

Syllabus Fall 2024
Harvard Kennedy School of Government
Harvard University

ECONOMIC DEVELOPMENT: THEORY AND EVIDENCE
DEV-101

Class in Fall 2023: Tue/Thu, 10:30-11:45am, Littauer-140
Review Sessions: Thu, 3:00-4:15pm, Rubenstein- 306, and Fri, 10:30-11:45am, Rubenstein-304

First day of class is Thursday, September 5th, 2024

Faculty	<p>Professor Eliana La Ferrara</p> <p>Office hours: Wednesdays, 4:30-6:30pm, or by appointment (sign up here for Professor La Ferrara)</p> <p>Assistant: Christine Dziuba, christine_dziuba@hks.harvard.edu</p>	<p>Professor Dani Rodrik</p> <p>Office hours: Mondays, 9-11am, or by appointment (sign up here for Professor Rodrik)</p> <p>Assistant: Jessica De Simone, jessica_de_simone@hks.harvard.edu</p>
---------	---	--

COURSE INFORMATION

DEV-101 is a semester-long course that evaluates theories of economic 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, to examine the determinants of factor accumulation by individuals, firms and societies, and productivity and efficiency of resource allocation across activities and time. Drawing on empirical evidence and country illustrations, we will evaluate the relevance of these frameworks for diagnosing root causes of economic development and 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 overview, with an emphasis on analytical frameworks for understanding economic growth, factor accumulation and institutional outcomes; (ii) an historical overview of comparative economic development, with focus on the Industrial Revolution, the Great Divergence, and colonialism; (iii) an analysis of individual decision-making in relevant domains, including the economics of the family, the determinants and returns to investment in human capital (health and education), and financial capital (credit markets, savings behavior), and constraints to factor accumulation; (iv) determinants of productivity, with emphasis on resource misallocation within and across households/firms, poverty traps, learning and coordination and their impacts on productivity; (v) principles of economic reform and introduction to policy design; and (vi) the role of political factors and social norms in development.

Teaching Fellow	Email	Office Hours
Julio Solis Arce	jsolisarce@g.harvard.edu	TBD

Course Assistants	Email	Office Hours
Katie Chen	katiechen@hks.harvard.edu	TBD
Prince Dhawan	princeddhawan@hks.harvard.edu	TBD
Eleanor Furtado	eleanor_furtado@hks.harvard.edu	TBD

COURSE REQUIREMENTS AND GRADING

Eligibility

The class is a core requirement for students in the MPA/ID program. **Non-MPA/ID students will not be admitted to the course. Auditors are not allowed.**

Pre-requisites

Students will be assumed to have basic familiarity with empirical methods of regression analysis and impact evaluation (e.g., difference-in-differences, instrumental variables, randomized controlled trials). For those who would like to review these methods at a very basic level (more will be done in other core courses), the following readings constitute useful background:

- Angrist, Joshua D., and Jörn-Steffen Pischke. 2014. *Mastering'metrics: The path from cause to effect*, Princeton University Press, (selected chapters).
- Athey, Susan, and Guido W. Imbens. 2017. "[The State of Applied Econometrics: Causality and Policy Evaluation](#)," *Journal of Economic Perspectives*, 31 (2): 3-32.
- Duflo, Esther, Rachel Glennerster, and Michael Kremer. 2007. "[Using Randomization in Development Economics Research: A Toolkit](#)," Chapter 61 in T. Paul Schultz and John Strauss eds., *Handbook of Development Economics*, 4, North Holland, pp. 3895-3962.

General requirements

Students are expected to prepare for each class by doing the required readings (see below), available on Canvas. Students are expected to arrive on time so that they are seated and ready for the class to begin promptly at the 10:30am start time. To minimize distractions in the classroom, tablets and other devices that lay flat on desks are allowed; laptops are not allowed. In this classroom, we follow the non-attribution rule. You can share in a general way what you learned, but not who said what, without expressed permission. This does not apply to professors or guest speakers, whose comments are on the record.

Grading rubric

Component	Grade x Unit	Total Grade
Assignments	15 x 2	30
Midterm		30
Final		40
Total		100

Assignments and exams

The assignments and exams will test understanding of concepts taught in class lectures, discussions, and required readings, and the ability to apply these insights to policy situations. We will have two long assignments, which must be submitted online on Canvas before the scheduled time. One point per 24-hour period will be deducted for late assignments. (However, if you face technical difficulties in submitting then get in touch with the teaching team immediately.)

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 submit 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.

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. It is also a violation of the HKS Academic Code to incorporate into your coursework text produced predominantly by generative AI. More information about Harvard’s policies on academic integrity may be found in the Student Handbook.

