

Syllabus, Spring 2008  
John F. Kennedy School of Government  
Harvard University

**ECONOMIC DEVELOPMENT: THEORY, POLICY AND EVIDENCE  
PED 101 & Economics 2327**

Class:	Monday/Wednesday – 11:40-1:00	Starr
Review sessions:	Friday 1:10 – 2:30	L280
	Friday 2:40 – 4:00	L382

**First day of class is Wednesday, January 30<sup>th</sup>**

Professor Rohini Pande  
Rubinstein R-318  
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Professor Dani Rodrik  
Littauer L-212  
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**COURSE INFORMATION**

This course provides a graduate-level overview of the theory of, and evidence on, economic development from a policy-oriented perspective. The main aim is to analyze policy issues pertaining to economic growth and development from a broad and rigorous analytical base. Topics covered include: contemporary and historic features of development; long-run differences in growth; investments in human and physical capital; total factor productivity; and institutional determinants of development and governance.

Teaching fellow:  
Sharon Barnhardt

Course assistants:  
Maria Cecilia Acevedo, Veronica Minaya, Maliheh Paryavi

**COURSE REQUIREMENTS AND GRADING**

The course grade will be based on the following, with weights in parentheses:

Mid-term examination	(30%)
Final examination	(50%)
Four assignments	(20%)

**GENERAL INFORMATION:**

The reading list below indicates the URLs for those papers that can be downloaded from the internet. The majority of the papers and articles for this course are available online and are easily accessible through the links posted on the KSG class page. All further reading that is not available online will be placed on reserve in the KSG library. Please check the class page frequently for announcements and other information. (Students who register for this course through FAS should see Sandra Oliveira to get access to the class page.)

## IMPORTANT DATES & COURSE STRUCTURE

1	Wed.	1/30/08	The meaning & content of development: How are the poor different?	Pande
2	Mon.	2/4/08	The meaning & content of development: Poverty, growth, social indicators, & distribution	Rodrik
3	Wed.	2/6/08	Three waves of growth: The Industrial Revolution	Rodrik
4	Mon.	2/11/08	Three waves of growth: East Asian growth miracles; China & India; & Episodic growth	Rodrik
5	Wed.	2/13/08	Accounting for (and explaining) long-run income level differences across countries	Rodrik
***2/18/08 – Presidents’ Day Holiday***				
•	Wed.	2/20/08	<b>ASSIGNMENT #1 DUE</b>	
6	Wed.	2/20/08	Accounting for (and explaining) long-run income level differences across countries	Rodrik
7	Mon.	2/25/08	Human and financial capital: Health	Pande
8	Wed.	2/27/08	Human and financial capital: Health	Pande
9	Mon.	3/3/08	Human and financial capital: Education & labor	Pande
10	Wed.	3/5/08	Human and financial capital: Education & labor	Pande
11	Mon.	3/10/08	Human and financial capital: Financial capital	Pande
12	Wed.	3/12/08	Human and financial capital: Financial capital	Pande
•	Fri.	3/14/08	<b>ASSIGNMENT #2 DUE</b>	
<b>13</b>	<b>Mon.</b>	<b>3/17/08</b>	<b>MIDTERM EXAM</b>	
14	Wed.	3/19/08	Policy interlude – MDGs & foreign aid	Pande
***3/22/08 – 3/30/08 – Spring Recess***				
15	Mon.	3/31/08	Total factor productivity: Productivity through structural change	Rodrik
16	Wed.	4/2/08	Total factor productivity: Schumpeterian models & self-discovery	Rodrik
17	Mon.	4/7/08	Total factor productivity: Coordination failures	Rodrik
18	Wed.	4/9/08	Policy interlude – Washington Consensus, big push, and growth diagnostics	Rodrik
19	Mon.	4/14/08	The institutional context: Families to institutions	Pande
•	Wed.	4/16/08	<b>ASSIGNMENT #3 DUE</b>	
20	Wed.	4/16/08	The institutional context: Public institutions & political economy	Pande
21	Mon.	4/21/08	The institutional context: Conflict	Pande
22	Wed.	4/23/08	The institutional context: Policy interlude – governance reform	Rodrik
23	Mon.	4/28/08	The institutional context: Policy interlude – governance reforms	Rodrik
•	Wed.	4/30/08	<b>ASSIGNMENT #4 DUE</b>	
24	Wed.	4/30/08	Wrap-up	Pande/Rodrik
***Reading Period Begins 5/3/08***				
<b>25</b>	<b>Thurs.</b>	<b>5/15/08</b>	<b>FINAL EXAM</b>	

## READINGS

**Required readings are marked with a star (\*), recommended readings are not starred. The readings required before the associated Pande lecture are marked with a number sign (#).**

Most readings are available online, and can be found on the class page. Readings not available online can be found on reserve at the KSG library.

