

Dartmouth College – Department of Economics
Winter 2008
Economics 44 – Topics in Development Economics
Professor Eric Edmonds

Overview

This seminar examines in detail the economics of commodity deprivation. We explore mechanisms that create and sustain deprivation and examine patterns of public policy that might counter these mechanisms.

For each topic in the course, students present and discuss existing research within the field. All of the research will be based on the econometric analysis of large-scale survey data from developing countries. Students are expected to be familiar with the theoretical models discussed in economics 21 and 24 as well as the empirical methods learned in economics 20. Each student prepares an original research paper on a topic in development economics using data from a country of her choosing.

Course Requirements

Students are expected to do all of the readings for each class, to attend class, and to actively participate in class discussions. Participation and preparation is 20 percent of the final grade. Preparation is demonstrated by completion of a short evaluation of 10 of the class papers. Typed evaluations are due before the class in which the paper is discussed. Students may miss up to three classes, regardless of reason, without reduction in their participation grade.

Each student will be responsible for leading two class discussions (along with a partner). Once a student has signed to lead a discussion on a given date, that contract cannot be violated. Discussions are evaluated based on the clarity of presentation and the effort made to engage other students. Each discussion is worth 10 percent of the final grade (for a total of 20 percent).

The major requirement for the course is an original research paper of no more than 20 double spaced pages of text using a 12 point font (not counting references, tables, and figures). The paper can address any issue in development economics, but students are highly encouraged to draw from the issues covered in this seminar. There are several graded deadlines associated with the paper in order to make sure that students successfully complete the paper. The paper topic proposal is due on 1/25 and worth 5 percent of the final grade. It must contain a specific research question, evidence that the appropriate data for the question is available, and a listing of literature to be reviewed. A (maximum) 5 page literature review is worth 5 percent of the final grade and due on 2/6. The final dataset to be used in the analysis must be submitted on 2/15 along with complete summary statistics for all variables to be used in empirical analysis. This data description is worth 5 percent of the final grade. A first draft of the paper is due on 2/29 and is worth 5 percent of the final grade. The paper will be presented in class during the week of March 2, and the presentation is worth 5 percent of the final grade. The final paper is due on March 12 and accounts for the remaining 35 percent of the grade. All deadlines are firm and at 4pm on the indicated date. Late submissions will not be evaluated.

Location

Students attend the section for which they are registered

Section 1: 12:30 – 1:35 in Rockefeller 209

Section 2: 1:45 – 2:50 in Rockefeller 209

Office hours: 3-5 Monday and Wednesday in Rocky 308

Important Notice for Students with Special Needs

Any student with a learning, physical, or psychiatric disability who may need disability related classroom accommodations is requested to contact Professor Edmonds by January 18.

Useful Resources

Class Blackboard site

Links to readings, the problem set, and links to dataset archives are available on the course blackboard site. All submissions will be made through the blackboard site.

Social Science Computing in 26 Silsby (<http://www.dartmouth.edu/~ssc>)

SSC offers help installing Stata and answering basic questions. The economics department employs student Stata consultants in the SSC lab during the following times:

- Sundays 5-7:30pm, Mondays 7-10pm, Tuesdays 2-5pm and 7-10pm, Wednesdays 7-10pm, Thursdays 2-5pm and 7-10pm.
- The Stata consultant on Wednesday is experienced with many of the types of data used in this class

The economics librarian – Miles Yoshimura

Miles is extremely knowledgeable about available data or sources for your paper. He also maintains a website with links to useful resources: <http://www.dartmouth.edu/~baker/econ.html>

Econlit

Available off the library's economics links web page, this is the main index for published papers in economics.

Google Scholar

Very useful for identifying prominent articles and tracking down references.

