

# Development Economics

## Economics 7351-1

University of Houston  
Tu-Th 1-2:30

Fall 2021

Instructor: Professor Willa Friedman (she/her/hers)  
Office: McElhinney 202C  
Office hours: by appointment  
Email: whfriedman@uh.edu

## 1 Summary

This course will introduce you to some classic debates and questions and some of the newest papers and techniques in empirical development economics. It is designed to both give you the background to be able to communicate with others doing research across this field and to prepare you to conduct your own research. We will go through many recent papers, practicing pulling out the findings of the papers, what future research is still needed, and techniques to be applied in your papers. While reading these papers, you will also begin pitching ideas for research studies and practice implementing a few of the empirical strategies.

## 2 General Guidelines

### 2.1 Prerequisites

You must have successfully completed the first-year graduate sequences in microeconomics and econometrics before enrolling in this course.

### 2.2 Stata

The problem sets will require you to use Stata (IC or bigger - not the "student" version) for data analysis. You can purchase your own license or use the computers in the lab. UH has an agreement with Stata Corp. called GradPlan that allows students to purchase Stata at reduced rates (see <http://www.stata.com/order/new/edu/gradplans/gp-direct.html>).

## 3 Requirements

Research shows, everybody seems to learn better with lots of small assignments.<sup>1</sup> Procrastination can be really hard to fight! So I'm going to make things easy on you and not let you procrastinate. There will be an assignment due most weeks. Many of these will be small. A few will be quite a bit larger.

### 3.1 Proposal Memos

You will turn in 5 memos, each proposing a research question that you could ask and answer empirically in a paper to submit to an economics journal. Think of these as mini proposals. Each one should be about 2 pages. These can be a bit shorter or longer as needed to cover the full idea. Each one should include:

- A very clear statement of the question
- A brief discussion of why this is interesting and important and merits the work that it will take to answer it. This is especially important if it's not obvious.
- A proposal for how to answer this question: What data could you use? What source(s) of identification will be feasible?
- A brief discussion of remaining issues/questions to figure out. For example: what data would be helpful but may or may not exist? What assumptions required in the identification strategy will be the hardest to defend?

They may include:

- A brief review of the relevant literature and how this study would fit within it: Has this research already been done, and what is the closest existing study?
- Summary statistics or other excerpts of the data that you would use

These do not all need to be about developing countries, but most should be, or they should include a note about how the question is relevant for development economists.

### 3.2 Updated Proposal

At the end of the semester, you will turn one of these memos into a slightly longer proposal. I expect that these will be about 5-6 pages of concisely written and well-edited prose. They will include at least 3 tables and/or figures, possibly more. In addition to updating what was in the original memo, you will also include:

- A bit more of a review of the literature
- Data: summary statistics, metadata, stylized facts, motivating figures, etc.

---

<sup>1</sup>If you are skeptical, please read this article: Ariely, Dan, and Klaus Wertenbroch. "Procrastination, deadlines, and performance: Self-control by precommitment." *Psychological Science* 13.3 (2002): 219-224.

- A detailed plan for the methodology: This could/should include the key identification strategy(ies), assumptions needed, estimating equations, etc.
- This must be completed in Latex, unless you can come up with a great explanation for why it should not be.

Before turning this in, you will get feedback on your idea in two ways:

1. You must come meet with me at some point to discuss which proposal you plan to expand and how you plan to do it, and
2. Each of you will have a chance to present your proposal to your classmates. This will involve:
  - A very brief presentation (5-10 minutes maximum), including slides (using Beamer), that outlines what you will include in your expanded proposal,
  - A moderated and respectful discussion taking questions and ideas from classmates.

### 3.3 Problem Sets

There will be two problem sets, which will give you practice manipulating and analyzing data. These will be due **September 28** and **November 4**. For problem sets, you are encouraged to work with your classmates, but you must write-up your own solutions, in your own words.

### 3.4 Final Exam

There will be a final exam on December 2. This exam will cover the papers that are required reading for the class. The exam will ask you to recall the questions, methodologies/identification strategies, and findings of these papers. It is designed to provide an incentive to really engage with the readings. If you read the papers and then review them in the weeks leading up to the exam, you should be fine.

### 3.5 Attendance and Participation

I expect you to attend all class meetings, to come prepared, and to participate in discussions. Active participation in the discussions will be part of your grade.

