

Econ 83: Empirical Development Economics (T/Th 1:15-2:30PM Kohlberg 226)

Professor Garret Christensen

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Please use this and not any of the 4 other addresses you may be able to find on the Internet. For anything remotely complicated, it works a lot better to discuss things in person. Also, please, please, please be certain to never use any texting or leetspeak abbreviations when communicating via e-mail, and please begin all course-related subject lines with "ECON 81" so I can easily identify your e-mails.

(610)328-8369

Office: 204 Kohlberg. Office Hours: T 2:30-3:30, W 11:00AM-12:00PM

Please come by my office to discuss the course, especially if you feel you are falling behind. Note that I have a friendly dog (George) that I found on the street in Kenya; he spends most days in my office. If you are allergic or for any reason uncomfortable around dogs, I am more than happy to leave him at home or meet with you elsewhere.

OVERVIEW: This course will serve as an overview to empirical development economics, with a special emphasis on the recent trend away from macro-level theories of growth or blanket recommendations such as the Washington Consensus and the increase in reliance on randomized controlled trials and other forms of valid statistical causal inference to perhaps answer smaller questions more reliably. The course will tend to focus on examples from the least developed countries.

This course is quite empirical in nature. We focus on the methods used by development economists in the last 15 years to rigorously evaluate the impact and cost-effectiveness of specific interventions. We will not spend much time with background, summary, or historical information, as I assume you can gather this information on your own by reading a decent newspaper. We will instead focus on recent journal articles and statistical attempts by academic economists to answer specific questions regarding development topics (i.e. "What is the most cost effective way to get girls to go to primary school?")—this is the research work currently being done a large number of development economists at all the prominent governmental, non-governmental, and academic organizations.

PREREQUISITES: You really should have taken Econ 31 or Stat 11 prior to taking this course. The world is an increasingly data-driven place, and I don't think you can accurately determine whether a development program is cost-effective without using data. This course is very statistical in nature, and you will have to learn to use the statistical analysis software Stata for every homework assignment.

NON-ECON CREDIT: Students who want this course to count towards Asian, Black, Latin American, or Peace and Conflict Studies should talk to me, and we may be able to tailor assignments to our mutual benefit. The course counts towards the Public Policy minor.

REQUIRED TEXTS:

Perkins, Radelet, Lindauer, Block *Economics of Development* 7e (2012) Norton.
Edward Miguel, *Africa's Turn* (2009) MIT Press.
Dambisa Moyo, *Dead Aid* (2009) Farrar, Straus and Giroux.
Jeffrey Sachs, *The End of Poverty* (2005) Penguin.
William Easterly, *The White Man's Burden* (2006) Penguin.
Either: Banerjee and Duflo, *Poor Economics* (2011) Public Affairs OR Karlan and Appel, *More than Good Intentions* (2011) Dutton

OTHER RECOMMENDED SOURCES:

Chris Blattman's Blog (<http://www.chrisblattman.com>)
WB's Development Impact Blog (<http://blogs.worldbank.org/impacetevaluations/>)

COURSE POLICIES:**ASSIGNMENTS AND GRADING:**

Attendance, Readings, Problem Sets, Short Quizzes: 25%
Term paper: 20%
Midterm: 25%
Final: 30%

Attendance will be taken regularly. Short (2-page) responses to articles will be required regularly, (generally once per week) and unannounced quizzes may be given if not enough people are doing the readings.

There will be 5 problem sets throughout the semester. They will all be empirical in nature, and will require you to use the statistical software Stata to analyze data.

The term paper will be a 15-page paper analyzing a development topic of your choice, and consisting of a faux grant application for further research on the topic. A one-page proposal is due on the day of the midterm, and the final paper is due during the last week of class. More details will follow.

The midterm will be held in class on Thursday, February 28. Make-ups are only provided for documented emergencies. The final exam will be held during the regularly scheduled time, and no make-ups are available.

