

Syllabus Fall 2019
Harvard Kennedy School of Government
Harvard University

**ECONOMIC DEVELOPMENT: THEORY, EVIDENCE AND POLICY DESIGN
DEV 101/Ec2326**

Class in Fall 2019: Tues/Thurs 10:15-11:30am, Littauer Building (HKS) L-140

Fall Review sessions: Friday 1:15-2:30pm, L-230, or 2:45-4:00pm, L-230

First day of class is Thursday, September 5th, 2019

Professor Eliana Carranza
Rubenstein-336

Office hours:
Thursdays 4:30-6:00 pm
(sign up [here](#))

Assistant: Kevin Drumm
Office: Rubenstein 126
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Professor Dani Rodrik
Rubenstein-334

Office hours:
Wednesdays 10-11:45 am
(sign-up sheet posted weekly on door)

Assistant: Jessica De Simone
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COURSE INFORMATION

DEV-101 is a semester-long course that evaluates theories of economic (under)development and scrutinizes empirical evidence to understand key features of the economic development processes across countries. The course will utilize analytical frameworks, grounded in economic theory, that examine the determinants of (a) factor accumulation by individuals, firms and societies, and (b) productivity and efficiency of resource allocation across activities and time. Drawing on empirical evidence on individual and societal behavior, we will evaluate the relevance of these frameworks for diagnosing root causes of economic development. We will use country illustrations and mini case studies to develop an understanding of how the judicious use of theory and empirics can provide guidance for economic policy reforms. The course is organized along the following broad sections: (i) A methodological and historical overview, with an emphasis on analytical frameworks for understanding economic growth, factor accumulation and institutional outcomes; (ii) Individual determinants and returns to investment in human capital (health and education), and financial capital (credit markets, savings behavior), and constraints to factor accumulation; (iii) Determinants of productivity, with emphasis on resource misallocation within and across households/firms, poverty traps, learning and coordination and their impacts on productivity; (iv) Principles of economic reform and introduction to policy design. In the Spring, DEV-102 will use these frameworks to examine the design of development policies.

Teaching fellow:

Shweta Bhogale sbhogale@g.harvard.edu

Office Hours:

TBD

Course assistants:

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Vishal Potluri vishal_potluri@student.hks.harvard.edu
Luciana de la Flor luciana_de_la_flor@student.hks.harvard.edu

Office Hours: TBD**COURSE REQUIREMENTS AND GRADING****General requirements**

Students are required to attend two lectures and one review session each week. Review sessions will discuss material from the lecture, cover complementary material, and provide a forum to debate and discuss questions about the material with fellow students. Students are expected to have read the required readings *before* class, as lectures and class discussions will draw heavily on their key ideas and results.

Grading rubric

The course grade will be assigned based on the following components:

- Seven short reading responses (7%)
- Three assignments (33%)
- Midterm (20%)
- Final (40%)

Assignments and exams

The assignments and exams will test understanding of concepts taught in lectures and review sections, and the ability to apply these insights to policy situations. Exam material will be taken from both the lecture and review sessions. We will have two solo DEV 101 assignments and one joint assignment with another required MPA/ID course, DEV401Y Applications and Cases in International Development. Assignments that are to be physically submitted should be dropped off in the drop box by the scheduled time (see below). Non-MPA/ID students need not be enrolled in DEV401Y. The joint assignment can be done as a stand-alone DEV-101 assignment. Assignments will be returned via mail folders in the MPA/ID office area.

At seven regularly spaced intervals during the semester, students will be required to provide short responses to questions based on identified readings and lecture content. Responses will require students to think critically about the reading and will be graded on a 0, check, check+ scale. Short responses are to be submitted through the CANVAS system on Fridays by 5pm on the dates indicated below.

Regrading Policy

On receiving your exam or assignment score, look carefully through the suggested answers and comments provided by the teaching team. Students who still wish to give their answer sheets for regrading, should write a detailed email to the teaching team explaining their reason to contest a score **within one week** from the date that the graded assignment is returned to the class. The teaching team will assign a different grader from the original one and re-evaluate the **entire** assignment/exam and determine whether a change in points is mandated across any question, including the ones not highlighted/contested by the student. This process may take up to a week and the outcome will be final. Keep in mind, that the teaching team puts in a great deal of thought and effort in their assessments and you are encouraged to be cautious/prudent in raising a re-grading issue.