TF review sessions

The live review sessions will go over concepts covered in class that may need more elaboration/discussion. As and when required, they will cover short summaries of additional empirical work that is closely related to what we have studied and can help in expanding your knowledge base. The additional material covered can enrich your responses to questions in the exams or problem sets, but it will not be directly tested upon and you are not required to read the papers on which it will be based. The TF will hold office hours, in case any students would like to go over session content.

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.

Required readings for this course include readings that are available on the class page on Canvas and readings from the book below that is available on digital reserves through the HKS library or for purchase at the Coop.

- Koyama, Mark, and Jared Rubin. *How the World Became Rich: The Historical Origins of Economic Growth*, Polity Press, 2022.

Please check Canvas frequently for announcements and other information.

Readings marked with ** are required readings for this class. These are usually papers that set the tone for a module or provide an overarching understanding of the material that will be covered in class. Readings with * are readings that are strongly recommended; these will deepen your understanding of the material and will provide you with additional material you can use in writing better answers in exams. Some readings without any stars may also be referred to in the lectures or review sessions. These papers may be important examples of the material being discussed and contribute towards enriching your knowledge on the topic. While you don’t need to read these papers, you will be expected to know their content to the extent that is covered in the lectures and review sessions. Keep in mind that the goal of the syllabus is to create a resource for you that you can use to extend the breadth and depth of your knowledge on development economics throughout your MPA/ID studies and beyond.

Accessibility and Accommodations for Student Learning

Harvard University values inclusive excellence and providing equal educational opportunities for all students. Our goal is to remove barriers for disabled students related to inaccessible elements of instruction or design in this course. If reasonable accommodations are necessary to provide access, please contact the local disability coordinator, Melissa Wojciechowski St. John (melissa_wojciechowski@hks.harvard.edu). She is the Senior Director of Student Services in the HKS Office of Student Services. Accommodations do not alter fundamental requirements of the course and are not retroactive. Students should request accommodations as early as possible, since they may take time to implement. Students should notify Melissa at any time during the semester if adjustments to their communicated accommodation plan are needed.

IMPORTANT DATES AND COURSE STRUCTURE

Part 1: Introduction and Framework

No.	Day	Date	Topic	Lecturer
1	Thu	Sept 5	Stylized facts of economic development	DR/ELF
2	Tue	Sept 10	Doing development policy: The diagnostic approach	DR
3	Thu	Sept 12	Understanding productivity	DR

Part 2: History and Comparative Development

No.	Day	Date	Topic	Lecturer
4	Tue	Sept 17	The Industrial Revolution and its sources	DR
5	Thu	Sept 19	Colonialism, the great divergence, and its present-day ramifications	DR
6	Tue	Sept 24	Recent patterns of economic growth in the developing world	DR
7	Thu	Sept 26	From macro- to micro-development: The role of policy evaluation <i>Assignment #1 –due at 8:30am</i>	ELF

Part 3: Understanding Household Decisions

No.	Day	Date	Topic	Lecturer
8	Tue	Oct 1	Economics of the family	ELF

Part 4: Factor Accumulation

No.	Day	Date	Topic	Lecturer
9	Thu	Oct 3	Human capital: Education (1)	ELF
10	Tue	Oct 8	Human capital: Education (2)	ELF
11	Thu	Oct 10	Human capital: Marriage and fertility	ELF
12	Tue	Oct 15	Human capital: Health	ELF
13	Thu	Oct 17	MIDTERM EXAM	
14	Tue	Oct 22	Physical capital: Investment, intermediation, and saving (1)	ELF
15	Thu	*Oct 24	Physical capital: Investment, intermediation, and saving (2)	ELF

Part 5: Productivity Growth

No.	Day	Date	Topic	Lecturer
16	Tue	Oct 29	Misallocation, learning, and coordination failures (1)	DR
17	Thu	Oct 31	Misallocation, learning, and coordination failures (2)	DR
18	Tue	Nov 5	Agriculture (1)	ELF
19	Thu	Nov 7	Agriculture (2)	ELF
20	Tue	Nov 12	Productive development policies	DR

Part 6: Economic Reform, Political and Social Constraints

No.	Day	Date	Topic	Lecturer
21	Thu	Nov 14	Analytics of economic reform: Theory of second best <i>Assignment #2 –due at 8:30am</i>	DR
22	Tue	Nov 19	Analytics of economic reform: Diagnostics in practice	DR
23	Thu	Nov 21	Poverty traps	ELF
24	Tue	Nov 26	Political economy	DR
25	Tue	Dec 3	Social norms	ELF
26	Thu	Dec 5	General discussion and wrap-up	ELF/DR
	Wed	Dec 11	FINAL EXAM (9am-12pm)	

*** Please Note:** Class on Thursday, October 24, 2024, will take place from 1:30 to 2:45pm instead of the regular class time. DEV-101 and API-209 will swap class times on this date. Both classes meet in L-140.

