

**Economics 970**  
**Spring 2013 Semester**

**Department of Economics**  
**Harvard University**

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## **LABOR MARKETS IN DEVELOPING COUNTRIES**

Tuesday, Thursday 6:30-8:00pm, Vanserg 107

### **COURSE DESCRIPTION:**

This is an undergraduate course in labor economics. The course teaches core topics in the field of labor economics applied to developing countries as well as empirical methods for applied microeconomic analysis.

Labor markets are important, because most people, especially the poor, derive all or most of their income from the work they do. Therefore, labor is an important asset of poor households. Labor markets in developing countries exhibit several interesting stylized facts: a substantial fraction of the poor act as entrepreneurs, frequent temporary migration for work, lack of specialization, the businesses of the poor typically operate at remarkably small scale. This course will explore various microeconomic explanations for these phenomena.

On a macro level, the gap between rich and poor countries has grown over the past century. A hundred years ago, the wealthiest country was 11 times richer (in per capita income) than the poorest country. By 2012, the ratio of wealth of the richest to the poorest country had grown from 11 to 300. This increase in inequality is a distressing outcome for a globe that seems smaller every day; it is particularly distressing for countries that form the denominator of that wealth ratio. Is this likely to get worse? What can be done to raise the income levels of the poorest countries?

Policy prescriptions for the poorest nations are often contradictory. Although providing more employment should alleviate poverty, there is no clear consensus regarding the best policies for expanding employment opportunities in developing countries. Some argue that labor market regulations are necessary to protect the rights of workers and to improve working conditions. Others point out that most regulations discourage firms from hiring workers and thus have the unintended consequence of harming the very people they are designed to protect. Moreover, in developing countries, massive noncompliance is the norm, and regulations like a national minimum wage could simply encourage the expansion of an informal market, where wages are even lower and working conditions even worse.

The course, intended as a broad survey of labor economics, will focus on microeconomic approaches to understanding labor issues pertinent to households, markets and institutions in developing countries. For each of topic covered in the course, we will pay special attention to the identifying causal effects that inform the design of public policies, and contrast the lessons learned from this approach to those obtained from observational studies.

This course is quantitative level 2.

**OFFICE HOURS:** By appointments

**COURSE WEBSITE:** [HTTP://SITES.HARVARD.EDU/ICB/ICB.DO?KEYWORD=K92506&LOGIN=YES](http://sites.harvard.edu/icb/icb.do?keyword=k92506&login=yes)

**COURSE REQUIREMENTS:**

Attendance is mandatory. Class discussions are an essential component of the sophomore tutorial. Your full participation is expected in the discussion of assigned readings and general course themes. For every unexcused absence (even when you do not facilitate discussions), I will deduct 2% from the Class facilitation component below.

**Response Papers.** 15% of grade divided among 3 (out of 4 options) response papers (~2 pp. each). Students must complete a ~2-page reading response pertaining to a journal article assigned for class (**marked with #**). The reading response must address all of the points below. Reading responses should be submitted online via the ‘Submission Box’ tool at the beginning of class.

1. State clearly the central research question of the paper and why is it important?
2. Why is this research paper considered an innovation?
3. How does the author use economic theory to derive testable predictions?
4. How do the authors establish causality (what is the identification strategy)? Is the approach valid, and if not, why not?
5. What data are studied?
6. How does the author improve upon previous research?
7. Summarize the main findings from the paper. How do the findings contribute to our understanding of labor or human behavior in general?
8. What is the leading alternative explanation for the findings?
9. What is the most important policy implication of the findings?
10. To what extent are the findings externally valid?
11. What other questions does this research open up?

The response papers will be due **by the start of class** and will be submitted via the course site. If you miss the deadline, you will be unable to submit your response paper. No extensions to this deadline will be permitted.

***Class facilitation.*** 30% of grade divided between 2 presentations. For some classes, one to two students will be designated the lead discussant(s); this student will summarize and critique the required readings, and offer questions for discussion. Assigned presentations will be based on class discussions and readings. Presentations will include presenting the assigned paper and criticizing the assigned reading.

***Short Essay: Economic Naturalist Assignment.*** 10% of grade. Students will complete a short paper assignment.

***Empirical Exercise.*** 10% of grade. Students will complete one short statistical exercises in groups in preparation for the final research paper.

