

ECON 216: DEVELOPMENT ECONOMICS III

Contact information.

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Office hours: Schedule through Development Economics Slack Workspace

Logistics.

Class times: T/Th (1.30-3.30)

Course website: canvas

Course description. This course is aimed at economics PhD students who have satisfied all the first year requirements. Prior knowledge of theory and econometrics at the first year PhD level is assumed. If you wish to have development as a field and want this to count towards it, you need at least a ‘B+’ or better in this course.

Grading and assignments.

- Two referee reports (15%). Pick one from each category. You can do the referee reports in whatever order you see fit.

Please do not collaborate on these.

(1) Empirical

- Assouad (2022) “Charismatic Leaders and Nation Building” https://www.dropbox.com/s/93e05vg2euksrgk/JMP_Assouad_PSE.pdf?dl=0
- McKelway (2021) “The Empowerment Effects of Women’s Employment: Experimental Evidence” https://drive.google.com/file/d/1G_ZI0ug2Zzy47YYXiWhWX1ZkzBZx/view
- Lori Beaman, Ariel BenYisha, Jeremy Magruder, and Ahmed Mushfiq Mobarak (2021) “Can network theory-based targeting increase technology adoption?,” https://faculty.wcas.northwestern.edu/~lab823/BBMM_Jan2021.pdf
- Egger, Dennis, et al. “General equilibrium effects of cash transfers: experimental evidence from Kenya.” No. w26600. National Bureau of Economic Research, 2019. https://econweb.ucsd.edu/~pniehaus/papers/cash_transfers_ge.pdf
- Ashraf, Banerjee, and Nourani (2020) “Learning by Learning to Learn” <https://economics.mit.edu/files/20802>

(2) Theoretical

- An “Animal Farm” Perspective on Covid-19 and Other Diseases <https://debrajray.com/wp-content/uploads/2021/01/RaySubramanianAnimalFarm.pdf>

Date:

- Aspirations and Inequality <https://debrajray.com/wp-content/uploads/2017/12/GenicotRayAsp.pdf>
- Wang (2015) “Risk Sorting, Portfolio Choice, and Endogenous Informal Insurance” <https://sites.duke.edu/xywang/files/2016/09/Wang.Risk-Sorting-Pdf.pdf>

- Presentations (50%):

In most of the classes, we will have a conference-format presentation. The idea is to simulate a presentation at an NBER-like conference. One student (the “author”) will present a pre-selected paper from the syllabus (20 minutes). Another student will be a “discussant” (5 minutes). Then we will have a chance for the rest of the audience to ask questions. Finally, the presenter will then respond to the discussant and the audiences’ questions (5 minutes). The presentation paper is designated in blue (and with ***).

We will randomly (with replacement) assign the roles throughout the term.

- Participation (35%).

I will assign a reading response once or twice a week. These are short-answer questions. Bullet points are fine, I do not expect expansive essays. This is due by the beginning of class on the date assigned. No exceptions. You will receive no credit if it is late.

Other course policies.

- The Economics Department has a common set of course management policies. These policies govern such matters as late work, missed examinations, and re-grading. If you are not familiar with these policies, make sure you read them carefully and familiarize yourself with them. They can be found at: <http://www-econ.stanford.edu/academics/courses.html>
- *Students with documented disabilities*: The Provost has asked instructors to include the following paragraph in the syllabus: Students who have a physical, psychological or learning disability that may necessitate an academic accommodation or the use of auxiliary aids and services in a class must initiate the request with the Student Disability Resource Center (SDRC). The SDRC will evaluate the request along with the required documentation, recommend appropriate accommodations, and prepare a verification letter dated in the current academic term in which the request is being made. Please contact the SDRC as soon as possible; timely notice is needed to arrange for appropriate accommodations. The SDRC is located at 563 Salvatierra Walk (Phone 723-1066).
- *Late assignments*: No late assignments.

