

Economics 270C – Graduate Development Economics
SPRING 2009 SYLLABUS

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

Lectures: Tuesday 2-4 pm, Evans 597

Office Hours: Monday 9-11 am, Evans 647

Prof. Miguel's Assistant: Carol Smallfield (carol@econ.berkeley.edu)

Course assistant: Jonas Hjort (hjort@econ.berkeley.edu)

Extra section: Friday 3:30-5pm, Evans 639 (every other week)

Extra office hours: To be arranged individually with Jonas

Assignments:

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

-- Referee report 1 on Dave Donaldson "Railroads of the Raj: Estimating the impact of transportation infrastructure"

[http://personal.lse.ac.uk/DONALD1S/donaldson_JMP.pdf], due 2/3

-- Referee report 2 on David Atkins "Trade, tastes and nutrition in India"

[http://www.princeton.edu/~datkin/Tastes_and_Nutrition.pdf], due 2/17

-- Referee report 3 on Oeindrila Dube and Juan Vargas "Commodity price shocks and civil conflict: Evidence from Colombia"

[http://www.gov.harvard.edu/student/odube/081026_Dube_JobMarketPaper.pdf], due 3/3

-- Referee report 4 on Avi Ebenstein "Water Pollution and Digestive Cancers in China"

[http://people.rwj.harvard.edu/~aebenste/Ebenstein_Water_Pollution_in_China_11_12_2008.pdf], due 3/17

Each referee report should be 2-3 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.

(2) Two problem sets (20 percent):

-- Problem set 1, due 4/7

-- Problem set 2, due 4/21

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

The research proposal should briefly (3-4 pages) survey an existing literature in Development Economics, and then describe a planned research project. All

students must meet with me (in office hours) to discuss their proposal by 4/21. The proposal is due 5/5.

(4) Class participation (10 percent): In borderline cases, the quality of classroom comments may be a factor in assigning grades.

There is no final exam.

Recommended reference articles and texts:

Bardhan, Pranab and Christopher Udry. (2000). *Development Microeconomics*. Oxford University Press: New York.

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

Duflo, Esther, Rachel Glennerster, and Michael Kremer. (2006). "Using Randomization in Development Economics Research: A Toolkit", *NBER Technical Working Paper #333* [<http://www.nber.org/papers/t0333>]

United Nations Development Program. (2008). *Human Development Report 2007-2008: Fighting Climate Change: Human Solidarity in a Divided World*. [http://hdr.undp.org/en/media/HDR_20072008_EN_Complete.pdf]

Current debates in development economics:

Refer to the *Boston Review* for recent public debates on development policy: Banerjee, Abhijit. (2006). "Making Aid Work: How to Fight Global Poverty Effectively", *Boston Review*, July/August 2006. [<http://bostonreview.net/BR31.4/contents.php>]

Bardhan, Pranab. (2008). "What Makes a Miracle: Some myths about the rise of China and India", *Boston Review*, January/February 2008. [<http://www.bostonreview.net/BR33.1/bardhan.php>]

Miguel, Edward (2008). "Is it Africa's Turn? Progress in the World's Poorest Region", *Boston Review*, May/June 2008. [http://bostonreview.net/BR33.3/ndf_africa.php]

For a discussion of experimental work in development economics: Banerjee, Abhijit V., and Esther Duflo. (2008). "The Experimental Approach to Development Economics", NBER Working Paper #14467. [<http://www.nber.org/papers/w14467>]

Several blogs feature frequent discussions of new development working papers:

Chris Blattman's Blog: International News, Economic Development, Foreign Policy and Violent Conflict [<http://chrisblattman.blogspot.com/>]

Dani Rodrik's Weblog: Unconventional thoughts on economic development and globalization [<http://rodrik.typepad.com/>]

Lectures

I. Macroeconomic growth empirics

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

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. [<http://www.mitpressjournals.org/doi/pdf/10.1162/0034653053327612>]

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

Sala-i-Martin, Xavier. (2006). "The World Distribution of Income: Falling Poverty and Convergence, Period," *Quarterly Journal of Economics*, 121(2), 351-397. [<http://www.mitpressjournals.org/doi/pdf/10.1162/qjec.2006.121.2.351>]

Lecture 2: Inequality and growth (1/27)

[Section on Friday]

Banerjee, Abhijit, and Esther Duflo. (2003). "Inequality and Growth: What Can the Data Say?" *Journal of Economic Growth*, 8(3), 267-299. [<http://www.springerlink.com/content/h112582107706717/fulltext.pdf>]

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. [JSTOR]

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

II. Political economy

Lecture 3: History and institutions (2/3)

[Referee report #1 due]

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

Albouy, David. (2005). "The Colonial Origins of Comparative Development: An Investigation of the Settler Mortality Data," unpublished working paper.

