1 Administrative Details

Course meets: Wednesdays 2:30-4:20
Office: 27 Hillhouse, Rm 12
E-mail: laura.schechter@yale.edu
Office Hours: Mondays 10:30-11:30 or by appointment
Website: classesv2.yale.edu

2 Course Description

Social networks pervade our economic lives. They are important for finding jobs, deciding which technologies to adopt, determining how to vote, and protecting against unemployment and crop failure. Such networks may be even more crucial in developing countries where individuals lack access to social security, health insurance, the internet, and other sources of information and social safety nets.

Much quantitative work in economics uses data on characteristics of individual or households. While interactions between these individuals have important ramifications for economic outcomes, the study of these interactions necessitates different strategies of data collection and analysis.

In this class we will analyze the impacts social networks have on economic outcomes in developing countries and the mechanisms by which social networks have these impacts. The two main mechanisms which we will focus on are social networks as conduits for information flows and social networks as conduits for monetary flows and enforcement between individuals.

We will begin this course with a brief general discussion of peer effects in networks and network formation. We will then go on to discuss social networks as conduits for the enforcement of monetary flows including: informal insurance, mobile money, and vote-buying. Next we will discuss social networks as conduits for information including: agricultural technology adoption, adoption of microfinance, and adoption of health-related technologies. We will
end by looking at interactions which may mix both information and enforcement, including default behavior in microfinance and job referrals.

Goals of the class:

- Appreciate the special nature of social network data.
- Learn how to use social network data in statistical analysis.
- Understand the application of social network analysis to the study of developing countries.
- Develop an understanding of the research process.
- Learn how to critically assess the statistics used in empirical studies and to judge the veracity of their conclusions.

3 Prerequisites

Intermediate Microeconomics (Econ 121 or 125) and Econometrics (Econ 131 or 135).

4 Participation

Class discussion is integral to the learning process and will be part of student evaluations. Please come to class prepared! To encourage you to be prepared you will be asked to hand in a worksheet regarding the readings for each day of class. The course is aimed at being challenging and thought-provoking with a focus on thinking through how best to analyze the data. Often there is not a single right answer.

Each week, students will be required to read three academic papers (or two very short papers on the first day of class). For some weeks additional optional readings are also listed. For each day of class, one or two students will prepare to lead the discussion of the papers. We will consider the questions that are being asked, the methods and data being used, and the key findings and their implications.

5 Assignments

- Class participation (15% of final grade): Students are expected to come to every class and participate in the class discussions. In addition, students are expected to complete a short worksheet on each of the week’s assigned papers, noting the paper’s contribution, empirical approach, and limitations. These should be handed in at the beginning of class. These will not be individually graded, but they will count towards your class participation grade.
• Lead class discussion (20% of final grade): Each student, either individually or in pairs, will be responsible for presenting one to two of the papers and leading the discussion. The discussion should last 15-20 minutes and should center on the contribution of the paper(s), issues with the analysis, relationship with other course readings, and any questions that are left open. Students will need to meet with the instructor to prepare their presentation.

• Identify a research question (10% of final grade): Each student will identify a research question related to social networks in developing countries. These one page papers will motivate your question’s importance and provide some intuition for a possible answer. You should find and discuss two or three related academic papers when making your case. I recommend perusing the entire syllabus for ideas. Due: September 17 in class.

• Mid-term draft of a 5-7 page proposal of an empirical project (20% of final grade): Each student will turn his or her research question into the first half of a research proposal. This should contain a literature review that places the project in context, a fleshed out hypothesis, and an economic model that formalizes your intuition. We will discuss my expectations in detail during class. Due: Friday, October 17, 5pm.

• Final 15-20 page research proposal (35% of final grade): The final paper includes the clear development of a research question, a literature review, a hypothesis, an economic model, a detailed estimation approach, and a discussion of the primary data source that will be used. You need to incorporate any feedback you receive on your midterm draft. Students are encouraged to do some preliminary data description and analysis, but this is not required. Due: Wednesday, December 10, 5pm.

6 Academic Integrity

We will review what plagiarism is, how to identify it, and how to avoid plagiarizing in our own research. We will look at examples of direct and more subtle forms of plagiarism and stress the importance of integrity in academic research. If you do not understand or are uncertain about what constitutes plagiarism, please ask. To read more about what constitutes plagiarism, please read this website of the Yale College Writing Center: “Understanding and Avoiding Plagiarism”. Any cases of suspected plagiarism will be reported directly to the appropriate dean, and documented plagiarism will result in a complete loss of credit on the assignment.
7 Course Outline and Readings

If you click on the title of any of the papers below it should take you directly to the paper. You may only be able to access these papers when you are logging on from a campus computer due to copyright issues. When I wrote this syllabus all of the links worked. Please let me know if any of them seem to be acting funny throughout the semester. You are required to do all readings which are not marked “Optional”. The readings are all quite excellent, and discussing them in class is not a substitute for reading them yourself!

1. (8/27): Peer Effects

2. (9/3): Network Formation

3. (9/10): Transfer Networks - Informal Insurance in the Real World
4. (9/17): Transfer Networks - Informal Insurance in Games


5. (9/24): Transfer Networks - Altruistic Giving in Games


6. (10/1): Transfer Networks - Mobile Money


7. (10/8): Transfer Networks - Vote Buying


8. (10/15): Transfer Networks - Other Forms of Corruption


9. (10/29): Information Networks - General


10. (11/5): Information Networks - Agricultural Technology Adoption


11. (11/12): Information Networks - Other Technology Adoption


12. (11/19): Transfers or Information? - Credit and Default

Guest lecture by Professor Nicholas Christakis.


13. (12/3): Transfers or Information? - Finding a Job