READING LIST INFORMATION

The reading list below includes the URLs for those papers that can be downloaded from the internet. The majority of the papers and articles for this course are available on the Canvas site. If the links become broken then you can find the articles by searching Harvard library's E-Journals using the following link: http://sfx.hul.harvard.edu/sfx_local/az/. Type in the journal name and select a database that has issues for the year of the article. Each database is set up differently, but the citation will have all the information necessary to obtain the article.

All required reading for this course is available on the class page on Canvas. *Please check Canvas frequently for announcements and other information.*

ELIGIBILITY

The class is a core requirement for students in the MPA/ID program. The course is cross-listed at FAS as Ec2326. Non MPA/ID students will be admitted only with the permission of the instructor, after filling a form that will be available on first day of class. Students are expected to have strong background in microeconomics and statistics, as well as reasonable facility with multivariable calculus.

CLASSROOM POLICY

Students are required to bring their name cards to every class. Participation in discussions is highly encouraged. Electronics must not be used during class unless specifically permitted (no use of laptops, cell phones off). To maintain class decorum, side conversations must be avoided at all times, food/drink should be consumed responsibly, and students should leave class for emergencies only.

ACADEMIC INTEGRITY

Students are encouraged to work together and discuss class material and assignments. What is important is the eventual understanding of material achieved, and less about how that is achieved. Any exam, paper or assignment you submit is presumed to be your own original work, so if you do – as you will – use words or ideas written by other people, please make sure to cite these appropriately, and to indicate other students with whom you have collaborated. More information about Harvard's policies on academic integrity may be found in the Student Handbook.

IMPORTANT DATES AND COURSE STRUCTURE

	Day	Date	Topic	Professor
Part 1: Looking Back and Looking Forward				
1	Thurs	Sept 5	Overview: What do we know about poverty, growth and inequality	DR
2	Tues	Sept 10	Overview: Development thinking and our approach	DR
3	Thurs	Sept 12	Industrial Revolution and the great divergence	DR
	Fri	Sept 13	Round #1 – Send in your short response by 5pm	
4	Tues	Sept 17	Growth accounting and recent trends in economic development	DR
5	Thurs	Sept 19	Industrialization and de-industrialization	DR
	Fri	Sept 20	Round #2 – Send in your short response by 5pm	
Part 2: Factor Accumulation				
6	Tues	Sept 24	Human Capital: Education	EC
7	Thurs	Sept 26	Human Capital: Education	EC
	Fri	Sept 27	ASSIGNMENT #1 DUE in drop box by 8:30am	
8	Tues	Oct 1	Human Capital: Health	EC
9	Thurs	Oct 3	Human Capital: Health	EC
	Fri	Oct 4	Round #3 – Send in your short response by 5pm	
10	Tues	Oct 8	Financial capital: Investment and Savings	EC
11	Thurs	Oct 10	Financial capital: Investment and Savings	EC
12	Tues	Oct 15	Behavioral models of decision-making <i>(Behavioral constraints to factor accumulation)</i>	EC
13	Thurs	Oct 17	MIDTERM	
Part 3: Allocative Efficiency and TFP				
14	Tues	Oct 22	Productivity growth: misallocation, learning and coordination	DR
15	Thurs	Oct 24	Productivity growth: misallocation, learning and coordination	DR
	Fri	Oct 25	Round #4 – Send in your short response by 5pm	
16	Tues	Oct 29	Productive development policies	DR
17	Thurs	Oct 31	Intra-household models of decision making <i>(Resource (mis)allocation and productivity)</i>	EC
	Fri	Nov 1	Round #5 – Send in your short response by 5pm	
18	Tues	Nov 5	Labor: misallocation, productivity and policy	EC
19	Thurs	Nov 7	Environment: natural capital, development and institutions	EC
	Fri	Nov 8	ASSIGNMENT #2 DUE by 8:30am Round #6 – Send in your short response by 5pm	
Part 4: Reform and Policy Design				
20	Tues	Nov 12	Political economy: institutions	DR
21	Thurs	Nov 14	Political economy: ideas and interests	DR
	Fri	Nov 15	Round #7 – Send in your short response by 5pm	
22	Tues	Nov 19	Analytics of economic reform: theory of second best	DR
23	Thurs	Nov 21	Analytics of economic reform: growth diagnostics	DR
24	Tues	Nov 26	Globalization and development	DR
	Thurs	Nov 28	THANKSGIVING RECESS	
25	Tues	Dec 3	Wrap-up	DR/EC
26	Thurs	Dec 5	Country studies: student presentations	DR/EC
	Fri	Dec 6	ASSIGNMENT #3 DUE by 8:30am (joint with DEV 401Y)	
27	Wed	Dec 11	FINAL EXAM (2-5pm)	

COURSE OUTLINE AND READINGS

Required readings are marked with a star (*); recommended readings are not starred.

