

Development economics I and II, Fall 2016

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The aim of this sequence is to familiarize students to the field of development economics so that they can (1) come up with interesting and original research topics and (2) acquire methodological skills (both theoretical and empirical) that are essential in the field. An integral part of the course is to combine economic theory with empirical research.

Development economics is a vast and heterogeneous field. We will cover most of the major topics in the field, although they are not the exhaustive list of development economics research agenda.

In each quarter, the course consists of **eight** 3-hour lectures. Students are encouraged to read papers in the reading list below before each lecture.

TOPICS TO BE COVERED:

(Initials in parentheses refer to the teacher in charge of the topic.)

Development economics I (Q1)

- Overview & Comparative development (JS)
- Household economics (AM)
- Gender (AM)
- Health (JS)
- Agriculture (KB)
- Education (TB)
- Insurance (TB)
- Technology adoption (TB)
- Environment (AT)

Development economics II (Q2)

- Credit I: Theories of credit market failure and microfinance (AM)
- Credit II: Empirics of microfinance (KB)
- Infrastructure (AT)
- Property rights (AT)
- Resource misallocation (KB)
- Inequality I (IA)
- Inequality II (IA)
- Measurements of poverty (IA)

For grading, students are required to write (1) a mock referee report on one of the unpublished papers in the field of development (the list will be provided by teachers) and (2) a term paper (this should be at least a research proposal; a literature survey is not allowed). If there is a demand, we will also organize a student workshop in which each student gives a presentation on their term paper. For each of these tasks, we recommend taking a look at the following guidelines written by development economists:

de Janvry and Sadoulet (2004) "Guidelines for Referee Reports"

<http://are.berkeley.edu/courses/ARE251/2004/assignments/RRGuidelines.pdf>

Michael Kremer (undated) "Writing papers: a checklist"

<http://www.economics.harvard.edu/faculty/kremer/files/checklist.pdf>

Bandiera, Besley, Burgess, and Ghatak (2005) "EC501 Development and Growth PhD Seminar: Guidelines for Presentation" <http://econ.lse.ac.uk/staff/bandiera/guidelines.pdf>

METHODOLOGICAL REFERENCES

For microeconomic methodologies (which are essential for development economics research today) in general, there is now a textbook:

Joshua Angrist and Steve Pischke, *Mostly Harmless Econometrics* (Princeton University Press, 2008). www.mostlyharmlesseconometrics.com.

For randomized control trials in development economics, see

Duflo, Esther, Rachel Glennerster, and Michael Kremer. 2006. "Using Randomization in Development Economics Research: A Toolkit." BREAD Working Paper 136. <http://ipl.econ.duke.edu/bread/abstract.php?paper=136>

Miriam Bruhn and David McKenzie (2009) "In Pursuit of Balance: Randomization in Practice in Development Field Experiments", *American Economic Journal: Applied Economics*, 1(4): 200-232.

Duflo, Esther, Rachel Glennerster, and Abhijit Banerjee. (2009) "RES.14-001 Abdul Latif Jameel Poverty Action Lab Executive Training: Evaluating Social Programs" Massachusetts Institute of Technology: MIT OpenCourseWare <http://ocw.mit.edu/resources/res-14-001-abdul-latif-jameel-poverty-action-lab-executive-training-evaluating-social-programs-spring-2009>

(The last one is a series of online video lectures.)

For data and data collection methods for development economics, see

"Data from developing countries" at the BREAD website http://ipl.econ.duke.edu/dthomas/dev_data/index.html

"Fieldwork in Development Economics" at the LSE/STICERD website <http://sticerd.lse.ac.uk/FIELDWORK/>

John Gibson and David McKenzie (2007) "Using the Global Positioning System (GPS) in Household Surveys for Better Economics and Better Policy." *World Bank Research Observer*, 22(2): 217-241.

For the role of theory in empirical development economics research (as well as the importance of general equilibrium and political economy concerns), see

Acemoglu, Daron. 2010. "Theory, General Equilibrium, and Political Economy in Development Economics." *Journal of Economic Perspectives* 24(3): 17-32.

Finally, the following blog by four World Bank development economists is highly recommended:

Berk Ozler, David McKenzie, Jed Friedman, and Markus Goldstein. *Development Impact*

READING LIST for Q1 (tentative)

Overview

Bardhan, P., 1993, Economics of Development and the Development of Economics, *Journal of Economic Perspectives*, 7: 129-142.

