



UNIVERSITA' DEGLI STUDI DI TORINO



THIRTEENTH SUMMER SCHOOL IN INTERNATIONAL AND DEVELOPMENT ECONOMICS

Investment, Saving and Wellbeing in Developing Countries

Orazio P Attanasio (UCL) & Pascaline Dupas (Stanford)

Schedule:

Wednesday 11 June

9.00 – 10.30	Lecture 1 Professor Orazio Attanasio
10.30 – 11.00	Coffee Break
11.00 – 12.30	Lecture 2 Professor Orazio Attanasio
12.30 – 14.00	Lunch
14.00 – 15.30	Lecture 3 Professor Orazio Attanasio
15.30 – 16.00	Coffee Break
16.00 – 17.30	Lecture 4 Professor Orazio Attanasio

Thursday 12 June

9.00 – 10.30	Lecture 5 Professor Pascaline Dupas
10.30 – 11.00	Coffee Break
11.00 – 12.30	Lecture 6 Professor Pascaline Dupas
12.30 – 14.00	Lunch
14.00 – 15.30	Lecture 7 Professor Orazio Attanasio
15.30 – 16.00	Coffee Break
16.00 – 17.30	Lecture 8 Professor Orazio Attanasio

Friday 13 June

8.30 – 10.30	Lecture 9 Professor Pascaline Dupas
10.30 – 11.00	Coffee Break
11.00 – 13.00	Lecture 10 Professor Pascaline Dupas
13.00 – 14.00	Lunch at Palazzo Feltrinelli
14.00 – 15.00	Lecture 11 Professor Orazio Attanasio
15.00 – 16.00	Lecture 12 Professor Pascaline Dupas

Draft Syllabus for lectures by Orazio Attanasio

Part I

The production function of human capital in early years.

Lecture 1, June 11 9:00-10:30 (90 minutes)

- 1.1 Evidence on human capital accumulation
 - 1.1.1 The Socio Economic Gap in HK in early years in developing countries.
 - 1.1.2 Interventions: community nurseries
 - 1.1.3 Interventions: stimulations
 - 1.1.3.1 The Jamaica Study
 - 1.1.3.2 The Colombia Study

Lecture 2, June 11:00-12:30 (90 minutes)

- 1.2 Models of accumulation of human capital:
 - 1.2.1 The production function of human capital
 - 1.2.2 Investment in human capital
 - 1.2.3 Constraints to the accumulation of human capital.

Readings for topic 1.

Readings marked with ** are highly recommended.

*Attanasio, O. V. Di Maro and M Vera-Hernandez (2013) "[Community Nurseries and the Nutritional Status of Poor Children. Evidence from Colombia](#)" Economic Journal, Vol 123 (9) pp 1025-1058.

Attanasio, O. , Rubio-Codina M, Meghir C, VarelaN., and Grantham- McGregor S. (2014): "The Socio-Economic Gradient of Child Development: Cross-Sectional Evidence from Children 6-42 months in Bogota", forthcoming in Journal of Human Resources.

** Gertler, Paul, James Heckman, Rodrigo Pinto, Arianna Zanolini, Christel Vermeersch, Susan Walker, Susan M. Chang, Sally Grantham-McGregor (2012). "[Labor Market Returns to Early Childhood Stimulation: a 20-year Followup to an Experimental Intervention in Jamaica](#)"

Attanasio, Orazio, Emla Fitzsimons , Camila Fernandez , Sally Grantham-McGregor , Costas Meghir and Marta Rubio Codina. "Home Visiting in Colombia: Impacts of a Scalable Intervention"

** Flávio Cunha, 2011. "[Recent Developments in the Identification and Estimation of Production Functions of Skills](#)," Fiscal Studies, vol. 32, pages 297-316, 06.

** Flavio Cunha & James J. Heckman & Susanne M. Schennach, 2010. "[Estimating the Technology of Cognitive and Noncognitive Skill Formation](#)," Econometrica, vol. 78(3), pages 883-931, 05.

Fernald L.C., P. Kariger, M. Hidrobo and P.J. Gertler. (2012). "[Socioeconomic gradients in child development in very young children: evidence from India, Indonesia, Peru, and Senegal](#)", Proceedings of the National Academy of Science, 109 (2): 17273-80.

Fernald Lia., Ann Weber, Emanuela Galasso and Lisy Ratsifandrihamanana. (2011). "[Socioeconomic gradients and child development in a very low income population: evidence from Madagascar.](#)" Developmental Science, 14(4): 832-847.