***Final Research Paper.*** 35% of grade. (~ 15 pp.) You will construct a simple model, report your findings, and analyze the results. Bi-weekly meetings will be scheduled to track progress for this assignment. You can choose any topic relating to labor and development economics, subject to my approval. Start thinking about this early! The grade will be based on a prospectus (literature review) and class discussion of your topic and the final ~ 15-20 page paper itself. The prospectus should provide a basic description of the proposed research topic and will be due Thursday, April 10. The final paper will be due Friday, May 10.

**Tentative Empirical Research Project Deadlines**

<b>Month</b>	<b>Day</b>	<b>Assignment</b>
February	TBA	Familiarize yourself with a statistical software package (e.g. SAS, STATA) by attending the mandatory Stata session on Feb 11 organized by the Economics Department
March		Presentations in class of interesting and feasible research questions with descriptions of data available to answer them. Use the input you receive in class to finalize your research paper question.
March	Last week of March	Due date for literature review on your research topic. Be sure to clearly and succinctly state your research question at the beginning.
April	13	Due date for description of the empirical models you plan to estimate and for the summary statistics of the key variables. The gold standard in research is replicability; be very clear how you will organize the data and what models you will estimate.
	22	Due data for revised literature review and introduction, data, and methods sections.
May	10	Due date for completed papers

**PREREQUISITES:**

Microeconomics (Economics 1010a) and Stat 100, 104 or 110.

**COURSE POLICIES:**

*Attendance.* Attendance is mandatory at all regular class meetings. Exceptions for personal or family emergencies will be granted on a case-by-case basis. For each class, bring copies of the assigned readings to class and expect to participate in a discussion.

*Tardiness.* No assignment will be accepted beyond the announced deadline. Late submissions will receive no credit. As with attendance, exceptions for personal or family emergencies will be allowed on a case-by-case basis.

*Office hours.* I will agree to meet with students during office hours, which I will announce at the start of the semester. If for some reason a student is unable to meet during the posted office hours, it may be possible to arrange a mutually convenient time.

### **READINGS:**

Readings cover relevant economic theory and economic history for each topic. Readings are selected from required texts, the course reading packet, and the course website. Additionally, throughout the semester, the course-pack readings will be supplemented with more recent materials.

Reading loads vary from 60 to 90 pages per week. This will depend largely on the complexity of the assigned readings. Two to three hours of preparation for each class is a reasonable demand. You are expected to complete the readings assigned for each tutorial session in advance of that session, and to attend class prepared to discuss the ideas set forth in those readings. Some of the required articles are intended for an advanced audience and will be challenging at first. Students will not be expected to understand all the mathematics or econometrics. Instead, our focus will be on grappling with the author's key insights. We will read for enlightenment and entertainment rather than regurgitation and recitation.

Supplemental readings are intended: (1) to supplement the intellectual appetite of the more curious student, and (2) as a springboard for further research (e.g. senior thesis).

All students must come to class prepared to discuss the required readings. For each class, one to two students will be designated the lead discussant(s); this student will summarize and critique the required readings, and offer questions for discussion. All other students must come to class with at least one discussion question based on the reading.

### **RESOURCES** **GUIDES FOR WRITING**

Writing is a crucial part of the sophomore tutorial and of the Harvard experience. Development of good writing skills is essential to your success as an economist, or in any other profession.

Improving your writing skills is an important goal of this course. The paper assignments will require you to demonstrate understanding of economic arguments and models, to comfortably use the terminology of economics, and to use evidence and logical arguments to support your views and to criticize those of other writers. Papers should be well-written and free of grammatical errors. The Economics Department has produced a guide to writing that you should consult before writing your first paper

(<http://isites.harvard.edu/fs/docs/icb.topic235750.files/WritingEconomics.pdf>). I also encourage you to take advantage of the services provided by the Harvard Writing Center on the Garden Level of the Barker Center (<http://www.fas.harvard.edu/~wricntr/>).

You should read Writing with Sources and otherwise develop a general familiarity with the University's policies on plagiarism.

### **STATA**

The Economics Department now has a Stata help site (<http://isites.harvard.edu/icb/icb.do?keyword=k12758>) and a Stata tutor (see website for details) for any help that you may need with your empirical exercise or final paper.