Chen, S. and M. Ravallion, Absolute poverty measures for the developing world, 1981–2004, 2007, *PNAS*, vol. 104 (43): 16757-16762.

Deaton, A., 1997, *The Analysis of Household Surveys: A Microeconomic approach to development policy*, The John Hopkins University Press, Baltimore.

Deaton, A., 2005, Measuring poverty in a growing world (or measuring growth in a poor world), *Review of Economics and Statistics*, 87(1), 1-19.

Jones, C., 1997, On the Evolution of the World Income Distribution, *Journal of Economic Perspectives*, 11(3): 19-36.

World Development Report 2004: Making Services Work for Poor People, The World Bank, Washington DC. <http://econ.worldbank.org/wdr/wdr2004/text-30023/>

Banerjee, Abhijit V. and Esther Duflo. 2006. "The Economic Lives of the Poor." *Journal of Economic Perspectives*, Vol. 21, No. 1, Winter 2007.

Besley, Timothy and Robin Burgess. 2003. "Halving Global Poverty." *Journal of Economic Perspectives*, 17:3.

Comparative development

Acemoglu, D., S. Johnson, and J. Robinson, 2001, The colonial origins of comparative development: An empirical investigation, *American Economic Review* 91 (5): 1369-1401.

Murphy, K., A. Shleifer, and R. Vishny, 1989, Industrialization and the Big Push, *Journal of Political Economy*, Vol. 97(5): 1003-1026.

Household Economics

Ashraf, Nava. 2009. "Spousal Control and Intra-Household Decision Making: An Experimental Study in the Philippines", *American Economic Review*, 99(4): 1245-77.

Bardhan, Pranab and Chris. Udry. 1999. *Development Microeconomics*, Oxford University Press, ch. 2

Becker, Gary. 1981. *A Treatise on the Family*, Harvard University Press, ch.8

Bergstrom, Theodore. 1989. "A Fresh Look at the Rotten Kid Theorem and Other Household Mysteries.", *Journal of Political Economy*, 97(5): 1138-59.

Duflo, Esther. 2003. "Grandmothers and Granddaughters: Old Age Pension and Intra-household Allocation in South Africa", *World Bank Economic Review*, 17(1): 1-25.

Duflo, Esther and Chris Udry. 2001. "Intrahousehold Resource Allocation in Côte d'Ivoire

Udry, Chris. 1996. "Gender, agricultural production, and the theory of the household", *Journal of Political Economy*, 101(5): 1010-45.

Thomas, Duncan. 1990. "Intra-household resource allocation: An inferential approach", *Journal of Human Resources*, 25(4): 635-64

Gender

Duflo, Esther, 2011, *Women's Empowerment and Economic Development*, NBER WP 17702

Sen, Amartya. 1990. "Over 100 million women are missing." *New York Times Review of Books*. 3 7(20)

Behr, Patrick, Torsten Beck, Andreas Madestam, 2014, *Is There A Gender Bias in Lending?*, WP

Beaman, Lori, Esther Duflo, Raghavendra Chattopadhyay, Rohini Pande, Petia Topalova, 2009, *Powerful Women: Does Exposure Reduce Bias?*, *QJE*, 124 (4): 1497-1540

Miguel, Edward. 2005, *Poverty and Witch Killing*, *Review of Economic Studies* 72: 1153-1172

Miller, Grant, 2008, *Women's Suffrage, Political Responsiveness, and Child Survival*, *QJE*, 123(3): 1287-1327

Qian, Nancy, 2008, *Missing Women and the Price of Tea in China: The effect of sex-specific income on sex imbalance*, *QJE*, 123(3):1251-1285

Health

Acemoglu, D. and S. Johnson, 2007, "Disease and Development: The Effect of Life Expectancy on Economic Growth", *Journal of Political Economy*, 115(6), 925-985.

Banerjee, A., E. Duflo, R. Glennerster, D. Kothari, 2010, "Controlled Evaluation of Immunization Campaigns with and without Incentives", *BMJ*, 340.

Björkman, M. and J. Svensson, 2009, *Power to the People: Evidence from a Randomized Experiment of a Community Based Monitoring Project in Uganda*, *Quarterly Journal of Economics* 124(2): 735-769.

Cohen, J. and P. Dupas, 2009, "Free Distribution or Cost-Sharing? Evidence from a Randomized Malaria Prevention Experiment", *Quarterly Journal of Economics* 125(1): 1-45.