COURSE OUTLINE AND READINGS

**** = required readings (before lecture); * = strongly recommended readings;
no stars = additional reading for further background**

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: INTRODUCTION AND FRAMEWORK

1. Stylized facts of economic development (Sept 5, DR/ELF)

- ** Roser, Max. 2023. "[Extreme poverty: How far have we come, and how far do we still have to go?](#)" Published online at OurWorldInData.org, August 27, 2023.
- ** Chandy, Laurence. 2023. "[Economic Development in an Era of Climate Change](#)," Carnegie Endowment for International Peace, January 2023.
- Page, Lucy and Rohini Pande. 2018. "[Ending Global Poverty: Why money isn't enough](#)," *Journal of Economic Perspectives*, 32(4): 173-200.
- Filippini, Federico and Eduardo Levy Yeyati. 2022. "[Pandemic Divergence: A Short Note on COVID-19 and Global Income Inequality](#)." Brookings Global Working Paper 168, March.
- Carolina Diaz-Bonilla et al., "[April 2024 Update to the Multidimensional Poverty Measure: What's New](#)," Global Poverty Monitoring Technical Note 38, World Bank, June 2024.
- Mkandawire, Thandika. 2010. "[How the New Poverty Agenda Neglected Social and Employment Policies in Africa](#)." *Journal of Human Development and Capabilities*, 11(1): 37-55.
- Milanovic, Branko. 2020. "[After the financial crisis: the evolution of the global income distribution between 2008 and 2013](#)," July.
- Rodrik, Dani, 2015. *Economics Rules: The Rights and Wrongs of the Dismal Science*, W.W. Norton, chaps. 1-4.

2. Doing development policy: The diagnostic approach (Sept 10, DR)

- ** Rodrik, Dani. 2010. "[Diagnostics before Prescription](#)," *Journal of Economic Perspectives*, 24(3): 33-44.
- ** 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.
- * Gelman, Andrew, and Guido Imbens. 2013. "[Why Ask Why: Forward Causal Inference and Reverse Causal Questions](#)." NBER Working Paper 19614.
- 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.

3. Understanding productivity (Sept 12, DR)

- ** Jones, Charles I. 2015. "[The Facts of Economic Growth](#)." NBER Working Paper No. 21142.
- ** Caselli, Francesco. 2005. "[Accounting for Cross-Country Income Differences](#)," chapter 9 in P. Aghion and S. Durlauf, eds., *Handbook of Economic Growth*, 1A. North Holland. **Please read only pp. 680-690, 717-724.**
- * Barro, Robert J. 1998. "[Notes on Growth Accounting](#)," NBER Working Paper No. 6654, National Bureau of Economic Research.
- Conference Board, Total Economy Database, [Growth Accounting and Total Factor Productivity, 1990-2019](#). (This is a database. Look at and understand the growth decompositions for four countries that interest you.)
- Bosworth, Barry and Susan M. Collins. 2003. "[The Empirics of Growth: An Update](#)," Brookings Papers on Economic Activity, 2: 113-206.
- 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.
- 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. 2009. "[The Place Premium: Wage Differences for Identical Workers Across the US Border](#)." World Development Bank Report Background Paper.

PART 2: HISTORY AND COMPARATIVE DEVELOPMENT

4. The Industrial Revolution and its sources (Sept 17, DR)

- ** Koyama, Mark, and Jared Rubin. *How the World Became Rich: The Historical Origins of Economic Growth*, Polity Press, 2022, chapters 2, 3, 4, and 8.
- Allen, Robert C. 2011. *Global Economic History: A Very Short Introduction*, Oxford University Press, [chapter 3](#): 27-39.
- Mokyr, Joel. 2011. "[The European Enlightenment, the Industrial Revolution, and Modern Economic Growth](#)," in P. Zumbansen and G.P. Calliess, eds., *Law, Economics and Evolutionary Theory*. Edward Elgar Publishing.
- Acemoglu, Daron, Simon Johnson, and James A. Robinson. 2005. "[The Rise of Europe: Atlantic Trade, Institutional Change, and Economic Growth](#)," *American Economic Review*, 95(3): 546-579.
- Mukherjee, Aditya. 2010. "[Empire: How Colonial India Made Modern Britain](#)." *Economic and Political Weekly*, 45(50), December 11-17: 73-82.
- Nicholas Crafts. 2021. "[Understanding Productivity Growth in the Industrial Revolution](#)." *Economic History Review*, 74(2): 309-338.
- Acemoglu, Daron, Simon Johnson, and James A. Robinson. 2002. "[Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution](#)." *Quarterly Journal of Economics*, 117: 1231-9.
- Clark, Gregory. 2007. [A Farewell to Alms: A Brief Economic History of the World](#). Princeton University Press, chapters 10-13.