General readings. The required readings for this class mostly consist of academic papers. No textbooks are required, though you may want to have a look at some of these (out of interest):

- Bardhan, Pranab and Christopher Udry. *Development Microeconomics*. Oxford: Oxford University Press, 1999.
- Banerjee, Abhijit, Roland Benabou and Dilip Mookherjee (Editors), *Understanding Poverty*, Oxford: Oxford University Press, 2006.
- Banerjee, A. V., & Duflo, E. (2011). *Poor economics: A radical rethinking of the way to fight global poverty*. PublicAffairs Store.
- Banerjee & Duflo (2019). *Good Economics for Hard Times*.
- Collins, D., Morduch, J., Rutherford, S., & Ruthven, O. (2009). *Portfolios of the poor: how the world's poor live on \$2 a day*. Princeton University Press.
- Deaton, A. (1997). *The analysis of household surveys: a microeconometric approach to development policy*. World Bank Publications.
- Karlan, D. S., & Appel, J. (2011). *More than good intentions*. New York: Dutton.
- Ray, D. (1998). *Development economics*. Princeton University Press.

Course Outline.

- I. Fundamentals: 1 lecture
 - A. Historical, sociological, and philosophical perspectives
 - B. A review of relevant applied micro-econometrics
- II. Overview: 0.5 lectures
 - A. An introduction - the economic lives of the poor
- III. Savings: 3.5 lectures
 - A. Benchmark: canonical model
 - B. Frictions: access, psychological, social
- IV. Insurance: 3 lectures
 - A. Benchmark: full information and commitment
 - B. Frictions: lack of commitment, hidden income, moral hazard, migration
- V. Credit: 4 lectures
 - A. Credit and money lenders
 - B. Microcredit groups: why? how do they form? do they matter empirically?
 - C. What does demand look like and what are loans used for?
 - D. GE effects
- VI. Information: 4 lectures
 - A. Diffusion
 - B. Information aggregation
 - C. Frictions in social learning and failure of adoption
- VII. Public: 1 lectures
 - A. Public Goods
 - B. Redistribution
- VIII. Firms and Contracts: 1 lectures
 - A. Reputation, networks, and contracts
 - B. Efficacy of interfirm networks

Course Content. The course will roughly follow the structure below – but this is a live document and therefore things are subject to change. Mandatory readings noted by ★'s. Papers to be presented denoted by ★★★ and in [blue](#).

- I. Fundamentals: 1 lecture (3/29)
- A. Perspectives
- ★ “Funes el Memorioso,” Borges
 - ★ “Orientalism, Chapter 1: Introduction,” Said
 - ★ “Rule of Experts: Chapters 1, 4, 7,” Mitchell
 - ★ “Objectivity...,” Weber
 - ★ “Other Asias, Chapter 1: Righting Wrongs,” Spivak
- B. Applied Micro-econometric Methods
- Review of non-parametrics, regression discontinuity, MLE, GMM, peer effects models, the bootstrap, LASSO, post-ML inference
 - ★ Belloni, Chernozhukov, Hansen. “High-Dimensional Methods and Inference on Structural and Treatment Effects,” *Journal of Economic Perspectives*
- Reading Response 1, Due 4/5
Borges, Weber, Said, Mitchell, Rabin.
- II. Overview: 1/2 lecture (3/31)
- ★ Banerjee, Abhijit V., and Esther Duflo. “The economic lives of the poor.” *The Journal of Economic Perspectives* 21.1 (2007): 141.
- III. Savings: 3.5 lectures (3/31, 4/5, 4/7, 4/12)
- A. Lack of Access to Savings
- ★★★ Dupas, P. and Jonathon Robinson (2013). “Savings Constraints and Microenterprise Development: Evidence from a Field Experiment in Kenya.” *American Economic Journal: Applied Economics* (3/31)
- B. Unconstrained Benchmark
- ★ Paxson, C. H. (1992). “Using weather variability to estimate the response of savings to transitory income in Thailand.” *The American Economic Review*, 15-33.
 - ★ Deaton (1991). “Saving and Liquidity Constraints.” *Econometrica*.
 - Angus Deaton (1992). “Household saving in LDCs: Credit markets, insurance and welfare”, *Scandinavian Journal of Economics*.
 - Rosenzweig, Mark and Kenneth Wolpin (1993), “Credit Market Constraints, Consumption Smoothing, and the Accumulation of Durable Production Assets in Low-Income Countries: Investments in Bullocks in India,” *Journal of Political Economy* 101 (2): 223-244.
- C. The Role of Psychology: Time Inconsistency, Alcoholism...
- ★★★ Karlan, Dean, Sendhil Mullainathan, and Benjamin N. Roth. 2019. “Debt Traps? Market Vendors and Moneylender Debt in India and the Philippines.” *American Economic Review: Insights*, 1 (1): 27-42. (4/5)
 - Ananth, B., Karlan, D., Mullainathan, S. (2007), “Microentrepreneurs and Their Money: Three Anomalies,” Working paper.

