

Advanced Development Economics

October 16-20 2017

Location

Theologicum - T0.136

Teaching faculty

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Exam / ECTS

In order to earn ECTS credits, each student must present two articles in the tutorials (selected from the literature under the tutorials section) and pass an exam at the end of the course.

- **Presentations.** Please select the two articles for your presentations from the [tutorial list](#) (highlighted in grey) below, and state your preferences here: goo.gl/ytmgZF by **October 10th**. Each paper can be presented only once – please make sure your preference doesn't conflict with someone else.
- **Exam.** The exam takes place at 8:00 AM on Friday, November 10, 2017 in the same room as the lecture, Theologicum - T0.136. We will upload exams from previous years to Stud-IP at the end of the lectures so that you are familiar with the format.

Presentations

Each presentation should be approx. 20 minutes. As a guideline, the grade for the presentation is based on a discussion of:

- Context and background
- Data
- Methodology
- Implications and conclusion (your own thoughts about the paper)

Please bring your presentation on a USB stick. We will have a computer and laser pointer and clicker.

Course overview

This course provides an in-depth analysis of current research in selected critical issues in development economics at the graduate level. The course covers topics on methodological aspects of poverty measurement and policy evaluation and presents new directions of research in macro-economic and micro-economic aspects of development. Particular emphasis is given to the use of experimental approaches in research.

Some familiarity with development issues (e.g., Entwicklungsökonomik I, II, or III) as well as background in micro and macro theory and empirical economics is highly desirable. The course is

open to Ph.D. students in economics, applied statistics, agricultural economics as well as M.A. students in international economics.

Online platform

Most readings for the courses (with the exception of books) can be downloaded from the online platform, STUD-IP: <https://www.studip.uni-goettingen.de/> If you are not a student at the University of Göttingen and do not have access to STUD-IP, please email studip@uni-goettingen.de, and let them know that:

1. you are a guest student for the course
2. will require access to STUD-IP from September 1 - December 30 2017
3. for the course Advanced Development Economics (Veranstaltungsnummer: 800968)

If they require permission from the course instructor, please forward the email to one of the tutors.

General readings

Ray, D. (1998): *Development Economics*, Princeton: Princeton University Press.*

Basu, K. (1997): *Analytical Development Economics*, Cambridge: MIT Press.*

Bardhan, P. and Udry C. (1999): *Development Microeconomics*, Oxford: Oxford University Press.*

Banerjee, A. & Duflo E. (2011) *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*. PublicAffairs.*

Mullainathan, S. & Shafir, E. (2014), *Scarcity : the new science of having less and how it defines our lives*. Picador.*

(* = Books available in the SUB and/or WISO-BIB)

Schedule: Oct 16-20

Date	Time	Type	Professor/Tutor	Topic
Mon 16	09:00-10:30	Lecture	Klasen	1 Measuring development
	11:00-12:30	Lecture	Ibanez	2 Behavioral Development Economics
	14:00-15:30	Lecture	Ibanez	3 Scarcity and Decision making
	16:00-18:00	Tutorial		T1 Measuring Poverty
Tue 17	09:00-10:30	Lecture	Ibanez	4 Social Dilemmas and Development
	11:00-12:30	Lecture	Ibanez	5 Decision Under Risk and Uncertainty
	14:00-15:30	Lecture	Kis-Katos	6 Trade and Labor Markets
	16:00-17:30	Lecture	Kis-Katos	7 Trade and Labor Markets
Wed 18	08:30-10:30	Tutorial		T2 Behavioral Development Economics and Scarcity
	11:00-13:00	Tutorial		T3 Social Dilemmas
	14:00-16:00	Tutorial		T4 Trade and Labor Markets
	16:30-18:30	Tutorial		T5 TBD
Thu 19	09:00-10:30	Lecture	Kis-Katos	8 Migration and Labor Markets
	11:00-12:30	Lecture	Kis-Katos	9 Politics and Development
	14:00-15:30	Lecture	Strulik	10
	16:00-17:30	Lecture	Strulik	11
Fri 20	09:00-10:30	Lecture	Strulik	12
	11:00-12:30	Lecture	Strulik	13
	14:00-16:00	Tutorial		T6 TBD

