# Development Economics

## Prof. Lucia Corno

***COURSE AIMS AND INTENDED LEARNING OUTCOMES***

The course aims to provide students with the basic theoretical and empirical tools to understand the determinants of economic growth and development. The course will analyse the main constraints on development, such as human and physical capital accumulation (i.e. education, health, access to credit, corruption, social norms, etc), as well as the main features of poverty-control policies implemented by International Organisations such as The World Bank. The course aims to provide theoretical and analytical tools for (i) learning to read critically articles/papers on development economics and to interpret literature in this field; (ii) understanding the recent debates in development economics; (iii) developing critical thinking on public policies in developing countries; (iv) learning the methodologies at the root of the research in economics in developing countries.

***COURSE CONTENT***

– How to measure economic development?

– How to measure the efficacy of development programmes? RCTs and DID

– Education

– Health

– The land market

– The credit market

– The institutions

– Corruption

– Conflicts

– Ethnic diversity

– Media and development

– Social norms

– The family

***READING LIST***

\*Compulsory papers

Books

Ray, D, (2009) Development Economics, Princeton University Press (now DR)

Banerjee A., Duflo E, Poor Economics, Public Affairs 2011 (now BD)

*Topic 1: How to measure economic development?*

Chapter 2 and Chapter 8 (up to 8.3) - DR

Chapter 1-2 - BD

A. Banerjee and E. Duflo (2007), “The Economic Lives of the Poor”, Journal of Economic Perspectives 21: 141-167.

*Topic 2: How to measure the efficacy of development programmes? RCTs and DID*

\*Duflo, E. (2002), "Empirical methods", mimeo, MIT.

(http://web.mit.edu/14.771/www/emp\_handout.pdf)

\*Duflo, Glennerster and Kremer, "Using Randomization in Development Economics Research: A Toolkit", Chapter 1, 2.1., 2.2.

*Topic 3: Education*

\*Chapter 3 - BD

\*Schultz, P. (2004), "School subsidies for the poor: evaluating the Mexican Progresa poverty program", Journal of Development Economics, 74 (1), 199-250.

\*Duflo, Hanna, Ryan (2012), "Monitoring works: Getting teachers to come to school".

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

Kaufmann, K.E. La Ferrara and F. Brollo (2011), “Learning about the Enforcement of Conditional Welfare Programs and Behavioral Responses: Evidence from Bolsa Familia in Brazil”, mimeo, Bocconi University, 2011.

Glewwe, Kremer and Moulin (2007), "Textbooks and Test Scores: Evidence from a Prospective Evaluation in Kenya”.

Dupas, Duflo, Kremer (2010), "Peer Effects, Teacher Incentives, and the Impact of Tracking: Evidence from a Randomized Evaluation in Kenya".

*Topic 4: Health*

\*Dupas P. (2011), "Health Behavior in Developing Countries, 2011", Annual Review of Economics.

\*Miguel and Kremer, 2004, “Worms: identifying impacts on education and health in the presence of treatment externalities”, Econometrica, Vol. 72, No. 1 159–217.

\*Bjorkman-Nyqvist, Corno, De Walque, Svensson (2017), “Incentivizing safer sexual behavior: evidence from a lottery experiment on HIV prevention”, American Economic Journal: Applied Economics, forthcoming.

Bjorkman and Svensson 2009, “Power to people: Evidence from a randomized field experiment on community monitoring in Uganda” The Quarterly Journal of Economics, May 2009 Vol 124, No. 2.

Aslan M. (2015), "The Effect of the Tsetse Fly on African Development”,

American Economic Review 105 (1): 382-410. DOI: 10.1257/aer.20130604.

Rasul I., Bassi V., “Persuasion: A Case Study of Papal Influences on Fertility-Related Beliefs and Behavior”, American Economic Journal: Applied Economics, October 2017, Vol 9 (4), 250-302

*Topic 5: The land market*

\*DR, ch. 12

\*Shaban, R. (1987), “Testing between competing models of sharecropping”, Journal of Political Economy, 95(5), reprinted in BU2, ch.5

\*Banerjee, A., P. Gertler and M. Ghatak (2002), “Empowerment and efficiency: Tenancy reform in West Bengal”, Journal of Political Economy, 110(2), 239-280.

\*Field, E. (2007), “Entitled to Work: Urban Property Rights and Labor Supply in Peru”, Quarterly Journal of Economics, 122(4), 1561–1602.