- ★ Banerjee, A., & Mullainathan, S. (2010). “The shape of temptation: Implications for the economic lives of the poor” (No. w15973). National Bureau of Economic Research.
- ★ Ashraf, N., Karlan, D., & Yin, W. (2006). “Tying Odysseus to the mast: Evidence from a commitment savings product in the Philippines.” *The Quarterly Journal of Economics*, 121(2), 635-672.
- Bernheim, D., Ray, D., & Yeltekin, S. (2013). “Poverty and self-control.”
- ★★★ [Schilbach \(2019\)](#). “Alcohol and Self-Control A Field Experiment in India.” *AER* (4/7)

Reading Response 2, Due 4/12

Schilbach; Banerjee and Mullainathan

D. Reputation, social networks, RoSCAs and the like

- ★ Dupas, Pascaline, and Jonathan Robinson (2012), “Why don’t the poor save more? Evidence from Health Savings Experiments”.
- ★ Breza, E. and Chandrasekhar, A. (2019). “Social networks, reputation and commitment: Evidence from a savings monitors experiment,” *Econometrica* vol. 87 issue 1
- ★ Gugerty, Mary Kay (2007), “You Can’t Save Alone: Commitment in Rotating Savings and Credit Associations in Kenya.”
- ★★★ [Basu, K. \(2011\)](#). “Hyperbolic discounting and the sustainability of rotational savings arrangements.” *American Economic Journal: Microeconomics*, 3(4), 143-171.
- Anderson, Siwan, and Jean-Marie Baland (2002), “The Economics of ROSCAs and Intra-Household Resource Allocation,” *Quarterly Journal of Economics* 117 (3): 963-995.

Reading Response 3, Due 4/19

Breza and Chandrasekhar.

IV. Insurance: 3 lectures (4/14, 4/19, 4/21)

A. Full commitment

- ★ Townsend, R. M. (1994). “Risk and insurance in village India.” *Econometrica*, 539-591.
- ★★★ [Udry, C. \(1994\)](#). “Risk and insurance in a rural credit market: An empirical investigation in northern Nigeria.” *The Review of Economic Studies*, 61(3), 495-526.

B. Limited commitment

- ★ Ligon, E., Thomas, J. P., & Worrall, T. (2002). “Informal insurance arrangements with limited commitment: Theory and evidence from village economies.” *The Review of Economic Studies*, 69(1), 209-244.
- ★★★ [Genicot, G., & Ray, D. \(2003\)](#). “Group formation in risk-sharing arrangements.” *The Review of Economic Studies*, 70(1), 87-113.

Reading Response 4, Due 4/21

Ligon, Babu, Rawat

C. Hidden income

- ★ Cole, H. L., & Kocherlakota, N. R. (2001). “Efficient allocations with hidden income and hidden storage.” *The Review of Economic Studies*, 68(3), 523-542.

D. Moral Hazard

- ★ Kinnan (2013). “Distinguishing barriers to insurance in Thai villages”
- Ahlin, C., & Townsend, R. M. (2007). “Using Repayment Data to Test Across Models of Joint Liability Lending.” *The Economic Journal*, 117(517), F11-F51.