The Stata tutor contact information for Spring 2013 is:

Will Dobbie, email: [dobbie@fas.harvard.edu](mailto:dobbie@fas.harvard.edu), office: Littauer 108 (undergrad advising wing)

The Harvard School of Public Health Center for Development Studies has a practical Stata online manual at [http://www.hsph.harvard.edu/pgda/WorkingPapers/2012/PGDA\\_WP\\_94.pdf](http://www.hsph.harvard.edu/pgda/WorkingPapers/2012/PGDA_WP_94.pdf). Also hosted at the Harvard School of Public Health is the Stata listserv, where over 2,500 Stata users from experts to neophytes maintain a lively dialogue about all things statistical and Stata at <http://www.stata.com/statalist/>. You can subscribe and ask any questions about how to implement particular data or econometric procedures in Stata!

### **OTHER STUDENTS**

Your fellow students are your most important resource, and I encourage you to discuss paper topics and other ideas with each other as much as possible.

### **ACADEMIC HONESTY**

The 2012-2013 Handbook for Students states: "Students who, for whatever reason, submit work either not their own or without clear attribution to its sources will be subject to disciplinary action, and ordinarily required to withdraw from the College." You are encouraged to discuss ideas and work with your classmates, but all submitted work should be your own. In addition, all sources should be properly cited. In order to use and cite sources properly, please consult Writing with Sources: A Guide for Harvard Students, available at the Writing Center's website (<http://www.fas.harvard.edu/~wricntr/>). Please contact me with any questions or concerns.

### **OTHER EVENTS YOU MIGHT WANT TO ATTEND:**

If you are interested in ongoing research on population, labor and development economics issues, you may also want to attend the many seminars held each semester on campus at:

- The Economics Department: <http://isites.harvard.edu/icb/icb.do?keyword=k89575>
- Harvard Kennedy School: <http://www.hks.harvard.edu/centers/cid/news-events/cid-seminar-series>
- Harvard School of Public Health Global Demography of Aging PGDA Series: <http://www.hsph.harvard.edu/centers-institutes/population-development/events/pop-center-seminars/index.html>

**IMPORTANT DATES & COURSE STRUCTURE**

#	Day	Date	Block I. Introduction, labor and econometric estimation techniques	Due
1			Introduction and what is Labor Economics?	<b>Assignment #1 handed out</b>
2			Causal inference I: Basic econometrics overview and STATA	
			Mandatory Stata session organized by the Economics Department	
3			Causal inference II: Instrumental variables, experimental and quasi-experimental techniques	
-			***2/18/13 – Presidents' Day Holiday***	
4			Causal inference III: Instrumental variables, experimental and quasi-experimental techniques	<b>Assignment #1 Due on 2/21</b>
			Film Screening: "The Name of the Disease" (J-PAL)	<b>Assignment #2 handed out</b>
<b>Block II. Overview of Labor Markets, Human Capital and Key Labor Markets in Developing Countries</b>				
5			Labor Demand	
6			Labor Supply	<b>Response # 1 on Due Adington's paper</b>
7			Estimating the rate of returns to schooling in low income countries	<b>Response # 2 Due on Angrist's paper</b>
8			Estimating the rate of returns to health	<b>Response # 3 Due on McLaren's paper</b>  <b>Assignment #2 Due on 3/12</b>
9			Agricultural markets	
			Film Screening: (1) These Girls are Missing and (2) The Power of the Poor	
-			*** Spring Break ***	<b>Lit Review Due 3/29</b>
10			Missing markets	
<b>Block III. Behavior Economics and Labor</b>				
11			Incentives to increase human capital	<b>Response #4 Due</b>
12			Social Networks and Labor	
13			Self-control at Work	
<b>Block IV. Institutions, Infrastructure and Entrepreneurship</b>				
15			Regulations and Unions	<b>Revised drafts of Intro/Lit Review and Empirical Model Specification Sections Due</b>
16			Inequality and Labor Market Discrimination	
			Film Screening: (1) Educating Lucia and (2) Africa Open For Business	
18			Migration, Trade and the Labor Market	
19			Entrepreneurship and Labor	
			***Reading Period Begins 5/2/13***	<b>Paper due 5/10</b>

**READINGS**

**Required readings are marked with a star (\*), recommended readings are not starred. Response paper readings are marked with a pound sign (#): note some of them are among the supplemental readings.**

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

**COURSE OUTLINE AND READINGS**

**I. Block I: Introduction, labor and econometric estimation techniques**

**1. Introduction and what is Labor Economics? (RP, January 30)**

***Required:***

Fill out Student Info Cards on website

Fill out sheet leading three sessions

Banerjee, Abhijit V., and Esther Duflo. 2007. "The Economic Lives of the Poor." *Journal of Economic Perspectives*, 21(1): 141–168.

