

Advanced Development Economics

September 17-20 and 23-24, 2013 (Location: OEC – 0.169)

Teaching faculty

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Exam

Each student must present two articles in the tutorial (selected from the literature under the tutorials section) and to pass an exam at the end of the course. Please select your top two preferences for presentation literature and notify the TA as soon as possible. The exam is on Friday, 11 October 2013 in the Theologicum – T01 (10:00 – 12:00).

Purpose

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.

General readings

Ray, D. (1998): *Development Economics*, Princeton: Princeton University Press.*
Basu, K. (1997): *Analytical Development Economics*, Cambridge: MIT Press.*
Bardhan, P. and C. Udry (1999): *Development Microeconomics*, Oxford: Oxford University Press.*
Banerjee, A.; Duflo E. (2011) *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*.
(* = Books available in the SUB and/or WISO-BIB)

Schedule(Location: OEC – 0.169)**Macro-economic Perspectives of Development**

1. Measuring Development	Klasen	17.09	09:00-10:30
2. Macro Vicious Cycles	Klasen	17.09	11:00-12:30
3. Long-Run Development 1	Vollmer	18.09	11:00-12:30
4. Long-Run Development 2	Vollmer	18.09	14:00-15:30
Tutorial 1: Long-Run Development	Kan	18.09	16:00-17:30
5. Economics of Global Health 1	Vollmer	19.09	11:00-12:30
6. Economics of Global Health 2	Vollmer	19.09	14:00-15:30
Tutorial 2: Economics of Global Health	Kan	19.09	16:00-17:30

Methodological Issues

7. Growth, inequality, and poverty	Klasen	20.09	09:00-10:30
8. Gender Bias	Klasen	20.09	11:00-12:30

Micro-economic Perspectives of Development

9. Behavioral Development Economics	Ibanez	20.09	14:00-15:30
Tutorial 3: Methodological Issues	Kan	20.09	16:00-17:30
10. Why Experiment	Ibanez	23.09	09:00-10:30
11. Risk Sharing	Ibanez	23.09	11:00-12:30
Tutorial 4: Microeconomic perspectives	Kan	23.09	14:00-15:30
12. Designing and conducting experiments	Ibanez	24.09	09:00-10:30

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
Duclos, J. D. Sahn, and S. Younger (2006) Robust multidimensional poverty comparisons, Economic Journal 116: 943-968.
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. Levels and trends in absolute poverty in the world: What we know and what we don't
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:

- 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.
Greb, F. S. Klasen, S. Pasaribu, and M. Wiesenfarth. (2011) Dollar a day re-revisited. Courant Center Working Paper.
Klasen, S. (2000) Measuring Poverty and Deprivation in South Africa, Review of Income and Wealth, 46 (March):33-58.
Dowrick, S. and M. Akmal (2005) Contradictory Trends in Global Income Inequality: a Tale of Two Biases, Review of Income and Wealth 51: 201-231 (2005).
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. Macro Vicious Cycles (Klasen)

Lecture:

- Basu, ch. 2*
Ray ch. 5*
Murphy, Shleifer and Vishny (1989): "Industrialisation and the Big Push", JPE 97, 1003-26.

Tutorial:

- Banerjee, Abhijit and Andrew Newman (1998): "Information, the Dual Economy and Development", ReStud, 65(4), 631-53.
Kremer, Michael (1993): "The O-ring Theory of Development", QJE, 108, 551-75

Read these three overview papers before the Long-Run Development lectures

- Acemoglu, D., S. Johnson and J. Robinson (2005) Chapter 6: Institutions as the Fundamental Cause of Long-Run Growth. *Handbook of Economic Growth*, 1(1):385-472.
Landes, D.S. (2006) Why Europe and the West? Why Not China? *Journal of Economic Perspectives*, 20(2):3-22.
Nunn, N. (2009) The Importance of History for Economic Development. *Annual Review of Economics*, 1:65-92.

