

Economic Development II - Economics 270B
SPRING 2004

Professor Edward Miguel (emiguel@econ.berkeley.edu, 642-7162)
Office Hours: Wednesdays 8-10:30am, 647 Evans

Description: This course examines theoretical and empirical issues in economic development, focusing on growth, political economy, and human resources.

Assignments:

Three problem sets (30 percent)

Two referee reports for unpublished working papers or seminar papers (20 percent)

One research project outline, five pages maximum (20 percent)

Final exam (30 percent)

Recommended reference texts:

Deaton, Angus. (1997). *The Analysis of Household Surveys: A Microeconometric Approach to Development Policy*. Johns Hopkins University Press: Baltimore.

Mookherjee, Dilip, and Debraj Ray (eds.). (2001). *Readings in the Theory of Economic Development*. Blackwell Publishers: Malden, Massachusetts.

Lecture 1: Patterns of economic growth and development

Kremer, Michael. (1993). "Population Growth and Technological Change: One Million B.C. to 1990," *Quarterly Journal of Economics*, 108(3), 681-716. [JSTOR]

Jones, Charles. (1997). "On the Evolution of the World Income Distribution," *Journal of Economic Perspectives*, 11(3), 19-36. [JSTOR]

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

Easterly, William. (2001). *The Elusive Quest for Growth*. Chapters 1-2. MIT Press: Cambridge.

Lecture 2: Critiques of the empirical growth literature

Mankiw, N. Gregory, David Romer, and David Weil. (1992). "A Contribution to the Empirics of Economic Growth", *Quarterly Journal of Economics*, 107, 407-438. [JSTOR]

Levine, Ross, and David Renelt. (1992). "A Sensitivity Analysis of Cross-Country Growth Regressions," *American Economic Review*, 82, 942-963. [JSTOR]

Klenow, P., and Rodriguez-Clare, A. (1997). "The Neo-Classical Revival in Growth Economics: Has it Gone too Far?," *NBER Macroeconomic Annual 1997*, 73-114.

Deaton, Angus. (2003). "Measuring Poverty in a Growing World (or Measuring Growth in a Poor World)", unpublished working paper, Princeton University.
[http://www.wws.princeton.edu/%7Erpds/downloads/deaton_measuring_poverty.pdf]

Lecture 3: Recent contributions in Growth

Carroll, Christopher D., Jody Overland, and David N. Weil. (2000). "Saving and Growth with Habit Formation", *American Economic Review*, 90(3), 341-355.

Acemoglu, Daron, Simon Johnson, and James Robinson. (2001). "Colonial Origins of Comparative Development: An Empirical Investigation," *American Economic Review*, 91 (5), 1369-1401.

Fisman, Ray, and Inessa Love. (2003). "Financial Development and Growth in the Short- and Long-Run", unpublished manuscript, Columbia University. [<http://www-1.gsb.columbia.edu/faculty/rfisman/>]

Hsieh, Chang-Tai, and Peter Klenow. (2003). "Relative Prices and Relative Prosperity", unpublished manuscript, U.C. Berkeley [<http://elsa.berkeley.edu/~chsieh/RPandRP.pdf>]

Lecture 4: Theories of Inequality and Growth

Dasgupta, Partha, and Debraj Ray. (1986). "Inequality as a Determinant of Malnutrition and Unemployment, I: Theory", *Economic Journal*. [JSTOR]

Murphy, Kevin, Andrei Shleifer, and Robert Vishny. (1989). "Industrialization and the Big Push," *Journal of Political Economy*, 97(5), 1003-1026. [JSTOR]

Galor, Oded, and Joseph Zeira . (1993). "Income Distribution and Macroeconomics," *Review of Economic Studies*, 60(1), 35-52. [JSTOR]

Banerjee, Abhijit, Dilip Mookherjee, Kaivan Munshi, and Debraj Ray. (2001). "Inequality, Control Rights, and Rent Seeking: Sugar Cooperatives in Maharashtra", *Journal of Political Economy*, 109(1), 138-190.

Lecture 5: Evidence on Inequality and Growth

Perotti, Roberto. (1996). "Growth, Income Distribution, and Democracy: What the Data Say," *Journal of Economic Growth*, 1(2), 149-187.

Forbes, Kristin. (2000). "A Reassessment of the Relationship Between Inequality and Growth," *American Economic Review*, 90(4), 869-887.

Banerjee, Abhijit, and Esther Duflo. (2003). "Inequality and Growth: What Can the Data Say?" *Journal of Economic Growth*, 8(3), 267-299.

Reddy, Sanjay, and Thomas Pogge. (2003). "How *Not* to Count the Poor", unpublished manuscript, Columbia University. [<http://www.columbia.edu/~sr793/count.pdf>]

Lecture 6: Democracy and Development

Sen, Amartya. (1981). *Poverty and Famines: An Essay on Entitlement and Deprivation*, Oxford University Press: New York.

