

ECONOMICS 174/274: Global Poverty and Impact Evaluation, with African Case Studies
Professor Edward Miguel (emiguel@econ.berkeley.edu, 510-642-7162)
SPRING 2013 SYLLABUS

Description: This course will explore the tools available for rigorously measuring the impact of international development and anti-poverty programs. The course will describe a range of empirical methods, approaches and challenges, and illustrate them using a series of African case studies. Undergraduates should enroll in Econ 174, graduate students in 274. Both are offered for 4 units.

Prerequisites: At least one prior term of intermediate economics (i.e., Economics 100A or 100B or equivalent), and some prior coursework in statistics or econometrics.

Lectures: Tuesday and Thursday 2-3:30pm, 120 Latimer
Lectures will also be “screencast” by Berkeley Educational Technology Services and archived for future viewing online. Screencasting means that the presentation slides and lecturer audio are recorded. Lecture screencasts will be posted online with a two week delay, and can be accessed through the following sites: <http://webcast.berkeley.edu/>, <http://itunes.berkeley.edu/>, and <http://www.youtube.com/ucberkeley>.

Teaching Assistants / Graduate Student Instructors (GSIs):

Pierre Bachas (bachas@econ.berkeley.edu)

Section 102: Thursday 4-5pm, 106 Wheeler

Section 104 (Econ 274): Thursday 9-10am, 105 Latimer

Office hours Thursdays in Evans 630

Liang Bai (lbai@econ.berkeley.edu)

Section 101: Tuesday 9-10am, 130 Wheeler

Section 103: Tuesday 1-2pm, 289 Cory

Office hours Tuesdays 3:30-5:30pm in Evans 536

Office hours: Prof. Miguel’s office hours are Monday 9:30-11:30am in Evans 647. Please email Jeanette Aguilar (jaguilar@berkeley.edu) for an appointment.

Grading: The course grade will be based on four components:

(1) Three take-home assignments, each worth 10 percent (30 percent). Problems sets for Econ 274 students will feature additional and more challenging material.

-- Problem Set 1 handed out 2/5, due 2/12

-- Problem Set 2 handed out 2/28, due 3/7

-- Problem Set 3 handed out 4/11, due 4/18

(2) Midterm examination (25 percent)

-- The exam will take place during class on Tuesday March 19th.

(3) Final Examination (35 percent)

-- The exam will take place during exam week, on Monday May 13th from 11:30am-2:30pm.

(4) Class participation and attendance (10 percent)

-- Student remarks, comments and questions in both lecture and section will contribute 5 percent to their grade in the course.

-- Lecture attendance and participation will also be evaluated using “clickers”, and will contribute a further 5 percent to the grade. Every student is expected to obtain an “iClicker” from the Cal Bookstore. (The first generation “iClicker” is sufficient for this course.) For those students using clickers for the first time: <http://ets.berkeley.edu/help/faq-about-using-clickers-classroom>. Students are expected to bring their clickers to each lecture, and I will use them for polling the class and to assign both class attendance and participation credit. For each student, the four lectures with the lowest clicker “score” will be dropped. Clicker use will be required starting in week of the class (namely, on Tuesday January 29th). To get started, you will need to register your iClicker remote online within the first two weeks of class. Then you must come to class at least once and respond to at least one question to complete the registration process. To register go to: <http://www.iclicker.com/registration>.

Assignments: The problem sets are designed to teach students how to apply the various methods using real data. Problem sets will require the use of STATA software, which is commonly used in economics research. We recommend that students install STATA on their computer. If you need to purchase a copy, a single-user six-month license for Small Stata (sufficient for this course) is available for Berkeley students for \$32, and an annual license for \$49. For ordering information: <http://www.stata.com/order/new/edu/gradplans/us-pickup/>. Students can also access STATA using the computers in the Library Data Lab (Doe Annex 189). For opening times, see: <http://www.lib.berkeley.edu/wikis/datalab/>.

Grading policy: Grading disputes must be put in writing and given to the GSI in section within two weeks from the date the graded problem set or exam was returned to the class.

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.

Learning goals: As part of Berkeley’s Undergraduate Student Learning Initiative (USLI), the Economics Department has developed learning goals for the Economics major. See <http://econ.berkeley.edu/undergrad/home/learning-goals>. The specific learning goals which this course aims to achieve are:

I. Critical Thinking Skills

CT2. Apply economic analysis to evaluate specific policy proposals.