Currie, J., 2009, "Healthy, Wealthy, and Wise: Socioeconomic Status, Poor Health in Childhood, and Human Capital Development", *Journal of Economic Literature* 47(1): 87-122.

Gertler, P. et al, 2010, *Paying Primary Health Care Centers for Performance in Rwanda*,

World Bank Policy Research Working Paper No. 5190, Washington DC.

http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1543049##

Kremer, M. and E. Miguel, 2007, The Illusion of Sustainability, *Quarterly Journal of Economics* 112(3), 1007-1065.

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

Agriculture

Joseph Stiglitz. 1974. Incentives and Risk-Sharing in Sharecropping, *Review of Economic Studies* 41(2): 219-255

Banerjee, A., P. Gertler, and M. Ghatak. 2002. Empowerment and efficiency: Tenancy Reform in West Bengal, *Journal of Political Economy*, vol. 110(2): 239-280.

Tavneet Suri. 2011. Selection and Comparative Advantage in Technology Adoption, *Econometrica*, 79 (1), pp. 159-209.

Conley, Timothy and C. Udry. 2010. Learning about a New Technology: Pineapple in Ghana. *American Economic Review*, 100(1): 35-69.

Jensen, R.. 2007. The Digital Divide: Information (Technology), Market Performance and Welfare in the South Indian Fisheries Sector, *Quarterly Journal of Economics*, 122(3):879-924.

Dean Karlan, Robert Osei, Osei-Akoto, C. Udry. 2014. Agricultural Decisions after Relaxing Credit and Risk Constraints, *Quarterly Journal of Economics* 129(2).

Education

Bold, T., Gauthier, B., O. Maestad, J. Svensson, and W. Wane, 2011, Service Delivery Indicators: Pilot in Education and Health Care in Africa, mimeo.

Duflo, Dupas, Kremer: "Additional resources versus Organizational Changes in Education, June 2009, <http://econ-www.mit.edu/files/4286>

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

Duflo, Dupas and Kremer: Peer Effects and the Impact of Tracking: Evidence from a Randomized Evaluation in Kenya, June 2008
<http://econ-www.mit.edu/files/2938>

Duflo, E. and Banerjee, A. "Growth Theory through the lens of development economics" Section on Growth Models and on Education <http://econ-www.mit.edu/files/798>

Krueger, A. and M. Lindahl (2001). "Education for Growth: Why and for Whom?" *Journal of Economic Literature*, 39(4), 1101-1136.

Muralidharan, K. and V. Sundararaman, 2011, “Teacher Performance Pay: Experimental Evidence from India.”, *Journal of Political Economy* (forthcoming)
[http://econ.ucsd.edu/~kamurali/papers/Published%20Articles/Teacher%20Performance%20Pay%20\(Final%20Pre-Publication%20Version\).pdf](http://econ.ucsd.edu/~kamurali/papers/Published%20Articles/Teacher%20Performance%20Pay%20(Final%20Pre-Publication%20Version).pdf)

Pritchett, L. (1999), “Where has all the education gone?”, *World Bank Economic Review*, 15(3): 367-91.

Psacharopoulos, George and H. A. Patrinos (2004). “Returns to Investment in Education: A Further Update.” World Bank Research Paper 2881.

Rosenzweig, Mark R. 2010. “Microeconomic Approaches to Development: Schooling, Learning, and Growth.” *Journal of Economic Perspectives* 24(3): 81-96.

Schultz, Paul (2003) “Evidence of returns to schooling in Africa from household surveys”, Yale Univ Economic Growth Center, Discussion Paper no. 875.

Insurance

TBA.

Technology adoption

Duflo, Esther, Michael Kremer, and Jonathan Robinson. 2010. “Nudging Farmers to Use Fertilizer: Theory and Experimental Evidence from Kenya.” *American Economic Review* forthcoming. <http://econ-www.mit.edu/files/6170>

Tavneet Suri. 2011. “Selection and Comparative Advantage in Technology Adoption.” *Econometrica*, 79(1): 159–209.

Environment

Readings for Presentations

Alix-Garcia, J., McIntosh, C., Sims, K. R. E., & Welch, J. R. (2013). The ecological footprint of poverty alleviation: Evidence from Mexico’s Oportunidades program. *Review of Economics and Statistics*, 95(2).

Greenstone, M. & Hanna, R. (2014). Environmental regulations, air and water pollution, and infant mortality in India. *American Economic Review*, forthcoming.

Hsiang, S. M. & Jina, A. (2014, July). The causal effect of environmental catastrophe on long-run economic growth: Evidence from 6,700 cyclones. NBER Working Paper No. 20352.