5. Colonialism, the great divergence, and its present-day ramifications (Sept 19, DR)

- ** Koyama, Mark, and Jared Rubin. *How the World Became Rich: The Historical Origins of Economic Growth*, Polity Press, 2022, chapter 6.
- ** Engerman, Stanley L., and Kenneth L. Sokoloff. 2002. "[Factor Endowments, Inequality, and Paths of Development among New World Economies](#)." *Economia*, 3: 41–88. **Please read only pp. 41-83.**
- * Nunn, Nathan. 2008. "[The Long-Term Effects of Africa's Slave Trades](#)." *Quarterly Journal of Economics*. 2008; 123 (1): 139-176. **Please read only pp. 139-144, 151-156, 163-169.**
- * Acemoglu, Daron, Simon Johnson, and James A. Robinson. 2001. "[The Colonial Origins of Comparative Development: An Empirical Investigation](#)." *American Economic Review*. 91: 1369–1401.
- * Dell, Melissa. 2010. "[The Persistent Effects of Peru's Mining Mita](#)." *Econometrica*, 78 (6), November: 1863–1903.
- Banerjee, Abhijit, and Lakshmi Iyer. 2005. "[History, Institutions, and Economic Performance: The Legacy of Colonial Land Tenure Systems in India](#)." *The American Economic Review*, 95 (4), September: 1190-1213.
- Iyer, Lakshmi. 2010. "[Direct versus Indirect Colonial Rule in India: Long-Term Consequences](#)," *The Review of Economics and Statistics*, MIT Press, 92 (4), November: 693-713.
- Nunn, Nathan, and Leonard Wantchekon. 2011. "[The Slave Trade and the Origins of Mistrust in Africa](#)." *American Economic Review*. 101 (7): 3221-3252.
- Pascali, Luigi. 2017. "[The Wind of Change: Maritime Technology, Trade, and Economic Development](#)," *American Economic Review*. 107 (9): 2821–2854.
- Kelly, Morgan. 2019. "[The Standard Errors of Persistence](#)."
- Court, Victor. 2019. "[A reassessment of the Great Divergence debate: towards a reconciliation of apparently distinct determinants](#)," *European Review of Economic History*.

6. Recent patterns of economic growth in the developing world (Sept 24, DR)

- ** 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.
- * 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.
- * Kremer, Michael, Jack Willis, and Yang You. 2021. "[Converging to Convergence](#)." NBER Working Paper No. 29484. November.
- 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.
- Egger, Dennis, Johannes Haushofer, Edward Miguel, Paul Niehaus, and Michael Walker. 2019. "[General Equilibrium Effects of Cash Transfers: Experimental Evidence from Kenya](#)." December 18.
- Rodrik, Dani. 2013. "[Unconditional Convergence in Manufacturing](#)," *Quarterly Journal of Economics*, 128 (1): 165-204.
- Rodrik, Dani. 2016. "[Premature Deindustrialization](#)," *Journal of Economic Growth*, 21: 1-33.

7. From macro- to micro-development: The role of policy evaluation (Sept 26, ELF)

- ** Buera, F., J. Kaboski and R. Townsend. 2023. "[From Micro to Macro Development](#)," *Journal of Economic Literature*, 61(2), 471-503.

PART 3: UNDERSTANDING HOUSEHOLD DECISIONS

8. Economics of the family (Oct 1, ELF)

- ** Bardhan, P. and C. Udry (1999), "Household Economics," ch. 2 in [Development Microeconomics](#), Oxford University Press.
- ** Duflo, E. (2003), "[Grandmothers and Granddaughters: Old-Age Pensions and Intrahousehold Allocation](#)," *World Bank Economic Review*, 17, 1-25.
- Thomas, D. (1990). "[Intra-household Resource Allocation: An Inferential Approach](#)," *Journal of Human Resources*, 25(4), 635-664.

