

Eco5076s: Development Microeconomics

INSTRUCTOR Vimal Ranchod Econ Bldg 3.23 (*Tel:* 021-650 5728)
INFORMATION Malcolm Keswell Econ Bldg 5.19 (*Tel:* 021-650 4876)

COURSE DESCRIPTION The main objective in this course is to explore a critical reading of recent contributions to the empirical analysis of economic development. The overarching theme of the course is the study of poverty and inequality in developing countries. The papers covered straddles two broad areas: the causes of poverty; and the causes and consequences of inequality over both the short-run and long-run.

COURSE REQUIREMENTS

- **Presentation (10%):** Each student will be responsible for leading the discussions on 4 papers (2 per term). The format will be a short presentation followed by a chaired discussion lead by the presenter. The presentation will usually entail an overview of the main ideas of the assigned paper as well as a critical review of the work.
- **Paper synopses (40%):** Following each session involving presentations, the presenter must submit a 3-page synopsis of the discussions they led.
- **Final exam (50%):** Details of the final exam will be announced closer to the time.

COURSE STRUCTURE Most of the sessions are structured as seminars. These seminars will occasionally be interspersed with more formal lectures that introduce new topics.

READING LIST

* 1. Empirical Methods

- [1] Joshua D Angrist and Jörn-Steffen Pischke. *Mostly harmless econometrics: An empiricist's companion*. Princeton university press, 2009.
- [2] Paul W Holland. Statistics and causal inference. *Journal of the American statistical Association*, 81(396):945–960, 1986.
- [3] David Card and Alan B Krueger. Minimum wages and employment: A case study of the fast-food industry in new jersey and pennsylvania. *The American Economic Review*, 84(4):772–793, 1994.
- [4] Joshua D Angrist and Victor Lavy. Using maimonides' rule to estimate the effect of class size on scholastic achievement. *The Quarterly journal of economics*, 114(2):533–575, 1999.
- [5] Jens Ludwig and Douglas L Miller. Does head start improve children's life chances? evidence from a regression discontinuity design. *The Quarterly journal of economics*, 122(1):159–208, 2007.
- [6] Javier Becerril and Awudu Abdulai. The impact of improved maize varieties on poverty in mexico: A propensity score-matching approach. *World development*, 38(7):1024–1035, 2010.

* 2.1 Measurement of poverty and Inequality

- [7] M Shifa and V Ranchhod. Handbook on inequality measurement for country studies, 2019.
- [8] Gary S Fields. Data for measuring poverty and inequality changes in the developing countries. *Journal of Development Economics*, 44(1):87–102, 1994.

- [9] Martin Ravallion. The debate on globalization, poverty and inequality: why measurement matters. *International affairs*, 79(4):739–753, 2003.
- [10] Rolf Aaberge and Andrea Brandolini. Multidimensional poverty and inequality. In *Handbook of income distribution*, volume 2, pages 141–216. Elsevier, 2015.

*

2.2 Theories of Inequality

- [11] Simon Kuznets. Economic growth and income inequality. *The American economic review*, 45(1):1–28, 1955.
- [12] Sudhir Anand and SM Ravi Kanbur. The kuznets process and the inequality—development relationship. *Journal of development economics*, 40(1):25–52, 1993.
- [13] Daron Acemoglu and James A Robinson. The political economy of the kuznets curve. *Review of development economics*, 6(2):183–203, 2002.
- [14] William Arthur Lewis et al. Economic development with unlimited supplies of labour. 1954.
- [15] Gary S Fields. Dualism in the labor market: A perspective on the lewis model after half a century. *The Manchester School*, 72(6):724–735, 2004.

*

2.3 Global Inequality

- [16] Branko Milanovic. Global inequality recalculated and updated: the effect of new ppp estimates on global inequality and 2005 estimates. *The Journal of Economic Inequality*, 10:1–18, 2012.
- [17] Branko Milanovic. *Global inequality: A new approach for the age of globalization*. Harvard University Press, 2016.
- [18] Facundo Alvaredo, Lucas Chancel, Thomas Piketty, Emmanuel Saez, and Gabriel Zucman. Global inequality dynamics: New findings from wid. world. *American Economic Review*, 107(5):404–409, 2017.