3. Long-Run Development 1 (Vollmer)

- Acemoglu, D., S. Johnson and J. Robinson (2001) The Colonial Origins of Comparative Development: An Empirical Investigation. *American Economic Review*, 91(5):1369-1401.
- Bloom, D. and J. Sachs (1998) Geography, Demography, and Economic Growth in Africa. *Brookings Papers on Economic Activity*, 1998(2):207-295.
- Becker and Wößmann (2009) Was Weber Wrong? A Human Capital Theory of Protestant Economic History. *Quarterly Journal of Economics* 124(2):531-596.
- Glaeser E.L., R. La Porta, F. Lopez-De-Silanes, A. Shleifer (2004) Do institutions cause growth? *Journal of Economic Growth*, 9:271–303.
- Tabellini, G. (2010) Culture and Institutions: Economic Development in the Regions of Europe. *Journal of the European Economic Association*, 8(4):677–716.

4. Long-Run Development 2 (Vollmer)

- Acemoglu, D., T. Hasan and J. Robinson (2011) Social Structure and Development - A Legacy of the Holocaust in Russia. *Quarterly Journal of Economics*, 126(2):895-946.
- Banerjee, A.V. and I. Lakshmi (2005) History, Institutions and Economic Performance: The Legacy of Colonial Land Tenure Systems in India. *American Economic Review*, 95(4): 1190-1213.
- Dell, M. (2010) The Persistent Effects of Peru's Mining Mita. *Econometrica*, 78(6):1863–1903.
- Nunn, N. (2008) The Long Term Effects of Africa's Slave Trades. *Quarterly Journal of Economics*, 123(1):139-176.
- Nunn, N. and D. Puga (2012) Ruggedness: The Blessing of Bad Geography in Africa. *The Review of Economics and Statistics*, 94(1): 20–36.

Tutorial: Long-Run Development

- Acemoglu, D., S. Johnson and J. Robinson (2001) The Colonial Origins of Comparative Development: An Empirical Investigation. *American Economic Review*, 91(5):1369-1401. COMMENT by Albouy and RESPONSE by Acemoglu et al. (both published in AER Vol. 102 Iss. 6 / paper will be discussed in class, comment and response in the tutorial)
- Acemoglu, D., S. Johnson and J. Robinson (2002) Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution. *Quarterly Journal of Economics*, 118:1231-1294.
- Acemoglu D., D. Cantoni, S. Johnson and J. Robinson (2011) Consequences of Radical Reform: The French Revolution. *American Economic Review*, 101(7):3286–3307.
- Galor, O. and D. Weil (2000) Population, Technology and Growth: From Malthusian Stagnation to the Demographic Transition and Beyond. *American Economic Review*, 90(4):806-828.
- Putterman, L. and D.N. Weil (2010) Post-1500 Population Flows and the Long Run Determinants of Economic Growth and Inequality. *Quarterly Journal of Economics* 125(4):1627-1682.

Read these three overview papers before the Global Health lectures

- Bleakley, H. (2010) Health, Human Capital, and Development. *Annual Review of Economics*, 2:283-310.
- Deaton, A. (2003) Health, Inequality and Economic Development. *Journal of Economic Literature*, 41:113-158.
- Dupas, P. (2011). Health Behavior in Developing Countries. *Annual Review of Economics*, 3:425-449.

5. Economics of Global Health 1 (Vollmer)

- Acemoglu, D. and S. Johnson. (2007). Disease and Development: The Effect of Life Expectancy on Economic Growth. *Journal of Political Economy*, 115(6): 925-985.
- Almond, D. (2006) Is the 1918 Influenza Pandemic Over? Long-Term Effects of In Utero Influenza Exposure in the Post-1940 U.S. Population. *Journal of Political Economy*, 114(4): 672-712.
- Harttgen, K., S. Klasen and S. Vollmer (2013) Economic Growth and Child Undernutrition in sub-Saharan Africa. *Population and Development Review*, 39(3): 397-412.
- Leigh, A. and C. Jencks (2007) Inequality and mortality: Long-run evidence from a panel of countries. *Journal of Health Economics* 26:1–24
- Pritchett L. and L.H. Summers (1996) Wealthier is Healthier. *Journal of Human Resources*, 31(4): 841-868.

6. Economics of Global Health 2 (Vollmer)

- Cohen, J. and P. Dupas (2010) Free Distribution or Cost-Sharing? Evidence from a Randomized Malaria Prevention Experiment. *Quarterly Journal of Economics*, 125(1):1-45.
- Dupas, P. and J. Robinson (2013) Why Don't the Poor Save More? Evidence from Health Savings Experiments. *American Economic Review*, 103(4): 1138-1171.
- Kremer, M. and E. Miguel (2004) Worms: Identifying Impacts on Education and Health in the Presence of Treatment Externalities. *Econometrica*, 72(1):159-217.
- Kumar, S. and S. Vollmer (2013) Does Access to Improved Sanitation Reduce Childhood Diarrhea in Rural India? *Health Economics*, 22(4): 410-427.
- Thornton, R. (2008) The Demand for, and Impact of, Learning HIV Status. *American Economic Review*, 98(5):1829–1863.

