

Advanced Development Economics

October 15-19, 2018

Location

Please see the schedule on page 2

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 by email to: skan@uni-goettingen.de.
- **Exam.** The exam takes place from 14:00-16:00 on 26th [November 2018](#) in the same room as the lecture. 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 October 3 - December 30 2018
 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 (not required, but recommended)

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 15-19

Date / Location	Time	Type	Professor/Tutor	Topic
Mon 15 Weender Landstrasse 3, Room 6.101	11:00-12:30	Lecture	Ibanez	1 Behavioral development economics
	14:00-15:30	Lecture	Ibanez	2 Scarcity and decision making
Tue 16 OEC 1.134	09:00-10:30	Lecture	Ibanez	3 Social dilemmas and development
	11:00-12:30	Lecture	Ibanez	4 Decision under risk and uncertainty
	14:00-15:30	Lecture	Kis-Katos	5 Trade policy and local development
	16:00-17:30	Lecture	Kis-Katos	6 International migration and development
Wed 17 OEC 2.157	9:00-11:00	Tutorial	Kan	T1 Based on student topics
	11:30-13:00	Tutorial	Kan	T2 Based on student topics
	14:00-16:00	Tutorial	Kan	T3 Based on student topics
	16:30-18:30	Tutorial	Kan	T4 Based on student topics
Thu 18 Weender Landstrasse 3, Room 6.101	09:00-10:30	Lecture	Kis-Katos	7 Corruption and governance
	11:00-12:30	Lecture	Kis-Katos	8 Decentralization and accountability
	14:00-15:30	Lecture	Strulik	9 Modern vs. pre-modern growth
	16:00-17:30	Lecture	Strulik	10 Demographic transition
Fri 19 Weender Landstrasse 3, Room 6.101	09:00-10:30	Lecture	Strulik	11 Human physiology, dev, reversal of fortune
	11:00-12:30	Lecture	Strulik	12 Past and future knowledge-based growth
	14:00-16:00	Tutorial	Kan	T5 Based on student topics

Literature

1. 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, E., Kremer, M. and Robinson, J., 2011. Nudging farmers to use fertilizer: Theory and experimental evidence from Kenya. *American Economic Review*, 101(6), pp.2350-90.

Kaur, S., Kremer, M. and Mullainathan, S., 2015. Self-control at work. *Journal of Political Economy*, 123(6), pp.1227-1277.

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.

2. 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.

3. 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.

4. Decision Under Risk and Uncertainty (Ibanez)

Lecture

- Attanasio, O., Barr, A., Cardenas, J.C., Genicot, G. and Meghir, C., 2012. Risk pooling, risk preferences, and social networks. *American Economic Journal: Applied Economics*, 4(2), pp.134-67.
- Barr, A. and Genicot, G. 2008. Risk sharing, commitment, and information: an experimental analysis. *Journal of the European Economic Association*. 6 (6): 1151-1185
- Vieider, F.M., Lefebvre, M., Bouchouicha, R., Chmura, T., Hakimov, R., Krawczyk, M. and Martinsson, P., 2015. Common components of risk and uncertainty attitudes across contexts and domains: Evidence from 30 countries. *Journal of the European Economic Association*, 13(3), pp.421-452.
- Vieider, F.M., Chmura, T. and Martinsson, P., 2012. Risk attitudes, development, and growth: Macroeconomic evidence from experiments in 30 countries (No. SP II 2012-401). WZB Discussion Paper.
- Noussair, C.N., Trautmann, S.T. and Van de Kuilen, G., 2013. Higher order risk attitudes, demographics, and financial decisions. *Review of Economic Studies*, 81(1), pp.325-355.
- Dohmen, T., Falk, A., Huffman, D. and Sunde, U., 2010. Are risk aversion and impatience related to cognitive ability?. *American Economic Review*, 100(3), pp.1238-60.

5. Trade policy and local development (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

- Kis-Katos, K., Pieters, J. and Sparrow, R., 2018. Globalization and social change: Gender-specific effects of trade liberalization in Indonesia, *IMF Economic Review*, Doi:/10.1057/s41308-018-0065-5.
- 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.

6. International migration and development (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.

7. Corruption and governance (Kis-Katos)

Lecture

- 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.
- Banerjee A, Hanna R, Mullainathan S., 2012. Corruption. In *The Handbook of Organizational Economics*, ed. R Gibbons, J Roberts, pp. 1109–1147. Princeton, NJ: Princeton Univ. Press.
- Pande, R., 2011, Can informed voters enforce better governance? Experiments in low-income democracies, *Annual Review of Economics*, 3, 215-237.

Tutorial

- Bobonis, G.J., Fuertes, L.R.C. and Schwabe, R., 2016. Monitoring corruptible politicians, *American Economic Review*, 106(8), 2371-2405.
- Duflo, E., Hanna, R. and Ryan, S.P., 2012. Incentives work: Getting teachers to come to school, *American Economic Review*, 102(4), 1241–1278.
- 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.

8. Decentralization and accountability (Kis-Katos)

Lecture

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

Additional material:

Bardhan, P., 2016. State and development: The need for a reappraisal of the current literature, *Journal of Economic Literature*, 54(3), 862-892.

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.

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.

Martinez-Bravo, M., 2014. The role of local officials in new democracies: Evidence from Indonesia." *American Economic Review* 104 (4): 1244–87.

Martinez-Bravo, M., Mukherjee, P. and Stegmann, A., 2017, The non-democratic roots of elite capture: Evidence from Soeharto mayors in Indonesia, *Econometrica*, forthcoming.

