

Economics 270B: Development Economics (Ph.D. course)
Professor Edward Miguel (emiguel@berkeley.edu)
SPRING 2015 SYLLABUS

Description: This course covers current research topics and methods in Development Economics. It is appropriate for Ph.D. students in Economics and related fields.

Prerequisites: Graduate coursework in economic theory and econometrics.

Lectures: Monday 2-4pm, Evans 648.

Prof. Fred Finan (Berkeley Economics) will also give two lectures in the course.

Office hours: Please email Elisa Cascardi (ecascardi@berkeley.edu) for an appointment.

Extra discussion sections and office hours: Felipe Gonzalez (fgonzalez@econ.berkeley.edu) will hold extra office hours on Tuesdays from 9-11am in Evans 630.

Assignments and Grading:

(Note: assignments should be uploaded on bCourses by 2pm on the due date.)

(1) Referee reports on papers by job market candidates (40 percent):

-- Each referee report should be no more than 3 pages double-spaced. The report should start off with a one paragraph summary of the main argument of the article. You should describe your main 3-4 points in detail as if you were writing directly to the author. Conclude the report with more minor comments. A good referee report not only clearly states the shortcomings of the work, but also lays out constructive, detailed and realistic suggestions for improvement.

-- These assignments will allow you to read and critique papers on the research frontier of development economics, and get a concrete sense of the quality of work being done by leading Ph.D. candidates in the field.

-- Report 1 on Frank Schilbach (Harvard) "Alcohol and self-control: A field experiment in India", due Monday 2/9 [http://scholar.harvard.edu/files/schilbach/files/jmp_frank_schilbach.pdf]

-- Report 2 on Rebecca Dizon-Ross (Stanford/MIT) "Parents' perceptions and children's education: Experimental evidence from Malawi", due Monday 2/23 [<http://web.mit.edu/rdr/www/perceptions.pdf>]

-- Report 3 on Ameet Morjaria (LSE/Harvard) "Competition and relational contracts: Evidence from Rwanda's coffee mills", due Monday 3/9 [https://dl.dropboxusercontent.com/u/24297068/amorjaria_rwanda.pdf]

-- Report 4 on Thiemo Fetzer (LSE) "Social Insurance and Conflict: Evidence from India", due Monday 3/16 [<http://www.trfetzer.com/wp-content/uploads/JMP.pdf>]

* Extra credit option for each referee report: please critically assess the presentation of data in each of the referee report papers. You can receive one point of extra credit for each report if you also include a detailed discussion of the shortcomings of one particular table / figure in the paper, and the concrete modifications you would make to improve the presentation of the data. (This does not count toward the 3 page limit for the referee report itself. Please restrict yourself to 1 page for this additional discussion of data presentation.) For a classic treatment on the presentation of quantitative data, refer to: Tufte, Edward R. (1983). *The Visual Display of Quantitative Information*. Cheshire: Graphics Press.

(2) Two problem sets (20 percent):

Problem sets require manipulation and analysis of datasets using STATA or R. I will ask you to apply some of the methods and approaches from the course to real data, and ask you to interpret the results. These assignments will provide good practice in applying econometric methods to data, something many (if not most) of you will need to do in your own research.

-- Problem set 1, due Monday 4/6

-- Problem set 2, due Monday 4/20

(3) One research proposal, 8-9 pages (30 percent):

The research proposal should briefly (3-4 pages) survey an existing literature in Development Economics, and then describe a planned research project (5-6 pages). Proposals should be in 12 point font, double-spaced with 1 inch margins. Proposals exceeding 9 pages in length will lose credit. This assignment will encourage you to generate, refine and receive feedback on a research idea that might form part of your dissertation.

-- The research proposal is due Friday 5/1 at 2pm (uploaded on bCourses).

(4) Class participation (10 percent): In borderline cases, attendance at lecture and the quality of classroom comments may be a factor in assigning grades. Active class participation enriches the course, benefiting yourself and other students (and me), and it is highly encouraged.

(5) There are no exams.

Special Accommodations: If you need disability-related accommodations in this class, if you have emergency medical information you wish to share with me, or if you need special arrangements in case the building must be evacuated, please inform me immediately by email or in office hours.

Honor Code: The student community at U.C. Berkeley has adopted the following Honor Code: "*As a member of the U.C. Berkeley community, I act with honesty, integrity, and respect for others.*" The hope and expectation is that you will adhere to this code.

COURSE SYLLABUS

I. Overview of international economic development

Lecture 1: Understanding economic growth and development (1/26)

Deaton, Angus. (2005). "Measuring Poverty in a Growing World (or Measuring Growth in a Poor World)," *Review of Economics and Statistics*, 87(1), 1-19.