Most required readings are available online (by clicking on the title). Required readings that are not linked in this syllabus can be found on Canvas.

PART 1: LOOKING BACK AND LOOKING FORWARD

1, 2. Course overview

* Rodrik, Dani. 2010. "Diagnostics before Prescription," *Journal of Economic Perspectives*, 24(3): 33-44.

* Page, Lucy and Rohini Pande. 2018. "Ending Global Poverty: Why money isn't enough," *Journal of Economic Perspectives*, 32(4): 173-200.

* Thorbecke, Erik. 2019. "The History and Evolution of the Development Doctrine, 1950-2017," in M. Nissanke and J. Ocampo, eds., *The Palgrave Handbook of Development Economics*, 61-108.

Lindauer, David and Lant Pritchett. 2002. "What's the Big Idea?: The Third Generation of Policies for Economic Growth", *Economía*, 3(1): 1-39.

Rodrik, Dani. 2009. "[The New Development Economics: We Shall Experiment, but How Shall we Learn?](#)" in J. Cohen and W. Easterly, eds., *What Works in Development? Thinking Big and Thinking Small*, Brookings Institution Press, Washington, DC.

3. Industrial Revolution and the great divergence

* Allen, Robert C. 2011. *Global Economic History: A Very Short Introduction*, Oxford University Press, chapter 3: 27-39.

* Mokyr, Joel. 2007. "[The European Enlightenment, the Industrial Revolution, and Modern Economic Growth](#)," European University Institute, Florence.

* Acemoglu, Daron, Simon Johnson, and James A. Robinson. 2002. "[The Rise of Europe: Institutional Change and Economic Growth](#)," *American Economic Review*, 95(3): 546-579.

Mokyr, Joel. 1999. "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.: 1-127.

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

Galor, Oded and Andrew Mountford. 2008. "[Trading Population for Productivity: Theory and Evidence](#)," *Review of Economic Studies*, 75(4): 1143-1179.

Engerman, Stanley L. and Kenneth L. Sokoloff. 1997. "[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, and NBER Working Papers Series on Historical Factors in Long-Run Growth, No. 66, December 1994.

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

4. Growth accounting and recent trends in economic development

* Barro, Robert J. 1998. "[Notes on Growth Accounting](#)," NBER Working Paper No. 6654, National Bureau of Economic Research.

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

* Jones, Charles I. 2015. "[The Facts of Economic Growth](#)," NBER Working Paper No. 21142, National Bureau of Economic Research.

* Conference Board, [Total Economy Database. Growth Accounting and Total Factor Productivity](#), 1990-2014. This is a database. Look at and understand the growth decompositions for four countries that interest you.

Weil, David. 2007. "Accounting for the Effect of Health on Economic Growth," *Quarterly Journal of Economics*, 122(3): 1265-1306.

Mankiw, N. Gregory, David Romer, and David N. Weil. 1992. "A Contribution to the Empirics of Economic Growth," *Quarterly Journal of Economics*, 107(2): 407-437.

Hall, Robert E. and Charles I. Jones. 1999. "Why Do Some Countries Produce So Much More Output Per Worker Than Others?" *Quarterly Journal of Economics*, 114(1): 83-116.

Bosworth, Barry and Susan M. Collins. 2003. "The Empirics of Growth: An Update," *Brookings Papers on Economic Activity*, 2: 113-206.

Hsieh, Chang-Tai and Peter Klenow. 2007. "Relative Prices and Relative Prosperity," *American Economic Review*, 97(3): 562-585.

Felipe, Jesus and John McCombie. 2017. "The Debate about the Sources of Growth in East Asia after a Quarter of a Century: much ado about nothing," Asian Development Bank, Working Paper No. 512.

Clemens, Michael, Claudio Montenegro and Lant Pritchett. 2008. "The Place Premium: Wage Differences for Identical Workers Across the US Border." Center for Global Development Working Paper No. 148.