E. Migration

- ★★★ Morten, Melanie. “Temporary migration and endogenous risk sharing in village india.” *Journal of Political Economy* 127.1 (2019): 1-46.
- Munshi and Rosenzweig. (2015). Networks and Misallocation: Insurance, Migration and the Rural-Urban Wage Gap.

F. Network Approaches

(i) Why relationships ought to be embedded?

- ★ Jackson, M. O., Rodriguez-Barraquer, T., & Tan, X. (2012). “Social capital and social quilts: Network patterns of favor exchange.” *The American Economic Review*, 102(5), 1857-1897.
- ★ Bloch, F., Genicot, G., & Ray, D. (2008). “Informal insurance in social networks.” *Journal of Economic Theory*, 143(1), 36-58.
- ★ Kinnan, C., & Townsend, R. (2012). “Kinship and Financial Networks, Formal Financial Access, and Risk Reduction.” *The American Economic Review: P & P*, 102(3), 289-293.

(ii) How should village networks be organized?

- ★ Ambrus, A., Mobius, M., & Szeidl, A. (2014). “Consumption risk-sharing in social networks” *American Economic Review*

(iii) When networks form endogenously to share risk, how will they look?

- Ambrus, A. & Elliott, M (2018). “Investments in social ties, risk sharing and inequality ”

Reading Response 5, Due 4/26

Kinnan/Townsend, Ambrus et al, Munshi/Rosenzweig, Jackson et al, Bloch et al

V. Credit: 4 lectures (4/26, 4/28, 5/3, 5/5)

A. Credit and money lenders

- ★ Abhijit V. Banerjee and Esther Duflo. (2010). “Giving credit where it is due.” *Journal of Economic Perspectives*, 24(3):61-80.
- ★★★ Karlan, D., & Zinman, J. (2009). “Observing unobservables: Identifying information asymmetries with a consumer credit field experiment.” *Econometrica*, 77(6), 1993-2008.

- Aleem, Irfan. “Imperfect information, screening, and the costs of informal lending: a study of a rural credit market in Pakistan.” *The World Bank Economic Review* 4.3 (1990): 329-349.
- Stiglitz, J. E., & Weiss, A. (1981). “Credit rationing in markets with imperfect information.” *The American economic review*, 71(3), 393-410.

B. Microfinance 1: Overview

- ★ Banerjee. (2012). “Microcredit under the microscope: What have we learnt in the last two decades, what do we need to know?”
- ★ Morduch, J. (1999) “The Microfinance Promise,” *Journal of Economic Perspectives* 37 (4): 1569-1614

C. Microfinance 2: Why groups?

- ★★★ Besley, T., & Coate, S. (1995). “Group lending, repayment incentives and social collateral.” *Journal of Development Economics*, 46(1), 1-18.
- ★ Banerjee, A. V., Besley, T., & Guinnane, T. W. (1994). “Thy neighbor’s keeper: The design of a credit cooperative with theory and a test.” *The Quarterly Journal of Economics*, 109(2), 491-515.
- Bulow, Jeremy and Kenneth Rogoff (1989) “Sovereign Debt: Is to Forgive to Forget?” *American Economic Review*, Vol. 79(1), pp. 43-50.

D. Microfinance 3: group composition: who joins with whom and why?

- ★ Ghatak, M. (1999). Group lending, local information and peer selection. *Journal of development economics*, 60(1), 27-50.
- ★ 2 videos:
 - a talk by Dean Karlan on a Mexico-wide microfinance expansion: <http://www.youtube.com/watch?v=v61CCDLF6ss>
 - a response by Abhijit Banerjee on the same topic: <http://www.youtube.com/watch?v=5wjp7msxbY8>
- Wang, Xiao Yu (2013). “Endogenous Insurance and Informal Relationships”.
- Ghatak, M., & Guinnane, T. W. (1999). The economics of lending with joint liability: theory and practice. *Journal of development economics*, 60(1), 195-228.