Late assignments will *absolutely* not be accepted, and instead the lowest score will be dropped for all students in the readings category, and separately in the problem set category. I am absolutely serious about this. I don't accept late work. Everyone gets sick or has an accident eventually. Instead of having to verify your accident or illness, and having to compare it to other student's illnesses, I instead do not accept *any* excuses, and prefer to extend the same uniform level of mercy to all students: your lowest reading response and your lowest homework score get dropped.

Plagiarism is a serious academic offense and will result in harsh penalties. Read Professor's O'Connell's econ-specific guide here:

<http://www.swarthmore.edu/SocSci/soconne1/documents/plagiarism.pdf>

and the college's general writing guide here:

<http://www.swarthmore.edu/academics/writing-program/student-resources/paraphrasing-and-citation.xml>

Working together on readings or homework assignments (not term papers or exams) with classmates is encouraged. Wholesale copying is cheating, however. All students must submit their own copy of all assignments, *and must indicate the names of those with whom they collaborated*. Serious violations will be reported to the College Judiciary Committee.

Accommodations:

If you believe that you need accommodations for a disability, please contact Leslie Hempling in the Office of Student Disability Services (Parrish 130) or email lhempli1@swarthmore.edu to arrange an appointment to discuss your needs. Leslie Hempling is responsible for reviewing and approving disability-related accommodation requests. As appropriate, she will issue students with documented disabilities an Accommodation Authorization Letter. Since accommodations require early planning and are not retroactive, please contact her as soon as possible. For details about the Student Disability Service and the accommodations process, visit <http://www.swarthmore.edu/student-life/academic-advising-and-support/student-disability-services.xml>. You are welcome to contact me privately to discuss your academic needs. However, all disability-related accommodations must be arranged through Leslie Hempling in the Office of Student Disability Services.

SCHEDULE AND READINGS:

Works listed below the line are optional. Many of the readings in this course are peer-reviewed academic journal articles of a very technical nature. It is valuable to see the original work that inspires easier-to-read popular books, but don't worry, you are not expected to be able to comprehend such articles from beginning to end.

Week 1 (Jan 22,24): Introduction, Defining and Measuring Poverty

Topics: GDP, PPP, HDI, Gini coefficient, basic post-WWII overview

Readings:

BBM Intro, Ch 1. (Angus Deaton)

PRLB Ch. 1-3 (Patterns of Development, Measuring Economic Growth and Development, Economic Growth: Concepts and Patterns)

PRLB Ch 6 (Inequality and Poverty)

Moss Ch 1

Moss Ch 6 (Africa's Growth Puzzle)

Moss Ch 10 (Poverty, Human Development, HIV/AIDS)

Paul Collier, *Bottom Billion* (2007) Chapter 1

Week 2 (Jan 29,31): Old Growth Models

Topics: Savings, Investment, Capital, Harrod-Domar, Solow, Convergence, sources of long-run growth

Readings:

PRLB Ch 4 (Theories of Economic Growth)

William Easterly, *The Elusive Quest for Growth* (2002) MIT Press. Ch 2-3, pp 25-69.
(Aid for Investment, Solow's Surprise: Investment Is Not the Key to Growth)

Lant Pritchett. "Divergence, Big Time" *Journal of Economic Perspectives*. Volume 11(3) 1997. Pp 3-17.

Brad DeLong. "Productivity Growth, Convergence, and Welfare: Comment"
American Economic Review, Volume 78(5) 1988.

Hall & Jones (1999) "Why Do Some Countries Produce So Much More Output Per Worker than Others?" *Quarterly Journal of Economics* 114(1)

Collier, *BB*, Ch. 6 (On Missing the Boat)

Mankiw, Romer, & Weil, "A Contribution to the Empirics of Economic Growth" *The Quarterly Journal of Economics*, May 1992.

