage students who have experienced sexual misconduct to talk with someone to get support. For more information, including how to request interim protective measures and academic accommodations or file a complaint, see the Get Help page.

**Discrimination and Sexual Harassment**

Northwestern University's Policies on Discrimination, Harassment, and Sexual Misconduct apply to all members of the University community, including students, staff, faculty, and third parties. Any student, staff, or faculty member, or third party, who believes that they have been discriminated against or harassed on the basis of their race, color, religion, national origin, sex, sexual orientation, gender identity, gender expression, pregnancy, parental status, marital status, age, disability, citizenship, veteran status, genetic information or any other classification protected by law, should contact the Office of Equity at (847) 467-6571. Additional information about the University's discrimination and harassment policies, including the campus resources available to assist individuals with discrimination or harassment concerns, is available online on the Office of Equity website. Students, staff, and faculty who report harassment, discrimination, or sexual misconduct are also protected under the University's Policy on Non-Retaliation.

**Recording by the Instructor:** This class or portions of this class will be recorded by the instructor for educational purposes. These recordings will be shared only with students enrolled in the course in Canvas and will be deleted at the end of the quarter. *Note that this applies to recording of synchronous class components and not to pre-recorded lectures by the instructor and not featuring student contributions.*

**Recording by Students:** Unauthorized student recording of classroom or other academic activities (including office hours) is prohibited. Unauthorized recording is unethical and may also be a violation of University policy and state law. Students requesting the use of assistive technology as an accommodation should contact AccessibleNU.
Copyright of Class Materials and Recordings: Unauthorized use of classroom recordings – including distributing or posting them – is also prohibited. Under the University’s Copyright Policy, faculty own the copyright to instructional materials – including those resources created specifically for the purposes of instruction, such as syllabi, lectures and lecture notes, and presentations. Students cannot copy, reproduce, display, or distribute these materials. Students who engage in unauthorized recording, unauthorized use of a recording, or unauthorized distribution of instructional materials will be referred to the appropriate University office for follow-up.

Class Schedule

1. Village Finance

A. The Efficient Allocation of Risk (Village Finance 1) (1/11)


B. Saving

i. Risk and Saving (Village Finance 2) (1/13)

Recursive Macroeconomic Theory Ch 16.


ii. Liquidity Constraints (Village Finance 3) (1/13)


iii. Behavioral Economics and Saving (Village Finance 4) (1/20)


C. Constraints to Risk Sharing (Village Finance 5) (1/20)


D. **Credit Markets (Village Finance 6) (1/25)**


E. **Microfinance (Village Finance 7, 8) (1/27)**


F. **Smoothing Income (Village Finance 9) (2/1)**


Emerick, Kyle, Alain de Janvry, Elisabeth Sadoulet, and Manzoor Dar (2014). “Risk and the modernization of agriculture.” Link

G. Equilibrium Effects (Village Finance 10, 11) (2/1, 2/3)


Karlan Guest Lectures: 2/8, 2/10
2. **Households**

**A. The AHM (Households 1) (2/15)**


[https://ipl.econ.duke.edu/dthomas/docs/ppr/16May-FarmHH.pdf](https://ipl.econ.duke.edu/dthomas/docs/ppr/16May-FarmHH.pdf)


**B. Gender (Households 2) (2/17)**


Deaton, *The Analysis of Household Surveys * Chapter 4.2


**C. Unitary and Collective household models (Households 3) (2/22)**


Attanasio, Orazio and Valerie Lechene. 2014. “Efficient Responses to Targeted Transfers” *Journal of Political Economy*

D. **Testing** (Households 4) (2/22)


3. **Agriculture and Learning**

A. **Farming technology and learning** (Technology 1) (2/24)


B. **Extension/extensions** (Technology 2-3) (3/1)

*Hanna, Rema, Sendhil Mullainathan, and Joshua Schwartzstein. 2014. Learning through noticing: theory and experimental evidence in farming. QJE.*


Karlan et al “Information, Market Access and Risk: Addressing Constraints to Agricultural Transformation in Ghana” Manuscript: Northwestern

4. **Agricultural Markets** (Markets 1) (3/3)


*Lorenzo Casaburi and Tristan Reed. 2019. [Interlinked Transactions and Competition: Experimental Evidence from Cocoa Markets*](https://example.com) (PDF, 1101 KB)

5. **Presentations** (3/8, 3/10)