Przeworski Adam, and Fernando Limongi. (1997). "Modernization: Theories and facts," *World Politics*, 49 (2) 155-183. [JSTOR]

Acemoglu, Daron, and James Robinson. (2001). "A Theory of Political Transitions", *American Economic Review*, 91(4), 938-963.

Besley, Timothy, and Robin Burgess. (2002). "The Political Economy of Government Responsiveness: Theory and Evidence from India", *Quarterly Journal of Economics*, 117(4).

Lecture 7: Development in the International Context

Aitken, Brian, and Ann Harrison. (1999). "Do Domestic Firms Benefit from Foreign Direct Investment? Evidence from Venezuela", *American Economic Review*, 89(3), 605-618. [JSTOR]

Burnside, Craig, and David Dollar. (2000). "Aid, Policies, and Growth", *American Economic Review*, 90(4), 847-868. [JSTOR]

Minot, Nicholas, and Lisa Daniels. (2002). "Impact of Global Cotton Markets on Rural Poverty in Benin", *International Food Policy Research Institute MSSD Discussion Paper #48*.
[<http://www.ifpri.org/divs/mtid/dp/mssdp48.htm>]

Easterly, William. (2003). "Can Foreign Aid Buy Growth?", *Journal of Economic Perspectives*, 17(3), 23-48.

Kremer, Michael, and Edward Miguel. (2003). "The Illusion of Sustainability", unpublished manuscript, Harvard University and U.C. Berkeley.
[http://emlab.berkeley.edu/users/emiguel/miguel_illusion.pdf]

Lecture 8: Rents and Reform

Bates, Robert. (1981). *Markets and States in Tropical Africa: The Political Basis of Agricultural Policies*. University of California Press: Berkeley.

Fernandez, Raquel, and Dani Rodrik. (1991). "Resistance to Reform: Status Quo Bias in the Presence of Individual-Specific Uncertainty," *American Economic Review*, 81(5), 1146-1155. [JSTOR]

Parente, Stephen, and Edward Prescott. (1999). "Monopoly Rights: A Barrier to Riches," *American Economic Review*, 89(5), 1216-1233. [JSTOR]

Lau, Lawrence, Yingyi Qian, and Gerard Roland. (2000). "Reform Without Losers: An Interpretation of China's Dual-track Approach to Transition", *Journal of Political Economy*, 108(1), 120-143.

Lecture 9: Corruption

Mauro, Paolo. (1995). "Corruption and Growth," *Quarterly Journal of Economics*, 110 (3), 681-712. [JSTOR]

Tirole, Jean. (1996). "A Theory of Collective Reputations (with applications to the persistence of corruption and to firm quality)," *Review of Economic Studies*, 63 (1), 1-22. [JSTOR]

Fisman, Raymond. (2001). "Estimating the Value of Political Connections", *American Economic Review*, 91(4), 1095-1102.

Swamy, Anand, Stephen Knack, Y. Lee, and Omar Azfar. (2001). "Gender and Corruption", *Journal of Development Economics*, 64(1), 25-56.

Reinikka, Ritva, and Jakob Svensson. (2004). "Local Capture: Evidence from a Central Government Transfer Program in Uganda", *Quarterly Journal of Economics*, 119 (2).
[<http://www.iies.su.se/~svenssoj/capture2004.pdf>]

Lecture 10: Ethnic and Social Divisions

Putnam, Robert. (1993). *Making Democracy Work: Civic Traditions in Modern Italy*. Princeton University Press, Chapters 1 and 6.

Greif, Avner. (1993). "Contract Enforceability and Economic Institutions in Early Trade: The Maghribi Traders' Coalition," *American Economic Review*, 83 (3), 525-548. [JSTOR]

Easterly, William, and Ross Levine. (1997). "Africa's growth tragedy: policies and ethnic divisions", *Quarterly Journal of Economics*, 112 (4), 1203-1250. [JSTOR]

Pande, Rohini. (2003). "Can Mandated Political Representation Increase Policy Influence for Disadvantaged Minorities? Theory and Evidence from India," *American Economic Review*, September.

Miguel, Edward. (2003). "Tribe or Nation? Nation-building and Public Goods in Kenya versus Tanzania", unpublished manuscript, U.C. Berkeley.
[http://emlab.berkeley.edu/users/emiguel/miguel_nation.pdf]

Chen, Daniel. (2003). "Economic Distress and Religious Intensity: Evidence from Islamic Resurgence During the Indonesian Financial Crisis", unpublished manuscript, MIT. [http://econ-www.mit.edu/graduate/candidates/download_res.php?id=85]

Lecture 11: Violence and Development

Grossman, Herschell I. (1991). "A General Equilibrium Model of Insurrections", *American Economic Review*, 81(4), 912-921. [JSTOR]

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

Dreze, Jean. (2000). "Militarism, Development, and Democracy," *Economic and Political Weekly*, 1 April 2000, 1171-1183.

