

**Economics 970**  
**Spring 2014 Semester**

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

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**LABOR MARKETS IN  
DEVELOPING COUNTRIES**  
MW 4:00-5:30pm Location: TBA

**COURSE DESCRIPTION:**

This course covers core topics in the field of labor economics applied to developing countries as well as state-of-the art 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. Labor markets in developing countries exhibit several interesting stylized facts: a substantial fraction of the poor act as entrepreneurs, workers frequently temporarily migrate for work, workers exhibit lack of specialization, the businesses of the poor typically operate at remarkably small scale. This course will explore various microeconomic explanations for these phenomena in international labor markets.

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.

**OFFICE HOURS:** By appointments

**COURSE WEBSITE:**

[HTTP://ISITES.HARVARD.EDU/ICB/ICB.DO?KEYWORD=K100974&LOGIN=YES](http://isites.harvard.edu/icb/icb.do?keyword=k100974&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 3% from the Class facilitation component below.

**State Problem Sets.** 10% of grade. Mandatory problem sets assigned by the Economics Department.

**Response Papers.** 10% 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.** 25% of grade divided between 2 presentations. For some classes, one to two students will be designated the lead class discussions; this/these student(s) will summarize and critique the required readings, and offer questions for group discussion.

**Short Essay (Assignment 1).** 10% of grade. It is hard for everyone, even the best researchers. There is no template: you have to learn it by trial and error. Mostly error! There are no clear rules. Most ideas fail. This means it's important to generate many ideas, sort out the good from the bad ones quickly, and not be frustrated.

Towards the objective of training your skills in coming up with research ideas, you will complete a short writing assignment. For this assignment, you will be asked to keep a journal of daily puzzles you notice in **your** daily life (e.g., Why do the keypad buttons on drive-up automatic teller machines have Braille dots?; Why, despite the proliferation of electrical appliances in the last century, do electrical outlets in newly built houses still have only two receptacles?). The main purpose of this assignment is to (1) keep a log of puzzle you confront in your daily life, (2) use a microeconomics principle, or principles to pose and answer an interesting **puzzle** about events or behavior that you personally have observed in your daily life.

You will be required to submit (1) your journal of daily puzzle (one puzzle from first day of class to the assignment due date), and (2) 1-page summary of the puzzle you deem most interesting with a microeconomic explanation. Submissions need to be made via the course iSite.

**Empirical Exercise (Assignment 2).** 15% of grade. Students will complete one short empirical methods exercise in groups in preparation for the final research paper.

**Final Research Paper.** 30% of grade. (~ 25 pp. not including figures, tables, graphs, appendix) 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 ~ 25-page paper itself (not including figures, tables, graphs, appendix.) The prospectus should provide a basic description of the proposed research topic and will be due Sunday March 23<sup>rd</sup> by 11:59pm. The final paper will be due Monday, May 5<sup>th</sup> by 5pm. For all final research paper deadlines see the table "**Empirical Research Project Deadlines**" below.

Some suggestions to come up with research ideas:

- Think about ideas early, often and always
- Write all your ideas down!
  - Especially why you care
- Sources of ideas:
  - Classes – what are the important unanswered questions?
  - Academic seminars at Harvard – what does the seminar make me think about?
  - In general do not go to the literature for ideas
    - Broad survey articles can stimulate ideas
    - Journal of Economic Literature, Journal of Economic Perspectives, Handbook Chapters
  - Read old academic journals
  - Read bad academic journals
  - Read journals in other social sciences

- Read the newspaper with an eye towards economic questions
  - Look at the real world, not just the economics literature
- Read non-economics non-fiction
  - Biography, history
- Talk to people – economists and non-economists
- Ideas come at random times
  - Be sure to write them down whenever you have them
- Keep at it