<http://www-personal.umich.edu/~albouy/AJReinvestigation/AJRev.pdf>

Bockstette, Valerie, Areendam Chanda, and Louis Putterman. (2003). "States and Markets: The Advantage of an Early Start", *Journal of Economic Growth*, 7, 347-369. [<http://www.springerlink.com/content/xp22n851l881170l/fulltext.pdf>]

Lecture 4: Corruption (2/10)

[Section on Friday]

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

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

[<http://www.journals.uchicago.edu/doi/pdf/10.1086/527495>]

Olken, Ben. (2007). "Monitoring Corruption: Evidence from a Field Experiment in Indonesia", *Journal of Political Economy*, 115(2), 200-249.

[<http://www.journals.uchicago.edu/doi/pdf/10.1086/517935>]

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.mitpressjournals.org/doi/pdf/10.1162/0033553041382120>]

Lecture 5: Patronage politics (2/17)

[Referee report #2 due]

Hsieh, Chang-Tai, Edward Miguel, Daniel Ortega, and Francisco Rodriguez. (2009). "The Price of Political Opposition: Evidence from Venezuela's *Maisanta*", unpublished working paper.

[http://www.econ.berkeley.edu/~emiguel/pdfs/miguel_maisanta.pdf]

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).

[<http://www.mitpressjournals.org/doi/pdf/10.1162/003355305775097524>]

Manacorda, Marco, Edward Miguel, and Andrea Vigorito. (2009). "Government Transfers and Political Support", unpublished working paper.

[http://www.econ.berkeley.edu/~emiguel/pdfs/miguel_uruguay.pdf]

Lecture 6: Democracy and development (2/24)

[Section on Friday]

Acemoglu, Daron, Simon Johnson, James Robinson, and Pierre Yared. (2008). "Income and Democracy", *American Economic Review*, 98(3), 808-842.
[<http://econ-www.mit.edu/files/1370>]

Besley, Timothy, and Robin Burgess. (2002). "The Political Economy of Government Responsiveness: Theory and Evidence from India", *Quarterly Journal of Economics*, 117(4).
[<http://www.mitpressjournals.org/doi/pdf/10.1162/003355302320935061>]

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.
[<http://www.mitpressjournals.org/doi/pdfplus/10.1162/qjec.2008.123.2.703>]

Lecture 7: Economic Theories of Conflict (3/3) – Guest lecture by Gerard Padro-i-Miquel [Referee report #3 due]

Blattman, Christopher and Edward Miguel. (2009). "Civil War", unpublished working paper.
[http://www.econ.berkeley.edu/~emiquel/pdfs/miguel_civilwar.pdf]

Chassang, Sylvain, and Gerard Padro-i-Miquel. (2007). "Mutual Fear and Civil War", unpublished working paper.
[<http://personal.lse.ac.uk/padro/fearandwarPS.pdf>]

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

Powell, Robert. (2006). "War as a Commitment Problem", *International Organization*, 60, 169-203.
[http://journals.cambridge.org/download.php?file=%2FINO%2FINO60_01%2FS0020818306060061a.pdf&code=3709bdfd441ec1b581bc6fe8a66d382c]

Lecture 8: War and Economic Development (3/10) [Section on Friday]

Davis, Donald R., and David Weinstein. (2002). "Bones, Bombs, and Breakpoints: The Geography of Economic Activity", *American Economic Review*, 92(5).
[<http://www.columbia.edu/~drd28/BBB.pdf>]

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.
[http://www.econ.berkeley.edu/~emiquel/miguel_conflict.pdf]

III. Human resources

Lecture 9: Human capital and income growth (3/17)

[Referee report #4 due]

[Problem set #1 handed out]

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. [JSTOR]

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

[3/24 – Spring break]

Lecture 10: Increasing human capital (3/31)

[Section on Friday]

Banerjee, Abhijit V., Shawn Cole, Esther Duflo, and Leigh Linden. (2007). "Remedying Education: Evidence from Two Randomized Experiments in India", *Quarterly Journal of Economics*, 122(3), 1235-1264.
[<http://www.mitpressjournals.org/doi/abs/10.1162/qjec.122.3.1235>]

Kremer, Michael, Rebecca Thornton, and Edward Miguel. (2008). "Incentives to Learn", forthcoming *Review of Economics and Statistics*.
[http://www.econ.berkeley.edu/~emiguel/miguel_incentives.pdf]

Muralidharan, Karthik and Venkatesh Sundararaman. (2007). "Teacher Performance Pay: Experimental Evidence from India", unpublished working paper. [<http://econ.ucsd.edu/~kamurali/teacher%20performance%20pay.pdf>]

Lecture 11: Labor markets and migration (4/7)

[Problem set #1 due]

[Problem set #2 handed out]

Banerjee, Abhijit, and Andrew Newman. (1998). "Information, the Dual Economy, and Development", *Review of Economic Studies*, 65 (4), 631-653. [JSTOR]

Hamory, Joan and Edward Miguel. (2009). "Individual Ability and Selection into Migration in Kenya", unpublished working paper.