Ghuman, S. J. R. Behrman, J. B. Borja, S. Gultiano, and E. M. King. 2005. "[Family Background, Service Providers and Early Childhood Development in the Philippines](#)", Economic Development and Cultural Change, 54(1): 129-64.

- * Grantham-McGregor S., Y. B. Cheung, S. Cueto, P. Glewwe, L. Richter, B. Strupp and the International Child Development Steering Group. (2007). "[Developmental potential in the first 5 years for children in developing countries](#)." The Lancet, 369(9555):60-70.
- Hackman, D. A., and M. J. Farah. (2009). "[Socioeconomic Status and the Developing Brain](#)." Trends in Cognitive Science 13 (2): 65–73.
- Hamadani J. F. Tofail, S. El Arifeen, S. Huda, D. Ridout, O. Attanasio and S. Grantham-McGregor. (2012). "The Early Determinants of the Cognitive Gap Associated with Poverty in Rural Bangladeshi Children", manuscript ICDDR, Bangladesh.
- Hamadani, J., F. Tofail, A. Hilaly, S. Huda, P. Engel and S. Grantham-McGregor. (2010). "[Use of Family Care Indicators and Their Relationship with Child Development in Bangladesh](#)." Journal of Health Population and Nutrition, 28(1):23-33.
- Heckman J. J. and D.V. Masterov. (2007). "[The Productivity Argument for Investing in Young Children](#)." Review of Agricultural Economics, 29(3):446-493.
- Hoddinott J., J.A. Maluccio, J.R. Behrman, R. Flores and R. Martorell. (2008). "[The Impact of Nutrition During Early Childhood on Income, Hours Worked, and Wages of Guatemalan Adults](#)." The Lancet, 371(February):411-416.
- * Macours, K., N. Schady, and R. Vakis. (2012). "[Cash Transfers, Behavioral Changes, and Cognitive Development in Early Childhood: Evidence from a Randomized Experiment](#)." American Economic Journal: Applied Economics, 4(2):247-73.
- Maluccio J. A., J. Hoddinott, J.R. Behrman, A. Quisumbing, R. Martorell and A.D. Stein. (2009). "[The Impact of Nutrition During Early Childhood on Education among Guatemalan Adults](#)." Economic Journal, 119(537):734–763.
- Paxson, C., and N. Schady. (2007). "[Cognitive Development among Young Children in Ecuador: The Roles of Wealth, Health, and Parenting](#)." Journal of Human Resources 42 (1): 49–84.
- Schady, N. (2011). "[Parents' Education, Mothers' Vocabulary, and Cognitive Development in Early Childhood: Longitudinal Evidence from Ecuador](#)." American Journal of Public Health, 101 (12): 2299-2307.
- ** P. Todd & K. Wolpin, 2007. "[The Production of Cognitive Achievement in Children: Home, School, and Racial Test Score Gaps](#)," Journal of Human Capital, vol. 1(1), pages 91-136.
- ** Walker S., S. Chang-Lopez, C. Powell, E. Simonoff and S. Grantham-McGregor. (2005). "[Effects of Early Childhood Psychosocial Stimulation and Nutritional Supplementation on Cognition and Education in Growth-stunted Jamaican Children: Prospective Cohort Study](#)." The Lancet, 366(9499):1804-1807.
- Walker S.P., S.M. Chang, C. Powell, E. Simonoff and S.M. Grantham-McGregor. (2006). "[Effects of Psychosocial Stimulation and Dietary Supplementation in Early Childhood on Psychosocial Functioning in Late Adolescence: Follow-up of Randomized Controlled Trial](#)." British Medical Journal, 333(7566): 472.
- Walker S.P., S.M. Chang, C. M. Vera-Hernandez and S.M. Grantham-McGregor. (2011). "[Early Childhood Stimulation Benefits Adult Competence and Reduces Violent Behaviour](#)", Pediatrics, 127(5): 849-857.

Part II

Consumption smoothing in developing countries: Theory and empirics. How far from first best?

Lecture 3, June 11 14:00-15:30 (90 minutes)

Lecture 4, June 11 16:00-17:30 (90 minutes)

Lecture 7, June 12 14:00-15:30 (90 minutes)

Lecture 8, June 12 16:00-17:30 (90 minutes)

Lecture 11, June 13 14:00-15:00 (60 minutes)

Models of insurance markets in developing countries.