5. Industrialization and de-industrialization

* Herrendorf, Berthold, Richard Rogerson, and Akos Valentinyi. 2013. "[Growth and Structural Transformation](#)," NBER Working Paper No. 18996, National Bureau of Economic Research.

* Rodrik, Dani. 2016. "[Premature Deindustrialization](#)," *Journal of Economic Growth*, 21: 1-33.

* Rodrik, Dani. 2014. "The Past, Present, and Future of Economic Growth," in Franklin Allen et al., *Towards a Better Global Economy: Policy Implications for Citizens Worldwide in the 21st Century*, Oxford University Press, Oxford and New York.

Rodrik, Dani. 2013. "Unconditional Convergence in Manufacturing," *Quarterly Journal of Economics*, 128 (1): 165-204.

Lin, Justin Yifu and Célestin Monga. 2017. "Beating the Odds: Jump-Starting Developing Countries," Princeton University Press.

Diao, Xinshen, Margaret McMillan, and Dani Rodrik. 2019. "The Recent Growth Boom in Developing Economies: A Structural-Change Perspective," in M. Nissanke and J. Ocampo, eds., *The Palgrave Handbook of Development Economics*, 281-384.

Imbs, Jean, and Romain Wacziarg. 2003. "Stages of Diversification," *American Economic Review*, 93(1): 63-86.

PART 2: FACTOR ACCUMULATION

6, 7. Human Capital: Education

Returns to education: Macro

* Pritchett, Lant. 2001. "[Where Has All The Education Gone?](#)" *World Bank Economic Review*, 15(3): 367-391.

Or: Pritchett, Lant. 2006. "[Does Learning to Add up Add up: The Returns to Schooling in Aggregate Data.](#)" *Handbook of the Economics of Education*.

(The latter is more technical and an encompassing review of the literature to that point).

Hausmann, Ricardo. 2015. "[The Education Myth](#)," *Project Syndicate*.

Bils, Mark and Peter Klenow. 2000. "[Does Schooling Cause Growth?](#)" *American Economic Review*, 90(5): 1160-1183.

Hanushek, Eric and Ludger Woessmann. 2008. "[The Role of Cognitive Skills in Economic Development](#)," *Journal of Economic Literature*, 46(3): 607-668.

Acemoglu, Daron and Joshua Angrist. 2001. "[How Large are Human Capital Externalities? Evidence from Compulsory Schooling Laws](#)," *NBER Macroeconomics Annual* 2000, 15: 9-74.

Returns to education: Micro

* Duflo, Esther. 2001. "[Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment](#)," *American Economic Review*, 91(4): 795-813.

Card, David. 2001. "[Estimating the Return to Schooling: Progress on Some Persistent Econometric Problems](#)," *Econometrica*, Econometric Society, 69(5): 1127-1160.

Montenegro, Claudio E. and Harry Anthony Patrinos. 2014. "[Comparable estimates of returns to schooling around the world](#)," Policy Research working paper No. WPS 7020. Washington, DC: World Bank Group.

Psacharopoulos, George and Harry Anthony Patrinos. 2018. "[Returns to Investment in Education: A Decennial Review of the Global Literature](#)," Policy Research Working Paper No. 8402. World Bank, Washington, DC.

Constraints to education accumulation

* Jensen, Robert. 2010. "[The \(Perceived\) Return to Education and the Demand for Schooling](#)," *Quarterly Journal of Economics*, 125(2): 515-548.

Jensen, Robert. 2012. "Do Labor Market Opportunities Affect Young Women's Work and Family Decisions? Experimental Evidence from India," *Quarterly Journal of Economics*, 127(2): 753-792.

Heath, Rachel and A. Mushfiq Mobarak. 2012. "[Does Demand or Supply Constrain Investments in Education? Evidence from Garment Sector Jobs in Bangladesh](#)," Working paper.

Schultz, Paul. 2004. "[School Subsidies for the poor: evaluating the Mexican Progresa poverty program](#)," *Journal of Development Economics*, 74(1): 199-250.

Baird, Sarah, Craig McIntosh, and Berk Ozler. 2011. "[Cash or Condition? Evidence from a Cash Transfer Experiment](#)," *Quarterly Journal of Economics*, 126(4): 1709-1753.