**Empirical Research Project Deadlines**

<b>Month</b>	<b>Day</b>	<b>Assignment</b>
February	February 28 by 5pm	Assignment 1
February	Stata Tutorials 2/7, 2/18, 2/28, 3/11, 8:30-10am.  Four Problem Sets (log and do files due to me via the course iSite) on 2/14, 2/25, 3/7, 3/28	Complete the mandatory Stata tutorial, four attendance dates, four problem sets organized by the Economics Department Stata Tutor.
March	throughout the month	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	throughout the month	Response Papers
March	March 13 by 5pm	Assignment 2
March	Sunday March 23 <sup>rd</sup> by 11:59pm	Due date for literature review on your research topic. Be sure to clearly and succinctly state your research question at the beginning.
April	Sunday April 6 <sup>th</sup> by 11:59pm	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.
	Sunday April 20 <sup>th</sup> by 11:59pm	Due data for revised literature review and introduction, data, and methods sections.
May	Monday, May 5th by 5pm	Due date for completed papers

**PREREQUISITES:**

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

**COURSE POLICIES:**

*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.

## **READINGS:**

Readings cover relevant economic theory and economic history for each topic.

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 (available on the course iSite). 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

<http://isites.harvard.edu/icb/icb.do?keyword=k12758&pageid=icb.page628953>) for any help that you may need with your empirical exercise or final paper.

The Stata tutor contact information for Spring 2014 is:

James Mahon, email: [jmahon@fas.harvard.edu](mailto:jmahon@fas.harvard.edu), office: Littauer 108 (undergraduate 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 2013-2014 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=k98096>
- 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	
			Mandatory Stata sessions and problem sets organized by the Economics Department (throughout February and March)	
3			Causal inference II: Instrumental variables, experimental and quasi-experimental techniques	
-			***2/17/14 – Presidents' Day Holiday***	
4			Causal inference III: Instrumental variables, experimental and quasi-experimental techniques	<b>Assignment #1 Due on 2/28</b>
			Film Screening: (1) "Girl Rising" and (2) "These Girls are Missing"	
			<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 Duflo'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 3/14</b>
9			Agricultural markets	
			Film Screening: (1) "Name of the Disease" and (2) "The Power of the Poor"	
-			*** Spring Break ***	
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	
14			Fairness, Norms and Labor	Revised drafts of Intro/Lit Review and Empirical Model Specification Sections Due
			<b>Block IV. Institutions, Infrastructure and Entrepreneurship</b>	
15			Regulations and Unions	
16			Inequality	
17			Labor Market Discrimination	
			Film Screening: (1) Cultivating Opportunity and (2) Africa Open For Business	
18			Migration, Trade and the Labor Market	
19			Entrepreneurship and Labor	
			***Reading Period Begins 5/1/14***	<b>Final Paper due 5/5</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?**

***Required:***

Fill out Student Info Cards on course iSite.

Fill out sheet for discussion leading throughout the semester.

Banerjee, Abhijit V., and Esther Duflo. "The economic lives of the poor." *The journal of economic perspectives: a journal of the American Economic Association* 21, no. 1 (2007): 141.

Campbell, Duncan, and Ishraq Ahmed. "The labour market in developing countries." *Perspectives on Labour Economics for Development* (2013). Introduction. Available on the iSite.

World Bank. 2008. Africa Development Indicators, 2008/09: Youth and Employment in Africa—The Potential, the Problem, the Promise. Washington: World Bank. Available at <http://siteresources.worldbank.org/INTSTATINAFR/Resources/ADI-200809-essay-EN.pdf>

***Supplemental:***

Becker, Gary S. *The economic approach to human behavior*. University of Chicago Press, 1976., pp. 3-14.

Angrist, Joshua D., and Alan B. Krueger. "Empirical strategies in labor economics." *Handbook of labor economics* 3 (1999): 1277-1366., 1278-1366.

Schultz, Theodore William. "Transforming traditional agriculture." *Transforming traditional agriculture*. (1964). Chapter 4.

\*\* Kaur, Supreet. "Nominal Wage Rigidity in Village Labor Markets." *mimeograph, Harvard University* (2012).

## 2. Basic econometrics overview

### **Required:**

Freedman, David. "From association to causation via regression." *Advances in applied mathematics* 18, no. 1 (1997): 59-110.

Freedman, David A. "Statistical models and shoe leather." *Sociological methodology* 21 (1991): 291-313.