PART 4: FACTOR ACCUMULATION

9, 10. Human capital: Education (Oct 3-8, ELF)

- ** Beaman, Lori, et al. 2012. "[Female Leadership Raises Aspirations and Educational Attainment for Girls: A Policy Experiment in India](#)," *Science*, 335 (6068): 582-586.
- ** 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.
- ** Jensen, Robert. 2010. "[The \(Perceived\) Returns to Education and the Demand for Schooling](#)," *The Quarterly Journal of Economics*, 125 (2): 515-548.
- Ashraf, N. N. Bau, C. Low and K. McGinn (2020), "[Negotiating a Better Future: How Interpersonal Skills Facilitate Intergenerational Investment](#)," *Quarterly Journal of Economics*, 1095-1151.
- Dizon-Ross, Rebecca. 2019. "[Parents' Beliefs about their Children's Academic Ability: Implications for Educational Investments](#)," *American Economic Review*, 109 (8): 2728-65.
- Field, Erica, and Attila Ambrus. 2008. "[Early Marriage, Age of Menarche, and Female Schooling Attainment in Bangladesh](#)," *Journal of Political Economy*, 116 (5): 881-930.
- Kremer, Michael, Conner Brannen, and Rachel Glennerster. 2013. "[The Challenge of Education and Learning in the Developing World](#)," *Science*, 340 (6130): 297-300.
- Oster, Emily, and Bryce Millett Steinberg. 2013. "[Do IT Service Centers Promote School Enrollment? Evidence from India](#)," *Journal of Development Economics*, 104: 123-135.
- Riley, Emma. 2024. "[Role models in Movies: The Impact of Queen of Katwe on Students' Educational Attainment](#)," *The Review of Economics and Statistics*, 106 (2): 334-351.

11. Human capital: Marriage and fertility (Oct 10, ELF)

- ** La Ferrara, Eliana, Alberto Chong, and Suzanne Duryea. 2012. "[Soap Operas and Fertility: Evidence from Brazil](#)," *American Economic Journal: Applied Economics*, 4(4): 1-31.
- * Corno, L., N. Hildebrandt and A. Voena (2020), "[Age of Marriage, Weather Shocks, and the Direction of Marriage Payments](#)," *Econometrica*, 879-915.

- Ashraf, Nava, Erica Field, and Jean Lee. 2014. "[Household Bargaining and Excess Fertility: An Experimental study in Zambia](#)." *American Economic Review*, 104 (7): 2210-2237.
- Buchmann, N., E. Field, R. Glennerster, S. Nazneen, X. Wang. 2023. "[A Signal to End Child Marriage: Theory and Experimental Evidence from Bangladesh](#)," *American Economic Review*, 113 (10): 2645-2688.

12 . Human capital: Health (Oct 15, ELF)

- ** Miguel, Edward, and Michael Kremer. 2004. "[Worms: Identifying Impacts on Education and Health in the Presence of Treatment Externalities](#)." *Econometrica*, 72 (1): 159-217.
- * Dupas, P. (2014), "[Short-Run Subsidies and Long-Run Adoption of New Health Products: Evidence from a Field Experiment](#)," *Econometrica*, 82(1), 197-28. **Sections 1, 2, 3 only.**
- Kremer, Michael, and Rachel Glennerster. 2011. "[Improving Health in Developing Countries: Evidence from Randomized Evaluations](#)," in *Handbook of Health Economics*, 2, Elsevier, ch. 4, pp. 201-315.

13. MIDTERM EXAM (October 17)

14, 15. Physical capital: Investment, intermediation and savings (Oct 22-24, ELF)

Credit markets

- ** De Mel, Suresh, David McKenzie, and Christopher Woodruff. 2008. "[Returns to Capital in Microenterprises: Evidence from a Field Experiment](#)." *The Quarterly Journal of Economics*, 123 (4): 1329-1372.
- * Karlan, Dean, and Jonathan Morduch. 2010. "[Access to Finance](#)." *Handbook of Development Economics*, 5, Elsevier, pp. 4703-4784.
- * Ghatak, Maitreesh. 1999. "[Group Lending, Local Information and Peer Selection](#)." *Journal of Development Economics*, 60 (1): 27-50.
- J-PAL. 2015. "[Where Credit is Due](#)," Policy Bulletin.
- Banerjee, Abhijit, et al. 2015. "[The Miracle of Microfinance? Evidence from a Randomized Evaluation](#)." *American Economic Journal: Applied Economics*, 7 (1): 22-53.
- Feigenberg, Benjamin, Erica Field, and Rohini Pande. 2013. "[The Economic Returns to Social Interaction: Experimental Evidence from Microfinance](#)." *Review of Economic Studies*, 80 (4): 1459-1483.
- Karlan, Dean, and Jonathan Zinman. 2009. "[Observing Unobservables: Identifying Information Asymmetries with a Consumer Credit Field Experiment](#)." *Econometrica*, 77 (6): 1993-2008.

