

Development from below: Empowering the poor

Responsible institution:

Norwegian School of Economics and Business Administration (NHH)

Discipline:

Economics

Course Leaders:

Bertil Tungodden, Professor, NHH

Kjetil Bjorvatn, Professor, NHH

Invited Course Leaders:

Jakob Svensson, Professor of Development Economics, Institute for International Economic Studies, Stockholm University

Ottar Mæstad, Senior Researcher, Christian Michelsen Institute (CMI)

Magnus Hatlebakk, Senior Researcher, Christian Michelsen Institute (CMI)

Course Description, Goals and Objectives:

The ambition of the course is to offer an introduction to recent work in development economics focusing on the micro-foundations for economic development. In particular, this research seeks to shed light on the role of micro-level institutions for poverty reduction, and how to empower the poor by improving these institutions. Important sources of empowerment include improved access to information, human capital, financial capital and social capital. The course covers both theoretical and empirical approaches. A key element of the course will be to introduce the students to ongoing research projects conducted by the course leaders.

The course consists of lectures, group work, seminars and a paper.

1. Development from below: An introduction (KB and BT)
2. Microfinance: Past successes and future challenges (KB)
3. Group saving to empower women: The case of Roscas in the slums of Kenya (KB)
4. Rural credit and power in Nepal (MH)
5. Business training and microfinance in Tanzania (BT)
6. Improving educational services for the poor (JS)
7. Improving health services for the poor I (JS)
8. Improving health services for the poor II (OM)
9. Empowerment and community based development (JS)
10. Student presentations

Prerequisites:

Candidates are expected to have basic training in economic theory and econometrics.

Proficiency in the English language is required.

Target Candidates:

The course is primarily targeted for PhD students and junior faculty. MA level students will be accepted depending on space and academic qualifications.

Work required:

At the final day of the BSRS, participants of the course will make a report on what they have learned and present it in plenary.

ECTS:

10 ECTS granted for approved course performance (full course attendance, course readings and approved essay)

Reading List:**1. Development from below: An introduction (KB and BT)**

- T. Besley og R. Burgess (2003). "Halving global poverty," *Journal of Economic Perspectives* vol. 17 no. 3, Summer 2003: 3-22.
- Sen (1999) *Development as Freedom*, chap. 2, Oxford University Press.
- Melchior (2001). "Global income inequality," *World Economics* vol. 2 no. 3, July-September 2001:87-108
- X. Sala-i-Martin (2006). "The world distribution of income: Falling poverty and ... convergence, period," *Quarterly Journal of Economics* 121 2: 351-397, May 2006.

2. Microfinance: Past successes and future challenges (KB)

- Morduch, J. (1999). "The microfinance promise," *Journal of Economic Literature*, December 1999
- de Aghion, B. A. and J. Morduch (2005). "Group lending", Chapter 4 in B. A. de Aghion, J. Morduch "The economics of microfinance" MIT Press, Cambridge, MA

3. Group saving to empower women: Roscas in the slums of Nairobi (KB)

- Anderson, S. and J-M Baland (2002). "The economics of roscas and interhousehold resource allocation," *Quarterly Journal of Economics*, 117(3), August 2002: 963-95.

4. Rural credit and power in Nepal (Magnus)

- Ray, J. (1997). "Credit", Chapter 14 in *Analytical Development Economics*, Princeton University Press.
- Basu, K. (1997). "Rural credit", Chapter X in *Development Economics*, MIT-Press.
- Hatlebakk, M. (2007). Capacity Constrained Collusive Price Discrimination in the Informal Rural Credit Markets of Nepal. Manuscript, CMI

5. Business training and microfinance in Tanzania (BT)

- Karlan, D. and M. Valdavia (2006). "Teaching entrepreneurship: Impact of business training on microfinance clients and institutions," mimeo

6. Improving educational services for the poor (JS)

- Banerjee, A., and E. Duflo (2006). "Addressing Absence", *Journal of Economic Perspectives*, 20 (1): 117-132.
- Chaudhury, N., J. Hammer, M. Kremer, K. Muralidharan, and F. H. Rogers (2006). "Missing in Action: Teacher and Health Worker Absence in Developing Countries", *Journal of Economic Perspectives*, 20 (1): 91-116.
- Duflo, E., 2001, "Schooling and labor market consequences of school construction in Indonesia: Evidence from an unusual policy experiment", *American Economic Review*, 91(4): 795-813.

7. Improving health services for the poor I (JS)

- Bleakley, H. (2007). "Disease and development: evidence from Hookworm eradication in the American south," *Quarterly Journal of Economics*, 122(1): 73-117.
- Miguel, E. and M. Kremer (2004). "Worms: Identifying impacts on education and health in the presence of treatment externalities," *Econometrica*, 72(1): 159-217.

8. Improving health services for the poor II (Ottar)

- Leonard, K; Masatu, M C; Vialou, A (2007) [Getting Doctors to Do Their Best: The Roles of Ability and Motivation in Health Care Quality](#) *The Journal of Human Resources* pp. 682-700(19)
- Das, V. and J. Hammer (2007) Money for Nothing: The dire straits of medical practice in Dehli, India. *Journal of Development Economics* 83, 1-36
- Chaudhury, N., Jeffrey Hammer, Michael Kremer, Karthik Muralidharan and F. Halsey Rogers (2006) Missing in Action: Teacher and Health Worker Absence in Developing Countries. *Journal of Economic Perspectives—Volume 20, Number 1—Winter 2006—Pages 91–116*

9. Empowerment and community based development (JS)

- Björkman, M. and J. Svensson (2007). "Power to the People: Evidence from a Randomized Experiment of a Community Based Monitoring Project in Uganda", *CEPR Working Paper # 6344*.
- Olken, B. (2007). "Monitoring Corruption: Evidence from a Field Experiment in Indonesia", *Journal of Political Economy* (forthcoming)
- Reinikka, R. and J. Svensson (2007). "The Returns from Reducing Corruption: Evidence from Education in Uganda", *CEPR Working Paper # 6363*.