Campbell, D. and Ahmed, I. (2012). The Labour Market in Developing Countries: Introduction. Available on the iSite.

World Bank Report on "Youth and Employment in Africa"  
<http://siteresources.worldbank.org/INTSTATINAFR/Resources/ADI-200809-essay-EN.pdf>

***Supplemental:***

G. Becker. (1975) *The Economic Approach to Human Behavior*, U. of Chicago Press, pp. 3-14.

J.D. Angrist and A.B. Krueger. (1999) "Empirical strategies in labor economics, in the *Handbook of Labor Economics*, Vol. 3A, O. Ashenfelter and D. Card, eds., Elsevier, 1278-1366.

"[Separation in Agricultural Household Models](#)," *Econometrica* 60 (2): 287-322.

Schultz, Theodore W. "The Doctrine of Agricultural Labor of Zero Value." Chapter 4 in *Transforming Traditional Agriculture*. Chicago, IL: University of Chicago Press, 1964.

\*\* Kaur Supreet (2012). "Nominal Wage Rigidity in Village Labor Markets" [JOB MARKET PAPER]

**SAS and Stata tutorials**

**Required:**

Stata preliminaries. [http://siteresources.worldbank.org/PGLP/Resources/ap\\_two.pdf](http://siteresources.worldbank.org/PGLP/Resources/ap_two.pdf)

**Supplemental:**

SAS tutorial:

[http://learn.sdstate.edu/dwight\\_galster/510docs/Tutorial%20Programs/sas\\_tutorial\\_contents.htm](http://learn.sdstate.edu/dwight_galster/510docs/Tutorial%20Programs/sas_tutorial_contents.htm)

Regression with Stata and SAS: <https://www.hmdc.harvard.edu/training/tutorials/>

## 2. Basic econometrics overview

**Required:**

Freedman, David. 1999. "[From Association to Causation: Some Remarks on the History of Statistics](#)," *Statistical Science*, 14(3), pp. 243—258.

Freedman, David. 1991. "Statistical Models and Shoe Leather," *Sociological Methodology*, Vol. 21, pp. 291-313.

Basics of econometrics. Gujarati. Chapters 1; 7-9;

**Supplemental:**

Simon, Herbert. [Spurious Correlation: A Causal Interpretation](#). *Journal of the American Statistical Association*, Vol. 49, No. 267 (Sep., 1954), pp. 467-479

Manski, Charles. 1995. "Introduction," in *Identification Problems in the Social Sciences*, Harvard University Press, Chapter 1, pp. 1—9.

## 3.and 4. Instrumental variables, experimental and quasi-experimental techniques to identify causal impacts

**Required:**

pages 6-11 from World Bank's "Impact Evaluation in Practice" (on iSite)

Meyer, Nicholas. 1995. Natural and Quasi-experiments in Economics. *Journal of Business and Economic Statistics*. [http://www.iew.unizh.ch/home/rlalive/innsbruck04/v11/p11\\_meyer.pdf](http://www.iew.unizh.ch/home/rlalive/innsbruck04/v11/p11_meyer.pdf)

Joshua D. Angrist & Alan B. Krueger, 2001. "[Instrumental Variables and the Search for Identification: From Supply and Demand to Natural Experiments](#)," *Journal of Economic Perspectives*, vol. 15(4), pages 69-85.

Chapter 4-6 from World Bank's "Impact Evaluation in Practice" (on iSite)

Handout on Instrumental Variable Method (on iSite)

Handout on Difference-in-Difference (on iSite)

***Supplemental:***

Nichols, Austin. "Causal Inference with observational data".  
<http://www.stata.com/meeting/6nasug/causal.pdf>

## II. Block II: Labor Markets and Human Capital

### 5. Demand for labor

***Required:***

*Chapter 4, Borjas. Available on iSite*

Skim Patterns of Labor Demand in sub-Saharan Africa: A Review paper:  
<http://www.gprg.org/pubs/reports/pdfs/2005-11-kingdon-sandefur-teal.pdf> (available on iSite)

Skim J-PAL Youth initiative Review Paper (available on iSite)

Aghion P., M. Braun & J. Fedderke [2008]. "Competition and productivity growth in South Africa," *The Economics of Transition*, The European Bank for Reconstruction and Development, vol. 16(4), pages 741-768, October.

