**Behavioral Development Economics**

**Summer Semester 2023**

**Karrar Hussain, Ph.D.**

**Description:**

Behavioral Economics is a relatively new sub-field of economics that incorporates insights about behavior from psychology into economics, with the goal of improving the realism and accuracy of the standard economic models. Formally, behavioral economics details observed behavior that is contrary to the predictions of the current models and generates new and improved models to describe behavior.

This proseminar examine the interesting interaction of risk behavior and financial markets in the context of development economics. Using insights from behavioral economics we discuss the empirical implications of simple models of the efficient allocation of risk, and the consequences of information, enforcement, and behavioral frictions for informal risk sharing, welfare, and production decisions.

**Pre-requisite:**

The main prerequisite for this course is Principal of Microeconomics and an understanding of calculus at the level of a typical undergraduate calculus course. However, as far as mathematics goes, the most important prerequisite is a certain level of "mathematical sophistication,” i.e. comfort in dealing with mathematical constructs and arguments.

**Logistics:**

The grade will depend on students’ presentation (1/3) and seminar paper (2/3):

1. Presentation: 25 mins + discussion
2. Seminar paper: 12 pages (excluding table of content and references), 1.5 spacing, 12pt Times New Roman, standard Word page layout (approx. 24,000 characters)

The block seminar attendance is compulsory. There are total 7 topics designed for the course. One paper is listed for each topic. Working papers and journal articles mentioned below will be made available to you through StudOn.

Depending on the final enrollment status, two students will be assigned to one of the 7 topics provided below. They will jointly present the assigned research papers. Please note that each student is required to write the proseminar paper independently.

**Important Dates:**

* Introduction Session: 26-04-2023
  + Time 3 pm to 4 pm
  + Venue: Kochstraße 4, Room 1.053
* Presentation Session: 9-06-2023 and 10-06-2023
  + Time: 12 pm to 5 pm
  + Venue: Kochstraße 4, Room 1.055
* Final Paper Submission: 17-07-23 at 5 pm Berlin time

Further details will be communicated via email.

**List of Topics:**

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>

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>

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.