## COURSE OUTLINE AND READINGS

### 1. The meaning and content of development

#### a) How are the poor different? (RP, January 30)

\* Banerjee, Abhijit and Esther Duflo (2006). ["The Economic Lives of the Poor."](#) *Journal of Economic Perspectives*, 21(1), 141-167.

\* Chaudhury, Nazmul; Hammer, Jeffrey; Kremer, Michael; Muralidharan, Karthik; and Rogers, F. Halsey. ["Missing in Action: Teacher and Health Worker Absence in Developing Countries."](#) *Journal of Economic Perspectives*, 20:1 (Winter 2006): 91-116.

\* Svensson, Jakob, 2005, "Eight Questions about Corruption," *Journal of Economic Perspectives*, 19:3, 19-42.

Papaioannou, Elias and Gregorios Siourounis, 2007, ["Initial Factors Behind the Third Wave of Democratization."](#) Working Paper.

Humphreys, Macartan, "Economics and Violent Conflict," Harvard University, February 2003 <http://www.preventconflict.org/portal/economics/Essay.pdf>

#### b) Poverty, growth, social indicators and distribution (DR, February 4)

\* Pritchett, Lant, ["Divergence, Big Time."](#) *Journal of Economic Perspectives*, Summer 1997. p. 3-17.

\* Chen, Shaohua, and Martin Ravallion, ["How Have the World's Poorest Fared since the Early 1980s."](#) World Bank, n.d.

\* Deaton, Angus, ["Global patterns of income and health: facts, interpretations, and policies"](#), WIDER Annual Lecture, September 2006.

Deaton, Angus, ["Income, aging, health and wellbeing around the world: Evidence from the Gallup World Poll."](#) Princeton University, August 2007.

Maddison, Angus, [The World Economy: A Millennial Perspective](#), OECD Development Centre, Paris, OECD, 2001.

Bourguignon, F. and C. Morrison, ["Inequality Among World Citizens"](#), *American Economic Review*, 92 (4), 2002, pp.727-744.

Basu, Kaushik, [“On the Goals of Development,”](#) in G.M. Meier and J.E. Stiglitz, eds., *Frontiers of Development Economics*, New York, Oxford University Press, 2001, 61-86.

## 2. Three waves of growth (DR, February 6, 11)

### a) The industrial revolution and its diffusion in Western Europe and North America

\* Mokyr, Joel, ["Editor's Introduction: The New Economic History and the Industrial Revolution,"](#) in Joel Mokyr, ed., *The British Industrial Revolution: an Economic Perspective*. Boulder: Westview Press, 2nd ed., 1999, pp. 1-127.

\* Clark, Gregory, *A Farewell to Alms: A Brief Economic History of the World*, Princeton University Press, 2007, chaps. 10-13.

Galor, Oded and Andrew Mountford. (2008). “Trading Population for Productivity Theory and Evidence.” *Forthcoming*.

North, Douglass C., and R. Thomas, *The Rise of the Western World: A New Economic History*, Cambridge, Cambridge University Press, 1973.

Acemoglu, Daron, Simon Johnson, and James A. Robinson. 2002. [“The Rise of Europe: Institutional Change and Economic Growth,”](#) *American Economic Review*, June 2005.

Engerman, Stanley L. and Kenneth L. Sokoloff, [“Factor Endowments, Institutions and Differential paths of Growth among New World Economies: A View from Economic Historians of the United States,”](#) in Stephen Huber, ed., *How Latin America Fell Behind*, Stanford: Stanford University Press, 1997, and NBER Working Papers Series on Historical Factors in Long-Run Growth, No. 66, December 1994

North, Douglass C., *Institutions, Institutional Change and Economic Performance*, New York, Cambridge University Press, 1990.

### b) East Asian growth “miracles”

\* Rodrik, Dani, ["Getting interventions right: how South Korea and Taiwan grew rich.,"](#) *Economic Policy*, April 1995, Vol. 10 Issue 1, pp. 55-107.