Magruder, J. (2011). "*High Unemployment Yet Few Small Firms: The Role of Centralized Bargaining in South Africa*". January 2011.

***Supplemental:***

Burns, Justine & Edwards, Lawrence & Pauw, Karl (2010). "[\*Wage subsidies to combat unemployment and poverty\*](#)," [IFPRI discussion papers](#) 969, International Food Policy Research Institute (IFPRI).

### 6. Labor Supply

***Required:***

*Chapter 2, Borjas. Available on iSite*

Lewis, A. (1954), 'Economic Development with Unlimited Supplies of Labour', The Manchester School, vol. 22, no. 2, pp. 139-191.

Pranab Bardhan. Labor supply functions in a poor agrarian economy. American Economic Review, pages 73-83, Mar 1979.

Jayachandran, Seema (2006), "[Selling Labor Low: Wage Responses to Productivity Shocks in Developing Countries](#)", *Journal of Political Economy*, vol. 114 (3), pp. 538-57

Goldberg, Jessica. 2010. "Kwacha Gonna Do? Experimental Evidence about Labor Supply in Rural Malawi." Working paper, University of Michigan  
<[http://www.personal.umich.edu/~jegoldbe/docs/goldberg\\_ganyu.pdf](http://www.personal.umich.edu/~jegoldbe/docs/goldberg_ganyu.pdf)>.

***Supplemental:***

#Ardington, C., Case, A. & Hosegood, V. (2009). Labor supply responses to large social transfers: Longitudinal evidence from south africa, American Economic Journal: Applied Economics 1(1): 22-48.

Awudu Abdulai and Christopher Delgado. Determinants of nonfarm earnings of farm-based husbands and wives in northern Ghana. American Journal of Agricultural Economics, pages 117-130, Feb 1999.

Mark Rosenzweig. Rural wages, labor supply, and land reform: A theoretical and empirical analysis. The American Economic Review, pages 847-861, Dec 1978.

**DHS, PUMS and Labor Market Data for Low Income Countries**

***Required:***

Read Data and Paper Guideline Handouts posted on iSite

**7. Estimating the rate of returns to schooling in low income countries**

***Required:***

Skim Chapter 7, Borjas (available on iSite)

Skim Psacharopoulos, George (1994), "[Returns to Investment in Education: A Global Update](#)," *World Development* 22 (9): 1325-1343.

Rosenzweig, Mark R., "Why Are There Returns to Schooling, Household Savings and Human Investment in Development," American Economics Association Papers and Proceedings 85,2 (May 1995):153-158.

Duflo, Esther (2001), "[Schooling and Labor Market Consequences of School Construction in Indonesia](#)"

***Supplemental:***

# J. Angrist and A. Krueger. (1991) "Does Compulsory School Attendance Affect Schooling and Earnings?" *Quarterly Journal of Economics*, 106 (November), 979-1015.

D. Card. (1999) "The Causal Effect of Education on Earnings," in the *Handbook of Labor Economics*, Vol. 3A, O. Ashenfelter and D. Card, eds. Amsterdam: Elsevier Science

R. Willis. (1986) "Wage Determinants: A Survey and Reinterpretation of Human Capital Earnings Functions," *Handbook of Labor Economics*, Vol. 1, Elsevier, 1986, pp. 525-602.

J. Mincer. (1974) *Schooling, Experience, and Earnings*. New York: Columbia University Press for the National Bureau of Economic Research, pp. 7-22.

K. Lang. (1993) "Ability Bias, Discount Rate Bias and the Return to Education," *Boston University mimeo*.

## 8. Estimating the rate of returns to health

***Required:***

Schultz, P.. 1999b. "Productive Benefits of Improving Health: Evidence from Low Income Countries." Yale University, Hartford, CN. Processed.