## 4 Grading

Your final grade will be a composite of:

- 20% proposal memos
- 20% updated proposal

- 20% 2 problem sets
- 20% final exam
- 20% participation

Grading for memos and problem sets will be as follows:

- 0 : You did not turn in the assignment.
- ✓- (5/10): You turned something in, shows insufficient effort.
- ✓(8/10): You completed the assignment as requested.
- ✓+ (9/10) You completed the assignment exactly as requested, and it is well-done (clear writing, thought-provoking, sufficient detail, etc.).
- ✓++ (10/10) You completed the assignment beyond expectations, including particularly novel insights, additional details of background and plans, etc.

## 5 General Policies

- Classes will begin at 1pm and end at 2:20pm.
- Please follow the university's academic honesty policy. I will take violations very seriously. The policy can be found in the Student Handbook and online (<http://www.uh.edu/provost/shared-interest/policy-guidelines/honesty-policy/>).
- If you need special accommodations, please let me know/provide documentation as soon as possible.

## 6 Services Available

### Counseling and Psychological Services:

Counseling and Psychological Services (CAPS) can help students who are having difficulties managing stress, adjusting to college, or feeling sad and hopeless. You can reach CAPS ([www.uh.edu/caps](http://www.uh.edu/caps)) by calling 713-743-5454 during and after business hours for routine appointments or if you or someone you know is in crisis. No appointment is necessary for the "Let's Talk" program, a drop-in consultation service at convenient locations and hours around campus. [http://www.uh.edu/caps/outreach/lets\\_talk.html](http://www.uh.edu/caps/outreach/lets_talk.html)

### Students with Disabilities:

The University of Houston complies with Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990, pertaining to the provision of reasonable academic adjustments/auxiliary aids for disabled students. In accordance with Section 504 and ADA guidelines, UH strives to provide reasonable academic adjustments/auxiliary aids to students who request and require them. If you believe that you have a disability requiring an academic adjustments/auxiliary aid, please contact the Justin Dart Jr. Student Accessibility Center (formerly the Justin Dart, Jr. Center for Students with DisABILITIES).

## 7 Policies from the Provost

### Face Covering Policy

To reduce the spread of COVID-19, the University strongly encourages everyone (vaccinated or not) to wear face coverings indoors on campus including classrooms for both faculty and students.

### Presence in Class

Your presence in class each session means that you:

- Are NOT exhibiting any Coronavirus Symptoms that makes you think that you may have COVID-19
- Have NOT tested positive or been diagnosed for COVID-19
- Have NOT knowingly been exposed to someone with COVID-19 or suspected/presumed COVID-19

If you are experiencing any COVID-19 symptoms that are not clearly related to a pre-existing medical condition, do not come to class. Please see Student Protocols for what to do if you experience symptoms and Potential Exposure to Coronavirus for what to do if you have potentially been exposed to COVID-19. Consult the Graduate Excused Absence Policy for information regarding excused absences due to medical reasons.

### COVID-19 Information

Students are encouraged to visit the University's COVID-19 website for important information including on-campus testing, vaccines, diagnosis and symptom protocols, campus cleaning and safety practices, report forms, and positive cases on campus. Please check the website throughout the semester for updates.

### Vaccinations

Data suggests that vaccination remains the best intervention for reliable protection against COVID-19. Students are asked to familiarize themselves with pertinent vaccine information, consult with their health care provider. The University strongly encourages all students, faculty and staff to be vaccinated.

### Reasonable Academic Adjustments/Auxiliary Aids

The University of Houston complies with Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990, pertaining to the provision of reasonable academic adjustments/auxiliary aids for disabled students. In accordance with Section 504 and ADA guidelines, UH strives to provide reasonable academic adjustments/auxiliary aids to students who request and require them. If you believe that you have a disability requiring an academic adjustments/auxiliary aid, please contact the Justin Dart Jr. Student Accessibility Center (formerly the Justin Dart, Jr. Center for Students with DisABILITIES).

### Excused Absence Policy

Regular class attendance, participation, and engagement in coursework are important contributors to student success. Absences may be excused as provided in the University of Houston Undergraduate Excused Absence Policy and Graduate Excused Absence Policy for

reasons including: medical illness of student or close relative, death of a close family member, legal or government proceeding that a student is obligated to attend, recognized professional and educational activities where the student is presenting, and University-sponsored activity or athletic competition. Under these policies, students with excused absences will be provided with an opportunity to make up any quiz, exam or other work that contributes to the course grade or a satisfactory alternative. Please read the full policy for details regarding reasons for excused absences, the approval process, and extended absences. Additional policies address absences related to military service, religious holy days, pregnancy and related conditions, and disability.