Munshi, Kaivan, and Mark Rosenzweig. (2006). "Traditional Institutions Meet the Modern World: Caste, Gender, and Schooling in a Globalizing Economy", *American Economic Review*, 96(4), 1225-1252.
[http://www.econ.brown.edu/fac/Kaivan_Munshi/aer.pdf]

Rosenzweig, Mark. (1988). "Chapter 15: Labor markets in low-income countries", *Handbook of Development Economics Vol 1*, Hollis Chenery and T.N. Srinivasan (ed.s). [<http://econpapers.repec.org/bookchap/eedevhes/1.htm>]

Lecture 12: Health, nutrition and income (4/14)

[Section on Friday]

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. [<http://www.journals.uchicago.edu/doi/pdf/10.1086/529000>]

Miguel, Edward, and Michael Kremer (2004). "Worms: Identifying Impacts on Education and Health the Presence of Treatment Externalities", *Econometrica*, 72(1), 159-217. [http://emlab.berkeley.edu/users/emiguel/miguel_worms.pdf]

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

Lecture 13: The demand for health (4/21)

[Problem set #1 due]

[Section on Friday: Student research proposal presentations]

Cohen, Jessica and Pascaline Dupas. (2008). "Free distribution or cost-sharing? Evidence from a randomized malaria prevention experiment", unpublished working paper.

[http://www.econ.ucla.edu/pdupas/CohenDupas_10.1.2008.pdf]

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

[http://www.econ.berkeley.edu/~emiguel/miguel_illusion.pdf]

Thornton, Rebecca. (2008). "The Demand for, and Impact of, Learning HIV Status", *American Economic Review*, 98(5), 1829-1863. [<http://www-personal.umich.edu/~rebeccal/Thornton%20HIV%20Testing.pdf>]

IV. Other topics

Lecture 14: Environment and development (4/28)

[Section on Friday: Student research proposal presentations]

Foster, Andrew, and Mark Rosenzweig. (2003). "Economic Growth and the Rise of Forests", *Quarterly Journal of Economics*, 118 (2), 601-637.

[<http://www.mitpressjournals.org/doi/pdf/10.1162/003355303321675464>]

Jayachandran, Seema. (2006). "Air Quality and Early-Life Mortality: Evidence from Indonesia's Wildfires", forthcoming *Journal of Human Resources*.

[<http://www.nber.org/papers/w14011>]

Kremer, Michael, Jessica Leino, Edward Miguel, and Alix Zwane. (2008). "Spring Cleaning: A Randomized Evaluation of Source Water Quality Improvement", unpublished working paper.

[http://emlab.berkeley.edu/users/emiguel/miguel_water.pdf]

Lecture 15: Resource allocation and firm productivity (5/5)

[Section on Friday: Student research proposal presentations]

[Research proposal due]

Hsieh, Chang-Tai, and Peter Klenow. (2007). "Misallocation and Manufacturing TFP In China and India", unpublished manuscript.

[<http://www.nber.org/papers/w13290>]

McKenzie, David, and Chris Woodruff. (2007). "Returns to Capital in Microenterprises: Evidence from a Field Experiment", *Quarterly Journal of Economics*, 123(4), 1329-1372.

[<http://www.mitpressjournals.org/doi/pdf/10.1162/qjec.2008.123.4.1329>]

V. Additional topics covered on the Development Economics field exam:

-- Ethnic and social divisions

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

Habyarimana, James, Macartan Humphreys, Daniel Posner, and Jeremy Weinstein. (2007). "Why Does Ethnic Diversity Undermine Public Goods Provision? An Experimental Approach", *American Political Science Review*, 101(4), 709-725.
[http://journals.cambridge.org/download.php?file=%2FPSR%2FPSR101_04%2FS0003055407070499a.pdf&code=76dfce60c0ce29dc6dc05fe2f918880a]

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

[http://www.econ.berkeley.edu/~emiguel/miguel_nation.pdf]

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.

[<http://www.ingentaconnect.com/content/aea/aer/2003/00000093/00000004/art00006>]

-- The Economics of HIV/AIDS

Evans, David K., and Edward Miguel. (2007). "Orphans and Schooling in Africa: A Longitudinal Analysis", *Demography*, 44(1), 35-57.

[http://emlab.berkeley.edu/users/emiguel/miguel_orphans.pdf]

Thirumurthy, Harsha, Joshua Graff Zivin, and Markus Goldstein. (2008). "The Economic Impact of AIDS Treatment: Labor Supply in Western Kenya", *Journal of Human Resources*, 43(3), 511-552. [<http://jhr.uwpress.org/cgi/reprint/43/3/511>]

Young, Alwyn. (2005). "The Gift of Dying: The Tragedy of AIDS and the Welfare of Future African Generations", *Quarterly Journal of Economics*, 120(2), 423-466.

[<http://faculty.chicagogsb.edu/alwyn.young/research/Papers/AIDS.PDF>]