

Development Economics

Module 4, 2017-2018

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Course information

Course Website: TBA

Instructor's Office Hours: TBA

Class Time: TBA

Room Number: TBA

TAs: TBA

Course description

Why are some countries rich and other countries poor? Why have some poor countries managed to catch up with rich countries within one generation's lifetime, and others lag behind for centuries? Which policies promote growth and development around the world?

This course presents (selected) topics in development economics. It starts with a overview of the macro-determinants of development (geography, culture, institutions). It follows with a micro- economic analysis of various challenges that public policy faces in developing countries (education, health, infrastructures), as well as barriers to investments (such as poor property rights and access to credit). It covers issues like intra-household bargaining, women's empowerment and the effect of religious practices. It concludes by taking another look at the big picture by covering issues like history and development, conflict and foreign aid.

Nearly all topics will be covered using survey articles or empirical papers.

The course topics and readings are listed below. The number of lectures assigned to each topic is approximate and may be adjusted in the course of the semester.

Course requirements, grading, and attendance policies

The grade will be a combination of active class attendance, referee reports/problem sets, and the final essay.

The weight in the final grade:

- referee reports and problem sets– 30%
- class participation – 5%
- Final exam– 65%

Getting an unsatisfactory grade for either referee reports and problem sets or the exam results in an unsatisfactory grade of the whole course.

The final exam format will be closed-book, 3 hours, 1 exit and questions aren't allowed.

Course contents

Prologue: Basic facts, theories and methodologies in development economics.

Banerjee and Duflo (2004) "Growth Theory through the Lens of Development Economics"

Banerjee, Abhijit, and Esther Duflo "The Economic Lives of the Poor," *Journal of Economic Perspectives*. Volume 21, Number 1, Winter 2007, pp. 141–167.

Lecture 1: Institutions

*Acemoglu, Johnson, and Robinson. 2004. "Institutions as the Fundamental Cause of Long-Run Growth", NBER No.10481

Besley and Persson. 2014. "The Causes and Consequences of Development Clusters: State Capacity, Peace and Income", *Annual Review of Economics* (forthcoming).

Lecture 2: Randomized Control Trials (RCTs)

*Banerjee and Duflo. 2009. "The Experimental Approach to Development Economics", *Annual Review of Economic*, 1:151-78

Angrist, Joshua D. and Jorn-Steffen Pischke, "The Credibility Revolution in Empirical Economics: How Better Research Design Is Taking the Con out of Econometrics," *Journal of Economic Perspectives*, 2010, 24 (2), 3–30.

Deaton, Angus, "The Instruments of Development: Randomization in the tropics, and the search for the elusive keys to economic development," 2009.

Hunt Allcott and Sendhil Mullainathan (2012) "External Validity and Partner Selection Bias" NBER Working Paper 18373.

Vivalt, Eva. "How much can we generalize from impact evaluations?" Working Paper, 2015.

Angelucci, Manuela and Giacomo De Giorgi, "Indirect Effects of an Aid Program: How Do Cash Transfers Affect Ineligibles Consumption?," *American Economic Review*, 2009, 99 (1), 486–508.

Lecture 3: Corruption

*Olken, B. A. and R. Pande (2012). "Corruption in Developing Countries." *Annual Review of Economics* 4(1): 479-509.

Frederico Finan And Laura Schechter. 2012. "Vote-Buying And Reciprocity," *Econometrica*, 80 (2): 863–881

Benjamin A. Olken, Patrick Barron. 2009. "The Simple Economics Of Extortion: Evidence From Trucking In Aceh," *Journal Of Political Economy*, 2009, Vol. 117, No. 3

Olken, B. A. (2006). "Corruption and the costs of redistribution: Micro evidence from Indonesia." *Journal of Public Economics* 90(4–5): 853-870.

Olken, B. A. (2009). "Corruption perceptions vs. corruption reality." *Journal of Public Economics* 93(7–8): 950-964.

Lecture 4: Public Service Delivery and Education

*Finan, Frederico and Olken, Benjamin A. and Pande, Rohini. 2015. "The Personnel Economics of the State", NBER Working Paper No. 21825.

Chaudhury, N., J. Hammer, M. Kremer, K. Muralidharan and F. H. Rogers (2006). "Missing in Action: Teacher and Health Worker Absence in Developing Countries." *Journal of Economic Perspectives* 20(1): 91-116.

Mbiti, I. M. (2016). "The Need for Accountability in Education in Developing Countries." *Journal of Economic Perspectives* 30(3): 109-132.

Tessa Bold, D. Filmer, G. Martin, E. Molina, B. Stacy, J. Svensson, W. Wane "Enrollment Without Learning: Teacher Effort, Knowledge, and Skill in Primary Schools in Africa" *Journal of Economic Perspectives* (forthcoming, Volume 31, 4, Fall 2017)

Lecture 5: Public Service Delivery and Health

*Bleakly, H. (2010) "Health, Human Capital and Development", *Annual Economic Review*, University of Chicago

*Miguel, Edward and Michael Kremer (2004) "Worms: Identifying Impacts on Education and Health in the Presence of Young, Alwyn. (2005). "The Gift of Dying: The Tragedy of AIDS and the Welfare of Future African Generations", *Quarterly Journal of Economics*, 120(2), 423-466.

