



Seminar: Poor Economics
Georg-August University Göttingen
Department of Economics
Sommersemester 2016

TEACHING TEAM

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DETAILS

In this seminar we will deal with the book „Poor Economics – A Radical Rethinking of the Way to Fight Global Poverty“ by Abhijit V. Banerjee and Esther Duflo, which has been a highly influential and important book for people interested in development economics.

“Why would a man in Morocco who doesn’t have enough to eat buy a television?

Why is it so hard for children in poor areas to learn even when they attend school?

Why do the poorest people in the Indian state of Maharashtra spend 7 percent of their food budget on sugar?

Does having lots of children actually make you poorer?

Billions of government dollars, and thousands of charitable organizations and NGOs, are dedicated to helping the world’s poor. But much of the work they do is based on assumptions that are untested generalizations at best, flat out harmful misperceptions at worst. For more than fifteen years Abhijit V. Banerjee and Esther Duflo have worked with the poor in dozens of countries spanning five continents, trying to understand the specific problems that come with poverty and to find proven solutions. Through a careful analysis of a very rich body of evidence, including the hundreds of randomized control trials that Banerjee and Duflo have pioneered, they show why the poor, despite having the same desires and abilities as anyone else, end up with entirely different lives. ‘Poor Economics’ argues that so much of anti-poverty policy has failed over the years because of an inadequate understanding of poverty.” (www.pooreconomics.com)

SEMINAR TOPICS

Following, you find the list of seminar topics that will be distributed among participating students during the first meeting on 20.04.2016. Each topic falls into the content of one of the book’s chapters whereas we expect all students to read the entire book before the presentation session.

All papers focus on randomized controlled trials (RCTs), which is a specific study design to investigate the causal effect of different treatments on various outcomes of interest. RCTs are often seen as the 'gold-standard' in empirical investigations and nowadays are an important tool in development economics research. We will explain the ideas and functioning of RCTs in more detail in an introductory meeting.

Chapter1: Think Again, Again

Chapter 2: Nutrition - A Billion Hungry People?

Background Literature:

Ruel, M. T. & Alderman, H. (2013). Nutrition-sensitive Interventions and Programmes: How Can They Help to Accelerate Progress in Improving Maternal and Child Nutrition? *The Lancet*, 382(9891), 536-551.

1. Nutrition and Food Subsidies

Jensen, R.T. & Miller, N.H. (2011). Do Consumer Price Subsidies Really Improve Nutrition? *The Review of Economics and Statistics*, 93(4), 1205–122

Jensen, R.T. & Miller, N.H. (2008). Giffen Behavior and Subsistence Consumption. *American Economic Review*, 98(4), 1553-77.

2. School Feeding Programs

Kazianga H, De Walque D & Alderman, H. (2009). Educational and health impact of two school feeding schemes: evidence from a randomized trial in rural Burkina Faso. *World Bank Policy Research*, Working Paper 4976. Washington, DC: World Bank.

Neumann, C. G., Murphy, S. P., Gewa, C., Grillenberger, M., & Bwibo, N. O. (2007). Meat supplementation improves growth, cognitive, and behavioral outcomes in Kenyan children. *Journal of Nutrition*, 137 (4), 1119-1123.

Chapter 3: Health - Low-Hanging Fruit for Better (Global) Health?

Background Literature:

Dupas, P. (2011). Health behavior in developing countries. *Annu. Rev. Econ.*, 3(1), 425-449.

3. Cost sharing

Cohen J. & Dupas, P. (2010). Free Distribution or Cost-sharing? Evidence from a Randomized Malaria Prevention Experiment. *The Quarterly Journal of Economics*, 125 (1), 1-45.

Ashraf, N., Berry, J., & Shapiro, J. (2010). Can Higher Prices Stimulate Product Use? Evidence from a Field Experiment in Zambia. *American Economic Review*, 100 (5).

4. Incentives

Banerjee, A., Duflo, E., Glennerster, R. & Kothari, D. (2010). Improving Immunisation Coverage in Rural India: Clustered Randomised Controlled Evaluation of Immunisation Campaigns With and Without Incentives. *British Medical Journal*, 340.

Thornton, R. L. (2008). The Demand for, and Impact of, Learning HIV Status. *The American Economic Review*, 98(5), 1829.

5. Sustainability

Dupas, P. (2014). Short-Run Subsidies and Long-run Adoption of New Health Products: Evidence from a Field Experiment. *Econometrica*, 82(1), 197-228.

Kremer, M., & Miguel, E. (2007). The Illusion of Sustainability. *Quarterly Journal of Economics*, 122 (3): 1007-1065.

Chapter 4: Education - Top of the Class

Background Literature:

Glewwe, P., & Kremer, M. (2006). Schools, Teachers, and Education Outcomes in Developing Countries. *Handbook of the Economics of Education*, 2, 945-1017.

