

Economics 270C – Economic Development III
SPRING 2005 SYLLABUS

Professor Edward Miguel (emiguel@econ.berkeley.edu, 510-642-7162)

Lectures: Thursdays, 11:30am-2pm, Evans 608-7

Office Hours: Tuesdays 8-11am, Evans 647

Assignments:

(1) Two problem sets (20 percent): Problem set 1, due 3/3; Problem set 2, due 4/5

(2) Four referee reports on working papers by Development job market candidates (40 percent):

-- Referee report 1 on Nancy Qian, "Missing Women and the Price of Tea in China: The Effect of Relative Female Income on Sex Imbalance" (unpublished working paper), due 2/3

(<http://econ-www.mit.edu/graduate/candidates/?student=nqian>)

-- Referee report 2 on Eric Werker, "How Much is a Seat on the Security Council Worth? Foreign Aid and Bribery at the United Nations" (unpublished working paper), due 2/17

(<http://www.people.fas.harvard.edu/~werker/>)

-- Referee report 3 on David K. Evans, "The Spillover Impacts of Africa's Orphan Crisis" (unpublished working paper), due 3/17 (<http://www.people.fas.harvard.edu/~dkevans/>)

-- Referee report 4 on Nava Ashraf, "Spousal Control and Intra-household Decision Making: An Experimental Study in the Philippines" (unpublished working paper), due 4/21

(<http://www.people.fas.harvard.edu/~ashraf/>)

Each referee report should be at least 2-3 pages double-spaced. The report should start off with a brief 1-2 paragraph summary of the main point 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 detailed (and realistic) suggestions for improvement.

(3) One research proposal, 6-8 pages double-spaced (15 percent):

The research proposal should briefly (2-3 pages) survey an existing literature in Development Economics, and then describe in detail a planned research project. All students must meet with me (in office hours) to discuss their research proposal by April 19th.

(4) Final exam (20 percent): The final will be offered during the regular exam period.

(5) Class participation (5 percent): In borderline cases, the quality of classroom comments may be a factor in assigning grades.

Recommended reference texts:

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

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

Bardhan, Pranab. (2005). *Scarcity, Conflicts, and Cooperation: Essays in the Political and Institutional Economics of Development*. MIT Press: Cambridge, Massachusetts.

1. Cross-country growth empirics

Lecture 1: Global patterns of economic growth and development (1/20)

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

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

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

Lecture 2: Critiques of the empirical growth literature (1/27)

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

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

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

2. The political economy of development

Lecture 3: Inequality and growth (2/3)

[Referee report #1 due]

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.

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.

Lectures 4: History, institutions, and growth I (2/10, guest lecture)

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

Glaeser, Edward, Rafael La Porta, Florencio Lopez-de-Silanes, and Andrei Shleifer. (2004). "Do Institutions Cause Growth?", *Journal of Economic Growth*, 9, 271-303.

Albouy, David. (2004). "The Colonial Origins of Comparative Development: A Reinvestigation Based on Improved Settler Mortality Data", unpublished working paper.

Lecture 5: History, institutions, and growth II (2/17)

[Referee report #2 due]

Bockstette, Valerie, Areendam Chanda, and Louis Putterman. (2003). "States and Markets: The Advantage of an Early Start", *Journal of Economic Growth*, 7, 347-369.

Nunn, Nathan. (2004). "Slavery, Institutional Development, and Long-run Growth in Africa, 1400-2000", unpublished working paper.

Lecture 6: Democracy and development (2/24)

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

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

Cole, Shawn. (2004). "Fixing Market Failures or Fixing Elections? Agricultural Credit in India", unpublished working paper.

Khwaja, Asim, and Atif Mian. (2004). "Do Lenders Favor Politically Connected Firms? Rent Provision in an Emerging Financial Market", unpublished working paper.

Lecture 7: Corruption (3/3)

[Problem set #1 due]

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

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

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

Olken, Ben. (2004). "Monitoring Corruption: Evidence from a Field Experiment in Indonesia", unpublished working paper.

Lecture 8: Ethnic and social divisions (3/10)

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

Pande, Rohini. (2003). "Can Mandated Political Representation Increase Policy Influence for Disadvantaged Minorities? Theory and Evidence from India," *American Economic Review*, 93(4), 1132-1151.

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

Lecture 9: Violence (3/17)

[Referee report #3 due]

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

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.

Davis, Donald R., and David Weinstein. (2002). "Bones, Bombs, and Breakpoints: The Geography of Economic Activity", *American Economic Review*, 92(5).

3. Human resources

Lecture 10: Human Capital and income growth (3/31)

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

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.

Lecture 11: Increasing human capital (*Tuesday 4/5 12pm in Evans 639)

[Problem set #2 due]

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.

Banerjee, Abhijit, Shawn Cole, Esther Duflo, and Leigh Linden. (2003). "Remedying Education: Evidence from Two Randomized Experiments in India", unpublished manuscript.

Kremer, Michael, Rebecca Thornton, and Edward Miguel. (2004). "Incentives to Learn", unpublished manuscript, Harvard University and U.C. Berkeley.

Lecture 12: Health and Nutrition (4/14)

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

Thomas, Duncan, et al. (2003). "Iron Deficiency and the Well-Being of Older Adults: Early Results from a Randomized Nutrition Intervention", unpublished manuscript, UCLA.

Banerjee, Abhijit, Angus Deaton, and Esther Duflo. (2004). "Health Care Delivery in Rural Rajasthan", *Economic and Political Weekly*, 39(9), 944-949.

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

Lecture 13: The Impact of HIV/AIDS (4/21)

[Referee report #4 due]

Young, Alwyn. (2005). "The Gift of Dying: The Tragedy of AIDS and the Welfare of Future African Generations", forthcoming *Quarterly Journal of Economics*.

Evans, David K., and Edward Miguel. (2004). "Orphans and Schooling in Africa: A Longitudinal Analysis", unpublished working paper.

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

4. Learning and psychology in economic development

Lecture 14: Social Learning and Technology Adoption (*Tuesday 4/26 12pm in Evans 639)

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.

Miguel, Edward, and Michael Kremer. (2004). "The Illusion of Sustainability", unpublished working paper.

Duflo, Esther, and Michael Kremer. (2004). "The Determinants of Fertilizer Use in Kenya: Evidence from Field Trials", unpublished working paper.

Lecture 15: Psychology and "culture" in development (*Tuesday 5/10 12pm in Evans 639)

[Research proposal due]

Duflo, Esther. (2004). "Poor but Rational?", forthcoming in *What Have We Learnt About Poverty?* A. Banerjee, R. Benabou, and D. Mookherjee, eds. Oxford University Press.

Miguel, Edward. (2004). "Poverty and Witch Killing", forthcoming *Review of Economic Studies*.

Karlan, Dean. (2004). "Using Experimental Economics to Measure Social Capital and Predict Financial Decisions", forthcoming *American Economic Review*.

Ashraf, Nava, Dean Karlan, and Wesley Yin. (2004). "Tying Odysseus to the Mast: Evidence from a Commitment Savings Product in the Philippines", unpublished working paper.