Asset market failures and the macro-economics of developing countries.

Abhijit Vinayak Banerjee, Kiel Institute

March 31 -April 4, 2008

Understanding Credit Markets

*Aleem, Irfan (1990), "Imperfect Information, Screening and the Costs of Informal lending: A Study of a Rural Credit Market in Pakistan", *World Bank Economic Review*, 3: 329-349.

*Banerjee, Abhijit (2004), "Contracting Constraints, Credit Markets, and Economic Development", in Advances in Economics and Econometrics: Theory and Applications. M. Dewatripoint, L. Hansen and S. Turnovsky, eds., Eight World Congress of the Econometric Society, Volume 3: 1-46. Cambridge University Press, click here for pre-published version

*Banerjee, Abhijit and Duflo, Esther (2004), "Do Firms Want to Borrow More? Testing Credit Constraints Using a Directed Lending Program," mimeo, MIT

*Banerjee, Abhijit and Munshi, Kaivan (2004), "How Efficiently is Capital Allocated? Evidence from the Knitted Garment Industry in Tirupur," *Review of Economic Studies*, Vol. 71(1):19-42.

The role of banks

Cole, Shawn A. "Fixing Market Failures or Fixing Elections? Agricultural Credit in India", unpublished mimeo.

Khwaja, Asim and Mian, A. (2005), "Do Lenders Favor Politically Connected Firms? Rent provision in an Emerging Financial Market", *Quarterly Journal of Economics*, Vol. 120(4).

Hertzberg, Andrew, Liberti , Jose and Paravasini, Daniel (2007), **Information and Incentives Inside the Firm: Evidence from Loan Officer Rotation**, mimeo, Columbia University.

Savings

*Rosenzweig, Mark and Wolpin, K. (1993) "Credit Market Constraints, Consumption Smoothing and the Accumulation of Durable Production Assets in Low-Income Countries: Investments in Bullocks in India", Journal of Political Economy, 101(2): 223-244, April 1993.

*Burgess, Robin and Pande, Rohini (2005), "Do Rural Banks Matter? Evidence from the Indian Social Banking Experiment", American Economic Review, Vol. 95(3), June 2005.

Fafchamps, Marcel, Udry, Chris, and Czukas, Katie (1998), "Drought and Savings in West Africa: Are Livestock a Buffer Stock?" *Journal of Development Economics*, 55(2): 273-306.

* Paxson, Christina H., "Using weather variability to estimate the response of savings to transitory income in Thailand." *American Economic Review* 82(1), 15–33.

Deaton, Angus (1990), "Saving in Developing Countries: Theory and Review," *World Bank Economic Review*, (Proceedings of the World Bank Annual Conference on Development Economics 1989), pp. 61-96.

* Deaton, Angus and Paxson, Christina (1994), "Saving, Growth, and Aging in Taiwan," in Studies in the economics of aging. Wise, David A., ed., Chicago and London: University of Chicago Press, pp. 331-57.

The macro-economics of developing countries

*Banerjee, Abhijit and Duflo, Esther, "Growth theory through the Lens of Development Economics", in Handbook of Economic Growth, Edition 1, volume3, chapter 1, Elsevier, Philippe Aghion & Steven Durlauf eds.

*Mankiw, N. Gregory and Romer, David, Weil, David N, "A Contribution to the Empirics of Economic Growth," The Quarterly Journal of Economics, Vol. 107(2): 407-437, May 1992. Link.

*Lucas, Robert (1990), "Why doesn't capital flow from rich to poor countries?" *American Economic Review* 80(2), 92–96.

*Caselli, Francesco, "Accounting for Cross-Country Income Differences," in Handbook of Economic Growth, Aghion, Philippe & Durlauf, Steven, eds., edition 1, Vol. (1), chapter 9, pp. 679-741, Elsevier. Link.

* Klenow, P. and Rodriguez-Clare, A., "The Neoclassical Revival in Growth Economics: Has it Gone too Far?," NBER Macroeconomics Annual, pp. 73-114, 1997. Link.

Young, Alwyn. "The Tyranny of Numbers: Confronting the Statistical Realities of the East Asian Growth Experience." The Quarterly Journal of Economics. Vol. 110 (3):641-80, August 1995.

*Hsieh, Chang-Tai and Klenow, Peter. "Misallocation and Manufacturing TFP in China and India", mimeo, Stanford University 2007.