

EC4041 Development Economics – Module A

Lecturer: Dr Gaia Narciso

Course Description

This course builds on the JS Economics of Less Developed Countries. It provides an opportunity for students to pursue more in-depth study of particular topics in development economics. The course will be taught in two modules.

The first part of this module will analyze, both theoretically and empirically, the functioning of informal markets in developing countries, with a particular focus on the land, credit and insurance sectors. By means of a microeconomic approach, we will explore the impact of social norms on economic outcomes. The second part of this module will adopt a more macroeconomic approach and it will focus on the economic causes of civil war.

Primary Texts

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

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

Assessments

The overall grade for the course is based on the end-of-year examination (70%) plus two pieces of project work to be handed in during the year (30%).

The project for this module will consist in a critical report on a paper chosen from the reading list. The report will provide a critical analysis of the paper, discussing links to the literature presented in class and proposing possible extensions. The report will account for 15% of the overall grade.

The deadline for the submission of the project will be 12 pm, Friday, 16th January 2009. Late submissions will incur a penalty.

Contact Information

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EC4041 Development Economics

Reading list

1. Household Economics

Bardhan and Udry, Chapter 2

Esther Duflo, 2003. "[Grandmothers and Granddaughters: Old-Age Pensions and Intrahousehold Allocation in South Africa](#)," *World Bank Economic Review*, Oxford University Press, vol. 17(1), pages 1-25, June.

Thomas, Duncan., 1990. "[Intra-Household Resource Allocation: An Inferential Approach](#)," *Journal of Human Resources*, Vol. 25, No 4.

Ashraf, Nava. "[Spousal Control and Intra-Household Decision Making: An Experimental Study in the Philippines](#)." (forthcoming, 2008) *American Economic Review*.

*Hoffmann, V. "Demand, retention, and intra-household allocation of free and purchased mosquito nets", (forthcoming, 2009) *American Economic Review: Papers and Proceedings*.

*Nancy Qian, 2008. "[Missing Women and the Price of Tea in China: The Effect of Sex-Specific Earnings on Sex Imbalance](#)," *The Quarterly Journal of Economics*, MIT Press, vol. 123(3), pages 1251-1285, August.

*Esther Duflo and Christopher Udry, 2004. "[Intrahousehold Resource Allocation in Cote d'Ivoire: Social Norms, Separate Accounts and Consumption Choices](#)," NBER Working Papers 10498, National Bureau of Economic Research, Inc.

2. Credit

Ray, Chapter 14

Bardhan and Udry, Chapter 7

Maitreesh Ghatak and Timothy W. Guinnane, 1999. "[The Economics of Lending with Joint Liability: Theory and Practice](#)," *Journal of Development Economics*, Vol.60, No.1, October 1999.

*Morduch, Jonathan, 1999. "[The role of subsidies in microfinance: evidence from the Grameen Bank](#)," *Journal of Development Economics*, Elsevier, vol. 60(1), pages 229-248, October.

*Gine, Xavier, Jakiela, Pamela, Karlan, Dean S. and Morduch, Jonathan, Microfinance Games(June 2006). Yale University Economic Growth Center Discussion Paper No. 936

*Sudipta Sarangi and Gautam Hararika, . "[Household Access to Microcredit and Child Work in Rural Malawi](#)," Departmental Working Papers 2006-08, Department of Economics, Louisiana State University.

*Eliana La Ferrara, 2003. "[Kin Groups and Reciprocity: A Model of Credit Transactions in Ghana](#)," *American Economic Review*, American Economic Association, vol. 93(5), pages 1730-1751, December.

3. Insurance

Ray, Chapter 15

Udry, Christopher, 1994. "[Risk and Insurance in a Rural Credit Market: An Empirical Investigation in Northern Nigeria](#)," *Review of Economic Studies*, vol. 61(3), pages 495-526, July.

Cole, Gine, Tobacman, Topalova, Townsend, Vickery, 2008. [Barriers to Household Risk Management: Evidence from India](#).

Townsend, Robert M, 1994. "[Risk and Insurance in Village India](#)," *Econometrica*, Econometric Society, vol. 62(3), pages 539-91.

*Dubois, Pierre, 2006. "[Heterogeneity of Preferences, Limited Commitment and Coalitions: Empirical Evidence on the Limits to Risk Sharing in Rural Pakistan](#)," CEPR Discussion Papers 6004, C.E.P.R. Discussion Papers.

*Fafchamps, Marcel and Gubert, Flore, 2007. "[The formation of risk sharing networks](#)," *Journal of Development Economics*, Elsevier, vol. 83(2), pages 326-350, July.

4. Land

Ray, Chapter 12

Bardhan and Udry, Chapter 6

*Karlan, Dean and Gine, Xavier and Ashraf, Nava, 2008. "[Finding missing markets \(and a disturbing epilogue\): evidence from an export crop adoption and marketing intervention in Kenya](#)," Policy Research Working Paper Series 4477, The World Bank.

5. Civil War

Collier, Paul and Hoeffler, Anke, 1998. "[On Economic Causes of Civil War](#)," *Oxford Economic Papers*, Oxford University Press, vol. 50(4), pages 563-73, October.

Paul Collier and Anke Hoeffler, 2004. "[Greed and grievance in civil war](#)," *Oxford Economic Papers*, Oxford University Press, vol. 56(4), pages 563-595

Edward Miguel, Shanker Satyanath, and Ernest Sergenti, 2004. "[Economic Shocks and Civil Conflict: An Instrumental Variables Approach](#)," *Journal of Political Economy*, University of Chicago Press, vol. 112(4), pages 725-753, August.

John Bellows and Edward Miguel, 2009. War and Local Collective Action in Sierra Leone.

Jose G. Montalvo and Marta Reynal-Querol, 2007. "[Fighting against Malaria: Prevent Wars while Waiting for the "Miraculous" Vaccine](#)," *The Review of Economics and Statistics*, MIT Press, vol. 89(1), pages 165-177, 01.

*Oeindrila Dube and Juan Fernando Vargas, 2006. "[Resource curse in reverse: The coffee crisis and armed conflict in Colombia](#)," DOCUMENTOS CEDE 003460, UNIVERSIDAD DE LOS ANDES-CEDE.

* Elizabeth Levy Paluck, 2007. "[Reducing intergroup prejudice and conflict with the media: A field experiment in Rwanda](#)," HiCN Working Papers 34, Households in Conflict Network.

*Paul Collier and Pedro C. Vicente, 2008. "[Votes and Violence: Evidence from a Field Experiment in Nigeria](#)," HiCN Working Papers 50, Households in Conflict Network.