E. Microfinance 4: does the group really matter? Group vs individual

- ★ Bryan, G. et al. (2014).
- ★ Gine, X., & Karlan, D. S. (2007). “Group versus individual liability: a field experiment in the Philippines.”
- ★ Breza, Emily. (2013). “Peer Effects and Loan Repayment: Evidence from the Krishna Default Crisis.”
- Attanasio, O., Augsburg, B., De Haas, R., Fitzsimons, E., & Harmgart, H. (2011). “Group lending or individual lending? Evidence from a randomised field experiment in Mongolia.”

Reading Response 6, Due 4/28
Banerjee and Duflo

F. Microfinance 5: What are loans used for?

- *** [Meager \(2019\)](#). “Understanding the Average Impact of Microcredit Expansions: A Bayesian Hierarchical Analysis of Seven Randomized Experiments.” *The American Economic Journal: Applied Economics*
- Banerjee, A., Duflo, E., Glennerster, R., & Kinnan, C. (2013). “The miracle of microfinance? Evidence from a randomized evaluation.”
- ★ Banerjee, A. V., Breza, E., Duflo, E., & Kinnan, C. (2019). “Can microfinance unlock poverty traps for some entrepreneurs?”
- De Mel, S., McKenzie, D., & Woodruff, C. (2008). “Returns to capital in microenterprises: evidence from a field experiment.” *The Quarterly Journal of Economics*, 123(4), 1329-1372.
- Gulesci, Selim, and Andreas Madestam. “Repayment Flexibility and Risk Taking: Experimental Evidence from Credit Contracts.” (2018)
- Field, E., Pande, R., Papp, J., & Rigol, N. (2013). Does the classic microfinance model discourage entrepreneurship among the poor? Experimental evidence from India. *American Economic Review*, 103(6), 2196-2226.
- *** [Liu, Ernest, and Benjamin N. Roth](#). “Contractual Restrictions and Debt Traps.” *Review of Financial Studies* 35, no. 3 (March 2022): 1141–1182.

G. Microfinance 6: Aspects of Demand

- ★ Karlan, Dean, and Jonathan Zinman. Long-Run Price Elasticities of Demand for Credit: Evidence from a Countrywide Field Experiment in Mexico. No. w19106. National Bureau of Economic Research, 2013.

H. Microfinance 7: GE

- ★ Burgess, R., & Pande, R. (2003). “Do rural banks matter? Evidence from the Indian social banking experiment.”
- ★ Breza, Emily and Kinnan, Cynthia. (2016). “Measuring the equilibrium impacts of credit: Evidence from the Indian microfinance crisis.”
- Buera, F. J., Kaboski, J. P., & Shin, Y. (2012). The macroeconomics of microfinance (No. w17905). National Bureau of Economic Research.
- ★ Feigenberg, B., Field, E., & Pande, R. (2013). The economic returns to social interaction: Experimental evidence from microfinance. *The Review of Economic Studies*, 80(4), 1459-1483.
- ★ Banerjee, Chandrasekhar, Duflo and Jackson (2016). “Changes in social network structure in response to exposure to formal credit markets”
- Townsend, R. M., & Ueda, K. (2006). “Financial deepening, inequality, and growth: a model-based quantitative evaluation.” *The Review of Economic Studies*, 73(1), 251-293.
- Kaboski, J. P., & Townsend, R. M. (2005). “Policies and Impact: An Analysis of Village-Level Microfinance Institutions.” *Journal of the European Economic Association*, 3(1), 1-50.

- Kaboski, J. P., & Townsend, R. M. (2011). “A Structural Evaluation of a Large-Scale Quasi-Experimental Microfinance Initiative.” *Econometrica*, 79(5), 1357-1406.
- Rai and Sjöström. “Redesigning Microfinance”

Reading Response 7, Due 5/5

Gulesci et al., Banerjee et al., Simonsohn

Referee Report 1, Due 5/10

No class 5/10!

