



Ben Gurion University
Faculty of Humanities and Social Sciences
Department of Economics

Name of course Seminar in applied microeconomics with focus on development and inequality

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Course objectives

The seminar will introduce the students to central topics and methods in the applied microeconomics research of questions related to development and inequality. It will mentor students through the process of writing an assignment that can be structured either as a literature study, a research proposal or an independent research study. See detailed outline below.

Course outline – fall semester

The first semester will be composed of

- one classroom meeting in November (4) where the seminar is introduced along with important concepts for empirical methods in microeconomics.
- individual progress meetings in November and December.
- A suggested topic and layout should be discussed with me and submitted on moodle before January 15, 2020.

Course outline – spring semester

The second semester will be composed of

- one classroom meeting in March where we will talk about about methods
- individual progress meetings
- classroom presentations by students of their research projects in end of May/early June 2020.

For the classroom presentations, each group will prepare a 20-30 minute presentation with slides made in power point or similar. By the time of the presentation, the layout and most content of the study should be ready, but you do not need to hand in anything written, except for the slides. I will give comments that can feed into the final paper.

After the second semester, the written seminar assignment should be handed in to me by September, 30.

Course and grade requirement

The performance on the presentation makes up 20% of the course grade. 80% of the grade will be based on the written seminar assignment or research project.

Detailed Instructions for seminarion assignment:

Students can choose between the following three (3) alternatives for the assignment:

Alternative 1: Literature study.

Students should choose a question related to the themes of inequality or development, and write a report based on existing research relating to the question. The attached bibliography provides a starting point for the choice of questions to study and articles to analyze, but students are also encouraged to seek out additional research papers. The length of the report should be minimum 10 and maximum 15 pages, excluding graphs, tables and figures, and need to discuss at least 3 research papers. The discussion needs to address, but is not limited to, the following points:

- *Clearly outline the question you want to answer*
 - *Describe what would, in your view, be the ideal experiment to answer this question*
1. *Motivate the topic and question:*
 - *Explain why this is an important/interesting question to study for economists. Here you can for example refer to theoretical models or standard assumptions in economics that you learned in the basic courses or other courses.*
 - *Motivate the study of this question in more general terms: why does the question matter for the welfare of people? Why/how is it relevant for policy?*
 2. *Explain what are the main challenges for answering this question (for example related to isolating causality of relations between variables or lack of access to useful data...)*
(Note: here I mean challenges when trying to isolate the causal effect between the variables you study, or challenges in finding good data. I don't mean "what are the difficulties in studying your questions for you specifically")
 3. *Discuss at least 3 papers that relate to your question. **If you choose papers that are not in the syllabus, they need to be approved by me.***
For each paper:
 - *What is the research question asked in this particular paper, and the setting?*
 - *What are the main challenges for answering the research question (again, I am referring to challenges in isolating a causal effect or in finding suitable useful data).*
 - *Explain and discuss: do the different papers address these challenges? How?*
 - *Explain and discuss: how could the studies of these papers be improved/what is missing?*
 - *Explain and discuss: What is the external validity of the papers, according to you*
 4. *Conclude with a discussion about how each paper contributed to answering your question, and what is still missing.*

Alternative 2: Independent research study.

This is a more ambitious but also more interesting option. An independent study can be based on secondary data (data already collected and available for free. Examples are DHS, LSMS surveys, World value Surveys). Interested students can consult with me on appropriate and available datasets. An independent study can also be based on data that you collect yourselves.

The attached bibliography provides a starting point for the choice of questions to study. The length of the report should be minimum 10 and maximum 15 pages, excluding graphs, tables and figures. The paper needs to include, but is not limited to, the following sections:

1. *Introduction where you clearly outline the research question you want to answer and motivate why it is interesting and important*
 - *Explain why this is an important/interesting question to study for economists. Here you can for example refer to theoretical models or standard assumptions in economics that you learned in the basic courses or other courses.*
 - *Motivate the study of this question in more general terms: why does the question matter for the welfare of people? Why/how is it relevant for policy?*

Here you should also discuss potential challenges in answering your question and how you try to address them (for example related to isolating causality of relations between variables or access to useful data...)