Chen, Shaohua and Martin Ravallion. (2010). "The Developing World is Poorer than We Thought, But No Less Successful in the Fight against Poverty," *Quarterly Journal of Economics*, 125(4), 1577-1625.

Spolaore, Enrico and Romain Wacziarg. (2013). "How Deep are the Root of Economic Development?," *Journal of Economic Literature*, 51(2), 325-369.

Lecture 1B: The Persistence of historical institutions and shocks, with a focus on Africa

(Please read these articles during the President's Day holiday week, 2/16.)

Fenske, James, and Namrata Kala. (2015). "Climate and the slave trade", *Journal of Development Economics*, 112, 19-32.

Michalopoulos, Stelios, and Elias Papaioannou. (2013). "Pre-colonial ethnic institutions and contemporary African development", *Econometrica*, 81(1), 113-152.

Nunn, Nathan. (2008). "The long-term effects of Africa's slave trades", *Quarterly Journal of Economics*, 123(1), 139-176.

Lecture 2: The Psychology of poverty (2/2)

Haushofer, Johannes, and Jeremy Shapiro. (2013). "Household response to income changes: Evidence from an unconditional cash transfer program in Kenya," unpublished working paper. [[http://www.princeton.edu/~joha/publications/Haushofer Shapiro_UCT_2013.pdf](http://www.princeton.edu/~joha/publications/Haushofer_S Shapiro_UCT_2013.pdf)]

Mani, Anandi, Sendhil Mullainathan, Eldar Shafir, and Jiaying Zhao. (2013). "Poverty Impedes Cognitive Function," *Science*, 341, 976-980.

Additional readings:

Cappelen, Alexander W., Shachar Kariv, Erik O. Sorensen, and Bertil Tungodden. (2014). "Is there a development gap in rationality?," unpublished working paper. [http://eml.berkeley.edu/~kariv/CKST_1.pdf]

Haushofer, Johannes, and Ernst Fehr. (2014). "On the psychology of poverty", *Science*, 344, 862-867.

II. Human capital in economic development

Lectures 3-4: Education (2/9, 2/23)

Baird, Sarah, Craig McIntosh, and Berk Ozler. (2011). "Cash or condition? Evidence from a Randomized Cash Transfer Program", *Quarterly Journal of Economics*, 126(4), 1709-1753.

Duflo, Esther. (2001). "Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment," *American Economic Review*, 91(4), 795-813.

Jensen, Robert (2010). "The (Perceived) Returns to Education and the Demand for Schooling," *Quarterly Journal of Economics*, 125(2), 515-548.

Kremer, Michael, Rebecca Thornton, and Edward Miguel. (2009). "Incentives to Learn", *Review of Economics and Statistics*, 91(3), 437-456.

Muralidharan, Karthik and Venkatesh Sundararaman. (2011). "Teacher Performance Pay: Experimental Evidence from India", *Journal of Political Economy*, 119(1), 39-77.

Additional readings:

Glennester, Rachel, and Kudzai and Takavarasha. (2013). *Running Randomized Evaluations: A Practical Guide*. Princeton University Press.

Krueger, Alan and Mikael Lindahl. (2001). "Education for Growth: Why and For Whom?" *Journal of Economic Literature*, 39 (4), 1101-1136.

Lectures 5-7: Health and nutrition (3/2, 3/9, 3/16)

Acemoglu, Daron and Simon Johnson. (2007). "Disease and Development: The Effect of Life Expectancy on Economic Growth", *Journal of Political Economy*, 115(6), 925-985.

Baird, Sarah, Joan Hamory Hicks, Michael Kremer, and Edward Miguel. (2014). "Worms at Work: Long-run Impacts of Child Health Gains", unpublished working paper. [<http://emiguel.econ.berkeley.edu/research>]

Dupas, Pascaline. (2014). "Short-run subsidies and long-run adoption of new health products: Evidence from a field experiment", *Econometrica*, 82(1), 197-228.

Gong, Erick. (2013). "HIV Testing and Risky Sexual Behavior", forthcoming *Economic Journal*. [<https://sites.google.com/site/erickgong/>]

Kremer, Michael, and Edward Miguel. (2007). "The Illusion of Sustainability", *Quarterly Journal of Economics*, 112(3), 1007-1065.

Miguel, Edward, and Michael Kremer (2004). "Worms: Identifying Impacts on Education and Health in the Presence of Treatment Externalities", *Econometrica*, 72(1), 159-217.

Additional readings:

Bloom, David E., David Canning, and Gunther Fink. (2014). "Disease and Development Revisited", *Journal of Political Economy*, 122(6), 1355-1366.

Greenstone, Michael, and Kelsey Jack. (2015). "Enviroleconomics: A research agenda for a young field", forthcoming, *Journal of Economic Literature*.