Kremer, M., & Holla, A. (2009). Improving Education in the Developing World: What Have We Learned from Randomized Evaluations? *Annual Review of Economics*, 1, 513.

6. Teacher Incentives

Duflo, Esther, Rema Hanna, and Stephen P. Ryan. 2012. "Incentives Work: Getting Teachers to Come to School." *American Economic Review*, 102(4): 1241-78.

Muralidharan K., Sundararaman V. (2011) Teacher Performance Pay: Experimental Evidence from India. *Journal of Political Economy* 119: 39-77.

7. Additional School Inputs

Glewwe, P., Kremer, M., & Moulin, S. (2009). Many Children Left Behind? Textbooks and Test Scores in Kenya. *American Economic Journal: Applied Economics*, 1(1), 112-135.

Das J., Dercon S., Habyarimana J., Krishnan P., Muralidharan K., Sundararaman V. (2013) School Inputs, Household Substitution, and Test Scores. *American Economic Journal: Applied Economics* 5: 29-57.

8. Conditional Cash Programs

Schultz, T.P. (2004). School Subsidies For the Poor: Evaluating the Mexican Progresa Poverty Program. *Journal of Development Economics*, 74, 199-250.

Baird, S., McIntosh, C., & Özler, B. (2011). Cash or condition? Evidence from a cash transfer experiment. *The Quarterly Journal of Economics*, 126, 1709-1753.

Chapter 5: Fertility and Family Planning - Pak Sudarno's Big Family

Background Literature:

Kirby, D. P., Laris, B.A., Roller, L. A. (2006): Sex and HIV Education Programs: Their Impact on Sexual Behaviors of Young People Throughout the World. *Journal of Adolescent Health* 40 (2007) 206–217.

9. Fertility Decision

Ashraf, N., Field, E., & Lee, J. (2014). Household Bargaining and Excess Fertility: An Experimental Study in Zambia. *American Economic Review*, 104(7): 2210–2237.

La Ferrara, E., Chong, A., & Duryea S. (2012). Soap Operas and Fertility: Evidence from Brazil. *American Economic Journal: Applied Economics*, 4(4), 1-31.

10. HIV and Teenage Pregnancy

Dupas, P. (2011). Do Teenagers Respond to HIV Risk Information? Evidence From a Field Experiment in Kenya. *American Economic Journal: Applied Economics*, 3 (1): 1-36

Jamison, J.C., Karlan, D. & P. Raffler (2013): Mixed method evaluation of a passive mhealth sexual information texting service in Uganda. *NBER Working Paper Series*.

Chapter 6: Risk and Insurance - Barefoot Hedge-Fund Managers

Background Literature:

De Bock, O., & Gelade, W. (2012). The demand for microinsurance: A literature review. *ILO Microinsurance Innovation Facility Research Paper*, (26).

11. Insurance and (Risky) Investment

Karlan, D., Osei, R. D., Osei-Akoto, I., & Udry, C. (2014). Agricultural decisions after relaxing credit and risk constraints. *Quarterly Journal of Economics*, 129(2), 597-65.

Mobarak, A. M., & Rosenzweig, M. R. (2013). Informal Risk Sharing, Index Insurance, and Risk Taking in Developing Countries. *The American Economic Review*, 103(3), 375-380.

12. Insurance Take-up

Cole, S., Giné, X., Tobacman, J., Topalova, P., Townsend, R., & Vickery, J. (2013). Barriers to Household Risk Management: Evidence from India. *American Economic Journal: Applied Economics*, 5(1), 104-35.

Cole, S., Stein, D., & Tobacman, J. (2014). Dynamics of Demand for Index Insurance: Evidence from a Long-Run Field Experiment. *The American Economic Review*, 104(5), 284-290.

Chapter 7, 8 & 9: Microfinance, Entrepreneurship and Savings

Background Literature:

Bauchet, J., Marshall, C., Starita, L., Thomas, J. & Yalouris, A. (2011). Latest Findings from Randomized Evaluations of Microfinance. Access to Finance Forum *Reports by CGAP and Its Partners* No. 2

Banerjee, A. (2013): Microcredit under the Microscope: What Have We Learned in the Past Two Decades, and What Do We Need to Know? *Annual Review of Economics*, 5, 487-517.

13. Miracle of Microfinance?

Banerjee, A. V., Duflo, E., Glennerster, R., & Kinnan, C. (2015). The Miracle of Microfinance? Evidence from a Randomized Evaluation. *American Economic Journal: Applied Economics*, 7(1), 22-53.

Attanasio, O. et al. (2015): The Impacts of Microfinance: Evidence from Joint-Liability Lending in Mongolia. *American Economic Journal: Applied Economics*, 7(1), 90-122.