2. *Describe the data you use. If you collect your own data, describe the data collection process.*
3. *Describe the Empirical strategy (the statistical method) used.*
4. *Discuss strengths and weaknesses with your empirical strategy*
5. *Present your results*
6. *Final discussion that connects the results back to your research question.*

Alternative 3: Research proposal.

This is a “mix“ between alternative 1&2. It can be relevant for students with a strong interest in a topic for which there is not yet much research.

Students should choose a question related to the themes of inequality or development, and write a report based on existing research relating to the question. The attached bibliography provides a starting point for the choice of questions to study and articles to analyze, but students are also encouraged to seek out additional research papers. The length of the report should be minimum 10 and maximum 15 pages, excluding graphs, tables and figures and need to discuss at least 3 research papers. The discussion needs to address, but is not limited to, the following points:

- *Clearly outline the question you want to answer*
1. *Motivate the topic and question:*
 - a. *Explain why this is an important/interesting question to study for economists. Here you can for example refer to theoretical models or standard assumptions in economics that you learned in the basic courses or other courses.*
 - b. *Motivate the study of this question in more general terms: why does the question matter for the welfare of people? Why/how is it relevant for policy?*

*In your motivation, refer to and discuss at least 3 papers that relate to your question. **If you choose papers that are not ion the syllabus, they need to be approved by me.***

- *Explain and discuss: how could the studies of these papers be improved/what is missing? How will your study fill this gap and improve on existing knowledge?*
2. *Explain what are the main challenges for answering this question (for example related to isolating causality of relations between variables or lack of access to useful data...)*
 3. *Outline your proposed research project:*
 - a. *What is the hypothesis you want to test? What is the exact research question?*

- b. *what is the setting?*
 - c. *What is the research design? E.g. would you do an experiment? Describe it.*
 - d. *Describe the data you use. If you will collect your own data, describe the planned data collection process.*
 - e. *Describe the Empirical strategy (the statistical method) used.*
 - f. *What outcomes do you want to measure?*
5. *Conclude with a short discussion of the drawbacks or shortcomings of your study/context/setup, and the challenges that you think you would face when running this study.*

Bibliography sorted by suggested themes

Health investments

Aizer, A., & Currie, J. (2014). *The intergenerational transmission of inequality: Maternal disadvantage and health at birth. Science, 344(6186), 856-861. NOTE: THIS IS A REVIEW PAPER*

Almond, D., & Mazumder, B. A. (2011). Health capital and the prenatal environment: the effect of Ramadan observance during pregnancy. *American Economic Journal: Applied Economics, 3(4), 56-85.*

Baird, S., Hicks, J. H., Kremer, M., & Miguel, E. (2015). Worms at work: Long-run impacts of a child health investment (No. w21428). National Bureau of Economic Research.

Hoynes, H., Schanzenbach, D.W. and Almond, D., 2016. Long-run impacts of childhood access to the safety net. *American Economic Review, 106(4), pp.903-34.*

Jayachandran, S. and Pande, R., 2017. Why are Indian children so short? The role of birth order and son preference. *American Economic Review, 107(9), pp.2600-2629.*

Miguel, E., & Kremer, M. (2004). Worms: identifying impacts on education and health in the presence of treatment externalities. *Econometrica, 72(1), 159-217.*

Education and intergenerational mobility

Abramitzky, R. and Lavy, V., 2014. How responsive is investment in schooling to changes in redistributive policies and in returns? *Econometrica, 82(4), pp.1241-1272.*

Bursztyn, L., Egorov, G., & Jensen, R. (2016). Cool to be Smart or Smart to be Cool? Understanding Peer Pressure in Education.

Dizon-Ross, R., 2019. Parents' Beliefs About Their Children's Academic Ability: Implications for Educational Investments. *American Economic Review, 109(8), pp.2728-65.*

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

Duflo, E., Dupas, P. and Kremer, M., 2011. Peer effects, teacher incentives, and the impact of tracking: Evidence from a randomized evaluation in Kenya. *American Economic Review*, 101(5), pp.1739-74.

Goodman J., M Hurwitz J. Park and J.Smith (2018) Heat and Learning, NBER Working Paper 24639.

