Social Networks and Economic Development
(Master of Science in International Economics and Economic Policy)

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1 Overview

For almost a century, social networks analysis (SNA) has been at the forefront of theoretical and methodological developments in sociology, while other disciplines have just recently started discovering it. In the case of economics, and despite some early attempts, it is only in the last decade that SNA has become an important part of the profession’s toolkit, with a prolific recent literature that have left the classic Granovetter (1985) critique by the wayside. While the theoretical foundations were developed in the 1990s, a plethora of empirical studies has followed.

In developing countries, where markets tend to be incomplete (or absent altogether), the role of networks created by kinship, friendship, and informal interactions is fundamental. This is particularly the case in terms of risk-sharing, the transmission of information, and many other daily economic activities. The importance of these networks has been formally recognized at least since Malinowski’s studies of traditional economic systems in the 1920s, but has recently gained increasing attention with the focus on trust and social capital as key determinants of economic development.

The main objective of this block seminar course is to introduce students to the recent literature related to social networks and economic development and guide them through an in-depth review of related sub-topics.

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2 Format

- This course is designed as a “block seminar”. Students have to write a term-paper and present its main content in a final presentation.

- Students have to choose a topic in agreement with the lecturer. They can decide on a subject from the list below or propose an alternative issue which meets his/her own interests.

- The paper must have maximum 25 pages and contain two main sections: (i) deep overview of the particular topic, including a general literature review; and (ii) in-depth analysis of one technical paper or technical literature. For the latter, the related “state of the art” econometric and/or theoretic methods must be explained and described for the particular context of the topic.

- While producing new results in the term-paper with data and/or models is not required, it would be highly appreciated.

3 Requirements

It is assumed that students have prior knowledge of econometrics at the level of “Fundamentals of Econometrics” and knowledge of microeconomic theory at the level of “Fundamentals of Microeconomics.”

4 Evaluation

- Students successfully finishing the seminar will be awarded with 6 credit points.

- Grading will be based on the term-paper and the final presentation.

- Active participation in the presentation of other students will also be considered in the final grade.

- There will be no final exam.
5 Topics and readings

5.1 General readings

An updated general overview of the topics covered in the seminar can be found in:


5.2 Topics

TOPIC 1. Risk-sharing networks


TOPIC 2. Technology adoption and diffusion of information


TOPIC 3. Productive activities and rural development


TOPIC 4. Labor markets


TOPIC 5. Trust and social capital


TOPIC 6. Health


**TOPIC 7. Education**


**TOPIC 8. Networks in trade and migration**


**TOPIC 9. The “dark side” of social networks**


TOPIC 10. Networks of political connections

