

1. Horario atención a estudiantes, correos electrónicos y nombres de los profesores complementarios

Clase magistral

Horario Clase: Martes, 3:30pm – 4:50pm

Salón: W 503

Profesor: Rachid Laajaj (r.laajaj@uniandes.edu.co)

Atención a estudiantes: miércoles, 10:00 - 12:00,

Lugar de atención a estudiantes: Oficina W-817

Monitora: Diana Carolina Leon Torres (dc.leon458@uniandes.edu.co)

Horario de atención a estudiantes: Thursday 4:00pm to 5:00pm

Lugar de atención a estudiantes: W705

2. Introducción y descripción general del curso

This course is a micro development seminar focusing on some aspects of development which are believed to be key to reducing poverty and promoting development.

Studies show that long term growth and poverty reduction are largely determined by productivity gains, hence we will pay a lot of attention to how to increase the productivity of small and medium producers. Among the main questions that are raised in the seminar, we will ask why some producers do not adopt technologies that should enhance their productivity? What is the role of Information? Of human capital? What are the policies that can improve productivity? How does corruption and other institutional features affect productivity and how can it be tackled?

The seminar combines a mix a theoretical and empirical analysis, with an intention to better understand these issues and think together of solutions and policy implications. The seminar is given in English but questions in Spanish are welcome.

3. Objetivos de la materia

The Development Seminar introduces the students to some of the literature in Development Economics and some of the tools commonly used. At the end of the class, the students should be more familiar with some of the problematics related to development, and have developed their critical mind. They should be able to discuss how to promote development using analytical tools and empirical evidence. They should also start developing their capacity to implement their own research about what are identifying obstacles to Development and evaluating potential solutions.

4. Organización del curso

A good share of the class time will be dedicated to presentation of papers by the students, followed by a discussion of the paper. The discussion is an occasion for you to raise the parts that you did not understand in the paper (you are not expected to understand everything, most papers are recently published at the “frontier” of economic development research, so don’t be afraid to ask things). It is then followed by a broader discussion about the paper, and what can be learned from it about causes and solutions to underdevelopment issues.

All students are expected to read the papers assigned. Some quizzes will be applied to ensure that papers are read. They may be given after the presentation by the students, and after you are given a chance to ask about things that you did not understand.

The professor will try to complement the reading with general overview about the topics that we study, and providing many of the tools that are necessary to better understand the papers and to help you conduct your own research.

The last 3 classes will be dedicated to the students presenting their own research idea. This final work will be requested at the end of the semester.

5. Metodología

The seminar class will have sessions of course from the professor, but will primarily be composed of presentations of papers and discussions of the content of the papers, their rigor and credibility of the results, usefulness and policy implications. The first series of papers will be papers from the development literature. Typically 2 papers will be presented per class (unless part of the course is dedicated to other tasks).

Later in the semester, students will present their own piece of research and debate it. We will try to concentrate all the presentations of papers written by the students into 3 classes around the end of the semester.

6. Competencias

Ability to read and understand papers in the development economics literature

Increase your knowledge of the development literature

Ability to develop logical argument in presentations, debates and essays

Ability to write your own research, using economic arguments, theory and empirical analysis

7. Criterios de evaluación (Porcentajes de cada evaluación)

The final grade will be calculated as follows:

50 % of the total grade will be based on the readings, and homework:

- Quizzes on readings and material presented in class: 15%

- Class Participation: 15%
- Presentation of a paper (from literature): 10%
- Homeworks (2): 10%

50 % of the total grade will be based on your own paper:

- 1st short version of final work: 10%
- Provide comments to the final work of another student: 5%
- Presentation of your paper: 10%
- Final Work (maximum 10 pages): 25%

Low participation to classes may affect the participation grade. It directly affects participation since absenteeism means 0 participation for this class (unless a justification is provided), but if it exceeds 20% of classes then it may have additional effects.