Literature

1. Measuring Development (Klasen)

Lecture

- Sen, A. (1988) The Concept of Development, Handbook of Development Economics Vol. 1.
- Ravallion and Chen (2008) The developing world is poorer than we thought but no less successful in fighting poverty, Quarterly Journal of Economics
- Calvo and Dercon (2005) *Measuring individual vulnerability*, University of Oxford, Economic Series Working Papers, N°229.
- Ravallion, M. *Weakly relative poverty*. *Review of Economics and Statistics*
- Klasen, S. et al. (2016) International Income Poverty Measurement: Which way now? *Journal of Economic Inequality*
- Gruen, C: and S. Klasen. (2008) Growth, inequality, and welfare: Comparisons across space and time. *Oxford Economic Papers*
- Alkire and Foster (2011) Counting and Multidimensional Poverty, *Journal of Public Economics*

Tutorial: Measuring Poverty

- Alkire and Santos: Acute multidimensional poverty: A new index for developing countries
- Ravallion, M., Chen and P. Sangraula (2008) Dollar a day revisited, World Bank Policy Research Working Paper Series, N°4620.
- Deaton, A. (2010), 'Price indexes, inequality, and the measurement of world poverty'. *American Economic Review* 100(1): 5-34.
- Klasen, S. (2000) Measuring Poverty and Deprivation in South Africa, *Review of Income and Wealth*, 46 (March):33-58.
- Klasen, S. and R. Lahoti (2017): How serious is the neglect of intrahousehold distribution in multidimensional poverty measurement. *Courant Research Center Discussion Paper*.
- Bossert, D'Ambrosio, and Peragine (2008): Poverty and Time, ECINEQ Working Paper N°87.
- Walter Bossert & Conchita D'Ambrosio and Vito Peragine (2007) Deprivation and Social Exclusion, *Economica*.
- Rippin, N. Integrating inter-personal inequality in counting indices of multidimensional poverty

2. Behavioral Development Economics (Ibanez)

Lecture

- Camerer, C. F., Loewenstein, G., & Rabin, M. (Eds.). 2011. *Advances in behavioral economics*. Princeton University Press. (Chapter 1)
- World Bank. 2015. *World Development Report 2015: Mind, Society, and Behavior*. Washington, DC: World Bank. doi: 10.1596/978-1-4648-0342-0. Chapters 1 and 6.

Additional material

- Mullainathan, S. and Shafir, E., 2013. *Scarcity: Why having too little means so much*. Macmillan.
- OECD. 2011, *Behavioural Insights and Public Policy: Lessons from Around the World*, OECD Publishing, Paris.
- UNDP. Behavioral Insights at the United Nations – Achieving Agenda 2030. UNDP, <http://www.undp.org/content/undp/en/home/librarypage/development-impact/behavioural-insights-at-the-united-nations--achieving-agenda-203.html>.

Tutorial: Behavioral Development and Scarcity and decision making

- Duflo, Esther, Michael Kremer, and Jonathan Robinson. 2007. "Why Don't Farmers Use Fertilizer? Experimental Evidence from Kenya." Working Paper, Massachusetts Institute of Technology and Harvard University, Cambridge, MA .
- Kaur, S., Kremer, M., & Mullainathan, S. 2011. Self-control at work. *Forthcoming Journal of Political Economy*.
- Bertrand, M. and Morse, A., 2011. Information disclosure, cognitive biases, and payday borrowing. *The Journal of Finance*, 66(6), pp.1865-1893.