BREAD Data Archive

Contains a list of data resources for developing countries: http://chd.ucla.edu/dev_data/index.html

Integrated Public Use Microdata Series – International

University of Minnesota project to clean and make available census data from many countries: <https://international.ipums.org/international/>

International Data Resource Center

A social science data archive at the University of Michigan: <http://www.icpsr.umich.edu/IDRC/>

UNICEF

Useful surveys for monitoring the status of children and women. Generally weak information on financial information. <http://www.childinfo.org/index.htm>

Demographic and Health Surveys

Detailed fertility and demographic surveys funded largely by USAID: <http://www.measuredhs.com/>

World Bank Data Archives

Many relevant studies and datasets are archived at <http://econ.worldbank.org/> including the Living Standard Measurement Surveys available from <http://www.worldbank.org/LSMS/guide/select.html>

Readings

Readings come primarily from recent academic working papers or from scholarly journals. Links to readings are available from the course site on blackboard. Some additional, useful references are:

Wooldridge, Jeffrey. *Introductory Econometrics: A Modern Approach*. South-Western Press, 2002.

This undergraduate econometrics textbook (used in econ 20) will be useful in writing the research paper.

Ray, Debraj. *Development Economics*. Princeton University Press, 1998 (recommended)

This undergraduate textbook provides theoretical background for most of the topics covered in this course. It is the textbook for economics 24.

Understanding Poverty, A. Banerjee, R. Benabou, and D. Mookherjee, editors, Oxford University Press: March 2006.

This book is required reading for economics 24 and provides concise, accessible summaries of recent advances in research in development economics. Its summaries and references are useful for paper ideas.

Deaton, Angus. *The Analysis of Household Surveys*. John Hopkins Press, 1997

This book describes the empirical methods that will be used in this course.

Bardhan, Pranab and Christopher Udry. *Development Microeconomics*. Oxford University Press, 1999.

An accessible graduate textbook with advanced treatment of much of the material covered in this course

Topics

The course is organized into four units. The first unit provides a general background to help motivate the course and the research paper. Subsequent units examine selected topics in depth.

1. Introduction to the empirical analysis of poverty

Class 1.1 Writing a Research Paper

Abhijit Banerjee and Ester Duflo, "The Economic Lives of the Poor," *Journal of Economic Perspectives*, 2007.

Class 1.2 Working with household survey data

Angus Deaton, "The design and content of household surveys," Chapter 2 of *The Analysis of Household Surveys*.

Class 1.3 The process of writing a research paper

Eric Edmonds, "Child Labor and Schooling Responses to Anticipated Income in South Africa", *Journal of Development Economics*, December 2006, 81(2), 386-414. Also, skim the survey documentation for the South African Survey of the Activities of Young People 1999 used in the paper.

2. Poverty and Economic Opportunities

We examine the role labor markets play in perpetuating poverty. We consider theories of surplus labor, subsistence agriculture, and how home enterprises function. We review research on how income diversification might affect household decision-making and explore rural-urban labor market interlinkages

Class 2.1 The functioning of labor markets in developing countries

Benjamin, Dwayne. 1992. "Household Composition, Labor Markets, and Labor Demand: Testing for Separation in Agricultural Household Models." *Econometrica* 60(2), March, 287-322.

Education and Child Labor

What role does education play in escaping poverty? How does poverty influence schooling decisions? We consider the role of school quality, returns to schooling, parental agency, and the child labor market in influencing schooling decisions

Class 2.2 Encouraging education – Progresa and Educational Inputs Intervention. Problem set questions 1 and 2 due

Two required readings:

- Skoufias, E., and B. McClafferty (2001). "Is PROGRESA Working? Summary of the Results of an Evaluation by IFPRI," International Food Policy Research Institute, Washington, D.C.
- Paul Glewwe, Michael Kremer, Sylvie Moulin, and Eric Zitzewitz, "Retrospective and Prospective Analysis of School Inputs: the Case of Flip Charts in Kenya," *Journal of Development Economics*, June 2004.

Class 2.3 Access to Schooling. Problem set question 3 due.

Duflo, Esther (2001), "Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment" *American Economic Review*, Vol. 91 (4), pp 795-813.