- The paradigm of perfect insurance.
- Tests of perfect insurance
- Imperfections and frictions: imperfectly enforceable contracts
- Imperfections and frictions: asymmetric information

Readings for topic 2.

Readings marked with ** are highly recommended.

Attanasio, O.P. and M. Székely (2004): "[Wage shocks and Consumption Variability in Mexico During the 1990s](#)", Journal of Development Economics, 73, pp 1-25.

** Attanasio, O.P. and N. Pavoni (2011) "[Risk Sharing in Private Information Models with Asset Accumulation: Explaining the Excess Smoothness of Consumption](#)" Econometrica, Vol.79 (4), July 2011, pages 1027-68.

** Attanasio, O.P. and J.V. Rios Rull (2000a): "[Consumption Smoothing in Island Economies: Can Public Insurance Reduce Welfare?](#)" European Economic Review, 44, pp. 1225-1258

Attanasio, O.P. and J.V. Rios Rull (2000b): "[Consumption Smoothing and Extended Families](#)", Dewatripoint and Hansen (eds) Advances in Economic Theory- The World Congress of the Econometric Society- Seattle 2000.

P. Chiappori & K. Samphantharak & S. Schulhofer-Wohl & R. Townsend, 2011. "[Heterogeneity and Risk Sharing in Village Economies](#)" NBER Working Papers 16696

Cochrane, J. (1991): "[A Simple Test of Consumption Insurance](#)", Journal of Political Economy, 99, 957-76.

Cole, H. & N. Kocherlakota, 2001. "[Efficient Allocations with Hidden Income and Hidden Storage](#)," Review of Economic Studies, vol. 68(3), pages 523-42, July.

* Deaton, A., and C. Paxson. 1994. "[Intertemporal Choice and Inequality](#)." Journal of Political Economy 102: 384-94.

** Kocherlakota, N. (1996): "[Implications of Efficient Risk Sharing without Commitment](#)" Review of Economic Studies, 63, 595-609.

** Ligon, Ethan, 1998. "[Risk Sharing and Information in Village Economics](#)," Review of Economic Studies, vol. 65(4), pages 847-64

Ligon, E., Thomas, J. and T. Worrall (2000) "[Mutual Insurance, Individual Savings, and Limited Commitment](#)", Review of Economic Dynamics, 3, 216-246.

** Ligon, E., Thomas, J. and T. Worrall (2002) "[Informal Insurance Arrangements in Village Economies](#)", Review of Economic Studies, 69, 209-244.

Mazzocco, M. and S. Saini (2012) "[Testing Efficient Risk Sharing with Heterogeneous Risk Preferences](#)", American Economic Review, vol. 102, pp.428-68.

** Townsend, R.M. (1994) "[Risk and Insurance in Village India](#)" Econometrica, 62(3), 539-91.

Udry, C. (1994): "[Risk and Insurance in a Rural Credit Market: An Empirical Investigation in Northern Nigeria](#)" Review of Economic Studies, 61(3), 495-526

Draft Syllabus for lectures by Pascaline Dupas

Human Capital Investments and Well-Being

Readings marked with ** are highly recommended.

A. Education as an Investment: Empirics

A1. Returns to education -- Lecture 5, June 12 (90 minutes)

* Foster, Andrew D. and Mark R. Rosenzweig (1996). "[Technical Change and Human-Capital Returns and Investments: Evidence from the Green Revolution](#)" *The American Economic Review*, 86(4): 931-953

** 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, Esther. "[The Medium Run Effects of Educational Expansion: Evidence from a Large School Construction Program in Indonesia](#)." *Journal of Development Economics* 74, no. 1 (2004): 163-197.

** Owen Ozier (2011). [The Impact of Secondary Schooling in Kenya: A Regression Discontinuity Analysis](#). Working paper.

Bills, Mark, and Pete Klenow. "[Does Schooling Cause Growth?](#)" *The American Economic Review* 90, no. 5 (2000): 1160-1183.

Rosenzweig, Mark (1995), "[Why Are There Returns to Schooling?](#)" *American Economic Review P&P* 85 (2): 153-158.

A2. Demand for education -- Lecture 6, June 12 (90 minutes)

** Attanasio, Orazio, Costas Meghir and Ana Santiago (2012). "[Education Choices in Mexico: Using a Structural Model and a Randomized Experiment to Evaluate Progreso](#)". *Review of Economic Studies*.