Pop-Eleches, C., Thirumurthy, H., Habyarimana, J.P., Zivin, J.G., Goldstein, M.P., De Walque, D., Mackeen, L., Haberer, J., Kimaiyo, S., Sidle, J. and Ngare, D., 2011. Mobile phone technologies improve adherence to antiretroviral treatment in a resource-limited setting: a randomized controlled trial of text message reminders. *AIDS (London, England)*, 25(6), p.825.

3. Scarcity and Decision making (Ibanez)

Lecture

Shah, A.K., Shafir, E. and Mullainathan, S., 2015. Scarcity frames value. *Psychological Science*, p.0956797614563958.

World Bank. 2015. *World Development Report 2015: Mind, Society, and Behavior*. Washington, DC: World Bank. doi: 10.1596/978-1-4648-0342-0. (Chapter 4 and 5)

Spears, D. 2011. Economic decision-making in poverty depletes behavioral control. *The BE Journal of Economic Analysis & Policy*, 11(1).

Tutorial: Behavioral Development and Scarcity and decision making

Bernard, T., Dercon, S., Orkin, K. and Taffesse, A., 2014. *The future in mind: Aspirations and forward-looking behaviour in rural Ethiopia*. London: Centre for Economic Policy Research.

Dalton, P. S., Ghosal, S., & Mani, A. 2016. Poverty and aspirations failure. *The Economic Journal*, 126(590), 165-188.

Prediger, S., Vollan, B. and Herrmann, B., 2014. Resource scarcity and antisocial behavior. *Journal of Public Economics*, 119, pp.1-9.

Haushofer, J., & Fehr, E. 2014. On the psychology of poverty. *Science*, 344(6186), 862-867.

Mani, A., Mullainathan, S. Shafir, E. and Zhao. Y. 2013. Poverty Impedes Cognitive Function. *Science* 341: 976–80.

4. Social Dilemmas and Development (Ibanez)

Lecture

Van Lange, P. A., Joireman, J., Parks, C. D., & Van Dijk, E. (2013). The psychology of social dilemmas: A review. *Organizational Behavior and Human Decision Processes*, 120(2), 125-141..

Additional material

Cassar, A., Crowley, L., & Wydick, B. 2007. The effect of social capital on group loan repayment: Evidence from field experiments*. *The Economic Journal*, 117(517), F85-F106.

Ligon, E., & Schechter, L. 2012. Motives for sharing in social networks. *Journal of Development Economics*, 99(1), 13-26.

Tutorial

Ashraf, N., Bandiera, O. and Jack, K., 2012. No margin, no mission. A Field Experiment on Incentives for Pro-Social Tasks, CEPR Discussion Papers, 8834.

Bandiera, O., Barankay, I., & Rasul, I. (2010). Social incentives in the workplace. *The Review of Economic Studies*, 77(2), 417-458.

Cassar, A., Grosjean, P. and Whitt, S., 2013. Legacies of violence: trust and market development. *Journal of Economic Growth*, 18(3), pp.285-318.

Hallsworth, M., List, J., Metcalfe, R. and Vlaev, I., 2014. The behavioralist as tax collector: Using natural field experiments to enhance tax compliance (No. w20007). National Bureau of Economic Research.

Rustagi, D., Engel, S. and Kosfeld, M., 2010. Conditional cooperation and costly monitoring explain success in forest commons management. *science*, 330(6006), pp.961-965.

5. Designing and conducting experiments (Ibanez)

Lecture

Fiore, A. 2009. *Experimental Economics: Some Methodological Notes*

Viceisza, A. C. G. 2012. Treating the field as a lab: A basic guide to conducting economics experiments for policymaking. *Food Security in Practice Technical Guide 7*, Washington, D.C.: International Food Policy Research Institute.

Croson, R. *Why and how to experiment: Methodologies from Experimental Economics*.

