

## BREAD course in Development Economics: March 3 – April 1, 2022

Class times: Thursdays and Fridays, 10-11:30 am US eastern time  
1-2 lectures per week, at option of instructors

### Module: Credit, Insurance and Risk

Section A. Risk Sharing and Credit Markets (Udry, Banerjee)
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Thursday March 3: Efficient Allocations of Risk and Testing (Udry)

Townsend, Robert (1994) 'Risk and Insurance in Village India.' *Econometrica* 62(3), 539–591. [Link](#).

Kazianga, Harounan, and Christopher Udry. 2006. "Consumption Smoothing? Livestock, Insurance and Drought in Rural Burkina Faso." *Journal of Development Economics* 79 (2): 413–446.

Mauricio Mazzocco and Shiv Saini (2012). [Testing Efficient Risk Sharing with Heterogeneous Risk Preferences](#), *American Economic Review*, 102(1): 428–468.

Kinnan, Cynthia. (2021) "Distinguishing barriers to insurance in Thai villages." *Journal of Human Resources*: 0219-10067R1.

Friday March 4: Credit Markets (Banerjee)

Banerjee, Abhijit, V., and Esther Duflo. 2010. "Giving Credit Where It Is Due." *Journal of Economic Perspectives*, 24 (3): 61-80.

Banerjee, Abhijit V., Contracting Constraints, Credit Markets and Economic Development. *Advances in Economics and Econometrics*, Vol. 3, Forthcoming 2002, Available at SSRN: <https://ssrn.com/abstract=309101>

McKenzie D., S. de Mel, and C. Woodruff (2008). "Returns to Capital: Results from a Randomized Experiment." *Quarterly Journal of Economics*, 123(4): 1329-72, 2008. [Final / Working Paper](#)

[Karlán, Dean and Jon Zinman](#), "Observing Unobservables: Identifying Information Asymmetries with a Consumer Credit Field Experiment", *Econometrica*, 2009

Paravisini, Daniel and Hertzberg, Andrew and Liberti, Jose Maria, Information and Incentives Inside the Firm: Evidence from Loan Officer Rotation (June 1, 2010). *Journal of Finance*, Vol. 65, No. 3, pp. 795-828, June 2010 , Available at SSRN: <https://ssrn.com/abstract=1947011>

Banerjee, Abhijit and Esther Duflo (2014) "Do Firms Want to Borrow More? Testing Credit Constraints Using a Directed Lending Program." *Review of Economic Studies* (2014) 81 (2): 572-607. [Final](#) / [Working Paper](#)

Meager, Rachael. 2019. "Understanding the Average Impact of Microcredit Expansions: A Bayesian Hierarchical Analysis of Seven Randomized Experiments." *American Economic Journal: Applied Economics*, 11 (1): 57-91.

## Section B. Formal Insurance (Casaburi)

### Thursday March 10: The Impact of Formal Insurance

Karlan, D., Osei, R., Osei-Akoto, I. and Udry, C., 2014. Agricultural decisions after relaxing credit and risk constraints. *The Quarterly Journal of Economics*, 129(2), pp.597-652.

Lane, G., 2018. Credit lines as insurance: Evidence from Bangladesh. [https://www.gregoryvlane.com/pdfs/JMP\\_Lane.pdf](https://www.gregoryvlane.com/pdfs/JMP_Lane.pdf)

Malani, A., Holtzman, P., Imai, K., Kinnan, C., Miller, M., Swaminathan, S., Voena, A., Woda, B. and Conti, G., 2021. *Effect of health insurance in India: a randomized controlled trial* (No. w29576). <https://www.nber.org/papers/w29576>

### Friday March 11: Demand for Formal Insurance Products

Cole, S., Giné, X., Tobacman, J., Topalova, P., Townsend, R. and Vickery, J., 2013. Barriers to household risk management: Evidence from India. *American Economic Journal: Applied Economics*, 5(1), pp.104-35.

Casaburi, L. and Willis, J., 2018. Time versus state in insurance: Experimental evidence from contract farming in Kenya. *American Economic Review*, 108(12), pp.3778-3813.

Cai, Jing, Alain De Janvry, and Elisabeth Sadoulet. "Subsidy policies and insurance demand." *American Economic Review* 110, no. 8 (2020): 2422-53.

Banerjee, A., Finkelstein, A., Hanna, R., Olken, B.A., Ornaghi, A. and Sumarto, S., 2021. The Challenges of Universal Health Insurance in Developing Countries: Experimental Evidence from Indonesia's National Health Insurance. *American Economic Review*, 111(9), pp.3035-63.

## Section C. Saving (Udry, Dupas)

### Thursday March 17: Benchmark and external barriers (Udry)

Paxson, C. H. (1992). "Using weather variability to estimate the response of savings to transitory income in Thailand." *The American Economic Review*, 15-33.

Dupas, Pascaline, and Jonathan Robinson. "Savings constraints and microenterprise development: Evidence from a field experiment in Kenya." *American Economic Journal: Applied Economics* 5.1 (2013): 163-92.

Michael Callen, Suresh de Mel, Craig McIntosh, Christopher Woodruff, What Are the Headwaters of Formal Savings? Experimental Evidence from Sri Lanka, *The Review of Economic Studies*, Volume 86, Issue 6, November 2019, Pages 2491–2529.

Anderson, Siwan, and Jean-Marie Baland (2002), "The Economics of ROSCAs and Intra-Household Resource Allocation," *Quarterly Journal of Economics* 117 (3): 963-995.

