Syllabus for AAE 730

Professor Laura Schechter

Spring 2017

1 Administrative Details

Course meets: B30 Taylor Hall, MW 11:00-12:15
Office: 334 Taylor Hall
E-mail: lschechter@wisc.edu
Office Hours: By appointment
Website: Canvas

2 Learning Objectives

This class is one of two graduate level ‘frontier’ courses on development economics. We will cover multiple topics within development economics. The general order for many of these topics will be to look at the economic theory related to the topic, some empirical studies related to the topic, an experimental study related to the topic, and a network paper related to the topic.

For the first half of the class we will study risk-coping mechanisms, both across people and across time. We will begin with risk sharing agreements across people, both with and then without commitment. After that we will look at credit which is used to smooth risk across time. We will also look at issues of self-control over time.

The second half of the class will cover other important topics in development including health, governance, and learning.

3 Prerequisites

A PhD level microeconomic theory course and a PhD level econometrics course are prerequisites for this class. If you are not a Ph.D. student enrolled in either Economics or AAE you must obtain my consent to take the course for credit.
4 Course Requirements

The due dates for assignments and distribution of points for the semester are given below. All assignments are due in class.

<table>
<thead>
<tr>
<th>Assignment Type</th>
<th>Percentage</th>
<th>Due Date</th>
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<tbody>
<tr>
<td>Research idea #1</td>
<td>2.5%</td>
<td>Feb 1</td>
</tr>
<tr>
<td>Homework assignment #1</td>
<td>12.5%</td>
<td>Feb 13</td>
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<tr>
<td>Homework assignment #2</td>
<td>12.5%</td>
<td>Mar 1</td>
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<tr>
<td>Research idea #2</td>
<td>2.5%</td>
<td>Mar 8</td>
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<tr>
<td>Homework assignment #3</td>
<td>12.5%</td>
<td>Mar 29</td>
</tr>
<tr>
<td>Research idea #3</td>
<td>2.5%</td>
<td>Apr 10</td>
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<tr>
<td>Homework assignment #4</td>
<td>12.5%</td>
<td>Apr 26</td>
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<tr>
<td>Research idea #4</td>
<td>2.5%</td>
<td>May 3</td>
</tr>
<tr>
<td>Referee report and presentation</td>
<td>12%</td>
<td>Assorted Dates</td>
</tr>
<tr>
<td>Final exam</td>
<td>28%</td>
<td>May 10, 10:00-12:00</td>
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4.1 Research Ideas

You will write a 1-2 page (maximum) write-up of a research question of your choice related to the themes that have been covered in class. It should include the following pieces: What is your specific question? What does theory say the answer should be? What data would you need to answer the question? What estimating equation would you use and what coefficients would you expect? What identification issues will you face and how would you deal with them?

Please don’t cite previous literature. This assignment requires no literature review or searching on the internet. Just sit down and think about a research question and write about it. You can always check if somebody else already did it later on. Please don’t spend time giving the background of the situation either. Focus on developing your research question. Also, you don’t need to choose your question based on data that already exists. You can write about what you would do if you had the ideal data set.

4.2 Referee Report and Presentation

Each of you will have to write a 3-5 page referee report and give a 30 minute presentation on a different paper. Each of the papers fits into a different section of the syllabus. Please e-mail me your first, second, and third choice papers by Saturday January 21. They are all job market papers of students on the job market this year.

A referee report should include approximately one or two paragraphs of summary and then longer sections on larger concerns and more minor concerns. I have found that most students spend too much space on the summary, and not enough space on the critique. Make sure to have approximately two to four pages of detailed critiques. You should number your critiques. There are two documents posted on this course’s website which explain how one should write a referee report (one is thanks to Alain de Janvry and Elisabeth Sadoulet while
the other is thanks to William Thomson). I will also post real examples of referee reports I have received.

The presentations should be approximately thirty minutes long and will be held on the day of class on which we are discussing the topic into which the paper fits. Around twenty minutes of the presentation should be spent explaining what the paper does. Five minutes should be spent discussing the main contributions and the main shortcomings of the paper. The last five minutes should be spent discussing questions which are left open for future researchers on related topics. While these numbers are approximate, you must make sure to cover these last two points. Often students summarize the paper and forget to add in a critical analysis of shortcomings of the research and remaining research questions. After your presentation there will be another five minutes for discussion with everyone.

All students are expected to read the introduction of the job market paper before class the day it is presented. The presenter should hand in his or her referee report on the same day as the presentation is scheduled. The papers from which you can choose, and the dates that go along with them, are listed below:


4.3 Homework Assignments

There will be four homework assignments throughout the semester combining data analysis and theory. You will need to use Stata or some similar statistical package for some of them. The computers in the department’s computer lab have Stata, and if you do not have an account for those computers please let me know and I will help you get one. There is a handout available on the class website giving you some introductory information on how to get started in Stata. If you have more questions after looking at that please feel free to contact me.

4.4 Final Exam

There will be a final exam at the end of this class. Because there was no exam time scheduled for this class I have chosen Wednesday May 10 from 10-12 AM. If this time will not work for you please let me know before the end of February.

5 Course Outline and Readings

If you click on the title of any of the papers below it should take you directly to the paper. For information on how to get access when you are off campus see this website: [https://www.library.wisc.edu/help/off-campus-access/]. When I wrote this syllabus all of the links worked. Please let me know if any of them seem to be acting funny throughout the semester.

Although lectures may draw from any or all of these readings, you will only be required to do one reading for each class period. There is an (R) in front of the required readings. You are required to do these readings. The readings are all quite excellent, and discussing them in class is not a substitute for reading them yourself!

5.1 Insurance (Jan 18, 23, 25, 30, and Feb 1, and 6)

5.1.1 Overview

5.1.2 Full Insurance


5.1.3 Limited Commitment


5.1.4 Assorted Empirical Results


5.1.5 Experimental Results

5.1.6 Network Papers


5.2 Catch-up Day (Feb 8)

5.3 Credit (Feb 12, 15, 20, and 22)

5.3.1 Credit


5.3.2 Microfinance


5.3.3 Experimental Results


5.3.4 Network Papers


5.4 Catch-up Day (Feb 27)

5.5 Detour on Fixed Effects (Mar 1)


5.6 Self Control (Mar 6, 8, 13, and 15)

5.6.1 Theory


5.6.2 Experimental Results


5.7 Catch-up Day (Mar 27)

5.8 Health and Nutrition (Mar 29 and Apr 3 and 5)

5.8.1 Non Experimental Results


5.8.2 Experimental Results


5.9 Catch-up Day (Apr 10)

5.10 Governance (April 12, 17, and 19)


5.11 Belief Updating (Apr 24 and 26 and May 1)


• (R) Barham, B.L., J.P. Chavas, D. Fitz, & L. Schechter (2016), "Receptiveness to Advice, Cognitive Ability, and Technology Adoption: An Economic Experiment with Farmers," Unpublished working paper.

5.12 Catch-up Day (May 3)