

Economics 696 Topics in Economic Development Fall 2013

Midterm paper Assignment

6 pages (not counting references), double-spaced. Give cites and references given in standard form (see NBER working papers if you don't know what this means).

This assignment is about the use of instruments.

Consider the papers we have read so far that use instruments to identify causality.

Pick out two papers: the paper you found most convincing with respect to instruments and identification, and the paper you found *least* convincing with respect to instruments and identification.

Using these two papers as examples, write a JEP-style paper titled "The Use of Instruments in Development Economics." You can use more papers as examples if you want, but make sure you use at least these two.

In the paper, explain:

- why the use of instrumental variables is so common in development economics
- what makes for a convincing instrument
- what makes for an *unconvincing* instrument