PART 5: PRODUCTIVITY GROWTH

16. Misallocation, learning and coordination failures I (Oct 29, DR)

- ** Hsieh, Chang-Tai and Peter J. Klenow. 2009. "[Misallocation and Manufacturing TFP in China and India](#)," *Quarterly Journal of Economics*, 124 (4): 1403-1448. **Please read only pp. 1403-1411, 1414-1426.**
- ** 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. **Please read only pp. 49-75.**

- * Matsuyama, Kiminori. 1992. “[Agricultural Productivity, Comparative Advantage, and Economic Growth](#),” *Journal of Economic Theory*, 58(2): 317-334. **Please read only pp. 317-328.**
- de Vries, Klaas, and Marcel Timmer. 2015. “[Structural Transformation in Africa: Static Gains, Dynamic Losses](#),” *Journal of Development Studies*, 51(6): 674-688.
- Fentanes, Oscar, and Santiago Levy. 2023. “Nafta, Dysfunctional Firm Dynamics, and Mexico’s Dismal Productivity Performance,” unpublished paper, June 2023.
- 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.

17. Misallocation, learning and coordination failures II (Oct 31, DR)

- ** 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. **Please read only pp. 1003-1013, 1019-1025.**
- 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 Industrialisation of Eastern and South-Eastern Europe](#),” *Economic Journal*, 53(210/211): 202-211.
- Ulyssea, Gabriel, “[Informality: Causes and Consequences for Development](#),” *Annual Review of Economics*, 2020, 12:525-46.
- Cusolito, Ana Paula, and William F. Maloney, [Productivity Revisited: Shifting Paradigms in Analysis and Policy](#), World Bank, Washington, DC, 2018.

18, 19. Agriculture (Nov 5-7, ELF)

- ** Ray, Debraj. 1998. “Land.” in [Development Economics](#), Princeton University Press. Chapter 12.

- * Le Rossignol, E., S. Lowes and E. Montero, 2024. "[Fallow Lengths and the Structure of Property Rights](#)." Mimeo, UC San Diego.
- Beaman, Lori, et al. 2021. "[Can Network Theory-Based Targeting Increase Technology Adoption?](#)" *American Economic Review*, 111 (6): 1918-43.
- Burchardi, Konrad B., et al. 2019. "[Moral Hazard: Experimental Evidence from Tenancy Contracts](#)." *The Quarterly Journal of Economics*, 134 (1): 281-347.
- Cole, Shawn A., and A. Niles Fernando. 2021. "[Mobile'izing Agricultural Advice Technology Adoption Diffusion and Sustainability](#)." *The Economic Journal*, 131 (633): 192-219.
- Conley, Timothy G., and Christopher R. Udry. 2010. "[Learning about a New Technology: Pineapple in Ghana](#)." *American Economic Review*, 100 (1): 35-69.
- Goldstein, Markus, and Christopher Udry. 2008. "[The Profits of Power: Land Rights and Agricultural Investment in Ghana](#)." *Journal of Political Economy*, 116 (6): 981-1022.
- Gollin, Douglas. 2010. "[Agricultural Productivity and Economic Growth](#)." in *Handbook of Agricultural Economics*, vol. 4: 3825-3866. Chapter 73.

20. Productive development policies (Nov 12, DR)

- ** Juhasz, Reka, Nathan Lane, and Dani Rodrik. 2024. "[The New Economics of Industrial Policy](#)," Annual Review of Economics, 2024.
- Rodrik, Dani, and Rohan Sandhu. 2024. "[Servicing Development: Productive Upgrading of Labor-Absorbing Services in Developing Economies](#)," Reimagining the Economy Policy Paper, Harvard Kennedy School, May 2024.
- Rodrik, Dani. 2007. "Industrial Policy for the Twenty-First Century," in *One Economics, Many Recipes*, Princeton University Press, Princeton, 99-152.
- Liu, Ernest. 2019. "[Industrial Policy in Production Networks](#)," *Quarterly Journal of Economics*, 134(4): 1883-1948.
- Criscuolo, Ciara, Ralf Martin, Henry G. Overman, John Van Reenen. 2019. "[Some Causal Effects of an Industrial Policy](#)," *American Economic Review*, 109(1) January: 48-85.
- Lane, Nathan. 2022. "[Manufacturing Revolutions: Industrial Policy and Industrialization in South Korea](#)." University of Oxford. July 10.
- Kalouptsi, Myrtro. 2018. "[Detection and Impact of Industrial Subsidies: The Case of Chinese Shipbuilding](#)," *Review of Economic Studies*, 85: 1111-1158.
- Sabel, Charles. 2012. "Self-Discovery as a Coordination Problem," chap. 1 in C. Sabel et al., eds, *Export Pioneers in Latin America*, Inter-American Development Bank, 1-46.
- Inter-American Development Bank. 2014. [Rethinking Productive Development: Sound Policies and Institutions for Economic Transformation](#), Washington, D.C.
- Oqubay, Arkebe. 2019. "[Industrial Policy and Late Industrialization in Ethiopia](#)." *The Oxford Handbook of the Ethiopian Economy*.
- Ghezzi, Piero. 2017. "[Mesas Ejecutivas in Peru: Lessons for Productive Development Policies](#)." *Global Policy*, 8(3) September: 369-380.