William Easterly, *The Elusive Quest for Growth* (2001) MIT Press. (Chapter 4, education)

Sovey & Green, "Instrumental Variables Estimation in Political Science: A Reader's Guide" *American Journal of Political Science*, Vol. 55, No. 1, January 2011, Pp. 188-200

Week 3 (Feb 5,7): Washington Consensus

Topics: economic policy liberalization, free-market policies, market failures

Readings:

PRLB Ch 5 (States and Markets) Ch 11-12 (Fiscal Policy, Financial Development and Inflation)

Moss Ch. 7 (Economic Reform and the Politics of Adjustment) Ch 13 (Private Investment and the Business Environment)

Williamson, John. 200. "What should the World Bank think about the Washington Consensus?" *World Bank Research Observer*. 15(2):251-264.

Rodrik, Dani. Goodbye Washington Consensus, Hello Washington Confusion? A Review of the World Bank's "Economic Growth in the 1990s: Learning from a Decade of Reform" *Journal of Economic Literature*, Vol. 44, No. 4 (Dec., 2006), pp. 973-987

Kanbur, Ravi "The Co-Evolution of the Washington Consensus and the Economic Development Discourse" *Macalaster International* v. 24.

Colin Leys *The Rise and Fall of Development Theory* (Indiana University Press). Ch 1 only. (For those who want more Marx and Hegel)

Heterodox critiques from Kothari and Minogue, *Development Theory and Practice: Critical Perspectives*

JW Original: <http://www.iie.com/publications/papers/paper.cfm?researchid=486>

Week 4 (Feb 12,14): History, Institutions, and Geography

Moss Ch. 3 (Colonial History). Skim ch. 5 (Political Change and Democratization)

BBM Ch 2 (Acemoglu, Johnson, Robinson) and Ch 3 (Engerman & Sokoloff)

Bockstette, Chanda, Putterman (2002) *States and Markets: the Advantage of an Early Start*. *J Econ Growth* 347-369.

"AJR": Acemoglu, Johnson, Robinson, *Colonial Origins of Comparative Development*. *American Economic Review* 91. December, 1369-1401.

David Albouy, *The Colonial Origins of Comparative Development: An Empirical Investigation: Comment*. *American Economic Review*. 2012. 102(6) 3059-3076

AJR: *The Colonial Origins of Comparative Development: An Empirical Investigation: Reply*. *American Economic Review*. 2012. 102(6). 3077-3110.

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

Jared Diamond

- <http://www.nybooks.com/articles/archives/2012/jun/07/what-makes-countries-rich-or-poor/>
- <http://www.nybooks.com/articles/archives/2012/aug/16/why-nations-fail/>

Nunn and Puga (2012) "Ruggedness: The Blessing of Bad Geography in Africa" *The Review of Economics and Statistics*. February 2012. 94 (1) pp 20-36.

Acemoglu, Robinson "Why Nations Fail" (Crown Business)

Jared Diamond, *Guns, Germs & Steel* (Norton) (for a biology/geography long view)

Collier, *BB*, Ch. 3 (The Natural Resource Trap), Ch. 4 (Landlocked with Bad Neighbors)

David Landes *The Wealth and Poverty of Nations: Why Some are so Rich and Some So Poor* (1999) (for a historian's long view)

Week 5 (Feb 19,21): Foreign Aid

PRLB Ch 13-14 (Foreign Debt and Financial Crises, Foreign Aid)

Moss Ch. 8 (The International Aid System) skim Ch. 9 (Debt Relief)

Sachs, *End of Poverty* (Penguin) Chapters 3-4 and 10-17.

Dambisa Moyo, *Dead Aid* (Farrar, Straus and Giroux)

William Easterly, *Journal of Econ Lit* (2009) "Can the West Save Africa?" 47(2): 373-447.

Burnside & Dollar "Aid, Policies, and Growth" *American Economic Review* Vol. 90(4) (2000) 847-868.

Easterly, Levine & Roodman, "Aid, Policies, and Growth: Comment" *American Economic Review* Vol. 94(3), June 2004, 774-780.

Burnside & Dollar "Aid, Policies, and Growth: Reply" *American Economic Review* Vol. 93 (3), June 2004, 781-784.