Young, Alwyn, “A Tale of Two Cities: Factor Accumulation and Technical Change in Hong Kong and Singapore,” *NBER Macroeconomics Annual*, Cambridge, MA, MIT Press for NBER, 1992.

Amsden, Alice H., *Asia’s Next Giant: South Korea and Late Industrialization*, Oxford University Press, New York and Oxford, 1989.

### c) China and India

\* Qian, Yingyi, [“How Reform Worked in China,”](#) in D. Rodrik, ed., *In Search of Prosperity: Analytic Narratives of Economic Growth*, Princeton, NJ, Princeton University Press, 2003.

\* Lau, Lawrence J., Yingyi Qian, and Gerard Roland, [“Reform Without Losers: An Interpretation of China's Dual-Track Approach to Transition,”](#) *The Journal of Political Economy*, Vol. 108, No. 1. (Feb. 2000), pp. 120-143.

\* Kochhar, Kalpana, Utsav Kumar, Raghuram Rajan, Arvind Subramanian, and Ioannis Tokatlidis, [“India’s Pattern of Development: What Happened, What Follows,”](#) NBER Working Paper 12023, February 2006.

Qian, Yingyi, [“The Process of China's Market Transition \(1978-1998\): The Evolutionary, Historical, and Comparative Perspectives.”](#) *Journal of Institutional and Theoretical Economics*, March 2000, 156(1), pp. 151-171.

Bai, Chong-en, Chang-Tai Hsieh, and Yingyi Qian, [“Returns to Capital in China,”](#) Brookings Papers on Economic Activity, 2006.

Whyte, Martin King, [“A Sociological Perspective on China’s Development Record,”](#) Department of Sociology, Harvard University, November 2007.

DeLong, Brad, [“India since Independence: An Analytic Growth Narrative,”](#) in Dani Rodrik, ed., *In Search of Prosperity: Analytic Narratives of Economic Growth*, Princeton, NJ, Princeton University Press, 2003.

Rodrik, Dani and Arvind Subramanian, [“From ‘Hindu Growth’ to Productivity Surge: The Mystery of the Indian Growth Transition,”](#) *IMF Staff Papers*, vol. 52, no. 2, 2005.

#### **d) Episodic growth**

\* Hausmann, Ricardo, Lant Pritchett, and Dani Rodrik, [“Growth Accelerations,”](#) *Journal of Economic Growth*, 10(4), December 2005, 303 – 329.

\* Jones, B. and Olken, B., [“The Anatomy of Start-Stop Growth,”](#) *The Review of Economics and Statistics*, 2007, forthcoming.

Easterly, William, Michael Kremer, Lant Pritchett and Lawrence H. Summers, [“Good Policy or Good Luck? Country Growth Performance and Temporary Shocks,”](#) *Journal of Monetary Economics* 32(3), 1993, 459-483.

Rodrik, Dani, [“Where Did All the Growth Go? External Shocks, Social Conflict and Growth Collapses,”](#) *Journal of Economic Growth*, December 1999.

### **3. Accounting for (and explaining) long-run income level differences across countries (DR, February 13, 20)**

\* Caselli, Francesco, [“Accounting for Income Differences Across Countries,”](#) chapter 9 in the *Handbook of Economic Growth* Vol. 1A, P. Aghion and S. Durlauf, eds., North Holland, 2005.

\* Weil, David, [“Accounting for the Effect of Health on Economic Growth,”](#) *Quarterly Journal of Economics*, 2007.

\* Bosworth, Barry, and Susan M. Collins, [“The Empirics of Growth: An Update.”](#) *Brookings Papers on Economic Activity*, 2003: 2.

Jones, Charles I., *Introduction to Economic Growth*, W.W. Norton, 2002, chaps. 2, 3, and 8.

Mankiw, N. Gregory, David Romer, David N. Weil, [“A Contribution to the Empirics of Economic Growth.”](#) *The Quarterly Journal of Economics*, 107(2). (May, 1992), pp. 407-437.

Hall, Robert E. and Charles I. Jones (1999), [“Why Do Some Countries Produce So Much More Output Per Worker Than Others?”](#) *The Quarterly Journal of Economics* 114: 83-116.