PART 6: ECONOMIC REFORM, POLITICAL AND SOCIAL CONSTRAINTS

21. Analytics of economic reform: Theory of second best (Nov 14, DR)

- ** Rodrik, Dani. 2005. "[Growth Strategies](#)," in P. Aghion and S. Durlauf, eds., *Handbook of Economic Growth*, 1A, North-Holland, pp. 967-1014.
- * Rajan, Raghuram G., and Arvind Subramanian. 2011. "[Aid, Dutch Disease, and Manufacturing Growth](#)," *Journal of Development Economics*, 94(1): 106-118.
- Lipsey, R. G., and Kelvin Lancaster, 1956-1957. "[The General Theory of Second Best](#)." *Review of Economic Studies*, 24(1): 11-32.
- Rodrik, Dani. 2008. "[Second-Best Institutions](#)," *American Economic Review*, Papers and Proceedings.

22. Analytics of economic reform: Diagnostics in practice (Nov 19, DR)

- ** Hausmann, Ricardo, D. Rodrik, A. Velasco. 2008. "[Growth Diagnostics](#)," in J. Stiglitz and N. Serra, eds., *The Washington Consensus Reconsidered: Towards a New Global Governance*, Oxford University Press, New York.
- ** Hausmann, Ricardo, Bailey Klinger, and Rodrigo Wagner. 2008. "[Doing Growth Diagnostics in Practice: A 'Mindbook'](#)," Harvard CID Working Paper No. 177.
- Ray, Debraj, and S. Subramanian. 2020. "[India's Response to Covid-19 is a Humanitarian Disaster](#)." *Boston Review*. July 16.
- Bourguignon, Francois, and Jean Philippe Platteau. 2023. "[Tools for an Institutional Diagnostic](#)," chap. 2 in Bourguignon and Platteau, *Institutional Diagnostic Institutional and Political Constraints at the Start of Development: Lessons from a Multi-Country Study*.
- Dixit, Avinash. 2007. "[Evaluating Recipes for Development Success](#)," *World Bank Research Observer*, 22(2): 131-157.
- Rodrik, Dani. 2008. "[Understanding South Africa's Economic Puzzles](#)," *Economics of Transition*, 16(4): 769-797.

23. Poverty traps (Nov 21, ELF)

- ** Balboni, Clare, et al. 2022. "[Why Do People Stay Poor?](#)" *The Quarterly Journal of Economics*, 137 (2): 785-844.
- ** Mani, Anandi, et al. 2013. "[Poverty Impedes Cognitive Function](#)." *Science*, 341 (6149): 976-980.
- Kaur, Supreet, et al. 2021. "[Do Financial Concerns Make Workers Less Productive?](#)" NBER Working Paper No. 28338, National Bureau of Economic Research.

24. Political economy (Nov 26, DR)

- ** Rodrik, Dani. 2008. "[Thinking About Governance](#)," in *Governance, Growth, and Development Decision-Making*, reflections by D. North, D. Acemoglu, F. Fukuyama, and D. Rodrik, The World Bank.
- ** Rodrik, Dani. 2014. "[When Ideas Trump Interests: Preferences, World Views, and Policy Innovations](#)," *Journal of Economic Perspectives*, 28(1): 189-208.
- ** Acemoglu, Daron, and James A. Robinson. 2013. "[Economics versus Politics: Pitfalls of Policy Advice](#)," *Journal of Economic Perspectives*, 27(2): 173-192.