### Recording of Class

Students may not record all or part of class, livestream all or part of class, or make/distribute screen captures, without advanced written consent of the instructor. If you have or think you may have a disability such that you need to record class-related activities, please contact the Justin Dart, Jr. Student Accessibility Center. If you have an accommodation to record class-related activities, those recordings may not be shared with any other student, whether in this course or not, or with any other person or on any other platform. Classes may be recorded by the instructor. Students may use instructor's recordings for their own studying and notetaking. Instructor's recordings are not authorized to be shared with anyone without the prior written approval of the instructor. Failure to comply with requirements regarding recordings will result in a disciplinary referral to the Dean of Students Office and may result in disciplinary action.

### Syllabus Changes

Due to the changing nature of the COVID-19 pandemic, please note that the instructor may need to make modifications to the course syllabus and may do so at any time. Notice of such changes will be announced as quickly as possible through email and Blackboard.

## 8 Readings

### 8.1 Reference textbook

Angrist, Joshua D. and Jorn-Steffen Pischke (2009), *Mostly Harmless Econometrics: An Empiricists Companion*, Princeton and Oxford: Princeton University Press.

This book is an excellent resource with clear discussions of many of the methods used in the papers we will discuss.

I also strongly recommend getting a copy of Dierdre McCloskey's *Economical Writing*. Reading even some of it will improve your writing.

### 8.2 Papers

Below is a list of topics to be covered with the approximate number of class days to be devoted to them. Papers with stars are recommended, and the rest will be required. All of these should be accessible through the UH network. Please make sure to read the published version (not an earlier working paper) when one exists.

## **Political Economy, Corruption, Institutions (5)**

Kramon, Eric, and Daniel N. Posner. "Who benefits from distributive politics? How the outcome one studies affects the answer one gets." *Perspectives on Politics* 11.02 (2013): 461-474.

Ferraz, Claudio, and Frederico Finan. "Exposing corrupt politicians: the effects of Brazil's publicly released audits on electoral outcomes." *The Quarterly Journal of Economics* 123.2 (2008): 703-745.

Olken, Benjamin A. "Monitoring corruption: evidence from a field experiment in Indonesia." *Journal of Political Economy* 115, no. 2 (2007): 200-249.

Dal Bó, Ernesto, Frederico Finan, and Martn A. Rossi. "Strengthening state capabilities: The role of financial incentives in the call to public service." *The Quarterly Journal of Economics* 128.3 (2013): 1169-1218.

Chaudhury, Nazmul, et al. "Missing in action: teacher and health worker absence in developing countries." *The Journal of Economic Perspectives* 20.1 (2006): 91-116.

\*Acemoglu, Daron, Simon Johnson, and James A. Robinson. "The colonial origins of comparative development: An empirical investigation." *American economic review* 91, no. 5 (2001): 1369-1401.

\*Albouy, David Y. "The colonial origins of comparative development: an empirical investigation: comment." *American Economic Review* 102, no. 6 (2012): 3059-76.

\*Guiteras, Raymond P., and Ahmed Mushfiq Mobarak. "Does development aid undermine political accountability? Leader and constituent responses to a large-scale intervention. No. w21434. National Bureau of Economic Research, 2015.

\*Finan, Frederico, and Laura Schechter. "Vote Buying and Reciprocity." *Econometrica* 80.2 (2012): 863-881.

## **Migration (1)**

Clemens, Michael A. "Why do programmers earn more in Houston than Hyderabad? evidence from randomized processing of us visas." *The American Economic Review* 103.3 (2013): 198-202.

\*Barnhardt, Sharon, Erica Field, and Rohini Pande. "Moving to opportunity or isolation?"

Network effects of a randomized housing lottery in urban india.” *American Economic Journal: Applied Economics* 9.1 (2017): 1-32.

\*Yang, Dean. “International migration, remittances and household investment: Evidence from philippine migrants’ exchange rate shocks.” *The Economic Journal* 118.528 (2008): 591-630.

\*Beegle, Kathleen, Joachim De Weerd, and Stefan Dercon. “Migration and economic mobility in Tanzania: Evidence from a tracking survey.” *Review of Economics and Statistics* 93.3 (2011): 1010-1033.

## **Health, Population and Children (2)**

Jayachandran, S., and I. Kuziemko. “Why do mothers breastfeed girls less than boys? Evidence and implications for child health in India.” *Quarterly Journal of Economics* 126.3 (2015): 1485-1538.