VI. Information: 4 lectures (5/12, 5/17, 5/19, 5/24)

A. Diffusion

(i) Applications of diffusion

- ★ Jensen, Robert. “The digital divide: Information (technology), market performance, and welfare in the South Indian fisheries sector.” *The Quarterly Journal of Economics* (2007): 879-924.
- ★ Beaman, Lori, and Jeremy Magruder. “Who gets the job referral? Evidence from a social networks experiment.” *The American Economic Review* 102.7 (2012): 3574-3593.
- Bloom, Nicholas, et al. “Does Management Matter? Evidence from India.” *The Quarterly Journal of Economics* 128.1 (2013): 1-51.

(ii) Theory of diffusion

- ★ Kirman, A. “Ants, rationality, and recruitment,” *The Quarterly Journal of Economics* 108 (1), 137-156
- ★ Banerjee, Chandrasekhar, Duflo & Jackson (2013). “The diffusion of microfinance.” *Science* 341 (6144).
- ★★★ Beaman, Lori, Ariel BenYishay, and Jeremy Magruder Ahmed Mushfiq Mobarak (2021). “Can Network Theory-based Targeting Increase Technology Adoption?,” *American Economic Review*
- ★ Banerjee, A., Chandrasekhar, A. G., Duflo, E., & Jackson, M. O. (2019). “Using gossips to spread information: theory and evidence from two randomized controlled trials,” *The Review of Economic Studies*

Reading Response 8, Due 5/12

Banerjee et al., basic network theory

B. Social Learning and Information Aggregation

(i) Why might the law of large numbers fail under Bayesian learning?

- ★ Banerjee, Abhijit V. “A simple model of herd behavior.” *The Quarterly Journal of Economics* 107.3 (1992): 797-817.
- Bikhchandani, S., Hirshleifer, D., & Welch, I. (1992). “A theory of fads, fashion, custom, and cultural change as informational cascades.” *Journal of Political Economy*, 100(5), 992-1026.

(ii) DeGroot learning on a network

- ★ DeMarzo, Peter M., Dimitri Vayanos, and Jeffrey Zwiebel. “Persuasion bias, social influence, and unidimensional opinions.” *The Quarterly Journal of Economics* 118.3 (2003): 909-968.
- ★ Golub, Benjamin, and Matthew O. Jackson. “Naive learning in social networks and the wisdom of crowds.” *American Economic Journal: Microeconomics* 2.1 (2010): 112-49.
- ★★★ Golub, Benjamin, and Matthew O. Jackson. “How homophily affects the speed of learning and best-response dynamics.” *The Quarterly Journal of Economics* 127.3 (2012): 1287-1338.

(iii) Applications

- ★ Alatas, V., Banerjee, A., Chandrasekhar, A. G., Hanna, R., & Olken, B. A. (2016). “Network structure and the aggregation of information: Theory and evidence from Indonesia.” *American Economic Review*, 106(7), 1663-1704.
- ★★★ Conley, T. G., & Udry, C. R. (2010). “Learning about a new technology: Pineapple in Ghana.” *The American Economic Review*, 35-69.
- Foster, A. D., & Rosenzweig, M. R. (1995). “Learning by doing and learning from others: Human capital and technical change in agriculture.” *Journal of Political Economy*, 1176-1209.**

Reading Response 9, Due 5/17
Banerjee

(iv) Putting it together: Diffusion + Aggregation

- ★ Banerjee et al. (2018) “When less is more: Experimental evidence on information delivery during India’s demonetization”
- ★★★ Beaman, Lori, Niall Keleher, and Jeremy Magruder. “Do job networks disadvantage women? Evidence from a recruitment experiment in Malawi.” *Journal of Labor Economics* 36.1 (2018): 121-157.
- ★ Banerjee, A., Breza, E., Chandrasekhar, A. G., & Mobius, M. (2021). Naive learning with uninformed agents. *American Economic Review*, 111(11), 3540-74.
- Ngatia, Muthoni. “Social interactions, stigma, and HIV testing.” (2016).