Other Readings

Acemoglu, D. & Johnson, S. (2007). Disease and development: the effect of life expectancy on economic growth. *Journal of Political Economy*, 115 (6), 925–985.

Auffhammer, M., Hsiang, S. M., Schlenker, W., & Sobel, A. (2013). Using weather data and

climate model output in economic analyses of climate change. *Review of Environmental Economics and Policy*.

Burgess, R., Hansen, M., Olken, B. A., Potapov, P., & Sieber, S. (2012). The political economy of deforestation in the tropics. *Quarterly Journal of Economics*, 127 (4).

Davis, L. W. (2004). The effect of health risk on housing values: Evidence from a cancer cluster. *American Economic Review*, 94(5).

Dell, M., Jones, B. F., & Olken, B. A. (2013, October). What do we learn from the weather? The new climate-economy literature. NBER Working Paper No. 19578.

Devoto, F., Duflo, E., Dupas, P., Parient 'e, W., & Pons, V. (2012). Happiness on tap: Piped water adoption in urban Morocco. *American Economic Journal: Economic Policy*, 4(4).

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. *Quarterly Journal of Economics*, 128(4).

Greenstone, M. & Jack, B. K. (2013, September). Enviroleconomics: A research agenda for a young field. NBER Working Paper 19426.

Grossman, G. & Krueger, A. (1995). Economic growth and the environment. *Quarterly Journal of Economics*, 110(2).

Hansen, G. D. & Prescott, E. C. (2002). Malthus to solow. *American Economic Review*, 92 (4).

Kremer, M., Leino, J., Miguel, E., & Zwane, A. P. (2011). Spring cleaning: Rural water impacts, valuation, and property rights institutions. *Quarterly Journal of Economics*, 126(1).

León, G. & Miguel, E. (2013, October). Transportation choices and the value of statistical life. NBER Working Paper 19494.

Rosenzweig, M. R. & Stark, O. (1989). Consumption smoothing, migration, and marriage: Evidence from rural India. *Journal of Political Economy*, 97 (4).

READING LIST for Q2 (tentative)

Credit I

Besley, Timothy, Stephen Coate, and Glenn Loury. 1993. "The economics of rotating savings and credit associations." *American Economic Review* 83 (4): 792-810.

Besley, Timothy, and Stephen Coate. 1995. "Group lending, repayment incentives and social collateral." *Journal of Development Economics* 46 (1): 1-18.

Ghatak, Maitreesh. 2000. "Screening by the Company You Keep : Joint Liability Lending and the Peer Selection Effect." *Economic Journal* 110 (465): 606-631.

Ghatak, Maitreesh, and Timothy W. Guinnane. 1999. "The economics of lending with joint

liability: theory and practice.” *Journal of Development Economics* 60 (1): 195-228.

Ghosh, Parikshit, Dilip Mookherjee, and Debraj Ray. 2000. “Credit Rationing in Developing Countries: An Overview of the Theory,” Chapter 11 in *Readings in the Theory of Economic Development*, edited by Dilip Mookherjee and Debraj Ray, Blackwell

Madestam, Andreas. 2014. “Informal Finance: A Theory of Moneylenders.” *Journal of Development Economics*, 107: 157-174.

Stiglitz, Joseph E. 1990. “Peer Monitoring and Credit Markets.” *World Bank Economic Review* 4 (3): 35-366.

Stiglitz, Joseph E. and Weiss, Andrew Murray. 1981. “Credit Rationing in Markets with Imperfect Information.” *American Economic Review*, 71(3): 393-410

Credit II

De Mel, Suresh, David McKenzie, and Christopher Woodruff . 2008. "Returns to Capital in Microenterprises: Evidence from a Field Experiment." *The Quarterly Journal of Economics* 123 (4): 1329-1372.

Karlan, Dean S., and Jonathan Zinman. 2009. "Observing Unobservables: Identifying Information Asymmetries With a Consumer Credit Field Experiment." *Econometrica* 77 (6): 1993-2008.

Banerjee, Abhijit, Dean Karlan, and Jonathan Zinman. 2015. "Six Randomized Evaluations of Microcredit: Introduction and Further Steps." *American Economic Journal: Applied Economics*, 7(1): 1-21.

Ahlin, Christian, and Robert M. Townsend. 2007. "Using Repayment Data to Test Across Models of Joint Liability Lending." *The Economic Journal* 117 (517): F11-F51.