Dupas, Pascaline, Vivian Hoffmann, Michael Kremer, and Alix Peterson Zwane. “Targeting health subsidies through a nonprice mechanism: A randomized controlled trial in Kenya.” *Science* 353, no. 6302 (2016): 889-895.

Bates, Mary Ann, Rachel Glennerster, Kamilla Gumedde, and Esther Duflo. “The price is wrong.” *Field Actions Science Reports*. *The Journal of Field Actions Special Issue* 4 (2012).

LoPalo, Melissa. “Temperature, worker productivity, and adaptation: evidence from survey data production.” Available at SSRN (2020).

\*Alsan, Marcella. “The effect of the tsetse fly on African development.” *The American Economic Review* 105.1 (2014): 382-410.

\*Jayachandran, Seema. “Fertility decline and missing women.” *American Economic Journal: Applied Economics* 9.1 (2017): 118-139.

\*Anukriti, S., Sonia R. Bhalotra, and Hiu Fung Tam. “On the Quantity and Quality of Girls: New Evidence on Abortion, Fertility, and Parental Investments.” (2016).

\*Dupas, Pascaline. “Do Teenagers Respond to HIV Risk Information? Evidence from a Field Experiment in Kenya.” *American Economic Journal: Applied Economics* 3.1 (2011):1.



\*Habyarimana, James, and William Jack. "Heckle and Chide: Results of a randomized road safety intervention in Kenya." *Journal of Public Economics* 95.11 (2011): 1438-1446.

\*Cohen, Jessica, and Pascaline Dupas. "Free Distribution or Cost-Sharing? Evidence from a Randomized Malaria Prevention Experiment." *The Quarterly Journal of Economics* 125.1 (2010): 1-45.

### **Gender (1)**

Beaman, Lori, Raghavendra Chattopadhyay, Esther Duflo, Rohini Pande, and Petia Topalova. "Powerful women: does exposure reduce bias?." *The Quarterly journal of economics* 124, no. 4 (2009): 1497-1540.

### **Conflict (3)**

Miguel, Edward, Shanker Satyanath, and Ernest Sergenti. "Economic shocks and civil conflict: An instrumental variables approach." *Journal of political Economy* 112.4 (2004): 725-753.

Sarsons, Heather. "Rainfall and conflict: A cautionary tale." *Journal of Development Economics* 115 (2015): 62-72.

Dube, Oeindrila, and Juan F. Vargas. "Commodity price shocks and civil conflict: Evidence from Colombia." *The review of economic studies* 80, no. 4 (2013): 1384-1421.

\*Nunn, Nathan, and Nancy Qian. "US food aid and civil conflict." *The American Economic Review* 104.6 (2014): 1630-1666.

\*Dell, Melissa. 2015. "Trafficking Networks and the Mexican Drug War." *American Economic Review*, 105(6): 1738-79.

\*Bazzi, Samuel, and Christopher Blattman. "Economic shocks and conflict: Evidence from commodity prices." *American Economic Journal: Macroeconomics* 6.4 (2014): 1-38.

\*Blattman, Christopher, and Edward Miguel. "Civil war." *Journal of Economic Literature* (2010): 3-57.

### **Education, Children, Intra-household (4)**

Solis, Alex. "Credit access and college enrollment." *Journal of Political Economy* 125, no. 2 (2017): 562-622.

Lucas, Adrienne M., and Isaac M. Mbiti. "Effects of school quality on student achievement: Discontinuity evidence from Kenya." *American Economic Journal: Applied Economics* 6.3 (2014): 234-263.

José Mara Cabrera and Dinand Webbink "Do Higher Salaries Yield Better Teachers and Better Student Outcomes?" *Journal of Human Resources* October 2, 2020

Duflo, Esther, Pascaline Dupas, and Michael Kremer. "Peer Effects, Teacher Incentives, and the Impact of Tracking: Evidence from a Randomized Evaluation in Kenya." *The American Economic Review* 101.5 (2011): 1739-1774.

Riley, Emma. "Role models in movies: the impact of Queen of Katwe on students? educational attainment." No. 2017-13. Centre for the Study of African Economies, University of Oxford, 2017.

\*Dizon-Ross, Rebecca. "Parents' Beliefs About Their Children's Academic Ability: Implications for Educational Investments." *American Economic Review* 109, no. 8 (2019): 2728-65.

\*Duflo, Esther, Rema Hanna, and Stephen P. Ryan. "Incentives work: Getting teachers to come to school." *The American Economic Review* (2012): 1241-1278.