Singh, N. (1989), “Theories of sharecropping”, in P. Bardhan (ed.), The Economic Theory of Agrarian Institutions, Oxford: Clarendon Press.

reprinted in BU1, ch.2

Besley, T. (1995), “Property rights and investment incentives: Theory and evidence from Ghana”, Journal of Political Economy, 103(5), 903-937

Goldstein, M. and C. Udry (2008), “The Profits of Power: Land Rights and Agricultural Investment in Ghana”, Journal of Political Economy, 116(6).

Besley, T. and R. Burgess (2000), “Land reform, poverty reduction and growth: Evidence from India”, Quarterly Journal of Economics, 115(2), p.389-430.

*Topic 6: The credit market and microfinance*

\*Stiglitz, J. and A. Weiss (1981), “Credit rationing in markets with imperfect information”, American Economic Review, 71, 393-410.

\*Aleem, I. (1993), “Imperfect information, screening, and the costs of informal lending: A study of a rural credit market in Pakistan”, in K. Hoff, A. Braverman and J. Stiglitz (eds.), The Economics of Rural Organization, Oxford University Press.

\*Crepon, Devoto, Duflo, Pariente (2012), “Estimating the impact of microcredit on those who take it up: Evidence from a randomized experiment in Morocco”.

Ghosh, P., D. Mookerjee and D. Ray (2000), “Credit rationing in developing countries: An overview of the theory”, in D. Mookerjee and D. Ray (eds.), Readings in the theory of economic development, Blackwell, ch.11.

Ghatak, M. and T. Guinnane (1999), “The economics of lending with joint liability: Theory and practice”, Journal of Development Economics, 60, 195-228.

Gine, X., P. Jakiela, D. Karlan and J. Morduch (2009), “Microfinance Games”, American Economic Journal: Applied Economics, forthcoming.4

Pitt, M. and S. Khandker (1998), “The impact of group-based programs on poor households in Bangladesh: Does the gender of participants matter?”, Journal of Political Economy, 106 (5), 958-996.

Dupas P., Robinson J., “Why don’t people save more: Evidence from health savings experiment”, American Economic Review.

*Topic 7: History, economic development and Institutions role.*

\*Daron Acemoglu, Simon Johnson, James A. Robinson (2011), "The Colonial Origins of Comparative Development: An Empirical Investigation, The American Economic Review, Vol. 91, No. 5 (Dec., 2001), pp. 1369-1401.

\*Banerjee, Iyer, History, Institutions and Economic Performance: The legacy of Colonial Land Tenure System in India, American Economic Review 2005.

La Porta, R., F. Lopez-de-Silanes, and A. Shleifer (2008), “The Economic Consequences of Legal Origins”, Journal of Economic Literature, 46 (2), 285-332.

Acemolgu, D., S. Johnson and J. Robinson (2005), “Institutions as the fundamental cause of long run growth”, in Handbook of Economic Growth, (eds. P. Aghion and S. Durlauf), North Holland.

Nunn, N. (2008), "The long term effect of Africa's slave trade", Quarterly Journal of Economics, pp. 139-176.

Guiso, Luigi, Paola Sapienza, and Luigi Zingales 2006, "Does Culture Affect Economic Outcomes?", Journal of Economic Perspectives, 20 (2): 23-48.

Nunn, Nathan. (2014). “Historical Development,” in Philippe Aghion and Steven Durlauf (eds.), Handbook of Economic Growth, Volume 2A, Chapter 7, pp. 347-402. North Holland, 2014.

Michalopoulos, Stelios and Elias Pappaioannou. 2014. “National Institutions and Sub-national Development in Africa,” Quarterly Journal of Economics, 129 (1), 151-213

Glaeser, E.L., La Porta, R., Lopez-de-Silanes, F. and Shleifer, A., (2004). “Do institutions cause growth?” Journal of Economic Growth, 9(3), pp.271-303.

\*Alesina, Alberto, Paola Giuliano and Nathan Nunn. (2013). “On the Origins of Gender Roles: Women and the Plough,” Quarterly Journal of Economics, 128(2): 469-530.

*Topic 8: Corruption*

\*Olken B. (2007), "Monitoring Corruption: Evidence from a Field Experiment in Indonesia", Journal of Political Economy, 2007, vol. 115, no. 2.