Jayachandran, Seema and A. Lleras-Muney. 2009. "[Life Expectancy and Human Capital Investments: Evidence from Maternal Mortality Declines](#)," *Quarterly Journal of Economics*, 124(1): 349-397.

Jensen, Robert & Emily Oster. 2009. "The Power of TV: Cable Television and Women's Status in India," *Quarterly Journal of Economics*, 124(3): 1057-1094.

Andrabi, Tahir, Jishnu Das and Asim Ijaz Khwaja. 2009. "What Did You Do All Day? Maternal Education and Child Outcomes," Policy Research Working Paper Series No. 5143, The World Bank.

8, 9. Human Capital: Health

Returns to health: Macro

* Bloom, David E., Michael Kuhn and Klaus Prettner. 2018. "[Health and Economic Growth](#)". IZA Discussion Paper Series No. 11939.

Lopez, A.D. and C. D. Mathers. 2006. "Measuring the global burden of disease and epidemiological transitions: 2002–2030."

Bleakley, Hoyt. 2010. "[Health, Human Capital, and Development](#)," *Annual Reviews of Economics*, 2: 283-310.

Bloom, David E., David Canning, Rainer Kotschy, Klaus Prettner, and Johannes J. Schünemann. 2019. "Health And Economic Growth: Reconciling The Micro And Macro Evidence". NBER Working Paper No. 26003, National Bureau of Economic Research.

Returns to health: Micro

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

Baird, Sarah, Joan Hamory Hicks, Michael Kremer and Edward Miguel. 2016. "[Worms at work: Long-run impacts of a child health investment](#)," *Quarterly Journal of Economics*, 131(4): 1637-1680.

Bleakley, Hoyt. 2007. "[Disease and Development: Evidence from Hookworm Eradication in the American South](#)," *Quarterly Journal of Economics*, 122(1): 73-117.

Thomas, Duncan et al. 2006. "[Causal Effect of Health on Labor Market Outcomes: Experimental Evidence](#)." Working paper.

Strauss, John. 1986. "[Does Better Nutrition Raise Farm Productivity?](#)" *Journal of Political Economy*, 94(2): 297-320.

Almond, Douglas. 2006. "[Is the 1918 Influenza Pandemic Over? Long-term Effects of In Utero Influenza Exposure in the Post-1940 U.S. Population](#)," *Journal of Political Economy*, 114(4): 672-712.

Constraints to health accumulation

* Cohen, Jessica, and Pascaline Dupas. 2010. "Free Distribution or Cost-Sharing? Evidence from a Randomized Malaria Prevention Experiment." *Quarterly Journal of Economics*, 125(1): 1-45.

Dasgupta, Partha and Debraj Ray. 1986. "Inequality as a Determinant of Malnutrition and Unemployment: Theory," *The Economic Journal*, 96(384): 1011-1034.

Das, Jishnu, Jeffrey Hammer and Kenneth Leonard. 2008. "The Quality of Medical Advice in Low-Income Countries," *Journal of Economic Perspectives*, 22(2): 93-114.

Jayachandran, Seema and Rohini Pande. 2017. "Why Are Indian Children So Short? The Role of Birth Order and Son Preference" *American Economic Review*, 107(9): 2600–2629.

Schofield, Heather. 2014. "[The Economic Costs of Low Caloric Intake: Evidence from India](#)." Working paper. University of Pennsylvania.

Dupas, P., & Miguel, E. 2017. "[Impacts and Determinants of Health Levels in Low-Income Countries](#)", in Esther Duflo and Abhijit Banerjee, eds., *Handbook of Field Experiments*.

Kremer, Michael and Edward Miguel. 2007. "The Illusion of Sustainability," *Quarterly Journal of Economics*, 122(3): 1007-1065.

10, 11. Financial capital: Investment and Savings

Returns to capital: Macro

Prasad, Eswar S., Raghuram G. Rajan and Arvind Subramanian. 2007. "[Foreign Capital and Economic Growth](#)," *Brookings Papers on Economic Activity*, 2007(1): 153-230.

Lucas, Robert E, Jr. 1990. "Why Doesn't Capital Flow from Rich to Poor Countries?," *American Economic Review*, 80(2): 92-96.

Returns to capital: Micro

* De Mel, Suresh, David McKenzie, and Christopher Woodruff. 2008. "[Returns to Capital in Microenterprises: Evidence from a Field Experiment](#)," *Quarterly Journal of Economics*, 123(4): 1329-1372.