Acemoglu, Daron and Simon Johnson (2006), "Disease and Development: The Effect of Life Expectancy on Economic Growth," mimeo, MIT.

Lecture 6: Public Service Delivery and Infrastructures

- *Duflo, Esther, and Rohini Pande. "Dams." *Quarterly Journal of Economics* 122.2 (May 2007): 601-646.
- *Esther Duflo, (2001) Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment, *American Economic Review*, Vol. 91No. 4

Lecture 7: Agriculture, Property Rights and Investments

- *Land Property Rights and Resource Allocation (with Sebastian Galiani), *Journal of Law and Economics* (2011), Vol. 54 (4), pp. S329-S345
- Besley, T. (1995). "Property rights and investment incentives: Theory and evidence from Ghana." *Journal of Political Economy*, vol. 103, 903—937.

Lecture 8: Access to credit: Microfinance

- *Banerjee, A., D. Karlan and J. Zinman (2015). "Six Randomized Evaluations of Microcredit: Introduction and Further Steps." *American Economic Journal: Applied Economics* 7(1): 1-21.
- Banerjee, A., E. Duflo, R. Glennerster and C. Kinnan (2015). "The Miracle of Microfinance? Evidence from a Randomized Evaluation." *American Economic Journal: Applied Economics* 7(1): 22-53.
- Tarozzi, A., J. Desai and K. Johnson (2015). "The Impacts of Microcredit: Evidence from Ethiopia." *American Economic Journal: Applied Economics* 7(1): 54-89.

Lecture 9: Access to credit: Remittances (and International Migration)

- *International Migration, Remittances, and Household Investment: Evidence from Philippine Migrants' Exchange Rate Shocks, *Economic Journal*, Vol. 118, April 2008, pp. 591-630.
- Migrant Remittances, *Journal of Economic Perspectives*, Vol. 25, No. 3, Summer 2011, pp. 129-152.

Lecture 10: Gender

- *Duflo, E. (2012). "Women Empowerment and Economic Development." *Journal of Economic Literature* 50(4): 1051-1079.
- Alberto Alesina, Paola Giuliano, Nathan Nunn. 2013. "On The Origins Of Gender Roles: Women And The Plough," *The Quarterly Journal Of Economics*, 128(2).
- Ashraf, N. (2009). "Spousal Control and Intra-household Decision Making: An Experimental Study In The Philippines." *American Economic Review* 99(4): 1245-1277.
- Ashraf, Nava, Erica Field, And Jean Lee. "Household Bargaining And Excess Fertility: An Experimental Study In Zambia." *American Economic Review* 104, No. 7 (July 2014).

Lecture 11: Religion and culture

- *Campante And Yanagizawa 2013. "Does Religion Affect Economic Growth And Happiness? Evidence From The Ramadan", *Nber* 19768
- Erik Meyersson.2014. Islamic Rule And The Empowerment Of The Poor And Pious," *Econometrica*, Vol. 82, No. 1 (January, 2014), 229–269

Lecture 12: History and development

- *Nunn. 2013. "Historical Development", Chapter prepared for the Handbook of Economic Growth

Lecture 13: Conflict

- *Blattman, C. and E. Miguel (2010). "Civil War." *Journal of Economic Literature* 48(1): 3-57.
- David Yanagizawa-Drott. 2014. Propaganda And Conflict: Evidence From The Rwandan Genocide," Harvard University. (forthcoming *Quarterly Journal of Economics*)

Lecture 14: Foreign Aid and Development

- *Clemens, Radelet, Bhavnani, Bazzi. 2011. "Counting Chickens When They Hatch: Timing and the Effects of Aid on Growth", *The Economic Journal*,122.

Ilyana Kuziemko and Eric Werker. 2006. "How Much Is a Seat on the Security Council Worth? Foreign Aid and Bribery at the United Nations," *Journal of Political Economy*, 114(5):905-930.

Nunn, Nathan and Qian, Nancy. 2014. "US Food Aid and Civil Conflict", *American Economic Review* 2014, 104(6): 1630–1666

Description of course methodology

Course is based on lectures that involve active participation of students in discussion.

Sample tasks for course evaluation

Write a 2-3 page referee report on the paper "Learning about a New Technology: Pineapple in Ghana," by Timothy Conley and Christopher Udry.

Course materials

The main readings for the course are comprised of the assigned papers. Starred papers should be read before class. The remaining papers serve as a reference list and should be read if you are interested in a particular topic. There is no textbook for this course.

Academic integrity policy

Cheating, plagiarism, and any other violations of academic ethics at NES are not tolerated. For all assignments, exams and attendance, the NES academic integrity policy applies. Students should consult the NES Student Handbook for further details.