Erica Field, Rohini Pande, John Papp, Natalia Rigol, Does the Classic Microfinance Model Discourage Entrepreneurship Among the Poor? Experimental Evidence from India, *American Economic Review*, 2013, 103, 6.

Fischer, G. (2013), Contract Structure, Risk-Sharing, and Investment Choice. *Econometrica*, 81: 883–939

Gine, Xavier, and Dean Karlan. 2014. "Group versus Individual Liability: Long Term Evidence from Philippine Microcredit Lending Groups." *Journal of Development Economics*.

Karlan, Dean S. and Jonathan Zinman. 2011. "Microcredit in Theory and Practice: Using Randomized Credit Scoring for Impact Evaluation." *Science* 332 (6035): 1278-1284.

Lilienfeld-Toal, U. v., Mookherjee, D. and Visaria, S. (2012), The Distributive Impact of Reforms in Credit Enforcement: Evidence From Indian Debt Recovery Tribunals. *Econometrica*, 80: 497–558.

Infrastructure

Readings for Presentations

Banerjee, A., Duflo, E., & Qian, N. (2012, February). On the road: Access to transportation infrastructure and economic growth in China. Working Paper.

Burgess, R., Jedwab, R., Miguel, E., Morjaria, A., & i Miquel, G. P. (2014, July). The value of democracy: Evidence from road building in Kenya.

Casaburi, L., Glennerster, R., & Suri, T. (2013, August). Rural roads and intermediated trade: Regression discontinuity evidence from Sierra Leone.

Other Readings

Agrawal, A., Galasso, A., & Oettl, A. (2014, August). Roads and innovation.

Beath, A., Christia, F., & Enikolopov, R. (2013, October). Direct democracy and resource allocation: Experimental evidence from Afghanistan. Centre for Economic and Financial Research at New Economic School Working Paper No 192

Burgess, R. & Donaldson, D. (2012, September). Railroads and the demise of famine in colonial India

Chandra, A. & Thompson, E. (2000). Does public infrastructure affect economic activity? Evidence from the rural interstate highway system. *Regional Science and Urban Economics*, 30, 457– 490.

Dinkelman, T. (2011). The effects of rural electrification on employment: New evidence from South Africa. *American Economic Review*, 101(7). Do, Q.-A., Nguyen, K.-T., & Tran, A. N. (2013, October). One Mandarin benefits the whole clan: Hometown favoritism in an authoritarian regime. *RR, AEJ Applied*.

Donaldson, D. (2012, September). Railroads of the Raj: Estimating the impact of transportation infrastructure.

Donaldson, D. & Hornbeck, R. (2013, July). Railroads and American economic growth: A “market access” approach. Working Paper.

Duflo, E. & Pande, R. (2007). Dams. *Quarterly Journal of Economics*, 122 (2).

Duranton, G. & Turner, M. A. (2012). Urban growth and transportation. *Review of Economic Studies*, 79(4)

Eaton, J. & Kortum, S. (2002). Technology, geography, and trade. *Econometrica*, 70 (5).

Jedwab, R. & Moradi, A. (2014, September). The permanent economic effects of transportation revolutions in poor countries: evidence from Africa.

Madajewicz, M., Tompsett, A., & Habib, A. (2014, October). Community participation in decision- making: Evidence from a field experiment in Bangladesh. In preparation.

Murphy, K. M., Shleifer, A., & Vishny, R. W. (1989). Industrialization and the big push. *Journal of Political Economy*, 97(5).

Oates, W. E. (1972). *Fiscal federalism*. NY: Harcourt Brace Jovanovich.

Olken, B. A. (2007). Monitoring corruption: Evidence from a field experiment in Indonesia. *Journal of Political Economy*, 115(2).

Olken, B. A. (2010). Direct democracy and local public goods: Evidence from a field experiment in Indonesia. *American Political Science Review*, 104(2).

Olson, M. (1971). *The logic of collective action*. Harvard University Press. Oster, E. (2012). Routes of infection: Exports and HIV incidence in Sub-Saharan Africa. *Journal of the European Economic Association*, 10(5).

Rosenstein-Rodan, P. N. (1943). Problems of industrialisation of Eastern and South-Eastern Europe.

Economic Journal, 52(210/211). Samuelson, P. A. (1954). The pure theory of public expenditure. *The Review of Economics and Statistics*, 36(4).

Storeygard, A. (2014, January). Farther on down the road: transport costs, trade and urban growth in sub-Saharan Africa.