6. Trade and Labor Markets (Kis-Katos)

Lecture

- Goldberg, P. K. and Pavcnik, N., 2016. The effects of trade policy, NBER Working Paper Series No. 21957, National Bureau of Economic Research, Cambridge, MA. (also a chapter in Handbook of Commercial Policy)
- Kis-Katos, K. and Sparrow, R., 2015. Poverty, labor markets and trade liberalization in Indonesia, *Journal of Development Economics*, 117, 94-106.

Additional material

- Goldberg, P.K. and Pavcnik, N., 2007. Distributional effects of globalization in developing countries, *Journal of Economic Literature* 45 (1), 39–82.
- Harrison, A. and Rodríguez-Clare, A., 2010, Trade, foreign investment, and industrial policy for developing countries, in: *Handbook of Development Economics*, Vol. 5, ch. 63, pp. 4039-4212, Elsevier.

Tutorial

- Dix-Carneiro, R. and Kovak, B., 2015. Trade liberalization and the skill premium: A local labor markets approach, *American Economic Review: Papers and Proceedings*, 105(5), 551-557.
- Kis-Katos, K., Pieters, J. and Sparrow, R., 2017. Globalization and social change: Gender-specific effects of trade liberalization in Indonesia, IZA Discussion Paper Series No. 10552, IZA Institute of Labor Economics, Bonn.
- Kovak, B., 2013. Regional effects of trade reform: What is the correct measure of liberalization? *American Economic Review*, 103(5), 1960-1976.
- McCaig, B., 2011. Exporting out of poverty: Provincial poverty in Vietnam and U.S. market access. *Journal of International Economics*, 85 (1), 102–113.
- Topalova, P., 2010. Factor immobility and regional impacts of trade liberalization: Evidence on poverty from India. *American Economic Journal: Applied Economics*, 2 (4), 1–41.

7. Trade and Labor Markets (Kis-Katos)

Lecture

- Hanson, G., 2010. International migration and the developing world, in: *Handbook of Development Economics*, Vol. 5, ch. 66, pp. 4363-4414.
- McKenzie, D., Gibson, J. and Stillman, S., 2014. How important is selection? Experimental vs. non-experimental measures of the income gains from migration, *Journal of European Economic Association*, 8(4), 913-945.

Additional material

- Dustmann, C. And Görlach, J.-S., 2016, The economics of temporary migrations, *Journal of Economic Literature*, 54(1), 98-136.
- Docquier, F. and Rapoport, H., 2012. Globalization, brain drain, and development, *Journal of Economic Literature*, 50(3), 681–730.

Tutorial

- Barsbai, T., H. Rapoport, A. Steinmayr and C. Trebesch, 2017. The effect of labor migration on the diffusion of democracy: Evidence from a former Soviet republic, *American Economic Journal: Applied Economics*, forthcoming.
- Clemens, M.A. and Tiongson, E.R., 2017. Split decisions: Household finances when a policy discontinuity allocates overseas work, *Review of Economics and Statistics*, 99(3), 531-543.
- Gibson, J., McKenzie, D. and Stillman, S., 2011. The impacts of international migration on remaining household members: Omnibus results from a migration lottery, *Review of Economics and Statistics*, 93(4), 1297-1318.
- Kaestner, R. and Malamud, O., 2014. Self-selection and international migration: New evidence from

Mexico, *Review of Economics and Statistics*, 96(1), 78-91.
Yang, D., 2006. Why do migrants return to poor countries? Evidence from Philippine migrants' responses to exchange rate shocks, *Review of Economics and Statistics* 88 (4), 715–735.

8. Migration and Labor Markets (Kis-Katos)

Lecture

Bardhan, P., 2016. State and development: The need for a reappraisal of the current literature, *Journal of Economic Literature*, 54(3), 862-892.
Olken, B.A. and Pande, R., 2012, Corruption in developing countries, *Annual Review of Economics*, 4, 479-509.