Miguel, Edward. (2003). "Poverty and Witch Killing", unpublished manuscript, U.C. Berkeley.
[<http://www.cid.harvard.edu/bread/041.htm>]

Miguel, Edward, Shanker Satyanath, and Ernest Sergenti. (2004). "Economic Shocks and Civil Conflict: An Instrumental Variables Approach", forthcoming *Journal of Political Economy*. [http://emlab.berkeley.edu/users/emiguel/miguel_conflict.pdf]

Lecture 12: Human Capital and Income Growth

Foster, Andrew, and Mark Rosenzweig. (1996). "Technical Change and Human Capital Returns and Investments: Evidence from the Green Revolution", *American Economic Review*, 86(4), 931-953. [JSTOR]

Bils, Mark, and Peter J. Klenow. (2000). "Does Schooling Cause Growth?" *American Economic Review*, 90(5), 1160-1183.

Duflo, Esther. (2000). "Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment," *American Economic Review*, 91(4), 795-813.

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

Lecture 13: Education and Public Policy

Angrist, Joshua, and Victor Lavy. (1999). "Using Maimonides' Rule to Estimate the Effect of Class size on Scholastic Achievement," *Quarterly Journal of Economics*, 114(2), 533-575. [JSTOR]

Kremer, Michael (2003). "Randomized Evaluations of Educational Programs in Developing Countries: Some Lessons". *American Economic Review Papers and Proceedings*, 93(2), 102-106

Kremer, Michael, Rebecca Thornton, and Edward Miguel. (2003). "Incentives to Learn", unpublished manuscript, Harvard University and U.C. Berkeley. [http://emlab.berkeley.edu/users/emiguel/miguel_incentives.pdf]

Banerjee, Abhijit, Shawn Cole, Esther Duflo, and Leigh Linden. (2003). "Remedying Education: Evidence from Two Randomized Experiments in India", unpublished manuscript, MIT. [http://econ-www.mit.edu/faculty/?prof_id=eduflo&type=paper]

Hsieh, Chang-Tai, and Miguel Urquiola. (2003). "When Schools Compete, How do They Compete? An Assessment of Chile's Nationwide School Voucher Program", unpublished manuscript, Columbia University and U.C. Berkeley. [<http://elsa.berkeley.edu/~chsieh/c10.pdf>]

Lecture 14: Health and Nutrition in Economic Development

Subramanian, Shankar, and Angus Deaton. (1996). "The Demand for Food and Calories," *Journal of Political Economy*, 104(1), 133-162. [JSTOR]

Strauss, John, and Duncan Thomas. (1998). "Health, Nutrition, and Economic Development," *Journal of Economic Literature*, 36(2), 766-817. [JSTOR]

Thomas, Duncan, et al. (2003). "Iron Deficiency and the Well-Being of Older Adults: Early Results from a Randomized Nutrition Intervention", unpublished manuscript, UCLA.
[http://www.cid.harvard.edu/bread/papers/081903_Conference/dthomas.pdf]

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

Evans, David K., Edward Miguel. (2004). "Will the Sun Come out Tomorrow? Orphans and Schooling in Africa", unpublished working paper, Harvard University and U.C. Berkeley.
[<http://emlab.berkeley.edu/users/emiguel/index.shtml>]

Lecture 15: Social Learning and Technology Adoption

Ellison, Glen, and Drew Fudenberg. (1993). "Rules of Thumb for Social Learning," *Journal of Political Economy*, 101(4), 612-643. [JSTOR]

Manski, Charles. (1993). "Identification of Endogenous Social Effects: The Reflection Problem", *Review of Economics Studies*, 60(3), 531-542.

Foster, A.D., and M.R. Rosenzweig. (1995). "Learning by Doing and Learning from Others: Human Capital and Technical Change in Agriculture," *Journal of Political Economy*, 103(6), 1176-1209. [JSTOR]

Conley, Timothy, and Christopher Udry. (2003). "Learning about a New Technology: Pineapple in Ghana," unpublished manuscript, Yale University.
[<http://gsbwww.uchicago.edu/fac/timothy.conley/research/ectar2.pdf>]

Miguel, Edward, and Michael Kremer. (2003). "Networks, Social Learning, and Technology Adoption: The Case of Deworming Drugs in Kenya", unpublished manuscript, U.C. Berkeley and Harvard University. [http://emlab.berkeley.edu/users/emiguel/miguel_networks.pdf]