Tutorial: Economics of Global Health

- Acemoglu, D. and S. Johnson. (2007). Disease and Development: The Effect of Life Expectancy on Economic Growth. *Journal of Political Economy*, 115(6): 925-985. COMMENT by Bloom et al. and RESPONSE by Acemoglu and Johnson (both forthcoming in JPE)
- Bleakley, H. (2010) Malaria Eradication in the Americas: A Retrospective Analysis of Childhood Exposure. *American Economic Journal: Applied Economics*, 2(2): 1–45.
- Currie, J. and M. Neidell (2005) Air Pollution and Infant Health: What Can We Learn from California's Recent Experience. *Quarterly Journal of Economics*, 120(3):1003-1030.
- Herzer, D., H. Strulik and S. Vollmer (2012) The Long-Run Determinants of Fertility: One Century of Demographic Change 1900-1999. *Journal of Economic Growth*, 17(4): 357-385.
- Ruhm, C. (2000) Are Recessions Good For Your Health? *Quarterly Journal of Economics*, 115(2): 617-650.
- Young, A. (2005) The Gift of the Dying: The Tragedy of AIDS and the Welfare of Future African Generations. *Quarterly Journal of Economics*, 120(2): 423-466.

7. Growth, Inequality and Poverty Linkages (Klasen)

Lecture:

- Bourguignon F. (2002) The growth elasticity of poverty reduction: explaining heterogeneity across countries and time periods, In T. Eicher and S. Turnovsky, Growth and Inequality, Boston: MIT Press.
- Galor O. and J. Zeira (1993) Income distribution and macroeconomics, *Review of Economic Studies*, 60: 35-52.
- Deininger K. and L. Squire (1998), New Ways of Looking at Old Issues: Inequality and Growth. *Journal of Development Economics*, 57 (2): 259-287.
- Forbes K. (2000), A Reassessment of the Relationship between Inequality and Growth. *American Economic Review*, 90: 869-887.
- Meier G.M. and J.E. Rauch (2005), Leading Issues in Economic Development. 8th edition (Chapter 8: Income Distribution, pp. 433-488), Oxford: Oxford University Press.*
- Ray D. (1998): Development Economics (Chapter 6: Economic Inequality, pp. 169-196 / Chapter 7: Inequality and Development, pp. 197-248), Princeton: Princeton University Press.*

Tutorial:

- Klasen, S. and M. Misselhorn (2008) Determinants of the growth semi-elasticity of poverty reduction, Ibero-America Institute Working Paper (forthcoming).
- Kraay A. (2004), When is growth pro-poor? Evidence from a panel of countries. Mimeo, World Bank, Washington D.C. *Journal of Development Economics*, 80(1): 198-227.
- Klasen, S. (2006) Economic Growth and Poverty Reduction, Measurement issues in income and non-income dimensions. *World Development* 36(3): 420-45 (2008).
- Ferreira, F. and J. Gignoux (2011) The Measurement of Inequality of Opportunity: Theory and Application to Latin America, *Review of Income and Wealth*

8. Gender Bias (Klasen)

Lecture:

- Klasen, S. and C. Wink (2003) Missing Women: Revisiting the Debate, *Feminist Economics* 9: 263-300.

- Lagerlöf, NP (2003) Gender Equality and Long-Run Growth, *Journal of Economic Growth*, 8, 2003, pp. 403-426.
- Klasen, S (2002) Low Schooling for Girls, slower Growth for All?, *World Bank Economic Review* 16: 345-373.
- Anderson, S. and D. Ray (2010). Missing Women: Age and Disease. Review of Economic Studies.
- Klasen, S. And S. Vollmer: Missing Women: Age and Disease: A Correction. Mimeographed.
- Klasen, S. (2008) Missing women: Some recent controversies on levels and trends in gender bias in mortality In Basu, K. and R. Kanbur (eds.) *Arguments for a better world: Essays in honour of Amartya Sen*. Oxford: Oxford University Press 280-299.
- Asfaw, Klasen, Lamanna (2009) Intrahousehold health care financing strategy and the gender gap: Empirical evidence from India. *Health Economics*(early view, DOI10.1002/hec.1468, 2009)