* Duflo, Esther, Michael Kremer, and Jonathan Robinson. 2008. "[How High Are Rates of Return to Fertilizer? Evidence from Field Experiments in Kenya](#)", *American Economic Review P&P*, 98(2): 482-488.

Udry, Christopher and Santosh Anagol. 2006. "[The Return to Capital in Ghana](#)," *American Economic Review*, 96(2): 388-393.

Suri, Tavneet. 2011. "[Selection and Comparative Advantage in Technology Adoption](#)." *Econometrica*, 79(1): 159-209.

Constraints to capital accumulation

* Robin Burgess & Rohini Pande. 2005. "[Do Rural Banks Matter? Evidence from the Indian Social Banking Experiment](#)," *American Economic Review*, American Economic Association, 95(3): 780-795.

* Khwaja, Asim and Atif Mian. 2008. "[Tracing the Impact of Bank Liquidity Shocks: Evidence from an Emerging Market](#)." *American Economic Review*, 98(4): 1413-1442.

* Dupas, Pascaline and Jonathan Robinson. 2013. "[Why Don't the Poor Save More? Evidence from Health Savings Experiments](#)." *American Economic Review*, 103(4): 1138-1171.

Levine, Ross .1997. "[Financial Development and Economic Growth: Views and Agenda](#)," *Journal of Economic Literature*, American Economic Association, 35(2): 688-726.

Karlan, Dean, Jonathan Zinman. 2010. "[Expanding Credit Access: Using Randomized Supply Decisions to Estimate the Impacts](#)," *The Review of Financial Studies*, 23(1): 433-464.

Ashraf, Nava, Dean Karlan and Wesley Yin. 2006. "[Tying Odysseus to the Mast: Evidence from a Commitment Savings Product in the Philippines](#)," *Quarterly Journal of Economics*, 121(2): 635-672.

Karlan, Dean, and Jonathan Zinman. 2009. "Observing Unobservables: Identifying Information Asymmetries with Consumer Credit Field Experiment," *Econometrica*, 77(6), 1993-2008.

12. Behavioral models of decision-making

(Behavioral constraints to factor accumulation)

* Mullainathan, Sendhil. 2006. "[Development Economics Through the Lens of Psychology](#)," Proceedings of the Annual Bank Conference on Development Economics.

Kremer, Michael and Gautam Rao. 2019. "[Behavioral Development Economics](#)," *Handbook of Behavioural Economics*.

Duflo, Esther, Michael Kremer, and Jonathan Robinson. 2011. "[Nudging Farmers to Use Fertilizer: Evidence from Kenya](#)," *American Economic Review*, 101(6): 2350-2390,

Ashraf, Nava, James Berry and Jesse Shapiro. 2010. "[Can Higher Prices Stimulate Product Use? Evidence from a Field Experiment in Zambia](#)," *American Economic Review*, 100: 2383-2413.

Berg, Gunhild and Bilal Zia. 2017. "[Harnessing Emotional Connections to Improve Financial Decisions: Evaluating the Impact of Financial Education in Mainstream Media](#)," *Journal of the European Economic Association*, 15(5): 1025-1055.

Bertrand, Marianne, Dean Karlan, Sendhil Mullainathan, Eldar Shafir and Jonathan Zinman. 2010. "[What's Advertising Content Worth? Evidence from a Consumer Credit Marketing Field Experiment](#)," *The Quarterly Journal of Economics*, 125(1): 263–306.

Carroll, Gabriel D., James J. Choi, David Laibson, Brigitte C. Madrian, Andrew Metrick. 2009. "Optimal Defaults and Active Decisions," *The Quarterly Journal of Economics*, 124(4): 1639–1674.

Fafchamps, Marcel, David McKenzie, Simon Quinn and Christopher Woodruff. 2014. "[Microenterprise growth and the flypaper effect: Evidence from a randomized experiment in Ghana](#)," *Journal of Development Economics*, 106: 211-226.

Karlan, Dean, Margaret McConnell, Sendhil Mullainathan, Jonathan Zinman. 2016. "[Getting to the Top of Mind: How Reminders Increase Saving](#)," *Management Science*, 62(12): 3393-3411.

Shah, Anuj, Sendhil Mullainathan, Eldar Shafir (2012) "[Some Consequences of Having Too Little](#)", *Science*, 338(6107): 682-685.