CT3. Compare arguments that have different conclusions to a specific issue or problem.

CT4. Understand the role of assumptions in arguments.

II. Quantitative Reasoning Skills

QT1. Understand how to use empirical evidence to evaluate an economic argument.

QT2. Interpret statistical results.

QT3. Conduct appropriate statistical analysis of data, and explain the statistical issues involved.

QT4. Obtain and/or collect relevant data using specific quantitative research methods.

III. Problem-Solving Skills

PS1. Solve problems that have clear solutions.

PS2. Propose solutions for problems that do not have clear answers, and indicate under what conditions they may be viable solutions.

IV. Specialized Knowledge and Application of Skills

SP1. Develop deeper critical and quantitative thinking skills and apply problem-solving skills to complex problems.

V. Communication Skills

CS1. Communicate effectively in written and graphical form about specific economic issues.

CS2. Formulate a well-organized written argument that states assumptions and hypotheses, which are supported by evidence.

VI. Lifelong Learning Skills

LL2. Know how to locate and use primary data sources

LL3. Understand and evaluate current economic events and new economic ideas.

Required readings:

Students should purchase the following books:

Radelet, Steven (2010) *Emerging Africa: How 17 Countries are Leading the Way*. Center for Global Development.

Miguel, Edward (2009) *Africa's Turn?* MIT Press.

Fisman, Raymond and Edward Miguel (2008) *Economic Gangsters: Corruption, Violence and the Poverty of Nations*. Princeton University Press.

(*) Angrist, Joshua, and Jorn-Steffen Pischke. (2008). *Mostly Harmless Econometrics: An Empiricist's Companion*. Princeton University Press.

(Stars (*) denote additional readings for Econ 274 students.)

COURSE SYLLABUS

Syllabus readings will be posted on the course bSpace page. Reading packets of photocopied articles can be picked up at Copy Central on Bancroft Ave.

(Stars (*) denote additional readings for Econ 274 students.)

Lectures 1-2: Patterns of Global and African economic development (1/22, 1/24)

United Nations Development Program (UNDP). (2011). *Human Development Report 2011*, Tables 1, 9, 10, pp. 127-130 and 158-165.

Economic Gangsters, Chapter 1, pp. 1-21.

Africa's Turn? pp. 1-46.

Emerging Africa, Chapters 1-2, pp. 9-46.

Lectures 3-4: Theories of economic growth (1/29, 1/31)

[Tools: Economic growth theory; Ordinary least squares (OLS) regression]

Jones, Charles. (2002). *Introduction to Economic Growth (Second Edition)*, Chapters 1-2, pp. 1-51.

Easterly, William (2001). "Chapter 3: Solow's Surprise: Investment is Not the Key to Growth" in *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics*, pp. 47-69.

Roland, Gerard. (2012). "Econometric appendix", in *Institutions and Economic Development*, forthcoming, Addison-Wesley.

(*) *Mostly Harmless Econometrics*, chapter 3.1.

Lectures 5-9: Geography, health and development (2/5, 2/7, 2/12, 2/14, 2/19)

[Tools: Randomized experiments; externalities]

Bloom, David, and Jeffrey Sachs. (1998). "Geography, Demography, and Economic Growth in Africa," *Brookings Papers on Economic Activity*, 2, 207-295.

Ashraf, Nava, Neil Buddy Shah, Rachel Gordon. (2010). "Deworming Kenya: Translating Research into Action", Harvard Business School Case Study N9-910-001.

Economic Gangsters, chapter 8, pp. 186-206.

Mostly Harmless Econometrics, chapter 2.

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

(Problem Set 1 handed out 2/5, due 2/12)

Lectures 10-12: The economics of HIV/AIDS (2/21, 2/26, 2/28)

[Tools: Difference-in-differences (DD) analysis; expected utility maximization]

Meier, Gerald M., and James E. Rauch. (2005). "Selection IV.B.3: Confronting AIDS", in *Leading Issues in Economic Development, Eighth Edition*. Oxford University Press, pp. 221-239.

Fox, Matthew, et al. (2004). "The Impact of HIV/AIDS on Labour Productivity in Kenya", *Tropical Medicine and International Health*, 9(3), 318-324.