Property Rights

Readings for Presentations

Ali, D. A., Deininger, K., & Goldstein, M. (2014). Environmental and gender impacts of land tenure regularization in Africa: Pilot evidence from Rwanda. *Journal of Development Economics*, 110.

Field, E. (2007). Entitled to work: urban property rights and labor supply in Peru. *Quarterly Journal of Economics*, 122(4), 1561–1602.

Hornbeck, R. (2010). Barbed wire: Property rights and agricultural development. *Quarterly Journal of Economics*, 125(2).

Other Readings

Acemoglu, D. & Johnson, S. (2005). Unbundling institutions. *Journal of Political Economy*, 113 (5).

Acemoglu, D., Johnson, S., & Robinson, J. A. (2001, December). The colonial origins of comparative development: An empirical investigation. *The American Economic Review*, 91 (5), 1369–1401.

Albouy, D. (2012). The colonial origins of comparative development: An empirical investigation: Comment. *American Economic Review*, 102(6).

Banerjee, A. V., Gertler, P., & Ghatak, M. (2002, April). Empowerment and efficiency: Tenancy reform in West Bengal. *Journal of Political Economy*, 110 (2), 239–280.

Banerjee, A. & Iyer, L. (2005). History, institutions, and economic performance: The legacy

of colonial land tenure systems in India. *American Economic Review*, 95 (4).

Besley, T. (1995, October). Property rights and investment incentives: Theory and evidence from Ghana. *The Journal of Political Economy*, 103 (5), 903–937.

Besley, T. J., Burchardi, K. B., & Ghatak, M. (2012). Incentives and the De Soto effect. *Quarterly Journal of Economics*, 127(1).

Coase, R. H. (1960). The problem of social cost. *Journal of Law and Economics*, 3.

Galiani, S. & Schargrodsky, E. (2010). Property rights for the poor: Effects of land titling. *Journal of Public Economics*, 94.

Goldstein, M. & Udry, C. (2008). The profits of power: Land rights and agricultural investment in Ghana. *Journal of Political Economy*, 116(6).

Hardin, G. (1968). The tragedy of the commons. *Science*, 162 (3859).

Hornbeck, R. (2010). Barbed wire: Property rights and agricultural development. *Quarterly Journal of Economics*, 125(2).

Resource Missallocation

Hsieh and Klenow. 2009. "Misallocation and Manufacturing TFP in China and India". *The Quarterly Journal of Economics*

Adamopoulos and Restuccia. 2014. "The Size Distribution of Farms and International Productivity Differences," *American Economic Review*, Volume 104 (6), June 2014, pp. 1667-97.

Restuccia and Rogerson. 2008. "Policy Distortions and Aggregate Productivity with Heterogeneous Establishments," *Review of Economic Dynamics*, Volume 11 (4), October 2008, pp. 707-20.

Banerjee and Moll. 2010. Why Does Misallocation Persist? *American Economic Journal: Macroeconomics*, Vol. 2, No. 1.

Inequality I and II

Banerjee, A. and Duflo, E, *Poor Economics* – chapter 2.

Ray, D., *Development Economics* - chapter 6.

Deaton, A. and Heston, A. (2010): "Understanding PPPs and PPP-based National Accounts." *American Economic Journal, Macroeconomics*.

Feenstra, R., Ma, H., Neary, P. and Rao, P. (2013): "Who shrunk China? Puzzles in the measurement of real GDP", *Economic Journal*.

Neary, P. (2004): "Rationalizing the Penn World Table: True Multilateral Indices for International Comparisons of Real Income", *American Economic Review*.

Milanovic, B. (2002): "True world income distribution, 1988 and 1993: First calculation based on household surveys alone", *Economic Journal*.

Anand, S. and Segal, P. (2008): "What Do We Know about Global Inequality", *Journal of Economic Literature*, 46(1): 57 - 94.

Dowrick, S. and Akmal, M. (2005), Contradictory Trends in Global Income Inequality: A tale of two biases. *Review of Income and Wealth*, 51: 201–229.

Almås, I (2012): "International Income Inequality: Measuring PPP bias by estimating Engel curves for food", *American Economic Review*, 102(2): 1093--1117.

Measurements of poverty

Deaton, A. (2010): Price Indexes, Inequality, and the Measurement of World Poverty, *American Economic Review*.

Sala-I-Martin (2006): "The World Distribution of Income: Falling poverty and ... Convergence, Period.", *Quarterly Journal of Economics*.