Tutorial:

- Knowles, Lorgelly, and Owen (2002) Are Educational Gender Gaps a Brake on Economic Development?, *Oxford Economic Papers* 54 118-149.
- Klasen, S. and F. Lamanna: Gender inequality in education and employment and economic growth: new evidence for developing countries. *Feminist Economics* 15(3): 91-132 (2009)
- Galor, O. and D. Weil (1996) The Gender Gap. Fertility and Growth. *AER* 86 (3): 374-387.
- Oster, E. (2008) Does increased access increase equality? Gender and child health investments in India, NBER Working Paper Series, N°12743.
- Anderson and Ray (2010) Missing Women: Age and Disease. Review of Economic Studies
- Klasen and Vollmer (2012) Missing Women: Age and Disease, A Correction. Mimeographed, University of Göttingen.

9. Behavioral Development Economics (Ibanez)

Lecture:

- Mullainathan S, Thaler R. Behavioral Economics. In: International Encyclopedia of Social Sciences. Pergamon Press; 2001. p. 1094-1100.
- Cardenas, J.C. and Carpenter, J. 2008. Behavioral development Economics: Lessons from field labs in the developing world. *Journal of Development Studies*. 44 (3): 311-338
- Ostrom, E 2006. The value-added of laboratory experiments for the study of institutions and common-pool resources. *Journal of Economic Behavior & Organization*. 61 (2):149-163.

10. Why and How to experiment (Ibanez)

Lecture:

- Angrist, J.D. and Pischke, J.S. 2009. Mostly harmless econometrics: An empiricist's companion. Princeton Univ Pr}
- Croson, R. Why and how to experiment: Methodologies from Experimental Economics.
- Ehmke, M. Shogren, J. 2008. Experimental methods for environmental and development economics. *Environmental and Development Economics*. 14(04) 419-456
- Banerjee, A. and Duflo, E. 2008. The experimental approach to development economics. National Bureau of Economic Research Cambridge, Mass.
- Harrison, G. and List, J. 2004. Field Experiments. *Journal of Economic Literature*. 42 (December) 1009-1055.
- Levitt, Steven D., and John A. List. "Field Experiments in Economics: The Past, the Present, and the Future." NBER Working Paper 14356, September 2008.

11. Risk Sharing(Ibanez)

Lecture:

- Attanasio, O., Barr, A. Cardenas, JC., Genicot, G., Meghir, C. 2008. Group Formation and Risk Pooling in a Field Experiment. *Mimeogr.*, Georgetown University
- Barr, A. and Dekker, M. and Fafchamps, M. 2008. Risk sharing relations and enforcement mechanisms. The Centre for the Study of African Economies *Working Paper Series* 294.
- Bhattamishra, R. Barrett, C. 2008. Community-based Risk Management Arrangements: An Overview and Implications for Social Fund Programs. SP. Discussion Paper 830. World Bank.

- Bone, J. and Hey, J. and Suckling, J. 2004. A simple risk-sharing experiment. *Journal of Risk and Uncertainty*. 28 (1):23-38.
- Dercon, S. 2005 *Insurance against poverty*. Oxford University Press, USA
- Leider, S. and Möbius, M.M. Rosenblat, T. Do, Q.A. 2009. Direct altruism and enforced reciprocity in Social networks.
- Ligon and Schechter. 2009. The value of social networks in rural Paraguay. Unpublished manuscript.
- Selten, R. and Ockenfels, A. 1998. An experimental solidarity game. *Journal of economic behavior & organization*: 34:517-539

12. Designing and conducting experiments (Riener)

Lecture

- Croson, R. 2005. The method of Experimental Economics. *International Negotiation* 10:131-148.
- Croson, R. Why and how to experiment: Methodologies from Experimental Economics.
- Duflo, E, Glennerster R., Kremer, M, 2007. Using Randomization in Development Economics Research: A Toolkit *Handbook of Development Economics Vol 4*, pp 3895-3962
- Fiore, A. 2009. *Experimental Economics: Some Methodological Notes*
- Friedman D. And Cassar A. 2010. *Economics Lab. An Intensive course in experimental economics*.