Thornton, Rebecca. (2008). “The Demand for and Impact of Learning HIV Status: Evidence from a Field Experiment”, *American Economic Review*, 98(5), 1829-63.

de Walque, Damien, et al. (2012). “Incentivizing Safe Sex: A randomized trial of conditional cash transfers for HIV and sexually transmitted infection prevention in rural Tanzania”, *BMJ Open*.

(*) *Mostly Harmless Econometrics*, chapter 5.1-5.2.

(Problem Set 2 handed out 2/28, due 3/7)

Lectures 13-16: Investing in human capital (3/5, 3/7, 3/12, 3/14)

[Tools: Regression discontinuity (RD)]

Kremer, Michael, Edward Miguel, and Rebecca Thornton. (2009). “Incentives to Learn: Merit Scholarships that Pay Kids to Do Well”, *Review of Economics and Statistics*, 91(3), 437-456.

Friedman, Willa, Michael Kremer, Edward Miguel, and Rebecca Thornton. (2012). “Education as Liberation?”, unpublished working paper.

Lucas, Adrienne, and Isaac Mbiti. (2012). “Effects of School Quality on Student Achievement: Discontinuity Evidence from Kenya”, unpublished working paper.

(*) *Mostly Harmless Econometrics*, chapter 6.

(Midterm Examination – 3/19 in class, covering lectures 1-15)

Lectures 17-20: Economic and climate shocks, violence and rural households (3/21, 4/2, 4/4, 4/9 – Guest lecture 4/2)

[Tools: Field data collection; Instrumental variables (IV)]

Udry, Christopher. (1990). “Credit Markets in Northern Nigeria: Credit as Insurance in a Rural Economy,” *World Bank Economic Review*, 4(3), 251-269.

Economic Gangsters, chapters 5-6, pp. 111-158.

Burke, Marshall, Erick Gong, and Kelly Jones. (2012). “Income Shocks and HIV in Africa”, unpublished working paper.

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.

(*) *Mostly Harmless Econometrics*, chapter 4.1, 4.4.

(Spring Break – no lecture 3/26 and 3/28)

Lectures 21-22: Corruption, culture and underdevelopment (4/11, 4/16)

[Tools: Forensic data techniques]

Reinikka, Ritva, and Jakob Svensson. (2004). “Local Capture: Evidence from a Central Government Transfer Program in Uganda”, *Quarterly Journal of Economics*, 119 (2), 679-706.

Keen, David. (2005). “Chapter 3: Historical Background: Uneven Development” in *Conflict and Collusion in Sierra Leone*, pp. 8-35.

Economic Gangsters, chapter 4, pp. 76-110.

Lectures 23-25: Debates on foreign aid, trade and globalization (4/18, 4/23, 4/25)

[Tools: Pre-analysis plans]

Bates, Robert. (1981). *Markets and States in Tropical Africa*, Chapters 1-2, pp. 1-44.

Easterly, William. (2001). “Chapter 6: The Loans that Were, the Growth that Wasn’t” in *The Elusive Quest for Growth: Economists’ Adventures and Misadventures in the Tropics*, pp. 101-120.

Faye, Michael, and Paul Niehaus. (2012). “Political Aid Cycles”, *American Economic Review*, 102(7), 3516-3530.

Casey, Katherine, Rachel Glennerster, Edward Miguel. (2012). “Reshaping Institutions: Evidence on Aid Impacts Using a Pre-Analysis Plan”, *Quarterly Journal of Economics*, 127(4), 1755-1812.

(Problem Set 3 handed out 4/11, due 4/18)

Lectures 26-27: Success stories and future challenges (4/30, 5/2)

Acemoglu, Daron, Simon Johnson, and James Robinson. (2003). “Chapter 4: An African Success Story: Botswana,” *In Search of Prosperity: Analytic Narratives on Economic Growth*, pp. 80-119.

Aker, Jenny. (2010). “Information from Markets Near and Far: Mobile Phones and Agricultural Markets in Niger”, *American Economic Journal: Applied Economics*, 2, 46-59.

Africa’s Turn?, pp. 49-137

Emerging Africa, Chapter 6, pp. 109-124.

Miguel, Edward. (2011). “Africa Unleashed: Explaining the Secret of a Belated Boom”, *Foreign Affairs*, November/December 2011.

(Final examination during the regular exam period, Monday May 13, 11:30am-2:30pm)



Map of Africa, today