Hsieh, Chang-Tai and Peter Klenow, [“Relative Prices and Relative Prosperity.”](#) *American Economic Review*, June 2007.

#### **4. From growth theory to development theory: human and financial capital (RP)**

##### **a) Health (RP, February 25, 27)**

###### ***Poverty Traps and Returns to Health***

# Subramanian, Shankar and Angus Deaton (1996), [“The Demand for Food and Calories.”](#) *Journal of Political Economy*, Vol. 104 (1), pp 133-62.

\* Dasgupta, Partha and Debraj Ray (1986), [“Inequality as a Determinant of Malnutrition and Unemployment: Theory.”](#) *The Economic Journal*, Vol. 97 (385), pp. 1011-1034.

\* Ray, Debraj (1998) “Development Economics” Princeton, NJ: Princeton University Press, pp 272-279, 489-504. (on reserve)

Thomas et al (2004) Causal Effect of Health on Labor Market Outcomes  
[http://emlab.berkeley.edu/users/webfac/emiguel/e271\\_s04/friedman.pdf](http://emlab.berkeley.edu/users/webfac/emiguel/e271_s04/friedman.pdf)

###### ***Returns to Health and Health Investments***

# Edward Miguel and Michael Kremer, [“Worms: Identifying Impacts on Education and Health in the Presence of Treatment Externalities.”](#) *Econometrica* 72(1), January 2004, pp. 159-217.

Abhijit Banerjee, Angus Deaton, Esther Duflo [“Wealth, Health, and Health Services in Rural Rajasthan”](#) *American Economic Review*, Vol. 94, No. 2 (May, 2004), pp. 326-330.

Jishnu Das, Jeffrey Hammer and Kenneth Leonard (2008) "The Quality of Medical Advice in Low income countries" World Bank working paper ([http://www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2008/01/30/000158349\\_20080130160825/Rendered/PDF/wps4501.pdf](http://www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2008/01/30/000158349_20080130160825/Rendered/PDF/wps4501.pdf))

Michael Kremer and Edward Miguel (2007) [“Illusion of Sustainability”](#) *Quarterly Journal of Economics*. vol. 122, issue 3, pages 1007-1065

Galiani, S., P. Gertler and E. Schargrotsky (2005), [“Water for Life: The Impact of the Privatization of Water Services on Child Mortality.”](#) *Journal of Political Economy*, Vol. 113(1), 83-120.

## **b) Education and Labor (RP, March 3, 5)**

### ***Returns to Education***

# Duflo, Esther, "[Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment.](#)" *American Economic Review*, Vol. 91, No. 4, September 2001, pp. 795-813.

\* Jayachandran, Seema, "[Selling Labor Low: Wage Responses to Productivity Shocks in Developing Countries.](#)" *Journal of Political Economy*, June 2006, vol. 114 (3), pp. 538-575.

Pritchett, Lant. "[Does Learning to Add up Add Up.](#)" Chapter 11 in *Handbook of Education Economics*, North Holland, 2006. ([Also BREAD working paper #33](#)).

Glewwe and Kremer, "[Schools, Teachers, and Education Outcomes in Developing Countries.](#)" in *Handbook on the Economics of Education 2*, Elsevier, forthcoming 2006.

### ***Investing in Education***

# Duflo, Esther, Rema Hanna and Stephen Ryan, "[Monitoring Works: Getting Teachers to Come to School.](#)" NBER Working Paper #11880, December 2005.

\* Duflo, Esther and Michael Kremer (2003), "[Use of Randomization in the Evaluation of Development Effectiveness.](#)" Proceedings of the Conference on Evaluating Development Effectiveness, July 15-16, 2003, World Bank Operations Evaluation Department (OED) Washington, D.C.

Kremer, Michael, Edward Miguel, and Rebecca Thornton January (2008) "Incentives to Learn," mimeo [http://elsa.berkeley.edu/~emiguel/miguel\\_incentives.pdf](http://elsa.berkeley.edu/~emiguel/miguel_incentives.pdf)

Krueger, Alan and Mikael Lindahl (2001). "[Education for Growth: Why and For Whom?](#)" *Journal of Economic Literature*, 39 (4), 1101-1136.

Schultz, T. Paul, "School [Subsidies for the Poor: Evaluating the Mexican Progresa Poverty Program.](#)" *Journal of Development Economics* 74(1), 2004, 199-250.