Collier, *BB*, Ch. 7 (Aid to the Rescue?)

William Easterly, *White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good* (2006) Penguin.

Week 6 (March 26, 28): Conflict & Ethno/Cultural/Social Divisions

BBM Ch 12 (Miguel)

2011 World Bank Development Report (Overview)

http://siteresources.worldbank.org/INTWDRS/Resources/WDR2011_Overview.pdf

Moss Ch 4. (Violent Conflict and Civil War) skim Ch 11 (African Union)

JEconLit March 2010, Blattman and Miguel, "Civil War"

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

Easterly & Levine (1997). "Africa's growth tragedy: policies and ethnic divisions" *Quarterly Journal of Economics* 112(4): 1203-1250.

Fearon & Laitin (2003). Ethnicity, Insurgency, and Civil War. *American Political Science Review* 97(1):75-90

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

Collier, *BB* Ch. 2 (The Conflict Trap) Ch. 8 (Military Intervention)

Edward Miguel, *Economic Gangsters*, (2008) Princeton. Ch. 5-7

Week 7 (Feb 26,28): Review, Midterm
Midterm during class, Thursday February 28
Proposal for term paper due at the beginning of exam.

SPRING BREAK: No class March 12, 14

Week 8 (March 5, 7): RCTs

Kristof column: <http://www.nytimes.com/2011/05/19/opinion/19kristof.html>

Deaton and Banerjee throw down: <http://nyudri.org/initiatives/deaton-v-banerjee/>

Duflo, Glennerster, and Kremer (2007) "Using Randomization in Development Economics Research: A Toolkit" (Published in [Handbook of Development Economics Volume 4](#), 2007, Pages 3895–3962,)

Read either:

Banerjee & Duflo, *Poor Economics* (Public Affairs)

OR

Karlan & Appel, *More than Good Intentions* (Dutton)

Esther Duflo in The New Yorker.

Boston Review piece by Abhijit Banerjee and response by Angus Deaton
<http://bostonreview.net/BR31.4/contents.php>

Banerjee and Duflo, "The Experimental Approach to Development Economics" *Annual Review of Economics*. 2009 (1):151-178.

Week 9 (March 19, 21): CCT, UCT

Paul Schultz, "School Subsidies for the Poor: Evaluating the Mexican PROGRESA Poverty Program" *Journal of Development Economics* 74(2004) 199-250.

Lant Pritchett--<http://blogs.cgdev.org/globaldevelopment/2012/01/impact-evaluation-and-political-economy-what-does-the-%E2%80%9Cconditional%E2%80%9D-in-%E2%80%9Cconditional-cash-transfers%E2%80%9D-accomplish.php>

Gustavo Bobonis and Fred Finan, "Neighborhood Peer Effects in Secondary School Enrollment Decisions" *Review of Economics and Statistics* 2009, 91(4): 695-716.

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

<http://www.theatlantic.com/business/archive/2012/12/can-4-economists-build-the-most-economically-efficient-charity-ever/266510/>

Week 10 (April 9, 11): Education

PRLB Ch 8 (Education)

BBM Ch 18 (Case)

Kremer, Miguel, Thornton. Incentives to Learn. *Review of Economics and Statistics* August 2009, Vol. 91, No. 3, Pages 437-456.

Follow-up: Education as Liberation? NBER WP 16939

Chay, Kenneth Y., Patrick J. McEwan and Miguel Urquiola. "The Central Role Of Noise In Evaluating Interventions That Use Test Score To Rank Schools," *American Economic Review*, 2005, v95(4,Sep), 1237-1258.