Referee Report 2, Due 5/19

Reading Response 10, Due 5/26
Conley and Udry, Banerjee et al., Karing

VII. Public finance: 1 lecture (5/26)

A. Public goods: 1 lecture (5/26)

- ★ Banerjee et al. “Selecting the Most Effective Nudge” (2021)
- ★ Duflo, Esther and Rohini Pande (2007), “Dams,” *Quarterly Journal of Economics*, Vol. 122, No. 2, 601-646
- ★ Olken, Benjamin A. (2007). “Monitoring Corruption: Evidence from a Field Experiment in Indonesia.” *Journal of Political Economy* 115(2): 200-249.

- ★ Kremer, Michael, et al. “Spring Cleaning: Rural Water Impacts, Valuation, and Property Rights Institutions.” *The Quarterly Journal of Economics* 126.1 (2011): 145-205.
- Galiani, S., P. Gertler and E. Schargrotsky (2005). “Water for Life: The Impact of the Privatization of Water Services on Child Mortality.” *Journal of Political Economy* 113(1): 83-120

B. Redistribution:

- ★ Besley, T. and R. Kanbur (1988). “Food Subsidies and Poverty Alleviation.” *The Economic Journal* 98(392): 701-719
- ★ Nichols, A. L. and R. J. Zeckhauser (1982). “Targeting Transfers through Restrictions on Recipients.” *American Economic Review* 72(2): 372-377
- Olken, Benjamin A (2007), “Corruption and the Costs of Redistribution,” *Journal of Public Economics*, 90(4-5), 853-870
- ★ Alatas, Banerjee, Hanna, Olken, and Tobias (2012) “Targeting the Poor: Evidence from a Field Experiment in Indonesia,” *American Economic Review* 104(2), pp. 1206-1240
- ★★★ Guarin et al. (2022) “Reparations as Development?...” <https://www.dropbox.com/s/yjyk9x1ruts9e2z/Reparations.pdf?dl=0>
- Banerjee, Hanna, Olken, and Sumarto. “The (lack of) Distortionary Effects of Proxy-Means Tests: Results from a Nationwide Experiment in Indonesia”
- Hanna and Olken, “Universal Basic Incomes vs. Targeted Transfers: Anti-Poverty Programs in Developing Countries,” *Journal of Economic Perspectives* 32 (4), pp. 201-226

VIII. Firms and contracts: 1 lecture (5/31)

A. Overview:

- ★ Tirole, Jean (1996), “A Theory of Collective Reputations (With Applications to the Persistence of Corruption and to Firm Quality),” *Review of Economic Studies*, Vol. 63 (1), pp.1-22.
- ★ Avner Greif. 1993. “Contract Enforceability and Economic Institutions in Early Trade: The Maghribi Traders’ Coalition.” *American Economic Review* v. 83 no. 3, pp. 525-548.
- ★★★ Macchiavello, Rocco, and Ameet Morjaria (2021). “Competition and relational contracts in the Rwanda coffee chain.” *The Quarterly Journal of Economics*
- ★ Banerjee, Abhijit and Esther Duflo (2000), “Reputation Effects and the Limits of Contracting: A study of the Indian Software Industry,” *Quarterly Journal of Economics* Vol. 115 (3), pp. 989-1017.
- John McMillan and Christopher Woodruff. 1999. “Interfirm Relationships and Informal Credit in Vietnam.” *Quarterly Journal of Economics* v. 114 no. 4, pp. 1285-1320**

B. Networks:

- ★ Khwaja, Asim and A. Mian (2005), “Do Lenders Favor Politically Connected Firms? Rent provision in an Emerging Financial Market”, *Quarterly Journal of Economics*, Vol. 120, Issue 4.
- ★ Bertrand, Marianne, Paras Mehta and Sendhil Mullainathan (2002). “Ferretting Out Tunneling: An Application to Indian Business Groups.” *Quarterly Journal of Economics* 117(1): 121-148
- ★ Cai, J. and Szeidl, A. (2018). “Interfirm Relationships and Business Performance,” *Quarterly Journal of Economics* 133(3), 1229-1282
- Bertrand and Schoar. Family Firms.

Reading Response 11, Due 5/31

Alatas et al., Spivak, Duflo, Banerjee et al.