## **c) Financial Capital (RP, March 10, 12)**

### ***March 10: Returns to Capital and the Structure of Financial Markets***

\* Banerjee, Abhijit, (2004) "[Contracting Constraints, Credit Markets, and Economic Development.](#)" in M. Dewatripoint, L. Hansen and S. Turnovsky, eds. *Advances in Economics and Econometrics: Theory and Applications*, Eight World Congress of the Econometric Society, Volume III. Cambridge University Press, pp. 1-46.

Aleem, Irfan (1990). "[Imperfect Information, Screening and the Costs of Informal lending: A Study of a Rural Credit Market in Pakistan.](#)" *World Bank Economic Review*, Volume 4(3), 329-349.

# Karlan, Dean and Jon Zinman (2007), "[Observing Unobservables: Identifying Information Asymmetries with Consumer Credit Field Experiment.](#)" mimeo Yale University.

Debraj Ray. (1998) "Development Economics" by Princeton, NJ: Princeton University Press, chapter 14. (on reserve)

**March 12: Improving Financial Access for the Poor**

\* Morduch, Jonathan (1999), "[The Microfinance Promise.](#)" *Journal of Economic Literature*, Vol. 37 (4), pp. 1569-1614.

Besley, T., Coate, S., and Loury, G. (1993). "[The Economics of Rotating Savings and Credit Associations.](#)" *American Economic Review*, 83(4), 792–810.

#Burgess, Robin and Rohini Pande, "[Do Rural Banks Matter? Evidence from the Indian Social Banking Experiment.](#)" *American Economic Review*, 95(3), 2005.

**MIDTERM: MARCH 17**

**d) Policy interlude: MDGs and foreign aid (RP, March 19)**

# Banerjee, Abhijit (April 2007), "[Making Aid Work.](#)" MIT Press (articles by Banerjee and Deaton)

\* Tim Besley and Robin Burgess, "[Halving Global Poverty.](#)" *Journal of Economic Perspectives*, 17(3), 2003.

\* Pande, Rohini, (2006), "[Why Aren't We Achieving the Millenium Development Goals?](#)" Book Review for the Proceedings of Annual World Bank Conference in Development Economics, *Journal of Economic Literature*.

\* Chang Tai Hsieh and Enrico Moretti (November 2006), "[Did Iraq Cheat the UN? Underpricing, Bribes, and the Oil for Food Program.](#)" *Quarterly Journal of Economics*, Vol. 121(4), p1211-1248.

Alesina, Alberto and Beatrice Weder (2002), "[Do Corrupt Governments Receive Less Foreign Aid?](#)" *American Economic Review*, 92(4), 1126-37.

Alesina, Alberto and David Dollar (2000), "[Who Gives Foreign Aid to Whom and Why?](#)" *Journal of Economic Growth*, 5(1), 33-64.

**[SPRING BREAK]**

**5. From growth theory to development theory: Total factor productivity (DR, March 31, April 2, 7, 9)**

**a) Productivity growth through structural change when marginal returns are not equalized across economic activities**

\* Matsuyama, Kiminori, "[Agricultural Productivity, Comparative Advantage, and Economic Growth.](#)" *Journal of Economic Theory*, December 1992, 317-334.

\* Hsieh, Chang-Tai and Peter J. Klenow, [“Misallocation and Manufacturing TFP in China and India.”](#) NBER Working Paper No. 13290, August 2007.

Banerjee, Abhijit and Esther Duflo (2005), [“Growth Theory Through the Lens of Development Economics.”](#) chapter 7 in the *Handbook of Economic Growth* Vol. 1A, P. Aghion and S. Durlauf, eds., North Holland.

Bartelsman, Eric, John Haltiwanger, and Stefano Scarpetta [“Cross Country Differences in Productivity: The Role of Allocative Efficiency.”](#) December 2006.

Imbs, Jean, and Romain Wacziarg, [“Stages of Diversification.”](#) *American Economic Review*, 93(1), March 2003, 63-86.

### **b) Schumpeterian models**

\* Acemoglu, Daron, Philippe Aghion, and Fabrizio Zilibotti, [“Distance to Frontier, Selection, and Economic Growth.”](#) NBER Working Paper No. 9066, July 2002.

Aghion, Philippe, Robin Burgess, Stephen Redding and Fabrizio Zilibotti, [“The Unequal Effects of Liberalization: Theory and Evidence from India.”](#) Department of Economics, London School of Economics, March 2003.