- * Olken, Ben and Rohini Pande. 2012. "[Corruption in Developing Countries](#)," *Annual Review of Economics*, 4: 479-509.
- Grief, Avner. 2015. "[Coercion and Exchange. How Did Markets Evolve?](#)" in A. Greif, L. Kiesling and J. Nye, eds., *Institutions, Innovation, and Industrialization: Essays in Economic History and Development*, Princeton University Press, pp. 71-96.
- Stiglitz, Joseph E. 1989. "[Markets, Market Failures, and Development](#)," *American Economic Review*, 79(2): 197-203.
- Mukand, Sharun and Dani Rodrik. 2020. "[The Political Economy of Liberal Democracy](#)." *Economic Journal*, 130:765-792.
- Greif, Avner. 1989. "[Reputation and Coalitions in Medieval Trade: Evidence on the Maghribi Traders](#)." *Journal of Economic History*, 49(4): 857-82.
- Rodrik, Dani. 2000. "[Institutions for High-Quality Growth: What They Are and How to Acquire Them](#)," *Studies in Comparative International Development*, 35(3).
- Stasavage, David. 2016. "[Representation and Consent: Why They Arose in Europe and Not Elsewhere](#)," *Annual Review of Political Science*, 19: 145-162.
- Campbell, John L. 2002. "[Ideas, Politics, and Public Policy](#)," *Annual Review of Sociology*, 28: 21-38.
- Mehta, Jal. 2011. "[The Varied Roles of Ideas in Politics: From 'Whether' to 'How'](#)," in Daniel Béland and Robert Henry Cox, eds., *Ideas and Politics in Social Science Research*, Oxford University Press: 23-46.
- Stigler, George J. 1971. "[The Theory of Economic Regulation](#)," *Bell Journal of Economics and Management Science*, 2(1): 3-21.
- Krueger, Anne O. 1974. "[The Political Economy of the Rent-Seeking Society](#)," *American Economic Review*, 64(3): 291-303.
- Leighton, Wayne and Edward López. 2013. *Madmen, Intellectuals, and Academic Scribblers: The Economic Engine of Political Change*, Stanford, CA: Stanford University Press, chap. 6.
- Mukand, Sharun and Dani Rodrik. 2005. "[In Search of the Holy Grail: Policy Convergence, Experimentation, and Economic Performance](#)," *American Economic Review*, 95(1): 374 – 83.
- Mehta, Pratap Bhanu and Michael Walton. 2014. "[Ideas, interests and the politics of development change in India: capitalism, inclusion and the state](#)," ESID Working Paper No. 36.

25. Social norms (Dec 3, ELF)

- ** Bursztyn, L., A. González and D. Yanagizawa-Drott (2020), "[Misperceived Social Norms: Women Working Outside the Home in Saudi Arabia](#)," *American Economic Review*, 110(10), 2997-3029.
- * Ho, L., Suhani Jalota and Anahita Karandikar (2024), "[Bringing Work Home: Flexible Arrangements as Gateway Jobs for Women in West Bengal](#)," unpublished.
- * Efferson, C., Vogt, S., Elhadi, A., Ahmed, H. E. F., & Fehr, E. (2015). "[Female genital cutting is not a social coordination norm](#)." *Science*, 349(6255), 1446-1447.
- Bicchieri, Cristina, Ryan Muldoon, and Alessandro Sontuoso, "[Social Norms](#)," *The Stanford Encyclopedia of Philosophy* (Winter 2018 Edition), Edward N. Zalta (ed.).
- Gulesci, S., S. Jindani, E. La Ferrara, D. Smerdon, M. Sulaiman and P. Young (2023), "[A Stepping Stone Approach to Norm Transitions](#)," unpublished.
- De Souza, P., S. Gulesci, E. La Ferrara, D. Smerdon, M. Sulaiman (2023), "Changing Harmful Norms through Information and Coordination: Experimental Evidence from Somalia," unpublished.

26. General discussion and wrap-up (Dec 5, ELF/DR)

- Jonas Hjort, Diana Moreira, Gautam Rao, and Juan Santini (2021), “[How Research Affects Policy: Experimental Evidence from 2,150 Brazilian Municipalities](#),” *American Economic Review*, 111(5).
- Abhijit Banerjee, Rukmini Banerji, James Berry, Esther Duflo, Harini Kannan, Shobhini Mukerji, Marc Shotland, and Michael Walton (2017), “[From Proof of Concept to Scalable Policies: Challenges and Solutions, with an Application](#),” *Journal of Economic Perspectives*, 31(4), 73–102.
- Vivalt, Eva (2020), “[How Much Can We Generalize From Impact Evaluations?](#)” *Journal of the European Economic Association*, 18(6), 3045–3089.
- Chassang, S. and S. Kapon (2022), “[Designing Randomized Controlled Trials with External Validity in Mind](#),” NBER Working Paper 30762.

FINAL EXAM (December 11)