\*Muralidharan, Karthik, and Venkatesh Sundararaman. "Teacher Performance Pay: Experimental Evidence from India." *The Journal of Political Economy* 119.1 (2011): 39-77.

\*Jayachandran, Seema, and Adriana Lleras-Muney. "Life Expectancy and Human Capital Investments: Evidence from Maternal Mortality Declines." *The Quarterly Journal of Economics* 124.1 (2009): 349-397.

\*Akresh, Richard, et al. "Child ability and household human capital investment decisions in Burkina Faso." *Economic Development and Cultural Change* 61.1 (2012): 157-186.

\*Duflo, Esther. "Schooling and labor market consequences of school construction in Indonesia: Evidence from an unusual policy experiment." *The American Economic Review* 91.4 (2001): 795.

### **Labor and Poverty/Labor Markets (0)**

\*Field, Erica. "Entitled to Work: Urban Property Rights and Labor Supply in Peru." *The*

Quarterly Journal of Economics 122.4 (2007): 1561-1602.

\*Shah, Manisha, and Bryce Millett Steinberg. “Drought of opportunities: Contemporaneous and long-term impacts of rainfall shocks on human capital.” *Journal of Political Economy* 125, no. 2 (2017): 527-561.

\*Banjeree, Abhijit, Emily Breza, Esther Duflo, Cynthia Kinnan. “Can Microfinance Unlock a Poverty Trap for Some Entrepreneurs?” NBER Working Paper

\*Hanna, Rema, and Paulina Oliva. “The effect of pollution on labor supply: Evidence from a natural experiment in Mexico City.” *Journal of Public Economics* 122 (2015): 68-79.

\*Munshi, Kaivan, and Mark Rosenzweig. 2006. “Traditional Institutions Meet the Modern World: Caste, Gender, and Schooling Choice in a Globalizing Economy.” *American Economic Review*, 96(4): 1225-1252.

\*Kaur, Supreet, Michael Kremer, and Sendhil Mullainathan. 2010. “Self-Control and the Development of Work Arrangements.” *The American Economic Review* 100 (2): 624-628.

### **Agriculture and Technology Adoption (2)**

Duflo, Esther, Michael Kremer, and Jonathan Robinson. 2011. “Nudging Farmers to Use Fertilizer: Theory and Experimental Evidence from Kenya.” *American Economic Review*, 101(6): 2350-90.

Jensen, Robert. “The digital divide: Information (technology), market performance, and welfare in the South Indian fisheries sector.” *The Quarterly Journal of Economics* (2007): 879-924.

\*Duflo, Esther, and Christopher Udry. Intra-household resource allocation in Cote d’Ivoire: Social norms, separate accounts and consumption choices. No. w10498. National Bureau of Economic Research, 2004.

### **Behavioral (3)**

\*Jakiela, Pamela, and Owen W. Ozier. “Does Africa need a rotten kin theorem? experimental evidence from village economies.” *Review of Economics Studies* (2016).

\*Rao, Gautam. “Familiarity does not breed contempt: Generosity, discrimination, and diversity in Delhi schools.” *American Economic Review* 109, no. 3 (2019): 774-809.

Mani, Anandi, Sendhil Mullainathan, Eldar Shafir, and Jiaying Zhao. 2013. "Poverty Impedes Cognitive Function." *Science* 341 (6149): 976-980.

## **9 Calendar**

AUG 24	INTRODUCTION	AUG 26	
AUG 31		SEPT 2	
SEPT 7	<b>**memo 1 due**</b>	SEPT 9	
SEPT 14	<b>**memo 2 due**</b>	SEPT 16	
SEPT 21		SEPT 23	
SEPT 28	<b>**Problem Set 1 due**</b>	SEPT 30	
OCT 5	<b>**memo 3 due**</b>	OCT 7	
OCT 12	<b>**memo 4 due**</b>	OCT 14	
OCT 19	<b>**memo 5 due**</b>	OCT 21	
OCT 26		OCT 28	
NOV 2		NOV 4	<b>**Problem Set 2 due**</b>
NOV 9		NOV 11	<b>**student presentations**</b>
NOV 16	<b>**student presentations**</b>	NOV 18	<b>**student presentations**</b>
NOV 23		NOV 25	NO CLASS: THANKSGIVING
NOV 30	<b>**Revised Proposal due**</b>	DEC 2	<b>**FINAL EXAM**</b>