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

Week 11 (April 16, 18): Health (Worms, Water, Malaria)

PRLB Ch 9 (Health)

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

Baird, Hamory Hicks, Miguel, Kremer (2012) "Worms at Work". Mimeo

Cohen & Dupas (2010) "Free Distribution or Cost-Sharing? Evidence from a Randomized Malaria Prevention Experiment" *Quarterly Journal of Economics* 125 (1)

Hoffman (2009) "Demand, retention, and intra-household allocation of free and purchased mosquito nets" *American Economic Review: Papers & Proceedings*

Ted Miguel with Michael Kremer, Jessica Leino, and Alix Zwane [Spring Cleaning: Rural Water Impacts, Valuation, and Property Rights Institutions](#)
Quarterly Journal of Economics, 2011, 126(1), 145-205

Week 12 (April 2, 4): HIV/AIDS

PRLB Ch 9 pg 323-328 (Health)

Review Moss Ch. 10 (only pp 185-193)

Young, Alwyn. "The Gift Of The Dying: The Tragedy Of AIDS And The Welfare Of Future African Generations," *Quarterly Journal of Economics*, 2005, v120(2,May), 423-466.

Jane Fortson "Mortality Risk and Human Capital Investment: The Impact of HIV/AIDS in Sub-Saharan Africa" *The Review of Economics and Statistics*. February 2011. Volume 93(1). Pp 1-15.

Emily Oster. HIV and Sexual Behavior Change: Why not Africa? *Journal of Health Economics*. [Volume 31, Issue 1](#), January 2012, Pages 35-49

Pascaline Dupas, 2011. "Do Teenagers Respond to HIV Risk Information? Evidence from a Field Experiment in Kenya," *American Economic Journal: Applied Economics*, American Economic Association, vol. 3(1), pages 1-34, January.

Rebecca Thornton (2008) "The Demand for, and Impact of, Learning HIV Status" *American Economic Review* 98:5, 1829-1863.

Erick Gong. HIV Testing and Risky Sexual Behavior. Mimeo

Willa Friedman. Antiretroviral Drug Access and Behavior Change. Mimeo
http://willafriedman.com/documents/JMP_WillaFriedman.pdf

Week 13 (April 23, 25): Corruption

BBM Ch 11 (Laffont)

Moss Ch. 3 (Big Men, Personal Rule and Patronage Politics)

Olken & Pande. Corruption in Developing Countries *Annual Review of Economics* Vol. 4: 479-509 (Volume publication date July 2012)
<http://www.annualreviews.org/doi/abs/10.1146/annurev-economics-080511-110917>

Benjamin Olken [Monitoring Corruption: Evidence from a Field Experiment in Indonesia](#) *Journal of Political Economy* 115 (2), pp. 200-249, April 2007.

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

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

Collier, *BB*, Ch. 5 (Bad Governance in a Small Country)

Edward Miguel, *Economic Gangsters* (2008) Princeton. Ch 1-4

William Easterly, *The Elusive Quest for Growth* (2001) MIT Press. (Ch 12, Corruption and Growth)

Week 14 (April 30): Access to Credit

BBM Ch 23 (Townsend)

De Mel, McKenzie, Woodruff (2008) "Returns to Capital in Microenterprises: Evidence from a Field Experiment" *Quarterly Journal of Economics*, 1329-1371.

Banerjee, Duflo, Johnson, Glennerster, Kinnan (2009) "The miracle of microfinance? Evidence from a randomized evaluation" Mimeo

Hernando de Soto "The Other Path" (Basic Books)
or "The Mystery of Capital" (Basic Books)

Muhammad Yunus, "Banker to the Poor: Micro-Lending and the Battle Against Poverty" (Public Affairs)

Morduch, Jonathan (1998) "Does Microfinance really help the poor? New evidence from flagship programs in Bangladesh" Mimeo

Conclusion (May 2): Optimism about, or at the very least a plan for, the Future?

Term paper due at the beginning of class!

PRLB Ch 20 (Sustainable Development)

Moss Ch 14 (Conclusion)

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

Journal of Economic Perspectives. 24(3), Summer 2010. All articles pp 3-96.

<http://www.aeaweb.org/issue.php?journal=JEP&volume=24&issue=3>

Collier, *BB*, Ch. 11