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.

9. Modern vs. Pre-Modern Growth (Strulik)

Lecture

Mankiw, N.G., D. Romer, and D.N. Weil, 1992, A contribution to the empirics of economic growth, *Quarterly Journal of Economics* 107, 407-437.

Ashraf, Q. and Galor, O. (2011). Dynamics and stagnation in the Malthusian epoch. *American Economic Review*, 101(5), 2003-2041

Kremer, M. (1993). Population growth and technological change: One million BC to 1990. *Quarterly Journal of Economics*, 108(3), 681-716.

Tutorial

Caselli, Francesco. 2005. Accounting for Cross-Country Income Differences. In *Handbook of Economic Growth*, Vol. 1A, ed. Philippe Aghion and Steven N. Durlauf, 679–741. New York: North-Holland.

Hsieh, C. T., and Klenow, P. J. (2010). Development accounting. *American Economic Journal: Macroeconomics*, 2(1), 207-223.

Hall, Robert E., and Charles I. Jones. 1999. Why Do Some Countries Produce So Much More Output Per Worker Than Others? *Quarterly Journal of Economics*, 114(1): 83–116.

Voigtländer, N., and Voth, H. J. (2012). The three horsemen of riches: Plague, war, and urbanization in early modern Europe. *Review of Economic Studies*, 80(2), 774-811.

Sharp, P., Strulik, H., and Weisdorf, J. (2012). The determinants of income in a Malthusian equilibrium. *Journal of Development Economics*, 97(1), 112-117.

Lee, R. D. (1987). Population dynamics of humans and other animals. *Demography*, 24(4), 443-465.

10. The Demographic Transition and History Augmented Solow Model (Strulik)

Lecture

Lee, R. (2003). The demographic transition: three centuries of fundamental change. *The Journal of Economic Perspectives*, 17(4), 167-190.

Reher, D. S. (2004). The demographic transition revisited as a global process. *Population, Space and Place*, 10(1), 19-41.

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

Tutorial

- Herzer, D., Strulik, H., and Vollmer, S. (2012). The long-run determinants of fertility: one century of demographic change 1900–1999. *Journal of Economic Growth*, 1-29.
- Lagerlöf, N. P. (2006). The Galor–Weil model revisited: A quantitative exercise. *Review of Economic Dynamics*, 9(1), 116-142.
- Hansen, G. D., and Prescott, E. C. (2002). Malthus to solow. *The American Economic Review*, 92(4), 1205-1217.
- Strulik, H., and Weisdorf, J. (2008). Population, food, and knowledge: a simple unified growth theory. *Journal of Economic Growth*, 13(3), 195-216.
- Becker, S. O., Cinnirella, F., and Woessmann, L. (2010). The trade-off between fertility and education: evidence from before the demographic transition. *Journal of Economic Growth*, 15(3), 177-204.

11. Human Physiology, Development, and the Reversal of Fortune (Strulik)

Lecture:

- Dalgaard, C. J., and Strulik, H. (2017) *Physiological Constraints and Comparative Economic Development*. Discussion Paper.
- Dalgaard, C. J., and Strulik, H. (2015). The physiological foundations of the wealth of nations. *Journal of Economic Growth*, 20(1), 37-73.
- Dalgaard, C. J., and Strulik, H. (2016). Physiology and development: Why the West is taller than the rest. *Economic Journal*, 126(598), 2292-2323.

Tutorial

- Fogel, R.W., 1994, Economic growth, population theory, and physiology: The bearing of long-term processes on the making of economic policy, *American Economic Review* 84, 369-395.
- Dalgaard, C.-J. and H. Strulik, 2011, A physiological foundation for the nutrition-based efficiency wage model, *Oxford Economic Papers* 63, 232-253
- Acemoglu, D., S. Johnson, and J.A. Robinson, 2002. Reversal of fortune: geography and institutions in the making of the modern world income distribution. *Quarterly Journal of Economics* 117, 1231--1294
- Olsson, O. and C. Paik, 2016. Long-Run cultural divergence: Evidence from the Neolithic. *Journal of Development Economics* 122, 197--213.
- Chanda, A., Cook, C. J., and Putterman, L. (2014). Persistence of Fortune: Accounting for Population Movements, There Was No Post-Columbian Reversal. *American Economic Journal: Macroeconomics*, 6(3), 1-28.

12. The Past and Future of Knowledge-Based Growth (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.

Tutorial

- Dalgaard, C.-J. and Kreiner, C.T. (2001) Is declining productivity inevitable? *Journal of Economic Growth*, 6, 187--203.
- Jones, C.I. (2001). Was an industrial revolution inevitable? *Economic growth over the very long run*. *Advances in Macroeconomics*, 1, 1--43.
- Jones, C.I. (2002). Sources of U.S. economic growth in a world of ideas. *American Economic Review*, 92, 220--239.
- Galor, O. and Mountford, A. (2008). Trading population for productivity: theory and evidence. *Review of Economic Studies*, 75, 1143--1179.
- Benhabib, J. and Spiegel, M. M. (2005). Human capital and technology diffusion. *Handbook of economic growth*, 1, 935-966.
- Hanushek, E. A., and Woessmann, L. (2012). Do better schools lead to more growth? Cognitive skills, economic outcomes, and causation. *Journal of economic growth*, 17(4), 267-321.
- Ha, J., and Howitt, P. (2007). Accounting for Trends in Productivity and R&D: a schumpeterian critique of semi-endogenous growth theory. *Journal of Money, Credit and Banking*, 39(4), 733-774.