Friday March 18: Behavioral barriers (Dupas)

Gugerty, Mary Kay (2007), "You Can't Save Alone: Commitment in Rotating Savings and Credit Associations in Kenya." *Economic Development and Cultural Change* 55 (2), 251-282

Ashraf, Nava, Dean Karlan, and Wesley Yin. "Tying Odysseus to the mast: Evidence from a commitment savings product in the Philippines." *The Quarterly Journal of Economics* 121.2 (2006): 635-672.

Dupas, Pascaline, and Jonathan Robinson (2013), "Why don't the poor save more? Evidence from Health Savings Experiments". *American Economic Review* 103 (4), 1138-71.

Breza, E. and Chandrasekhar, A. (2019). "Social networks, reputation and commitment: Evidence from a savings monitors experiment," *Econometrica* vol. 87 issue 1.

Karlan, D., Mullainathan, S. and Roth, B.N., 2019. Debt traps? Market vendors and moneylender debt in India and the Philippines. *American Economic Review: Insights*, 1(1), pp.27-42.

Thursday, March 24 & Friday, March 25: Three Questions About Microfinance. How does it work? Does it work? How to make it better?

Bari, F., Malik, K., Meki, M., and Quinn, S. (2021). "Asset-based microfinance for microenterprises: Evidence from Pakistan." *Working Paper*.

Banerjee, A. V., Karlan, D., & Zinman, J. (2015). Six randomized evaluations of microcredit: Introduction and further steps. *American Economic Journal: Applied Economics*, 7(1), 1-21.

Banerjee, A. V., Breza, E., Duflo, E., & Kinnan, C. (2020). Can microfinance unlock poverty traps for some entrepreneurs? *Working Paper*.

Banerjee, A., Breza, E., Chandrasekhar, A. G., Duflo, E., Jackson, M. O., & Kinnan, C. (2021). Changes in social network structure in response to exposure to formal credit markets (No. w28365). *National Bureau of Economic Research*.

Beaman, L., Karlan, D., Thuysbaert, B., & Udry, C. (2021). Selection into Credit Markets: Evidence from Agriculture in Mali. *Working Paper*.

Breza, E., & Kinnan, C. (2021). Measuring the equilibrium impacts of credit: Evidence from the Indian microfinance crisis. *The Quarterly Journal of Economics*, 136(3), 1447-1497.

Feigenberg, B., Field, E., & Pande, R. (2013). The economic returns to social interaction: Experimental evidence from microfinance. *Review of Economic Studies*, 80(4), 1459-1483.

Field, E., & Pande, R. (2008). Repayment frequency and default in microfinance: evidence from India. *Journal of the European Economic Association*, 6(2-3), 501-509.

Field, E., Pande, R., Papp, J., & Rigol, N. (2013). Does the classic microfinance model discourage entrepreneurship among the poor? Experimental evidence from India. *American Economic Review*, 103(6), 2196-2226.

Hussam, R., Rigol, N., and Roth, B. N. (2022) "Targeting High Ability Entrepreneurs Using Community Information: Mechanism Design in the Field." *American Economic Review*.

Riley, E. (2020) "Resisting social pressure in the household using mobile money: Experimental evidence on microenterprise investment in Uganda." *University of Oxford Working Paper*.

Section E. Digital Revolution (Suri)
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Thursday March 31: Mobile Money and Digitizing Transfers

Jack, William and Tavneet Suri, “Risk Sharing and Transactions Costs: Evidence from Kenya’s Mobile Money Revolution,” *American Economic Review*, 2014, 1, 183–223.

Muralidharan Kartik, Paul Niehaus, and Sandip Sukhtankar, “Building State Capacity: Evidence from Biometric Smartcards in India,” *American Economic Review*, 2016, 106 (10), 2895–2929

Riley, Emma, “Resisting Social Pressure in the Household Using Mobile Money: Experimental Evidence on Microenterprise Investment in Uganda,” Working Paper, November 2020. Available at <https://drive.google.com/file/d/1ubkkOTeIn28eugPg3zrGyTIChoXPGOVh/view>

VoxDev Lit on Mobile Money : <https://voxdev.org/voxdevlit/mobile-money>

Friday April 1: Broader Gains to Digitization?

Higgins, Sean “Financial Technology Adoption”, Working Paper, December, 2020. Available at [https://seankhiggins.com/assets/pdf/higgins\\_FinancialTechnologyAdoption.pdf](https://seankhiggins.com/assets/pdf/higgins_FinancialTechnologyAdoption.pdf)

Field, Erica, Rohini Pande, Natalia Rigol, Simone Schaner, and Charity Troyer Moore, “On Her Own Account: How Strengthening Women’s Financial Control Impacts Labor Supply and Gender Norms,” *American Economic Review*, July 2021, 111 (7), 2342–75.

Robinson, Jonathan, David Sungho Park, and Joshua E. Blumenstock, “The Impact of Digital Credit in Developing Economies: A Review of Recent Evidence” Working Paper, November, 2021. Available at [https://people.ucsc.edu/~jmrtwo/2021\\_digital\\_credit\\_review.pdf](https://people.ucsc.edu/~jmrtwo/2021_digital_credit_review.pdf)

Barnwal, Prabhat, “Curbing Leakage in Public Programs: Evidence from India’s Direct Benefit Transfer Policy”, September 2021. Available at <https://drive.google.com/file/d/1bHPiV mzqljC ICTKR CIojfMJzkztUynu/view>