Guidelines for presentation of another paper:

Dedicate 10 minutes to the presentation of the paper and 5 minutes to provide your opinion:

The first 15 minutes should address the following issues:

- What is the research question?
- What is the strategy to answer the research questions? Try not to avoid the technical part, you can mention the parts that you did not understand.
- What are the results?
- What are the conclusions raised by the authors?

The next 5 minutes can address these questions:

- Is the paper addressing an important question? Why do you think that it is an important question or not?
- What did you find most innovative or interesting about the paper?
- You can mention any criticism about the empirical strategy or the authors' interpretation of the results...
- You can raise any major question about things that you did not understand
- What have we learned that is useful to our comprehension of the obstacles to development?

Guidelines for the Final Work:

You will be expected to produce a final work by the end of the semester, and an intermediary work around the middle of the semester.

Consider this final work as the first step toward what you would need to write a paper. It is an opportunity for you to think of what type of paper you would want to write for a master's dissertation and start the groundwork.

The paper should be maximum 10 pages and must include:

- A research question
- A review of the literature
- An explanation of how this helps us learn more about the constraints to development, how it contributes to the existing literature (what is the value added?) and what would be the policy implications of the results?

In the case of an **empirical final work** it should also include:

- What data you would need to make the analysis. Be as precise as possible about what the variables would be, observed at what level, by whom, etc. It is best if you actually identify what the data would be, but it is not required. As much as possible, try to be realistic about what data you could find.
- Provide a description of the empirical analysis that you would use: the regressions, the tests, and how the results of the tests would provide an answer to your initial research question (the link must be very clear)
- Be explicit about the identification strategy: how will you make sure that you are identifying causal effects and not just correlations?

In the case of a **theoretical final work** it should also include:

- A sketch of the theoretical model: a full theoretical model takes time to write properly and even more time to solve it, so you can either have a simple sketch, solve it, and tell what additions could be brought to a full model for a paper, or you can have a more complex model but not solving it
- Discuss the contributions of the model: what can we expect to learn from it that would not have been obvious without using a model
- Potentially discuss any testable implication of the model

Reclamos (Artículo 62 y 63 del Reglamento General de Estudiantes de Pregrado)

“Todo estudiante que desee formular un reclamo sobre las calificaciones de cualquier evaluación o sobre la nota definitiva del curso, deberá dirigirlo por escrito y debidamente sustentado al profesor responsable de la materia, dentro de los ocho (8) días hábiles siguientes a aquel en que se dan a conocer las calificaciones en cuestión. El profesor dispone de diez (10) días hábiles para resolver el reclamo formulado; vencido el término informará al estudiante la decisión correspondiente.”

“Si el estudiante considera que la decisión no corresponde a los criterios de evaluación, podrá solicitar la designación de un segundo calificador mediante un escrito debidamente sustentado, dirigido al Consejo de Facultad o de Departamento, según el caso, dentro de los ocho (8) días hábiles siguientes al conocimiento de la decisión. Si el Consejo encuentra fundada la solicitud, procederá a designar, solamente para tal efecto, un segundo calificador cuya decisión debidamente sustentada será definitiva e inmodificable. En ningún caso, el segundo calificador podrá desmejorar la nota inicialmente asignada por el profesor.”

Los reclamos serán válidos siempre y cuando el quiz, el parcial y el examen final hayan sido resueltos en esfera. Para las evaluaciones resueltas a lápiz, el reclamo se debe presentar en el momento en que las pruebas se entreguen calificadas.

8. Sistema de aproximación de notas definitiva

Dando alcance a la modificación al sistema de calificaciones, el Comité Directivo, en la sesión No. 72-13 del 19 de junio de 2013, aprobó la siguiente escala de calificaciones, incluida en el art. 51 del Reglamento General de Estudiantes de Pregrado (RGEPr), el art. 49 del Reglamento General de Estudiantes de Especialización (RGEE), el art. 51 del Reglamento General de Estudiantes de Maestría (RGEMa), y el art. 61 del Reglamento General de Estudiantes de Doctorado (RGED): “Las calificaciones definitivas de las materias serán numéricas de uno cinco (1,50) a cinco (5,00), en unidades, décimas y centésimas.