*

2.4 South African Inequality

- [19] Alison Todes and Ivan Turok. Spatial inequalities and policies in south africa: Place-based or people-centred? *Progress in Planning*, 123:1–31, 2018.
- [20] Murray Leibbrandt, Arden Finn, and Ingrid Woolard. Describing and decomposing post-apartheid income inequality in south africa. *Development Southern Africa*, 29(1):19–34, 2012.
- [21] Dieter P Von Fintel. Long-run spatial inequality in south africa: early settlement patterns and separate development. *Studies in Economics and Econometrics*, 42(2):81–102, 2018.
- [22] Martin Wittenberg. Wages and wage inequality in south africa 1994–2011: Part 1—wage measurement and trends. *South African Journal of Economics*, 85(2):279–297, 2017.
- [23] Martin Wittenberg. Wages and wage inequality in south africa 1994–2011: Part 2—inequality measurement and trends. *South African Journal of Economics*, 85(2):298–318, 2017.
- [24] Martin Wittenberg and Murray Leibbrandt. Measuring inequality by asset indices: A general approach with application to south africa. *Review of Income and Wealth*, 63(4):706–730, 2017.
- [25] Michael Rogan. Gender and multidimensional poverty in south africa: Applying the global multidimensional poverty index (mpi). *Social Indicators Research*, 126:987–1006, 2016.
- [26] Miquel Pellicer and Vimal Ranchhod. Understanding the effects of racial classification in apartheid south africa. *Journal of Development Economics*, 160:102998, 2023.

- * **2.5 Wealth Inequality**
- [27] Gabriel Zucman. Global wealth inequality. *Annual Review of Economics*, 11:109–138, 2019.
- [28] Emmanuel Saez and Gabriel Zucman. Wealth inequality in the united states since 1913: Evidence from capitalized income tax data. *The Quarterly Journal of Economics*, 131(2):519–578, 2016.
- [29] Emmanuel Saez. Income and wealth inequality: Evidence and policy implications. *Contemporary Economic Policy*, 35(1):7–25, 2017.
- [30] Emmanuel Saez and Gabriel Zucman. The rise of income and wealth inequality in america: Evidence from distributional macroeconomic accounts. *Journal of Economic Perspectives*, 34(4):3–26, 2020.
- [31] Aroop Chatterjee, Léo Czajka, and Amory Gethin. Wealth inequality in south africa, 1993–2017. *The World Bank Economic Review*, 36(1):19–36, 2022.

- * **2.5 Inequality Persistence**
- [32] Miquel Pellicer, Vimal Ranchhod, Mare Sarr, and Eva Wegner. Inequality traps in south africa: An overview and research agenda. 2011.
- [33] Miquel Pellicer and Vimal Ranchhod. Inequality traps and human capital accumulation in south africa. *Towards Employment-Intensive Growth in South Africa*, 2016.
- [34] Nicholas Spaul. Poverty & privilege: Primary school inequality in south africa. *International Journal of Educational Development*, 33(5):436–447, 2013.

- * **2.5 Mobility**
- [35] Jeremy R Magruder. Intergenerational networks, unemployment, and persistent inequality in south africa. *American Economic Journal: Applied Economics*, 2(1):62–85, 2010.
- [36] Patrizio Piraino. Intergenerational earnings mobility and equality of opportunity in south africa. *World Development*, 67:396–405, 2015.
- [37] Arden Finn, Murray Leibbrandt, and Vimal Ranchhod. Patterns of persistence: Intergenerational mobility and education in south africa. 2016.

- * **2.5 Inequality policy**
- [38] Anthony B Atkinson. *Inequality: What can be done?* Harvard University Press, 2015.
- [39] Olivier Coibion, Yuriy Gorodnichenko, Lorenz Kueng, and John Silvia. Innocent bystanders? monetary policy and inequality. *Journal of Monetary Economics*, 88:70–89, 2017.
- [40] David Francis and Edward Webster. Poverty and inequality in south africa: Critical reflections. *Development Southern Africa*, 36(6):788–802, 2019.
- [41] Fabio Andrés Díaz Pabon, Murray Leibbrandt, Vimal Ranchhod, and Michael Savage. Piketty comes to south africa. *The British Journal of Sociology*, 72(1):106–124, 2021.