Gujarati, Damodar. "N.,(2003), Basic econometrics." *New York: McGraw-Hill*: 363-369. Chapters 1; 7-9;

### **Supplemental:**

Simon, Herbert A. "Spurious Correlation: A Causal Interpretation\*." *Journal of the American Statistical Association* 49, no. 267 (1954): 467-479.

Manski, Charles F. "Introduction," in *Identification problems in the social sciences*. Harvard University Press, 1995.

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

### **Required:**

pages 6-11 from Gertler, Paul J., Sebastian Martinez, Patrick Premand, Laura B. Rawlings, and Christel MJ Vermeersch. *Impact evaluation in practice*. World Bank Publications, 2011. (on iSite)

Meyer, Breed D. "Natural and quasi-experiments in economics." *Journal of business & economic statistics* 13, no. 2 (1995): 151-161.

Angrist, Joshua, and Alan B. Krueger. *Instrumental variables and the search for identification: From supply and demand to natural experiments*. No. w8456. National Bureau of Economic Research, 2001.

Chapter 4-6 from Gertler, Paul J., Sebastian Martinez, Patrick Premand, Laura B. Rawlings, and Christel MJ Vermeersch. *Impact evaluation in practice*. World Bank Publications, 2011. (on iSite)

Handout on Instrumental Variable Method (on iSite)

Handout on Difference-in-Difference (on iSite)

**Supplemental:**

Nichols, Austin. "Causal inference with observational data." *Stata Journal* 7, no. 4 (2007): 507.  
HU <http://www.stata.com/meeting/6nasug/causal.pdf>

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

### 5. Demand for labor

**Required:**

Chapter 4 from Borjas, George, and Jan C. van Ours. *Labour economics*. McGraw-Hill Education, 2006. Available on iSite

Skim Kingdon, G., J. Sandefur, and F. Teal. "Patterns of Labor Demand in Sub-Saharan Africa." *A Review Paper (Oxford: CSAE)* (2005). <http://www.gprg.org/pubs/reports/pdfs/2005-11-kingdon-sandefur-teal.pdf> (available on iSite)

Skim Abdul Latif Jameel Poverty Action Lab. "Youth initiative Review Paper." (2013) (available at <http://www.povertyactionlab.org/doc/youth-initiative-review-paper> and on iSite)

Aghion, Philippe, Matias Braun, and Johannes Fedderke. "Competition and productivity growth in South Africa." *Economics of Transition* 16, no. 4 (2008): 741-768.

Magruder, Jeremy R. *High unemployment yet few small firms: The role of centralized bargaining in South Africa*. Working Paper. Berkeley, CA: University of California, 2011.

**Supplemental:**

Burns, Justine, Lawrence Edwards, and Karl Pauw. "Wage Subsidies to Combat Unemployment and Poverty." 969 (2010).

### 6. Labor Supply

**Required:**

Chapter 2, Borjas, George, and Jan C. van Ours. *Labour economics*. McGraw-Hill Education, 2006. Available on iSite

Lewis, W. Arthur. "Economic development with unlimited supplies of labour." *The manchester school* 22, no. 2 (1954): 139-191.

Bardhan, Pranab K. "Labor supply functions in a poor agrarian economy." *The American Economic Review* 69, no. 1 (1979): 73-83.

Jayachandran, Seema. "Selling labor low: Wage responses to productivity shocks in developing countries." *Journal of Political Economy* 114, no. 3 (2006): 538-575.

Goldberg, Jessica. "Kwacha gonna do? experimental evidence about labor supply in rural malawi." *Unpublished manuscript, Department of Economics and Ford School of Public Policy, University of Michigan, Ann Arbor, MI* (2010).

#Ardington, C., Case, A. & Hosegood, V. Labor supply responses to large social transfers: Longitudinal evidence from South Africa, *American Economic Journal: Applied Economics* 1, no. 1 (2009): 22-48.

***Supplemental:***

Abdulai, Awudu, and Christopher L. Delgado. "Determinants of nonfarm earnings of farm-based husbands and wives in Northern Ghana." *American Journal of Agricultural Economics* 81, no. 1 (1999): 117-130.