9. Bibliografía

There is not one textbook recommended, but a series of papers that will be reviewed during the classes.

1) Constraints to Technology adoption and Investments

Overview (not for presentation):

Foster, A. D., & Rosenzweig, M. R. (2010). Microeconomics of technology adoption. *Annual Review of Economics*, 2.

A) Credit Constraints, Microfinance:

Banerjee, A. V., Duflo, E., Glennerster, R., & Kinnan, C. (2013). The miracle of microfinance? Evidence from a randomized evaluation.

Burgess, R., and R. Pande. "Do rural banks matter? Evidence from the indian social banking experiment." *The American economic review* 95.3 (2005): 780-795.

Beaman, L., Karlan, D., Thuysbaert, B., & Udry, C. (2014). Selection into Credit Markets: Evidence from Agriculture in Mali.

Karlan, D., & Zinman, J. (2009). Observing unobservables: Identifying information asymmetries with a consumer credit field experiment. *Econometrica*, 77(6), 1993-2008.

Giné, X., Goldberg, J., & Yang, D. (2012). Credit market consequences of improved personal identification: field experimental evidence from Malawi. *The American Economic Review*, 2923-2954.

B) Learning

Foster, A. D., & Rosenzweig, M. R. (1995). Learning by doing and learning from others: Human capital and technical change in agriculture. *Journal of political Economy*, 1176-1209.

Conley, T. G., & Udry, C. R. (2010). Learning about a new technology: Pineapple in Ghana. *The American Economic Review*, 35-69.

Munshi, K. (2004). Social learning in a heterogeneous population: technology diffusion in the Indian Green Revolution. *Journal of development Economics*, 73(1), 185-213.

Carter, M. R., Laajaj, R., & Yang, D. (2014). *Subsidies and the persistence of technology adoption: Field experimental evidence from Mozambique* (No. w20465). National Bureau of Economic Research.

C) Technological change and Human Capital:

Foster, A. D., & Rosenzweig, M. R. (1996). Technical change and human-capital returns and investments: evidence from the green revolution. *The American economic review*, 931-953.

D) Profitability of technologies (technical constraint):

Marenja, P. P., & Barrett, C. B. (2009). State-conditional fertilizer yield response on western Kenyan farms. *American Journal of Agricultural Economics*, 91(4), 991-1006.

2) Corruption and poor institutions: consequences and solutions

Overview (not for presentation):

Empirical overview:

Olken, B. A., & Pande, R. (2011). *Corruption in developing countries* (No. w17398). National Bureau of Economic Research.

Theoretical overview:

Aidt, T. S. (2003). Economic analysis of corruption: a survey*. *The Economic Journal*, 113(491), F632-F652.

A) Theory of Bureaucracy:

Banerjee, A. V. (1997). A theory of misgovernance. *The Quarterly Journal of Economics*, 1289-1332.

B) Accountability, Social monitoring and Transparency

Ferraz, C., & Finan, F. (2007). Exposing corrupt politicians: the effects of Brazil's publicly released audits on electoral outcomes.

Luis R. Martinez (2015, Job Market Paper) Sources of Revenue and Government Performance: Evidence from Colombia

Social Monitoring and Electoral Fraud: Evidence from a Spatial Regression Discontinuity Design in Afghanistan (2015, Job Market paper of Robert M. Gonzalez)

Reinikka, R., & Svensson, J. (2011). The power of information in public services: Evidence from education in Uganda. *Journal of Public Economics*, 95(7), 956-966.

Di Tella, Rafael, and Ernesto Schargrodsky. "The role of wages and auditing during a crackdown on corruption in the city of Buenos Aires." *Journal of law and economics* 46.1 (2003): 269-292.

C) Use of Technology to improve Information and reduce Corruption?

Muralidharan, Karthik, Paul Niehaus, and Sandip Sukhtankar. "Building state capacity: Evidence from biometric smartcards in India." *The American Economic Review* 106.10 (2016): 2895-2929.