Additional material

Baland, J.-M., Moene, K.O. and Robinson, J.A. 2010, Governance and development, In: *Handbook of Development Economics*, Vol. 5, Ch. 69, pp. 4579-4656. Elsevier.
Pande, R., 2011, Can informed voters enforce better governance? Experiments in low-income democracies, *Annual Review of Economics*, 3, 215-237.

Tutorial

Bertrand, M., Djankov, S., Hanna, R. and Mullainathan, S., 2007. Obtaining a driver's license in India: An experimental approach to studying corruption, *Quarterly Journal of Economics*, 222(4), 1639-1676.
Chattopadhyay, R. and Duflo, E., 2004. Women as policy makers: Evidence from a randomized policy experiment in India, *Econometrica*, 72 (5), 1409–1443.
Hanna, R. and Wang, Sh.-Y., 2017. Dishonesty and selection into public service: Evidence from India, *American Economic Journal: Economic Policy*, 9(3), 262-290.
Muralidharan, K., Niehaus, P. and Sukhtankar, S., 2016. Building state capacity: Evidence from biometric smartcards in India, *American Economic Review*, 106(10), 2895-2929.
Olken, B.A., 2007. Monitoring corruption: Evidence from a field experiment in Indonesia, *Journal of Political Economy*, 115(2), 200-249.
Reinikka R, Svensson J., 2004. Local capture: Evidence from a central government transfer program in Uganda, *Quarterly Journal of Economics*, 119, 679–706.

9. Politics and Development (Kis-Katos)

Lecture

Gadenne, L. and Singhal, M. 2014, Decentralization in developing economies, *Annual Review of Economics*, 6(1), 581-604.

Additional material

Kis-Katos, K. and Sjahrir, B.S., 2017. The impact of fiscal and political decentralization on local public investment in Indonesia, *Journal of Comparative Economics*, 45(2), 344-365.
Sjahrir, B.S, Kis-Katos, K. and Schulze, G.G., 2013. Political budget cycles in Indonesia at the district level, *Economics Letters*, 120, 342-345.

Tutorial

Anderson, S., Francois, P. and Kotwal, A., 2015. Clientelism in Indian villages, *American Economic Review*, 105(6): 1780-1816.
Burgess, R., Hansen, M., Olken, B.A., Potapov, P. and Sieber, S., 2012. The political economy of deforestation in the tropics, *Quarterly Journal of Economics*, 127(4), 1707-1754.
Callen, M. and Long, J.D., 2015. Institutional corruption and election fraud: Evidence from a field experiment in Afghanistan, *American Economic Review*, 105(1), 354-381.
Ferraz, C. and Finan, F., 2008. Exposing corrupt politicians: The effects of Brazil's publicly released audits on electoral outcomes, *Quarterly Journal of Economics*, 123, 703–745.
Finan, F. and Schechter, L., 2012. Vote-buying and reciprocity, *Econometrica*, 80(2), 863–881.

Khemani, Stuti, 2015, Buying votes versus supplying public services: Political incentives to under-invest in pro-poor policies, *Journal of Development Economics*, 117, 84–93.

10. XXX (Strulik)

Dalgaard, C. J., & Strulik, H. (2013). The history augmented Solow model. *European Economic Review*, 63, 134-149.

Strulik, H., & Dalgaard, C. J. (2017). Physiological Constraints and Comparative Economic Development. cege Discussion Paper 306, 2017.

Tutorial

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11. XXX (Strulik)

Lecture

Strulik, H. (2017). Contraception and development: a unified growth theory. *International Economic Review*, 58(2), 561-584.

12. XXX (Strulik)

Lecture:

Prettner, K., & Strulik, H. (2017). It's a Sin—Contraceptive Use, Religious Beliefs, and Long-run Economic Development. *Review of Development Economics*, 21(3), 543-566.

Tutorial

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13. XXX (Strulik)

Lecture:

Strulik, H., Prettner, K., & Prskawetz, A. (2013). The past and future of knowledge-based growth. *Journal of Economic Growth*, 18(4), 411-437.

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