13. MIDTERM (October 17)

PART 3: ALLOCATIVE EFFICIENCY AND TFP

14, 15. Productivity growth: misallocation, learning and coordination

Part 1

* Hsieh, Chang-Tai and Peter J. Klenow. 2009. "[Misallocation and Manufacturing TFP in China and India](#)," *Quarterly Journal of Economics*, 124 (4): 1403-1448.

* McMillan, Margaret, and Dani Rodrik. 2011. "[Globalization, Structural Change, and Productivity Growth](#)," in M. Bachetta and M. Jansen, eds., *Making Globalization Socially Sustainable*, International Labor Organization and World Trade Organization, Geneva.

* Matsuyama, Kiminori. 1992. "[Agricultural Productivity, Comparative Advantage, and Economic Growth](#)," *Journal of Economic Theory*, 58(2): 317-334.

Vries, G. J. D., Timmer, M. P. & Vries, K. D. 2013. "Structural transformation in Africa: Static gains, dynamic losses," Groningen: GGDC.

Banerjee, Abhijit and Esther Duflo. 2005. "Growth Theory Through the Lens of Development Economics," chapter 7 in P. Aghion and S. Durlauf, eds., *Handbook of Economic Growth*, 1A, North Holland.

Hicks, Joan Hamory, Marieke Kleemans, Nicholas Y. Li, and Edward Miguel. 2017. "Reevaluating Agricultural Productivity Gaps with Longitudinal Microdata," NBER Working Paper No. 23253, National Bureau of Economic Research.

Bartelsman, Eric, John Haltiwanger, and Stefano Scarpetta. 2013. "Cross Country Differences in Productivity: The Role of Allocation and Selection," *American Economic Review*, 103(1): 305-334.

Acemoglu, Daron, Philippe Aghion, and Fabrizio Zilibotti. 2006. "Distance to Frontier, Selection, and Economic Growth," *Journal of European Economic Association*, 4 (1): 37-74.

Aghion, Philippe, Robin Burgess, Stephen Redding, and Fabrizio Zilibotti. 2008. "The Unequal Effects of Liberalization: Evidence from Dismantling the License Raj in India," *American Economic Review*, 98(4): 1397-1412.

Hausmann, Ricardo, Jason Hwang, and Dani Rodrik. 2007. "[What You Export Matters](#)," *Journal of Economic Growth*, 12: 1-25.

Part 2

* Hausmann, Ricardo and Dani Rodrik. 2003. "[Economic Development as Self-Discovery](#)," *Journal of Development Economics*, 72(2): 603-633.

* Murphy, Kevin M., Andrei Shleifer, and Robert W. Vishny. 1989. "[Industrialization and the Big Push](#)," *Journal of Political Economy*, 97(5): 1003-1026.

Sabel, Charles and Piero Ghezzi. 2019. "Rethinking Informality," unpublished paper.

Magruder, Jeremy R. 2013. "Can Minimum Wages Cause a Big Push? Evidence from Indonesia," *Journal of Development Economics*, 100(1): 48-62.

Rodrik, Dani. 1996. "Coordination Failures and Government Policy: A Model with Applications to East Asia and Eastern Europe," *Journal of International Economics*, 40(1-2): 1-22.

Rosenstein-Rodan, Paul N. 1943. "[Problems of Industrialization of Eastern and South-Eastern Europe](#)," *Economic Journal*, 53(210/211): 202-211.

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

Cusolito, Ana Paula, and William F. Maloney, "Productivity Revisited: Shifting Paradigms in Analysis and Policy," World Bank, Washington, DC, 2018.

16. Productive development policies

* Rodrik, Dani, "[Industrial Policy for the Twenty-First Century](#)," in *One Economics, Many Recipes*, Princeton University Press, Princeton, 2007, 99-152.

* Cimoli, Mario, G. Dosi, R. Nelson, and J.E. Stiglitz. 2009. "[Institutions and Policies Shaping Industrial Development: An Introductory Note](#)," chap. 2 in Cimoli, Dosi, and Stiglitz, eds., *Industrial Policy and Development*, Oxford University Press, 19-38.

Rodrik, Dani. 2019. "[Where Are We in the Economics of Industrial Policies?](#)" *VoxDev*.

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25. Wrap-up

26. Country studies: STUDENT PRESENTATIONS

27. FINAL EXAM (December 11)