Banerjee, A., Duflo, E., Imbert, C., Mathew, S., & Pande, R. Can e-governance reduce capture of public programs? Experimental evidence from India's Employment Guarantee.

Lewis-Faupel, S., Neggers, Y., Olken, B. A., & Pande, R. (2016). Can Electronic Procurement Improve Infrastructure Provision? Evidence from Public Works in India and Indonesia. *American Economic Journal: Economic Policy*, 8(3), 258-83.

D) Other (corruption related):

Olken, B. A. (2005). *Monitoring corruption: evidence from a field experiment in Indonesia* (No. w11753). National Bureau of Economic Research.

3) Firms and how to increase productivity

A) Firms and Corruption

Yang, D. (2006). 18 The economics of anti-corruption: lessons from a widespread customs reform. *International handbook on the economics of corruption*, 512.

Mian, A. R., & Khwaja, A. I. (2004). Do lenders favor politically connected firms? Rent provision in an emerging financial market. *Rent Provision in an Emerging Financial Market (December 2004)*.

Sequeira, S., & Djankov, S. (2014). Corruption and firm behavior: Evidence from African ports. *Journal of International Economics*, 94(2), 277-294.

B) Management and Organization:

Atkin, D., Chaudhry, A., Chaudry, S., Khandelwal, A. K., & Verhoogen, E. A. (2014). Organizational Barriers to Technology Adoption: Evidence from Soccer-Ball Producers in Pakistan.

Bloom, N., Eifert, B., Mahajan, A., McKenzie, D., & Roberts, J. (2011). *Does management matter? Evidence from India* (No. w16658). National Bureau of Economic Research.

4) The Role of Human Capital

A) Skills Training

Blattman, C., Fiala, N., & Martinez, S. (2013). Generating skilled self-employment in developing countries: Experimental evidence from Uganda. *Quarterly Journal of Economics*, forthcoming.

Attanasio, O., Guarín A., Medina C. and Meghir C. (2015) Long Term Impacts of Vouchers for Vocational Training: Experimental Evidence for Colombia

B) Education and early formation

Angrist, J., Bettinger, E., & Kremer, M. (2006). Long-term educational consequences of secondary school vouchers: Evidence from administrative records in Colombia. *The American Economic Review*, 847-862.

Dustan, Andrew, Alain De Janvry, and Elisabeth Sadoulet. "Flourish or Fail? The Risky Reward of Elite High School Admission in Mexico City." *Journal of Human Resources* (2016): 0215-6974R1.

Meghir, C., Attanasio, O., Cattan, S., Fitzsimons, E., & Rubio-Codina, M. (2015). *Estimating the Production Function for Human Capital: Results from a Randomized Control Trial in Colombia* (No. 1046).

5) Other topics in development

A) Infrastructure

Dinkelman, Taryn. "The effects of rural electrification on employment: New evidence from South Africa." *The American Economic Review* 101.7 (2011): 3078-3108.

B) Inequalities

Easterly, William. "Inequality does cause underdevelopment: Insights from a new instrument." *Journal of Development Economics* 84.2 (2007): 755-776.

6) Methodology of Impact Evaluation (not for presentation)

Elisabeth Sadoulet and Alain de Janvry (2016) "Development Economics: Theory and Practice", Chapter 4: Impact evaluation of development interventions

Duflo, E., Glennerster, R., & Kremer, M. (2007). Using randomization in development economics research: A toolkit. *Handbook of development economics*, 4, 3895-3962.

A very useful textbook for Applied Econometrics:

Angrist, Joshua D., and Jörn-Steffen Pischke. *Mostly harmless econometrics: An empiricist's companion*. Princeton university press, 2008.

Most related chapters:

Chapter 1; Chapter 2 sections 2.1 to 2.4 ; Chapter 5 & Chapter 6

Fechas importantes:

- Inicio de clases: Martes 8 de Agosto
- Fecha de entrega del 40% de las notas: 6 de octubre
- Último día para solicitar retiros: 13 de octubre (6pm)