Rosenzweig, Mark R. "Rural wages, labor supply, and land reform: A theoretical and empirical analysis." *The American Economic Review* 68, no. 5 (1978): 847-861.

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

***Required:***

Read Data and Paper Guideline Handouts posted on course iSite

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

***Required:***

Skim Chapter 7, Borjas, George, and Jan C. van Ours. *Labour economics*. McGraw-Hill Education, 2006 (available on iSite)

Skim Psacharopoulos, George. "Returns to investment in education: A global update." *World development* 22, no. 9 (1994): 1325-1343.

Rosenzweig, Mark R. "Why are there returns to schooling?." *The American Economic Review* 85, no. 2 (1995): 153-158.

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

***Supplemental:***

Angrist, Joshua D., and Alan B. Keueger. "Does compulsory school attendance affect schooling and earnings?." *The Quarterly Journal of Economics* 106, no. 4 (1991): 979-1014.

Card, David. "The causal effect of education on earnings." *Handbook of labor economics* 3 (1999): 1801-1863.

Willis, Robert J. *Wage determinants: A survey and reinterpretation of human capital earnings functions*. Economics Research Center/NORC, 1985.

Mincer, Jacob. "Schooling, Experience, and Earnings. Human Behavior & Social Institutions No. 2." (1974).

Lang, Kevin. "Ability bias, discount rate bias and the return to education." (1993).

## 8. Estimating the rate of returns to health

***Required:***

Schultz, T. "Productive benefits of health: Evidence from low-income countries." (2005).

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 Hamory Hicks, Michael Kremer, and Edward Miguel. "Worms at work: long-run impacts of child health gains." *Unpublished mimeo*. [http://elsa.berkeley.edu/~emiguel/pdfs/miguel\\_wormsatwork.pdf](http://elsa.berkeley.edu/~emiguel/pdfs/miguel_wormsatwork.pdf) (2011).

# Levinsohn, James, Zoë M. McLaren, Olive Shisana, and Khangelani Zuma. "HIV status and labor market participation in South Africa." *The Review of Economics and Statistics* 95, no. 1 (2013): 98-108.

***Supplemental:***

Field, Erica, Omar Robles, and Maximo Torero. "Iodine deficiency and schooling attainment in Tanzania." *American Economic Journal: Applied Economics* (2009): 140-169.

## 9. Agricultural Markets and Property Rights

**Required:**

Chapter 11, Ray, Debraj. *Development economics*. Princeton University Press, 1998. (available on iSite)

Skim Chapter 12, Ray, Debraj. *Development economics*. Princeton University Press, 1998. (available on iSite)

Field, Erica. "Entitled to work: Urban property rights and labor supply in Peru." *The Quarterly Journal of Economics* 122, no. 4 (2007): 1561-1602.

Bandiera, Oriana. "Land tenure, investment incentives, and the choice of techniques: evidence from Nicaragua." *The world bank economic review* 21, no. 3 (2007): 487-508.

## 10. Missing Markets

**Required:**

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

De Janvry, Alain, Marcel Fafchamps, and Elisabeth Sadoulet. "Peasant household behaviour with missing markets: some paradoxes explained." *The Economic Journal* 101, no. 409 (1991): 1400-1417.

**Supplemental:**

Stiglitz, Joseph E. "Markets, market failures, and development." *The American Economic Review* 79, no. 2 (1989): 197-203.

Mendola, Mariapia. "Farm Households Production Theories: a Review of Institutional and Behavioural responses." *University of Milan Italy Economics Working Paper* 2005-01 (2005).

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

## 11. Incentives to increase human capital

**Required:**

#Baird, Sarah, Craig McIntosh, and Berk Özler. "Cash or condition? Evidence from a cash transfer experiment." *The Quarterly Journal of Economics* 126, no. 4 (2011): 1709-1753.

Karthik Muralidharan & Venkatesh Sundararaman, "Teacher Performance Pay: Experimental Evidence from India," *Journal of Political Economy*, University of Chicago Press 119, no. 1 (2011), pages 39 - 77.