14. Microfinance: Training

Karlan, D., & Valdivia, M. (2011). Teaching Entrepreneurship: Impact of Business Training on Microfinance Clients and Institutions. *Review of Economics and Statistics*, 93(2), 510-527.

Drexler, A., Fischer, G., & Schoar, A. (2014). Keeping it Simple: Financial Literacy and Rules of Thumb. *American Economic Journal: Applied Economics*, 6(2), 1-31.

15. Microfinance: Repayment

Field, E., & Pande, R. (2008). Repayment Frequency and Default in Microfinance: Evidence from India. *Journal of the European Economic Association*, 6(2-3), 501-509.

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.

16. Generating Employment: Skills and Capital Transfers

Attanasio, O., Kugler, A. & C. Meghir (2011): Subsidizing Vocational Training for Disadvantaged Youth in Colombia: Evidence from a Randomized Trial. *American Economic Journal: Applied Economics*, 3, 188-220.

Blattman, C., Fiala, N. & S. Martinez (2014): Generating Skilled Self-Employment in Developing Countries: Experimental Evidence from Uganda. *The Quarterly Journal of Economics*, 697-752.

Chapter 10: Political Issues - Policies, Politics

Background Literature:

Pande, R. (2011). Can Informed Voters Enforce Better Governance? Experiments in Low-income Democracies. *Annu. Rev. Econ.*, 3(1), 215-237.

17. Corruption

Olken, B.A. (2007). Monitoring Corruption: Evidence from a Field Experiment in Indonesia. *Journal of Political Economy*, 115, 200-249.

Duflo, E., Greenstone, M., Pande, R., Ryan, N. (2013). Truth-telling by Third-party Auditors and the Response of Polluting Firms: Experimental Evidence from India. *The Quarterly Journal of Economics*, 128(4), 1499-1545.

18. Women and Policy

Chattopadhyay, R., & Duflo, E. (2004). Women as Policy Makers: Evidence from a Randomized Policy Experiment in India. *Econometrica*, 72(5), 1409-1443.

Beaman, L., Chattopadhyay, R., Duflo, E., Pande, R., and Topalova, P. (2009). Powerful Women: Does Exposure Reduce Bias? *Quarterly Journal of Economics*, 124 (4), 1497-1540.

GRADING

1. Seminar Paper (2/3)
2. Presentation & Class Participation (1/3)

SEMINAR PAPER

The main part of the seminar paper should be dedicated to the description and discussion of the assigned papers. It is highly important to place the papers' content into the broader framework of development economics. Here, the book "Poor Economics" as well as the background literature might help.

- In total the seminar paper should comprise 10 pages.
- It should be written in English.
- If you include tables or illustrations, please include those in the appendix.
- Use font style "Times New Roman", font size 12, 1.5 spacing, margins each 2.5cm.
- Neither provide an abstract, nor a list of illustrations/tables/abbreviations and minimize the use of footnotes. It is also not necessary to provide a table of content.
- Provide a bibliography at the end of your paper. It is highly important to cite all ideas or information you obtained from others and do so in the course of the text and not in footnotes.
- Sent your paper to Jana and Marion by 22.06.2016. Please name the document as follows: "Second name_Title of paper".
- We strongly encourage you to make an appointment to discuss your paper with your supervisor (Jana or Marion) at the beginning of May 2016.

PRESENTATION

- You have 20 minutes to present your seminar paper.
- Present by using slides in ppt or pdf format. Presentation and discussion will be in English.
- The discussion will be 15 minutes. If appropriate finish up your presentation with a question or a provocative statement to start the discussion.
- Sent your presentation to Jana and Marion by 04.07.2016. Please name the document as follows:

“Second name_Title of paper”.

CLASS PARTICIPATION

- We expect you to be present during all meetings of the seminar and to participate in class discussions. If you are unable to attend please do not register for this seminar.
- We expect you to read the book “Poor Economics” before the presentation session takes place.
- There are no stupid or improper questions, and you should not be afraid of a negative evaluation. Though, it is important for a fruitful discussion that you have read the book and have you own thoughts about it.

DATES

- Preliminary Meeting and Topic Assignment: 20.04.2016, 14:00 -15:00 in VG 2.103.
- Please note that only those students who got a topic assigned in the preliminary meeting shall sign up for the seminar in FlexNow.
- Period for Registration: 21.04.2016 - 24.04.2016
- Obligatory: Introduction into Scientific Writing and Randomized Control Trials: 27.04.2016, 13.30-16:30, room tba & 29.04.2016, 13:30-16:30 in VG 1.105.
- Hand-in Seminar Paper: 22.06.2016 as pdf via email and 1x printed
- Hand-in Presentation Slides: 04.07.2016 via email pdf or ppt format
- Seminar: 05.07.2016, 9:00-18:00 & 06.07.2016, 9:00-18:00 in room tba