** Jensen, Robert (2012). "[Do Labor Market Opportunities Affect Young Women's Work And Family Decisions? Experimental Evidence From India](#)". *Quarterly Journal of Economics* 127(2), p. 753-792.

* Nancy Qian (2013): "Quantity-Quality and the One Child Policy: The Only Child Disadvantage on School Enrollment in Rural China"

Jensen, Robert (2010). "[The \(Perceived\) Returns to Education and the Demand for Schooling](#)," *Quarterly Journal of Economics*, 125(2), p. 515-548.

Foster, Andrew D. and Mark R. Rosenzweig (1996). "[Technical Change and Human-Capital Returns and Investments: Evidence from the Green Revolution](#)" *The American Economic Review*, 86(4): 931-953

B. Health as Human Capital Investment

B1. Health and Productivity -- Lecture 9, June 13 (120 minutes)

* Miguel, Ted and Michael Kremer (2004), "[Worms: Identifying Impacts on Education and Health in the Presence of Treatment Externalities](#)," *Econometrica* 72 (1): 159-217.

Thomas, D. et al. (2006). "[Causal Effect of Health on Labor Market Outcomes: Experimental Evidence](#)".

** Bleakley, Hoyt. "[Malaria Eradication in the Americas: A Retrospective Analysis of Childhood Exposure](#)," *American Economic Journal: Applied Economics*, April 2010, 2(2):1-45.

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

David E. Bloom, David Canning, and Günther Fink (2013). "[Disease and Development Revisited](#)," *Journal of Political Economy*

Cervellati, M, and U Sunde (2011), "[Disease and Development: The Role of Life Expectancy Reconsidered](#)", *Economics Letters*, 113(3):269-272.

B2. Demand for health -- Lecture 10, June 13 (120 minutes)

** Dupas, Pascaline (2013). "[Short-Run Subsidies and Long-Run Adoption of New Health Products: Evidence from a field experiment](#)". *Econometrica*.

** Dupas, Pascaline, and Jonathan Robinson (2013). "[Why Don't the Poor Save More? Evidence from Health Savings Experiments](#)" *American Economic Review* 103(4), pp. 1138-71, June 2013

Cohen, Jessica, and Pascaline Dupas (2010). "[Free Distribution or Cost-Sharing? Evidence from a Randomized Malaria Prevention Experiment](#)," *Quarterly Journal of Economics*, 125(1): 1-45.

Ashraf, Nava, James Berry and Jesse Shapiro. (2010). "[Can Higher Prices Stimulate Product Use? Evidence from a Field Experiment in Zambia](#)," *American Economic Review* 100: 2383-2413.

Cohen, Jessica, Pascaline Dupas and Simone Schaner (2012). "[Price Subsidies, Diagnostic Tests, and Targeting of Malaria Treatment](#)".

Field, Erica, Rachel Glennerster and Reshma Hussam (2011). "[Throwing the Baby out with the Drinking Water: Unintended Consequences of Arsenic Mitigation Efforts in Bangladesh](#)". Working paper.

For Reviews:

Dupas, Pascaline (2011). "[Health Behavior in Developing Countries](#)," *Annual Review of Economics* Vol 3.

Strauss, John and Duncan Thomas (1995), "[Human Resources: Empirical Modeling of Household and Family Decisions](#)," *Handbook of Development Economics* 3 (1): 1883-2023.

Strauss, John and Duncan Thomas (2008), "[Health over the life Course](#)," *Handbook of Development Economics* 4 (1): 3375-3474.

C. Household-level vs. Individual-level Well-Being: Human capital investments under Gender and Birth-order preferences

Lecture 12, June 13 (60 minutes)

Amartya Sen, "[More Than 100 Million Women Are Missing](#)," *New York Review of Books* 37(2), December 20, 1990

Angus Deaton (1989). "[Looking for Boy-Girl Discrimination in Household Expenditures](#)". *World Bank Economic Review*, vol. 3, no. 1, pp. 1-15.

Elaina Rose (1999). "[Consumption Smoothing and Excess Female Mortality in Rural India](#)." *Review of Economics and Statistics* 81, no. 1: 41-49.

Nancy Qian (2008). "[Missing Women and the Price of Tea in China: The Effect of Sex-Specific Income on Sex Imbalance](#)," *The Quarterly Journal of Economics*, 123(3), August 2008.

Jayachandran, Seema, and Rohini Pande (2013): "[Why Are Indian Children Shorter Than African Children?](#)"

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