**Supplemental:**

## 12. Social Networks and Labor

**Required:**

Banerjee, Abhijit V., and Andrew F. Newman. "Information, the dual economy, and development." *The Review of Economic Studies* 65, no. 4 (1998): 631-653.

Beaman, Lori, and Jeremy Magruder. "Who gets the job referral? Evidence from a social networks experiment." *The American Economic Review* 102, no. 7 (2012): 3574-3593.

Mas, Alexandre, and Enrico Moretti. "Peers at Work." *American Economic Review*, 99, no. 1, (2009): 112-45.

**Supplemental:**

## 13. Self-control at work

**Required:**

Kaur, Supreet, Michael Kremer, and Sendhil Mullainathan. *Self-control at work*. working paper, Harvard University, 2011. Available at: <http://www.cepr.org/meets/wkcn/7/784/papers/KaurFinal.pdf>

Cadena, Ximena, Antoinette Schoar, Alexandra Cristea, and Héber M. Delgado-Medrano. *Fighting procrastination in the workplace: An experiment*. No. w16944. National Bureau of Economic Research, 2011.

Kremer, Michael, Esther Duflo, and Jon Robinson. "Nudging Farmers to Use Fertilizer: Theory and Experimental Evidence from Kenya." *American Economic Review* 101, no. 6 (October 2011) (2011).

**Supplemental:**

## 14. Fairness, Norms and Labor

**Required:**

Jakiela, Pamela, Edward Miguel, and Vera L. Te Velde. *You've earned it: Combining field and lab experiments to estimate the impact of human capital on social preferences*. No. w16449. National Bureau of Economic Research, 2010. Available at: [http://www.nber.org/papers/w16449.pdf?new\\_window=1](http://www.nber.org/papers/w16449.pdf?new_window=1)

Bandiera, Oriana, Iwan Barankay, and Imran Rasul. "Social preferences and the response to incentives: Evidence from personnel data." *The Quarterly Journal of Economics* 120, no. 3 (2005): 917-962.

**Supplemental:**

Bandiera, Oriana, Iwan Barankay, and Imran Rasul. "Social incentives in the workplace." *The Review of Economic Studies* 77, no. 2 (2010): 417-458.

Gneezy, Uri, and John A. List. "Putting behavioral economics to work: Testing for gift exchange in labor markets using field experiments." *Econometrica* 74, no. 5 (2006): 1365-1384.

Falk, Armin. "Gift exchange in the field." *Econometrica* 75, no. 5 (2007): 1501-1511.

**IV. Block IV: The Role Of Institutions**

**15. Regulations and Unions**

**Required:**

Chapter 11, Borjas, George, and Jan C. van Ours. *Labour economics*. McGraw-Hill Education, 2006 (Available on iSite)

Boeri, Tito, Brooke Helppie, and Mario Macis. "Labor regulations in developing countries: a review of the evidence and directions for future research." *World Bank Social Protection Discussion Paper* 833 (2008).

Freeman, Richard B. *Labor regulations, unions, and social protection in developing countries: market distortions or efficient institutions?*. No. w14789. National Bureau of Economic Research, 2009.

Butcher, Kristin, and Cecilia Rouse. "Wage effects of unions and industrial councils in South Africa." *World Bank Policy Research Working Paper* 2520 (2001).

Schultz, T. Paul, and Germano Mwabu. "Labor unions and the distribution of wages and employment in South Africa." *Indus. & Lab. Rel. Rev.* 51 (1997): 680.

**Supplemental:**

## 16. Inequality

### **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, Nicola, Julia Garlick, David Lam, and Murray Leibbrandt. "Education and Inequality: The South African Case." (2012). Available at: [http://www.saldru.uct.ac.za/home/index.php?/component/option,com\\_docman/Itemid,32/gid,424/task,doc\\_details/tmpl,component/](http://www.saldru.uct.ac.za/home/index.php?/component/option,com_docman/Itemid,32/gid,424/task,doc_details/tmpl,component/)

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