

Summer School
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Professor Kaivan Munshi
University of Cambridge
e-mail: munshi@econ.cam.ac.uk

Communities and Development

The objective of this short-course is to understand the role that communities and social connections play in the development process. We will be particularly interested in understanding the positive and negative consequences of community involvement for growth and development in the short-run and the long-run. Apart from providing a particular community-based view of the development process, an additional objective of this course will be to demonstrate the use of theory in informing empirical research.

Structure of the Course

- (1) Motivation – community networks as a response to market failure in developing economies
- (2) The cost of community involvement – collusion, misallocation
- (3) Examples of community networks – mutual insurance
- (4) Community networks and mobility
- (5) Communities and representative democracy

Selected Readings

Collusion and Misallocation

Bandiera, Oriana, Iwan Barankay and Imran Rasul, “Social Preferences and the Response to Incentives: Evidence from Personnel Data,” Quarterly Journal of Economics, Vol. 120, 2005, p.917-962.

Bandiera, Oriana, Iwan Barankay and Imran Rasul, “Social Connections and Incentives in the Workplace: Evidence from Personnel Data,” Econometrica, Vol. 77, 2009, p.1047-1094.

Banerjee, Abhijit and Kaivan Munshi, “How Efficiently is Capital Allocated? Evidence from the Knitted Garment Industry in Tirupur,” Review of Economic Studies Vol. 71, No. 1, 2004, p. 19-42.

Anderson, Siwan, “Caste as an Impediment to Trade,” American Economic Journal: Applied Vol. 3, No. 1, 2011, p. 239-263.

Mutual Insurance

Townsend, Robert M., "Risk and Insurance in Village India," Econometrica, Vol.62, No.3, May 1994, p.539-591.

Coate, S. and M. Ravallion, "Reciprocity without commitment: Characterization and performance of informal insurance arrangements," Journal of Development Economics, Vol.40, 1993, p.1-24.

Ligon, E., J.P. Thomas and T. Worrall, "Informal Insurance Arrangements with Limited Commitment: Theory and Evidence from Village Economies," Review of Economic Studies, Vol. 69, No. 1, 2002, p.209-244.

Udry, Christopher, "Risk and Insurance in a Rural Credit Market: An Empirical Investigation in Northern Nigeria," Review of Economic Studies, Vol.61, 1994, p.495-526.

Abramitzky, Ran, "The Limits of Equality: Insights from the Israeli Kibbutz," Quarterly Journal of Economics, Vol. 123, No. 3, 2008, p.1111-1159.

Genicot, Garance and Debraj Ray, "Group Formation in Risk-Sharing Arrangements," Review of Economic Studies, Vol. 70, No.1, 2003, p.87-113.

Munshi, Kaivan and Mark Rosenzweig, "Networks and Misallocation: Insurance, Migration, and the Rural-Urban Wage Gap," American Economic Review, Vol. 106, No. 1, 2016, p.46-98.

Bryan, Gharad, Shyamul Chowdhury, and Ahmed Mushfiq Mobarak, "Underinvestment in a Profitable Technology: The Case of Seasonal Migration in Bangladesh," Econometrica, Vol. 82, No. 5, 2014, p.1671-1748.

Morten, Melanie, "Temporary Migration and Endogenous Risk Sharing in Village India," Stanford University typescript.

Community Networks and Mobility

Munshi, Kaivan, "Strength in Numbers: Networks as a Solution to Occupational Traps," Review of Economic Studies, Vol.78, 2011, p.1069-1101.

Munshi, Kaivan and Mark R. Rosenzweig, "Traditional Institutions Meet the Modern World: Caste, Gender and Schooling Choice in a Globalizing Economy," American Economic Review, Vol. 96, No. 4, 2006, p.1225-1252.

McKenzie, David and Hillel Rapoport, "Self-Selection Patterns in Mexico-U.S. Migration: The Role of Migration Networks," Review of Economics and Statistics, Vol. 92, No. 4, 2010, p.811-821

Communities and Representative Democracy

Besley, Timothy and Stephen Coate, "An Economic Model of Representative Democracy," Quarterly Journal of Economics, Vol.112, No.1, 1997, p.85-114.

Osborne, Martin and Al Slivinski, "A Model of Political Competition with Citizen-Candidates," Quarterly Journal of Economics, Vol.111, No.1, 1996, p.65-96.

Munshi, Kaivan and Mark Rosenzweig, "Insiders and Outsiders: Local Ethnic Politics and Public Good Provision," University of Cambridge, typescript.