**Econ 593 Syllabus**

**Spring 2016**

**Professor:** Rachel Heath **(**rmheath@uw.edu)

**Office Hours**: after class and by appointment

**Course overview**

This class will build on Econ 591 (which focused on an understanding of how markets work in developing countries) and use that understanding to study a variety of topics in development economics, with a focus on very recent research. While Econ 591 is not an official prerequisite, you will get the most out of this class if you have already taken Econ 591.

If you have not taken Econ 591, you may find it useful to work through some of the basic models in the Bardhan and Udry Microeconomics of Development textbook (in particular, the agricultural household model, credit, risk and insurance).

**Class goals**

1. To give a practical overview of causal identification in applied microeconomics settings, for use as both a consumer and/or producer of researcher. That is, even if you don’t plan for applied microeconomics to be your primary field of interest, an understanding of the tools of causal identification will likely be useful in other fields. This part of the class is a complement to – not a substitute for – courses in the econometrics sequence.
2. To expose you to current research on a variety of topics in development economics.
3. To help you get your own research underway.

The class will be organized around these three goals. Specifically, we’ll spend the first (approximately) two weeks going through applied causal identification. After having developed those tools, we’ll spend Mondays discussing a couple recent papers in development economics. We’ll begin class on several of the Wednesdays with research-in-progress presentations.

**Other opportunities to see cutting-edge development research:** UW’s Joint Seminar in Development Economics (JSDE) takes place roughly every other Monday from 11:00 to 12:30 in the economics department conference fourth floor conference room (http://www.jblumenstock.com/index.php?go=jsde). While attendance is not officially required as part of this class, you are strongly encouraged to attend these seminars.

**Class discussions of papers:** A large portion of class time will be spent discussing papers. While I’ll start with a brief summary of the paper(s), the majority of the time will be spent in a class-wide discussion. To help facilitate this discussion, you’ll be responsible for making a brief posting about the paper(s) on the class website by ***midnight the day before class***. Your posting can consider one of more of the following elements

1. Importance of the paper: do you think this paper adds substantially to our knowledge in development economics? If so, why?
2. What additional questions/next steps does the paper inspire?
3. Weaknesses/criticisms. Do you find fault with the authors’ identification strategy? Could an alternative model explain their results? If the answer is yes to either question, can you make suggestions for things the authors could do to mitigate your concerns?
4. Questions/elements you didn’t understand. (Note that it’s not enough to say “I didn’t understand the model/econometrics” here. What specific component of the paper confused you, and why?). You’re encouraged to respond to your classmates’ comments. Even if you aren’t 100% sure, take a stab, and we’ll discuss in class.

But this is not an exhaustive list. Mainly, I just want you to have read and thought about the paper, and share your thoughts with the class to get our conversation going.

**Research-in-progress presentations:** Approximately two people on most Wednesdays will make a short presentation on their progress on a research topic in development economics, and then we’ll discuss as a class and offer suggestions to the presenter. These presentations can be very informal: you don’t have to make slides, and you don’t need to follow the typical format for a brown-bag presentation (intro/lit review/empirical strategy/results). If you would rather, you can concentrate on the aspect(s) of your research that you have been focused and/or stuck on. If you have prepared some written work (e.g. a grant proposal or the outline of a model), you can circulate a short (one to three page) portion of that work before class so that your classmates and I can give you feedback.

These presentations should be on development economics, but in order to make this class as useful to each student as possible, that topic can be very broadly defined. For instance, you can work on a paper set in a developed country if it relates to development economics in some way. For instance, it might

* Use historical data
* Focus on a disadvantaged population within the developed country
* Relate to migration from developing countries or interactions between developed and developing countries
* Relate to a theme that is emphasized in development economics (for instance, intra-household resource allocation, technology adoption, etc.) or would require data collection (since development economists are often on the forefront of new techniques in data collection)

If you are unsure whether your idea qualifies, come talk to me and we can discuss your idea. Theoretical research that relates to a topic in development economics (e.g. risk sharing) is also totally fine.

The final project for the quarter will be an 8 to 10 page research proposal. This can build upon the proposal you did in Econ 591 (or presented on throughout the quarter), but it doesn’t have to, if you end up with an idea that you like better than what you have previously written or presented.