\*Fisman and Miguel (2004), “Corruption, Norms, and Legal Enforcement: Evidence from Diplomatic Parking Tickets” Journal of Political Economy, 2007, vol. 115, no. 6.

\*Ferraz and Finan (2008), "Exposing corrupt politicians: the effect of Brazil’s publicly released audits on electoral outcomes", Quarterly Journal of Economics.

Svensson J. (2005), "Eight questions about Corruption", Journal of Economic Perspectives, 2005, 19 (5): 19-42.

Reinikka, R. and J. Svensson (2005), "Fighting corruption to improve schooling: Evidence from a newspaper campaign in Uganda", Journal of the European Economic Association, 3 (2-3), 259-267.

*Topic 9: Conflicts*

\*Miguel, E., S. Satyanath and E. Sergenti (2004), "Economic Shocks and Civil Conflict: An Instrumental Variables Approach," Journal of Political Economy, 112 (4), 725-753.

\*Guidolin, M. and E. La Ferrara (2007), “Diamonds are forever, Wars are not. Is conflict bad for private firms?", American Economic Review, 97 (5), 1978-93.

\*Yanagizawa Drott D., Propaganda and Conflict:

Theory and Evidence from the Rwandan Genocide, Quarterly Journal of Economics, 2015.

Collier, P. and A. Hoeffler (1998), "On the Economic Causes of Civil War", Oxford Economic Papers, 50, 563-573.

Blattman, C. And E. Miguel (2010), “Civil wars”, Journal of Economic Literature, 48 (1), 3-57.

Alesina, A. and E. La Ferrara (2005), “Ethnic diversity and economic performance”, Journal of Economic Literature, 762-800.

Harari, M. And E. Ferrara (2011), "Conflict, Climate and Cells: A disaggregated analysis" working paper.

*Topic 10: Ethnic Diversity*

Alesina, A. and E. La Ferrara (2005), “Ethnic diversity and economic performance”, Journal of Economic Literature, 762-800.

\*Burns, Corno, Ferrara, "Interaction, Stereotypes and Performance: Evidence from South Africa".

Habyarimana,J., M. Humphreys, D. Posner and J. Weinstein (2007), “Why Does Ethnic Diversity Undermine Public Goods Provision?”, American Political Science Review, November

*Topic 11: Media and development*

\*Eisensee, T. and Strömberg D. (2007), “News droughts, news floods, and U.S. disaster relief”, The Quarterly Journal of Economics, 122 (2), 693-728.

\*La Ferrara, E., A. Chong, and S. Duryea (2012), "Soap Operas and Fertility: Evidence from Brazil." American Economic Journal: Applied Economics, 4 (4): 1-31.

\*La Ferrara and V. Orozco (2018), “The entertaining way to behavioral change: Fighting HIV with MTV”, mimeo, Bocconi University and MIT.

*Topic 12: Social norms*

\*Corno, Hildenbrandt, Voena (2020), “Weather shocks, age at marriage and the direction of marriage payments”, Econometrica.

\*Field and Ambrus 2006, "Early Marriage and Female Schooling in Bangladesh".

\*La Ferrara E. (2006), "Descent Rules and Strategic Transfers. Evidence from Matrilineal Groups in Ghana ", Journal of Development Economics.

\*Corno, La Ferrara Voena, “The historical origin of female genital cutting”, working paper.

Anderson S. (2007), "The Economics of Dowry and Brideprice".

***TEACHING METHOD***

Frontal lectures. Case study discussions.

***ASSESSMENT METHOD AND CRITERIA***

Final written exam with open-ended questions consisting of exercises and theory of about 1.5-2 hours.

No interim test scheduled.

20% of the mark will be based on a class presentation of an article in the reading list not marked with \*, and 80% will be based on a written exam.

The mark for the written exam will only be 100% valid for the July exam session.

***NOTES AND PREREQUISITES***

Knowledge of the topics and basic tools of microeconomics, statistics and econometrics is recommended.

*Material*

The slides and articles will be uploaded to the lecturer’s own webpage.

Further information can be found on the lecturer's webpage at http://docenti.unicatt.it/web/searchByName.do?language=ENG or on the Faculty notice board.

In case the current Covid-19 health emergency does not allow frontal teaching, remote teaching will be carried out following procedures that will be promptly notified to students.

Further information can be found on the lecturer's webpage at http://docenti.unicatt.it/web/searchByName.do?language=ENG or on the Faculty notice board.