Duncan Thomas, (2010) (with Elizabeth Frankenberg, Jed Friedman, Jean-Pierre Habicht, Nicholas Ingwersen, Christopher McKelvey, Mohammed Hakimi, Jaswadi, Gretel Pelto, Bondan Sikoki, Teresa Seeman, James P. Smith, Cecep Sumantri, Wayan Suriastini, Siswanto Wilopo). "Causal effect of health on labor market outcomes: Experimental evidence" January 2010. Available at: <http://www.econ.yale.edu/seminars/labor/lap04/thomas-040430.pdf>

Baird, Sarah, Joan Amory Hicks, Michael Kremer and Edward Miguel. 2011. Worms at Work: Long-run Impacts of Child Health Gains. Available at: [http://www.economics.harvard.edu/faculty/kremer/files/KLPS-Labor\\_2012-03-23\\_clean.pdf](http://www.economics.harvard.edu/faculty/kremer/files/KLPS-Labor_2012-03-23_clean.pdf)

***Supplemental:***

Field, E, Robles O, Torero M. 2009. [Iodine deficiency and schooling attainment in Tanzania](#). American Economic Journal - Applied Economics.

#Levinsohn, Jim, Zoë McLaren, Olive Shisana and Khangelani Zuma. "HIV Status and Labor Market Participation in South Africa." *The Review of Economics and Statistics*, In press.

## 9. Agricultural Markets and Property Rights

**Required:**

Chapter 11, Ray (available on iSite)

Skim Chapter 12, Ray (available on iSite)

Field, Erica. 2007. "Entitled to Work: Urban Property Rights and Labor Supply in Peru." *Quarterly Journal of Economics*, 4(122): 1561-1602.

Bandiera, Oriana. 2007. "Land Tenure, Investment Incentives, and the Choice of Techniques: Evidence from Nicaragua" *The World Bank Economic Review*, 21 (3): 487-508

## 10. Missing Markets

**Required:**

Barrett, Christopher. Displaced distortions: financial market failures and seemingly inefficient resource allocation in low-income rural communities. In "Development economics between markets and institutions" pp.73-83.

de Janvry, Alain & Fafchamps, Marcel & Sadoulet, Elisabeth, 1991. "Peasant Household Behaviour with Missing Markets: Some Paradoxes Explained," *Economic Journal*, Royal Economic Society, vol. 101(409), pages 1400-417.

**Supplemental:**

Joseph E. Stiglitz. 1989. "Markets, Market Failures, and Development". *The American Economic Review*, Vol. 79, No. 2, Papers and Proceedings of the Hundred and First Annual Meeting of the American Economic Association (May, 1989), pp. 197-203

Mendola, Maria. [Farm Household Production Theories: A Review of "Institutional" and "Behavioral" Responses.](#)

### III. **Block III: Behavioral Economics and Labor**

## 11. Incentives to increase human capital

**Required:**

#Baird, Sarah, Craig McIntosh, and Berk Ozler.(2011). "Cash or condition? Evidence from a Randomized Cash Transfer Program", *Quarterly Journal of Economics*, 126(4), 1709-1753. [http://qje.oxfordjournals.org/content/126/4/1709.full.pdf+html]

Muralidharan, Karthik and Venkatesh Sundararaman. (2011). "Teacher Performance Pay: Experimental Evidence from India", *Journal of Political Economy*, 119(1), 39-77.  
[<http://www.jstor.org/stable/10.1086/659655>]  
[<http://www.econ.ucsd.edu/~kamurali/papers/Published%20Articles/Teacher%20Performance%20Pay%20%28Final%20Pre-Publication%20Version%29.pdf>]

**Supplemental:**

## 12. Social Networks and Labor

**Required:**

Banerjee, Abhijit, and Andrew Newman. (1998). "Information, the Dual Economy, and Development", *Review of Economic Studies*, 65 (4), 631-653. [JSTOR]

Beaman, Lori, and Jeremy Magruder. (2010). "Who Gets the Job Referral? Evidence from a Social Networks Experiment", forthcoming *American Economic Review*.  
[<http://are.berkeley.edu/~jmagruder/research.html>]

Mas, Alexandre and Enrico Moretti. (2009) "Peers at Work," AER, 99(1): 112-145.