### **c) Self-Discovery**

\* Hausmann, Ricardo and Dani Rodrik, [“Economic Development as Self-Discovery.”](#) *Journal of Development Economics*, December 2003.

Hausmann, Ricardo, Jason Hwang, and Dani Rodrik, [“What You Export Matters.”](#) *Journal of Economic Growth*, 2007.

Cador, Olivier, Céline Carrère, and Vanessa Strauss-Kahn, [“Export Diversification: What’s behind the Hump?”](#) November 2007.

### **d) Coordination Failures**

\* Murphy, Kevin M., Andrei Shleifer, and Robert W. Vishny, [“Industrialization and the Big Push.”](#) *Journal of Political Economy*, Vol. 97 (5), 1989, pp. 1003-26.

Rosenstein-Rodan, Paul N., [“Problems of Industrialization of Eastern and South- Eastern Europe”](#), *Economic Journal*, 1943.

Hoff, Karla and Joseph Stiglitz, [“Modern Economic Theory and Development,”](#) in G.M. Meier and J.E. Stiglitz, eds., *Frontiers of Development Economics*, New York, Oxford University Press, 2001, 389-459.

### **e) Policy interlude: Washington Consensus, Big Push, and Growth Diagnostics**

\* World Bank, [Economic Growth in the 1990s, Learning from a Decade of Reform](#), Washington D.C. 2005.

\* Easterly, William, [“National Policies and Economic Growth,”](#) in P. Aghion and S. Durlauf, eds., *Handbook of Economic Growth*, vol. 1A, North-Holland, Amsterdam, 2005.

\* Sachs, Jeffrey D., John W. McArthur, Guido Schmidt-Traub, Margaret Kruk, Chandrika Bahadur, Michael Faye and Gordon McCord [“Ending Africa's Poverty Trap,”](#) *Brookings Papers on Economic Activity*, Issue 1, 2004.

\* Rodrik, Dani, [“Growth Strategies,”](#) in P. Aghion and S. Durlauf, eds., *Handbook of Economic Growth*, vol. 1A, North-Holland, Amsterdam, 2005.

\* Rodrik, Dani, [“Goodbye Washington Consensus, Hello Washington Confusion?”](#) *Journal of Economic Literature*, December 2006.

Williamson, John, ed., *Latin American adjustment: how much has happened?* Washington, DC: Institute for International Economics, 1990.

Lora, Eduardo, [“Structural Reforms in Latin America: What Has Been Reformed and How to Measure It,”](#) Inter-American Development Bank, Washington, D.C., December 2001a.

Loayza, Norman, Pablo Fajnzylber, and Cesar Calderon, [“Economic Growth in Latin America and the Caribbean” Stylized Facts, Explanations, and Forecasts,”](#) World Bank, Washington, D.C., June 2002.

Nelson, Richard R., [“A Theory of the Low-Level Equilibrium Trap in Underdeveloped Economies,”](#) *The American Economic Review*, 46(5), December 1956, 894-908.

U.N. Millennium Project, *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals*, New York, United Nations. 2005.

Hausmann, Ricardo, Dani Rodrik, and Andres Velasco, [“Growth Diagnostics,”](#) John F. Kennedy School of Government, Harvard University, Cambridge, MA, March 2005.

Collier, Paul, [“Growth Strategies for Africa,”](#) paper for the Commission on Growth and Development, January 2007.

Hausmann, Ricardo and Dani Rodrik, [“Discovering El Salvador’s Production Potential,”](#) *Economia*, forthcoming.

## **6. The institutional context (RP, DR)**

### **a) Families to institutions (RP, April 14)**

#Udry, Christopher (1996), [“Gender, Agricultural Production, and the Theory of the Household,”](#) *Journal of Political Economy*, Vol. 104 (5), pp. 1010-1045.

\* Lundberg, Shelly J., Robert A. Pollak, and Terence J. Wales (1996), [“Do Husbands and Wives Pool their Resources? Evidence from the United Kingdom Child Benefit.”](#) *Journal of Human Resources*, Vol. 32, No. 4: 463–480.

\* Rose, Elaina (2000), [“Gender Bias, Credit Constraints and Time Allocation in Rural India,”](#) *Economic Journal*, 110:465, p. 738-58.