Class 2.4 Child labor and development

Basu, E., S. Das, and B. Dutta (2007), "Child Labor and Household Wealth: Theory and Empirical Evidence of an Inverted U," Working paper no. 2736 (Institute for the Study of Labor, Bonn Germany).

Class 2.5 Local labor demand and child labor

Manacorda, M. and F. Rosati. 2007. Local labor demand and child labor. *Understanding Children's Work Project Working Paper*, March.

Class 2.6 Compulsory schooling laws and schooling

C.A. Spohr (2003). "Formal schooling and workforce participation in a rapidly developing economy: evidence from "compulsory" junior high school in Taiwan," *Journal of Development Economics*, Volume 70, Number 2, April 2003, pp. 291-327(37)

Class 2.7 The consequences of child soldiering

Blattman, C. (2006), "The consequences of child soldiering", Working paper no. 22 (Household in Conflict Network).

Health

What role does poor health and undernutrition play in perpetuating poverty? Will malnutrition and health improve with rising income? We look at research on the income – health relationship. We also consider how health externalities may affect poverty, and review recent research on the delivery of health and nutrition related services

Class 2.8 Parental death, health, and schooling

A; Paxson, C; and Ableidinger, J (2003) “Orphans in Africa” Working paper no. 9213 (National Bureau of Economic Research).

Class 2.9 Long term effects of famine

Doug Almond, Lena Edlund, Hongbin Li, and Junsen Zhang (2007), "Long term effects of the 1959-1961 China Famine," Working paper no. 13384 (National Bureau of Economic Research).

Class 2.10 Determinants of investments in child health

Duncan Thomas and John Strauss (1992), "Prices, infrastructure, household characteristics, and child height," *Journal of Development Economics* 39, 301-331.

3. Poverty and Equity

What role does inequality play in perpetuating extreme commodity deprivation? How does social status and social exclusion influence household decision-making? How does corruption and weak political institutions perpetuate inequality? What explains the lower status of women in many developing countries? What role does this play in perpetuating poverty?

3.1 Inequality in the treatment of siblings

Garg, Ashish and Jonathan Morduch (1998), "Sibling Rivalry and the Gender Gap: Evidence from Child Health Outcomes in Ghana," *Journal of Population Economics*, Vol. 11 (4), pp. 471-493.

3.2 Intergenerational transmission of education

Thomas, Duncan (1994), "Like father, like son; like mother, like daughter: parental resources and child height," *Journal of Human Resources* 29(4), 950-988.

3.3 External influences on status

Robert Jensen and Emily Oster (2007), "The Power of TV: Cable Television and Women's Status in India," Working paper no. 13305 (National Bureau of Economic Research).

3.4 Determinants of Public good investments

Abhijit Banerjee and Rohini Somanathan (2006), "The political economy of public goods: Some evidence from India," Unpublished working paper (MIT).

4. Poverty and Vulnerability

The poor suffer from more than a lower level of income – their income is typically more variable as well. What type of economic shocks affect poor household and how do they cope with them? What role do these shocks have in perpetuating vulnerability to shocks? How can public policy help the extremely poor cope with economic uncertainty?

4.1 Credit as insurance

Udry, C. (1991) : "Credit markets in Northern Nigeria: Credit as Insurance in a Rural Economy", *World Bank Economic Review*, Vol 4, No. 3, 251-269.

4.2 Can credit reduce poverty?

Burgess, Robin and Rohini Pande, (2005), "Can Rural Banks Reduce Poverty? Evidence from the Indian Social Banking Experiment" *American Economic Review* June 2005, Vol.95 (3), pp.780-795.

4.3 Natural disasters and child time allocation

Javier Baez and Indhira Santos (2007), "Children's Vulnerability to Weather Shocks: A Natural Disaster as a Natural Experiment," Unpublished working paper (JFK)

4.4 Economic shocks and child mortality

Grant Miller and Piedad Urdinola (2007), "Time v. Money in Child Health Production: The case of coffee price fluctuations and child survival in Columbia," Unpublished working paper (Stanford).