**Supplemental:**

## 13. Self-control at work

**Required:**

Kaur, Supreet and Michael Kremer, Sendhil Mullainathan (2012). Self-Control at Work. Available at: <http://www.cepr.org/meets/wkcn/7/784/papers/KaurFinal.pdf>

Ximena Cadena & Antoinette Schoar & Alexandra Cristea & Héber M. Delgado-Medrano, 2011. "[Fighting Procrastination in the Workplace: An Experiment](#)," *NBER Working Papers* 16944, National Bureau of Economic Research, Inc.

Duflo, Esther, Michael Kremer, and Jonathan Robinson (2010). "Nudging Farmers to Use Fertilizer: Theory and Experimental Evidence from Kenya." Working paper.

**Supplemental:**

## IV. Block IV: The Role Of Institutions

## 15. Regulations and Unions

***Required:***

Chapter 11, Borjas (Available on iSite)

Boeri, Tito, Brook Helppie, and Mario Macis, (2008). "Labor Regulations in Developing Countries: A Review of the Evidence and Directions for Future Research," *World Bank Social Protection Discussion*

Freeman, Richard, (2009). "Labor Regulations, Unions, and Social Protection in Developing Countries: Market distortions or Efficient Institutions?" *NBER Working paper* 14789.

Butcher, Kristin and Cecilia Rouse. "Wage Effects of Unions and Industrial Councils in South Africa" *Industrial and Labor Relations Review*, 54, no. 2 (January 2001): 349-374.

Schultz and Mwabu, "Labor Unions and the Distribution of Wages and Employment in South Africa," *Industrial and Labor Relations Review*, July 1998

***Supplemental:***

**16. Inequality and Discrimination**

***Inequality Readings***

***Required:***

Okojie C. Shimeles A. London: Inter-regional Inequality Facility; 2006. Inequality in sub-Saharan Africa: a synthesis of recent research on the levels, trends, effects and determinants of inequality in its different dimensions

Branson, N., Garlick, J., Lam, D., Leibbrandt, M. (2012). "Education and Inequality: The South African Case." Available at:  
[http://www.saldru.uct.ac.za/home/index.php?option=com\\_docman/Itemid,32/gid,424/task,doc\\_details/tmpl,component/](http://www.saldru.uct.ac.za/home/index.php?option=com_docman/Itemid,32/gid,424/task,doc_details/tmpl,component/)

Demombynes, G., B. Ozler. 2005. "Crime and Local Inequality in South Africa." *Journal of Development Economics* 76, 265-92.

***Supplemental:***

F. Blau and L. Kahn (1996) "International Differences in Male Wage Inequality: Institutions versus Market Forces," *Journal of Political Economy* 104 (August), 791-837.

### *Discrimination Readings*

**Required:**

Chapter 10, Borjas (Available on iSite)

Hertz, Tom, Ana P de la O Campos, Alberto Zezza, Carlo Azzarri, Paul Winters, Esteban J Quiñones, and Benjamin Davis. "[Wage inequality in international perspective: Effects of location, sector, and gender](#)." FAO-IFAD-ILO Workshop on "Gaps, Trends and Current Research in Gender Dimensions of Agricultural and Rural Employment: Differentiated Pathways Out of Poverty". Rome, Italy, March/April, 2009. Available at <ftp://ftp.fao.org/docrep/fao/011/ak230e/ak230e00.pdf> (p.21 - 35)

Muller, C. (2008). Trends in the gender wage gap and gender discrimination among part-time and fulltime workers in post-apartheid South Africa. Development Policy Research Unit, School of Economics, University of Cape Two

Hanna, Rema and Leigh Linden (2009). [Measuring Discrimination in Education](#), NBER Working Paper No. 15057. June 2009

Burger, R. & R. Jaffa (2006). "Returns to Race: Labour Market Discrimination in Post-Apartheid South Africa". Working Paper. University of Stellenbosch

**Supplemental:**

Hinks, T. (2002) "Gender wage differentials and discrimination in the New South Africa" *Applied Economics*, 34(16), 2043-2052.

## 18. Migration

**Required:**

Chapter 10, Ray (Available on iSite)

Harris, John and Michael Todaro. 1970. "Migration, Unemployment, and Development: A Two-Sector Analysis." *American Economic Review* 60: 126-142.

Yang, Dean (2004b). "Why Do Migrants Return to Poor Countries? Evidence from Philippine Migrants' Responses to Exchange Rate Shocks," *Ford School of Public Policy Working Paper Series* 04-003, University of Michigan. [Available online](#).

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