Case, A. and A. Deaton (1998), [“Large cash transfers to the elderly in South Africa.”](#) *Economic Journal*, 108, 1330-61.

#### **b) Political economy and Misgovernance (RP, April 16)**

##### ***What determines policy?***

# Pande, Rohini, (2003). [“Can Mandated Political Representation Increase Policy Influence for Disadvantaged Minorities? Theory and Evidence from India,”](#) *American Economic Review*, 93(4), 1132-1151

# Chattopadhyay, Raghavendra and Esther Duflo, (2004). [“Women as Policy Makers: Evidence from a Randomized Policy Experiment in India,”](#) *Econometrica*, 72(5), pp. 1409-1443.

\*Goldstein, Markus and Chris Udry, [“The Profits of Power: Land Rights and Agricultural Investment in Ghana,”](#) November 2005.

\* Finan, Frederico and Claudio Ferraz (2007). [“Exposing Corrupt Politicians: The Effect of Brazil’s Publicly Released Audits on Electoral Outcomes,”](#) *IZA Discussion Paper No. 2836*

\* Khwaja, Asim and A. Mian, (2005), [“Do Lenders Favor Politically Connected Firms? Rent provision in an Emerging Financial Market,”](#) *Quarterly Journal of Economics*, Vol. 120, Issue 4.

McMillan, John and Pablo Zoido, (2004). [“How to Subvert Democracy: Montesinos in Peru,”](#) *Journal of Economic Perspectives*, 18(4), 69-92.

Shleifer, Andrei and Robert Vishny, (1993). [“Corruption,”](#) *Quarterly Journal of Economics*, 108(3), 599-617.

#### **c) Conflict (RP, April 21)**

# Miguel, Edward, Shanker Satyanath, and Ernest Sergenti. (2004). [“Economic Shocks and Civil Conflict: An Instrumental Variables Approach,”](#) *Journal of Political Economy*, 112(4), 725-753.

\* Easterly, William and Ross Levine, (1997), [“Africa’s Growth Tragedy: Policies and Ethnic Divisions,”](#) *Quarterly Journal of Economics*, 112(4), 1203-1250.

Garfinkel, Michelle, and Stergios Skaperdas. (2006). [“Economics of Conflict: An Overview,”](#) forthcoming chapter in *Handbook of Defense Economics*, (eds.) T. Sandler and K. Hartley.

#### **d) Policy interlude: Governance reform (DR, April 23, 28)**

\* Djankov, Simeon, Edward Glaeser, Rafael LaPorta, Florencio Lopez-de-Silanes, and Andrei Shleifer, [“The New Comparative Economics,”](#) Harvard University, January 2003.

\* McMillan, John; Woodruff, Christopher. [“Private Order Under Dysfunctional Public Order.”](#) *Michigan Law Review*, Aug2000, Vol. 98 Issue 8, p2421, 38p;

\* Dani Rodrik, “Second-best Institutions,” in preparation, 2008.

\* Acemoglu, Daron, Simon Johnson, and James A. Robinson, [“The Colonial Origins of Comparative Development: An Empirical Investigation,”](#) *American Economic Review*, 91, 5, December 2001, 1369-1401.

\* Glaeser, E., R. La Porta, and F. Lopez-de-Silanes, and A. Shleifer, [“Do Institutions Cause Growth?”](#) *Journal of Economic Growth*, September, 2004.

\* Pande, Rohini and Chris Udry, [“Institutions and Development: A View from Below”](#), with Chris Udry, forthcoming in the *Proceedings of the 9th World Congress of the Econometric Society*, edited by R. Blundell, W. Newey, and T. Persson, Cambridge University Press.

Rodrik, Dani, Arvind Subramanian, and Francesco Trebbi, [“Institutions Rule: The Primacy of Institutions over Geography and Integration in Economic Development”](#) *Journal of Economic Growth*, vol. 9, no.2, June 2004.

Berkowitz, Daniel, Katharina Pistor, and Jean-Francois Richard, [“Economic Development, Legality, and the Transplant Effect,”](#) *European Economic Review*, 47(1), February 2003, 165-195.

Kaufmann, Daniel, Aart Kraay, and Massimo Mastruzzi, [“Governance Matters VI: Governance Indicators for 1996-2006.”](#) World Bank, July 2007.

## **7. Wrap-up (DR/RP, April 30)**