Huttunen, K., Pekkarinen, T., Uusitalo, R. and Virtanen, H., 2019. Lost Boys: Access to Secondary Education and Crime. IZA Discussion Paper No. 12084

Marginalized groups and discrimination

Bartos, V., Bauer, M., Chytilová, J., & Matějka, F. (2015). Attention Discrimination: Theory and Field Experiments with Monitoring Information Acquisition.

Bertrand, M., & Mullainathan, S. (2004). Are Emily and Greg more employable than Lakisha and Jamal? A field experiment on labor market discrimination. *The American Economic Review*, 94(4), 991-1013.

Mazumder, S., Black Lives Matter for Whites' Racial Prejudice: Assessing the Role of Social Movements in Shaping Racial Attitudes in the United States. Working paper

Rao, G., 2019. Familiarity does not breed contempt: Generosity, discrimination, and diversity in Delhi schools. *American Economic Review*, 109(3), pp.774-809.

Weiss, C.M., Curing prejudice through representative bureaucracies: Evidence from A Natural Experiment in Israeli Medical Clinics. Working paper

Migration

Abramitzky, R., Boustan, L.P. and Eriksson, K., 2012. Europe's tired, poor, huddled masses: Self-selection and economic outcomes in the age of mass migration. *American Economic Review*, 102(5), pp.1832-56.

Karadja, M. and E. Prawitz, 2019. "Exit, Voice, and Political Change: Evidence from Swedish Mass Migration to the United States," *Journal of Political Economy* 127, no. 4: 1864-1925.

Pinotti, P., 2017. Clicking on heaven's door: The effect of immigrant legalization on crime. *American Economic Review*, 107(1), pp.138-68.

Yang, D., 2008. International migration, remittances and household investment: Evidence from Philippine migrants' exchange rate shocks. *The Economic Journal*, 118(528), pp.591-630.

Yang, D., 2011. Migrant remittances. Journal of Economic perspectives, 25(3), pp.129-52. NOTE: REVIEW PAPER.

Sarvimäki, M., Uusitalo, R. and Jäntti, M., 2019. Habit formation and the misallocation of labor: evidence from forced migrations. Available at SSRN 3361356.

Decision making, leader selection and leader identity, policy

Avdeenko, A. and Gilligan, M.J., 2015. International interventions to build social capital: evidence from a field experiment in Sudan. *American Political Science Review*, 109(3), pp.427-449.

Beath, A., Christia, F., Egorov, G. and Enikolopov, R., 2016. Electoral rules and political selection: Theory and evidence from a field experiment in Afghanistan. *The Review of Economic Studies*, 83(3), pp.932-968.

Deserranno, E., Stryjan, M. and Sulaiman, M., 2019. Leader Selection and Service Delivery in Community Groups: Experimental Evidence from Uganda. *American Economic Journal: Applied Economics*, 11(4), pp.240-67.

Chattopadhyay, R. and Duflo, E., 2004. Women as policy makers: Evidence from a randomized policy experiment in India. *Econometrica*, 72(5), pp.1409-1443.

Olken, B.A., 2010. Direct democracy and local public goods: Evidence from a field experiment in Indonesia. *American political science review*, 104(2), pp.243-267.

General reading in Development economics and Econometrics

Banerjee A.V., Duflo, E. (2011). *Poor economics: a radical rethinking of the way to fight global poverty*. New York, Public Affairs. Available on moodle.

The webpage of Esther Duflo (MIT): <http://economics.mit.edu/faculty/eduflo/papers>, one of the “Economics Nobel Prize” winners of 2019. Duflo has done work in many central areas of development economics such as technology adoption in agriculture and health, women’s empowerment, education and microfinance.

Econometric analysis of cross section and panel data, J.W. Wooldridge, MIT Press 2002.

Angrist, J.D., Pischke, J.-S. (2009). *Mostly harmless econometrics: an empiricist's companion*. Princeton, Princeton University Press.

Publicly available datasets (examples)

Students are invited to consult me on these and additional publicly available datasets

Afrobarometer: www.afrobarometer.org/

DHS (Demographic and Health Surveys): <https://dhsprogram.com/>

World bank LSMS (Living standards measurements study)

WVS (World Values Survey) <http://www.worldvaluessurvey.org/wvs.jsp>

Students are welcome to talk to me about datasets!