**Grading**

Participation in class discussions and class form 30 percent

Research-in-progress presentations 30 percent

Research proposal 40 percent

**Course schedule**

|  |  |  |
| --- | --- | --- |
| Date | Topics | Reading(s) |
| Monday, March 28 | Course introductionBegin “applied applied” econometrics review. Part 1: fixed effects and difference in difference | Mostly Harmless Econometrics, sections 5.1 - 5.3 |
| Wednesday, March 30 | “Applied applied” econometrics review. Part 2: Instrumental variables | Mostly Harmless Econometrics, section 4 |
| Monday, April 4 | “Applied applied” econometrics review. Part 3: Regression discontinuity | Mostly Harmless Econometrics, section 6 |
| Wednesday, April 6 | “Applied applied” econometrics review. Part 4: Selection on observables | Imbens and Angrist. “What’s New in Econometrics” lecture. 2007. http://www.nber.org/WNE/lect\_1\_match\_fig.pdf |
| Monday, April 11 | Recent tests of complete markets | Foster and Rosenzweig. Are Indian Farms Too Small? Mechanization, Agency Costs, and Farm Efficiency http://economics.yale.edu/sites/default/files/files/Workshops-Seminars/Development/rosenzweig-111114.pdf |
| Wednesday, April 13 | Relational contracting  | The Value of Relationships: Evidence from a Supply Shock to Kenya Rose ExportsRocco Macchiavello, Ameet MorjariaForthcoming, AER.Competition and Relational Contracts: Evidence from Rwanda's Coffee Mills. Rocco Machiavello and Ameet Morjaria.https://www2.warwick.ac.uk/fac/soc/economics/staff/rmacchiavello/amorjaria\_rwanda\_dec2014.pdf |
| Monday, April 18 | Search and Asymmetric Information in Labor Markets | Morgan Hardy and Jamie McCasland "Are Small Firms Labor Constrained? Experimental Evidence from Ghana"<https://www.dropbox.com/s/mqdhmnmk6ha0mgs/McCasland_JMP.pdf?dl=0>Shing-Yi Wang, Suresh Naidu, Yaw Nyarko (forthcoming 2016), Monopsony Power in Migrant Labor Markets: Evidence from the United Arab Emirates, Journal of Political Economy. |
| Wednesday, April 20 | Research in-progress Presentation |  |
| Monday, April 25 | Social Norms in Labor Markets | “[The Morale Effects of Pay Inequality](http://www.supreetkaur.com/files/BrezaKaurShamdasani_MoraleEffects.pdf)” (Emily Breza, Supreet Kaur, and Yogita Shamdasani), 2015. “[**Ethnic Divisions and Production in Firms**](https://www0.gsb.columbia.edu/cfusion/faculty/jhjort/papers/ethnic%20divisions.pdf),” Jonas Hjort. Quarterly Journal of Economics, vol. 129, no. 4, 1899-1946, November 2014 |
| Wednesday, April 27 | Research in-progress Presentation |  |
| Monday, May 2 | Empirics of intra-household bargaining | [Household Bargaining and Excess Fertility: An Experimental Study in Zambia](http://econ.duke.edu/uploads/media_items/ashraffieldlee-householdbargaining-2013.original.pdf) (Nava Ashraf, Erica Field, and Jean N. Lee). American Economic Review, July 2014, 104(7):2210-37.Gender, Production and Consumption: Allocative Efficiency within Farm Households. Rangel and Thomas.http://ibread.org/bread/sites/default/files/0413conf/rangel.pdf |
| Wednesday, May 4 | Research in-progress Presentation |  |
| Monday, May 9 | Marriage markets | Mobarak, Ahmed Mushfiq, Randall Kuhn, and Christina Peters. "Consanguinity and Other Marriage Market Effects of a Wealth Shock in Bangladesh."*Demography* (2011): 1-27.Fulford, Scott. The Puzzle of Marriage Migration India.<https://fmwww.bc.edu/EC-P/wp820.pdf>(skim the introduction to Rosenzweig, Mark R., and Oded Stark. "Consumption smoothing, migration, and marriage: Evidence from rural India." *The Journal of Political Economy* 97.4 (1989): 905, which this is a counter-point to) |
| Wednesday, May 11 | Research in-progress Presentation |  |
| Monday, May 16 | Political economy and persistent institutions | Acemoglu, Daron, Tristan Reed, and James A. Robinson. *Chiefs: Elite Control of Civil Society and Economic Development in Sierra Leone*. No. w18691. National Bureau of Economic Research, 2013.Dell Melissa [The Persistent Effects of Peru's Mining Mita](http://scholar.harvard.edu/dell/publications/persistent-effects-perus-mining-mita). Econometrica. 2010;78(6):1863-1903 |
| Wednesday, May 18 | Corruption | Niehaus, Paul, Antonia Atanassova, Marianne Bertrand, and Sendhil Mullainathan. 2013. "Targeting with Agents." *American Economic Journal: Economic Policy*, 5(1): 206-38.Duflo, Esther, et al. *The Value of Regulatory Discretion: Estimates from Environmental Inspections in India*. No. w20590. National Bureau of Economic Research, 2014.  |
| Monday, May 23 | Environmental economics | Duflo, E and R. Pande (2007) “Dams” *Quarterly Journal of Economics*.Lipscomb, Molly and Ahmed Mobarak (2012). “Decentralization and Water Pollution Spillovers: Evidence from the Re-drawing of Counties in Brazil.” Forthcoming, Review of Economic Studies.http://faculty.virginia.edu/mlipscomb/Molly\_Lipscomb/Home\_files/Brazil\_water.pdf |
| Wednesday, May 25 | Behavioral economics | Dupas, Pascaline, and Jonathan Robinson. *Why don't the poor save more? Evidence from health savings experiments*. American Economic Review 103 (4): 1138-1171.Mani, Anandi, Sendhil Mullainathan, Eldar Shafir, and Jiaying Zhao. "Poverty impedes cognitive function." *Science* 341, no. 6149 (2013): 976-980. |
| Monday, May 30 | TBA |  |
| Wednesday, June 2 | TBA |  |