Harvard Economics 2390b
Fall 2012
Monday and Wednesday 3-4.30pm
Location: Harvard Hall 103

Michael Kremer
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Office Hours: Thursday 11am-noon (please email Jeanne Winner in advance jwinner@fas.harvard.edu)

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Teaching Fellow: Laura Trucco
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Office Hours: Thursday 2-3pm, Littauer 320
Section Hours: Thursday 6-7.30pm, M-17.

Overview:
This class contributes to the fulfillment of requirements for the development field for Economics Ph.D. students and is taught at this level.

We will examines current issues in economic development, including: imperfect markets, labor markets, intra-household decision making, consumption and savings; poverty traps; human capital investment in health and education; public policy in health and education, and land and property rights. The course will also aim to convey familiarity with a range of empirical methods in development.

Economics 2390c, given in the Spring semester, will cover: growth models; income and growth accounting; population; technology adoption; returns to capital and non-aggregate models of growth; institutions; corruption; historical experience and long-term development of Latin America, Africa and Asia; risk-bearing, firms and financial markets; political economy and finance. Economics 2390c will require a research paper. Students in the Harvard Economics Ph.D program are strongly encouraged to start working on a paper on a topic covered in Economics 2390b or 2390c and discuss it with professors early on the academic year.

Everyone is encouraged to attend the Development Seminar, which meets on Tuesdays from 2:30-4:00 p.m. at Harvard, in Harvard Hall 104. Everyone is also welcome to attend the Development Lunch. The Harvard Development Lunch meets on Thursdays from 12-1:30 in the Kennedy School Perkins Room.
Prerequisites:
This class contributes to the fulfillment of requirements for the Development field for Economics Ph.D. students. Non-Ph.D. students should consult with the instructors before enrolling. Students should have taken or be concurrently taking PhD level macroeconomics, microeconomics, and econometrics.

Requirements:
There will be biweekly problem sets, which will count for 30% of the final grade. There will also be a final exam (December 3rd), which will count for 50% of the final grade.

Students are required to read carefully the starred papers prior to the corresponding lecture, usually two papers per topic; it is not expected that students read all the non-starred papers in the reading list, which is partly just a list of articles for their reference.

Class participation will account for the remaining 20% of the final grade.

Schedule

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<tr>
<th>Date</th>
<th>Topic</th>
<th>Lecturer</th>
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<tbody>
<tr>
<td>Wed 09/05</td>
<td>Introduction</td>
<td>Nathan Nunn</td>
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<tr>
<td>Mon 09/10</td>
<td>The Euler Equation</td>
<td>Sendhil Mullainathan</td>
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<tr>
<td>Wed 09/12</td>
<td>The Euler Equation</td>
<td>Sendhil Mullainathan</td>
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<tr>
<td>Mon 09/17</td>
<td>Imperfect Markets</td>
<td>Sendhil Mullainathan</td>
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<td>Wed 09/19</td>
<td>Contracting Failures</td>
<td>Sendhil Mullainathan</td>
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<tr>
<td>Mon 09/24</td>
<td>Credit Markets</td>
<td>Sendhil Mullainathan</td>
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<tr>
<td>Wed 09/26</td>
<td>Labor Markets</td>
<td>Sendhil Mullainathan</td>
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<tr>
<td>Mon 10/01</td>
<td>Behavioral Economics in Development</td>
<td>Sendhil Mullainathan</td>
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<tr>
<td>Wed 10/03</td>
<td>Behavioral Economics in Development</td>
<td>Sendhil Mullainathan</td>
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<tr>
<td>Mon 10/08</td>
<td>No class – Columbus day</td>
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<tr>
<td>Wed 10/10</td>
<td>Behavioral Economics in Development</td>
<td>Sendhil Mullainathan</td>
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<td>Mon 10/15</td>
<td>Household Economics</td>
<td>Nava Ashraf</td>
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<td>Wed 10/17</td>
<td>Determinants of Gender Differences</td>
<td>Nathan Nunn</td>
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<td>Mon 10/22</td>
<td>Reputation</td>
<td>Michael Kremer</td>
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<tr>
<td>Wed 10/24</td>
<td>Reputation</td>
<td>Michael Kremer</td>
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<tr>
<td>Mon 10/29</td>
<td>Asymmetric Information and Pharmaceutical Markets in Developing Countries</td>
<td>David Yanagizawa-Drott</td>
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<tr>
<td>Wed 10/31</td>
<td>Human Capital: Impacts</td>
<td>Michael Kremer</td>
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<tr>
<td>Mon 11/05</td>
<td>Human Capital: Impacts</td>
<td>Michael Kremer</td>
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<tr>
<td>Wed 11/07</td>
<td>Human Capital: Determinants of Investment</td>
<td>Michael Kremer</td>
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<tr>
<td>Mon 11/12</td>
<td>(Veteran's day) Human Capital: Determinants of Investment</td>
<td>Michael Kremer</td>
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<tr>
<td>Wed 11/14</td>
<td>Human Capital: Improving Quality</td>
<td>Michael Kremer</td>
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<tr>
<td>Mon 11/19</td>
<td>Human Capital: Improving Quality</td>
<td>Michael Kremer</td>
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<tr>
<td>Wed 11/21</td>
<td>Thanksgiving Recess</td>
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<td>Mon 11/26</td>
<td>Taxation in Developing Countries</td>
<td>Dina Pomeranz</td>
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<tr>
<td>Wed 11/28</td>
<td>Land and Property Rights</td>
<td>Michael Kremer</td>
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<td>Mon 12/03</td>
<td>FINAL EXAM</td>
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READING LIST

Introduction


The Euler Equation


Imperfect Markets and Contracting Failures


**Credit Markets**


**Labor Markets**


Behavioral Economics in Development

*Banerjee and Mullainathan, “The Shape of Temptation: Implications for the Economic Lives of the Poor,” manuscript


Karna Basu, “Hyperbolic Discounting and the Sustainability of Rotational Savings and Credit Associations,” mimeo.


Household Economics


Determinants of Gender Differences


Reputation


Asymmetric Information and Pharmaceutical Markets in Developing Countries


Human Capital: Impacts

**Impacts of improved health**


**Impact of investments in education**


**Human Capital: Determinants of Investments (Demand Side)**

*Determinants of investments in health*


Tarozzi, Alessandro, Aprajit Mahajan, Brian Blackburn, Dan Kopf, Lakshmi Krishnan and Joanne Yoong (2011), “Micro-loans, Insecticide-Treated Bednets and Malaria: Evidence from a Randomized Controlled Trial in Orissa (India)”, mimeo.

**Determinants of investments in education**


**Human Capital: Improving Quality (Supply Side)**

**Improving quality of health**


Improving quality of education


**Taxation in Developing Countries**


**Land and Property Rights**