[SPRING BREAK – 3/23]

III. Political economy

Lectures 8-9: Democracy, corruption and development (3/30, 4/6) – by Prof. Fred Finan

Acemoglu, Daron, Simon Johnson, James Robinson, and Pierre Yared. (2008). "Income and Democracy", *American Economic Review*, 98(3), 808-842.

Casey, Katherine, Rachel Glennerster, and Edward Miguel. (2012). "Reshaping institutions: Evidence on aid impacts using a pre-analysis plan", *Quarterly Journal of Economics*, 127(4), 1755-1812.

Dal Bó, Ernesto, Frederico Finan, and Martín A. Rossi (2013) "Strengthening State Capabilities: The Role of Financial Incentives in the Call to Public Service", *Quarterly Journal of Economics*, doi: 10.1093/qje/qjto08.

Dal Bó, Pedro, Andrew Foster, Louis Putterman (2010) "Institutions and Behavior: Experimental Evidence on the Effects of Democracy", *American Economic Review*, 100(5), 2205-2229.

Ferraz, Claudio, and Fred Finan. (2008). "Exposing Corruption politicians: The Effects of Brazil's Publicly Released Audits on Electoral Outcomes", *Quarterly Journal of Economics*, 123(2), 703-745.

Khwaja, Asim, and Atif Mian. (2005). "Do Lenders Favor Politically Connected Firms? Rent Provision in an Emerging Financial Market", *Quarterly Journal of Economics*, 120(4).

Olken, Ben and Patrick Barron. (2009). "The Simple Economics of Extortion: Evidence from Trucking in Aceh", *Journal of Political Economy*, 117(3), 417-452.

Additional readings:

Chattopadhyay, Raghavendra, and Esther Duflo. (2004). "Women as Policymakers: Evidence from a Randomized Policy Experiment in India", *Econometrica*, 72(5), 1409-1443.

Fisman, Raymond and Edward Miguel. (2007). "Corruption, Norms, and Legal Enforcement: Evidence from Diplomatic Parking Tickets", *Journal of Political Economy*, 115(6), 1020-1048.

Olken, Ben and Rohini Pande (2012) "Corruption in Developing Countries", *Annual Review of Economics*, Vol. 4.

Lecture 10: Ethnic and social divisions (4/13)

Burgess, Robin, Remi Jedwab, Edward Miguel, Ameet Morjaria, Gerard Padro-i-Miquel. (2015). "The Value of Democracy: Evidence from Road Building in Kenya", forthcoming *American Economic Review*. [<http://emiguel.econ.berkeley.edu/research/the-value-of-democracy-evidence-from-road-building-in-kenya>]

Hjort, Jonas. (2014). "Ethnic Divisions and Production in Firms", *Quarterly Journal of Economics*, 1899-1946.

Rao, Gautam. (2013). "Familiarity does not breed contempt: Diversity, Discrimination and Generosity in Delhi Schools", unpublished working paper. [<https://sites.google.com/site/graoeconomics/>]

Additional readings:

Easterly, William and Ross Levine. (1997). "Africa's Growth Tragedy: Policies and Ethnic Divisions", *Quarterly Journal of Economics*, 112(4), 1203-1250.

Miguel, Edward. (2004). "Tribe or Nation? Nation Building and Public Goods in Kenya versus Tanzania", *World Politics*, 56(3), 327-362.

Lectures 11-12: The political economy of conflict (4/20, 4/27)

Chassang, Sylvain, and Gerard Padro-i-Miquel. (2010). "Economic Shocks and Civil War", *Quarterly Journal of Political Science*, 4(3), 211-228.

Dell, Melissa, Benjamin Jones, and Benjamin Olken. (2012). "Temperature Shocks and Economic Growth: Evidence from the Last Half Century", *American Economic Journal: Macroeconomics*, 4(3), 66-95.

Ellman, Matthew, and Leonard Wantchekon. (2000). "Electoral Competition under the Threat of Political Unrest", *Quarterly Journal of Economics*, 115(2), 499-531.

Hsiang, Solomon, Marshall Burke, and Edward Miguel. (2013). "Quantifying the Influence of Climate on Human Conflict", *Science*, 10.1126/science.1235367.

Miguel, Edward, Shanker Satyanath, and Ernest Sergenti. (2004). "Economic Shocks and Civil Conflict: An Instrumental Variables Approach", *Journal of Political Economy*, 112(4), 725-753.

Powell, Robert. (2006). "War as a Commitment Problem", *International Organization*, 60, 169-203.

Additional readings:

Blattman, Christopher and Edward Miguel. (2010). "Civil War", *Journal of Economic Literature*, 48(1), 3-57.

Dell, Melissa, Benjamin Jones and Benjamin Olken. (2014). "What Do We Learn from the Weather? The New Climate-Economy Literature", *Journal of Economic Literature*, 52(3), 740-798.