3. Wealth inequality and economic performance

- [42] H. P. Binswanger, K. Deininger, and G. Feder. Power, distortions, revolt and reform in agricultural and land relations. In *Handbook of Development Economics*, volume 3B. Elsevier-Science, North-Holland: Amsterdam, 1995.
- [43] P. Bardhan, S. Bowles, and H. Gintis. Wealth inequality, wealth constraints and economic performance. In A.B. Atkinson and F. Bourguignon, editors, *Handbook of Income Distribution*. Elsevier-Science, North-Holland, 2000.
- [44] Timothy Besley and Maitreesh Ghatak. Property rights and economic development. In Dani Rodrik and Mark Rosenzweig, editors, *Handbooks in Economics*, volume 5 of *Handbook of Development Economics*, pages 4525 – 4595. Elsevier, 2010.
- [45] Pranab Bardhan. *Land, Labor and Rural Poverty: Essays in Development Economics*. Columbia University Press, New York, 1984.
- [46] Radwan Ali Shaban. Testing between competing models of sharecropping. *Journal of Political Economy*, 95:893–920, 1987.
- [47] Nirvikar Singh. Theories of sharecropping. In Pranab Bardhan, editor, *The Economic Theory of Agrarian Institutions*. Clarendon Press, Oxford, 1989.
- [48] A. Banerjee, P. Gertler, and M. Ghatak. Empowerment and efficiency: Tenancy reform in west bengal. *Journal of Political Economy*, 110(2):239–280, 2002.
- [49] T. Besley and R. Burgess. Land reform, poverty reduction, and growth: Evidence from india. *Quarterly Journal of Economics*, 115(2):389–430, 2000.
- [50] Jean-Louis Arcand, Chunrong Ai, and François Ethier. Moral hazard and marshallian inefficiency: Evidence from tunisia. *Journal of Development Economics*, 83(2):411 – 445, 2007. Papers from a Symposium: The Social Dimensions of Microeconomic Behaviour in Low-Income Communities.
- [51] Hanan G. Jacoby, Guo Li, and Scott Rozelle. Hazards of expropriation: Tenure insecurity and investment in rural china. *American Economic Review*, 92(5):1420–1447, 2002.
- [52] Malcolm Keswell and Michael R. Carter. Poverty and land redistribution. *Journal of Development Economics*, 110(0):250–261, 2014.
- [53] Erica Field. Entitled to work: Urban property rights and labor supply in peru*. *The Quarterly Journal of Economics*, 122(4):1561–1602, 2007.
- [54] Alain de Janvry, Kyle Emerick, Marco Gonzalez-Navarro, and Elisabeth Sadoulet. Delinking Land Rights from Land Use: Certification and Migration in Mexico. *American Economic Review*, 105(10):3125–3149, October 2015.
- [55] Pranab Bardhan and Dilip Mookherjee. Determinants of redistributive politics: An empirical analysis of land reforms in west bengal, india. *American Economic Review*, 100(4):1572–1600, September 2010.
- [56] Abhijit Banerjee and Lakshmi Iyer. History, institutions, and economic performance: The legacy of colonial land tenure systems in india. *American Economic Review*, 95(4):1190–1213, September 2005.
- [57] Oded Galor, Omer Moav, and Dietrich Vollrath. Inequality in land ownership, the emergence of human capital promoting institutions, and the great divergence. *Review of Economic Studies*, 76(1):143 – 179, 2009.

*

4. Gender inequality and economic performance

- [58] Marjorie McElroy and M.J. Horney. Nash bargained household decisions: Toward a generalization of the theory of consumer demand. *International Economic Review*, 22:333–49, 1981.
- [59] Nancy Folbre. Household production in the philippines: A non-neoclassical approach. *Economic Development and Cultural Change*, 32(2):303–30, January 1984.
- [60] Marjorie McElroy. The emperical content of nash-bargained household behavior. *Journal of Human Resources*, 25(4):559–583, 1990.
- [61] Angus Deaton. *The Analysis of Household Surveys: A Microeconometric Approach to Development Policy (Section 4.2 – Intrahousehold Allocation and Gender Bias)*. John Hopkins University Press, Baltimore, MD, 1997.
- [62] Martin Browning and Pierre-André Chiappori. Efficient intra-household allocations: A general characterization and empirical tests. *Econometrica*, 66(6):1241–1278, November 1998.
- [63] Francois Bourguignon, Martin Browning, and Pierre-André Chiappori. Efficient intra-household allocations and distribution factors: Implications and identification. *Review of Economic Studies*, 76(2):503–528, 04 2009.
- [64] Laurens Cherchye, Bram De Rock, and Frederic Vermeulen. Opening the black box of intrahousehold decision making: Theory and nonparametric empirical tests of general collective consumption models. *Journal of Political Economy*, 117(6):1074–1104, December 2009.
- [65] Richard Blundell, Pierre-André Chiappori, and Costas Meghir. Collective labor supply with children. *Journal of Political Economy*, 113(6):1277–1306, December 2005.
- [66] Gustavo J. Bobonis. Is the allocation of resources within the household efficient? new evidence from a randomized experiment. *Journal of Political Economy*, 117(3):453–503, 06 2009.
- [67] Duncan Thomas. Intra-household resource allocation: An inferential approach. *Journal of Human Resources*, 25(4):635–664, 1990.
- [68] Christopher Udry. Gender, agricultural production, and the theory of the household. *Journal of Political Economy*, 104(5):1010–46, October 1996.
- [69] Hanan G. Jacoby and Ghazala Mansuri. Watta satta: Bride exchange and women’s welfare in rural pakistan. *American Economic Review*, 100(4):1804–25, September 2010.
- [70] Markus Goldstein and Christopher Udry. The profits of power: Land rights and agricultural investment in ghana. *Journal of Political Economy*, 116(6):981–1022, December 2008.
- [71] Daniel Ayalew Ali, Klaus Deininger, and Markus Goldstein. Environmental and gender impacts of land tenure regularization in africa: Pilot evidence from rwanda. *Journal of Development Economics*, 110:262–275, September 2014.
- [72] World Bank. *World Development Report 2012: Gender Equality and Development*. World Bank, 2012.