

Syllabus: Advanced Development Economics

PhD/Advanced Master Course (M.WIWI-VWL.0019.Mp)

Winter Semester 2023/2024

12 February 2024 - 12 April 2024

(as of October 17, 2023)

Teaching faculty

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1. General Information

1.1 Course overview

This course provides an in-depth analysis of current research on selected critical issues in development economics at the graduate level. The course covers topics on new directions of research in macro-economic and micro-economic aspects of development as well as methodological aspects of econometric analyses and policy evaluations.

Some familiarity with development issues (e.g., Development Economics I, II) as well as background in micro and macro theory and empirical economics is desirable. The course is open to Ph.D. and advanced master students in economics, applied statistics, agricultural economics, and related disciplines.

1.2 Credit points

6 ECTS credit points

1.3 Examination and grading of the module

The grading consists of two components:

- Oral presentations of a research article [2C]
- Two essays (max. 4 pages each) in the form of referee reports on two other scientific articles that are assigned to the students

In order to earn ECTS credits, you must present and discuss research articles in the tutorial (selected from the literature under the tutorials section) and write two essays.

- **Presentations.** Students have to present one paper and discuss two papers presented by their peers. Each presentation should be approx. 20 minutes. The grade of the presentation will be based on the presentation of
 - context and background
 - data
 - methodology
 - implications and conclusions
 - referee report-style discussion of the paper
 - your own thoughts about the paper.

Students need to send their presentation to Sarah Langlotz and their assigned discussants at least 48h before the presentation time. You will have to upload the presentation to Stud.IP after the tutorial session in which you presented.

- **Essays.** Each student gets randomly assigned two papers in the form of a take-home exam and has to complete two referee reports between 8am-8pm on April 12th, 2024.

1.5 Registration

Please select three papers for possible presentations from the tutorial list (highlighted in grey) below and state your ordered preferences by email to sarah.langlotz@uni-goettingen.de by **February 14, 2024** (23:59). We will then assign 1 paper for your presentation, which we will announce by February 19, 2024.

Please register for the course on Stud.IP (<https://www.studip.uni-goettingen.de/>) so that you receive all pertinent information in due time (e.g., registration, virtual meetings). 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:

You are a guest student for the course Advanced Development Economics (course number: 800968) and will require access to Stud.IP from February to May 2024. If they require permission from the course instructor, please forward the email to sarah.langlotz@uni-goettingen.de.

Students of the University of Göttingen need to register for the exam via FlexNow. All other students need to register for the exam by sending an e-mail to sarah.langlotz@uni-goettingen.de.

2. Course overview

2.1 Description of the teaching and learning methods

The lecture is supplemented by self-study based on provided materials and literature. The accompanying tutorial (*Übung*) complements the lecture content. The course is split in lectures and tutorials. **The course language is English.**

2.2 Meetings

Please register for the course on Stud.IP so that you receive all pertinent information on possible changes in due time.

Date	Time	Location	Type	Lecturer	Topic
12.02.2024	14:00-16:00	Zoom		Langlotz	Obligatory Introductory Class
14.02.2024	-23:59				Submission of Preferences for Paper Presentation (see Section 1.5)
29.02.2024	15:00-16:00	Zoom		Guest Lecture	3D Seminar with Esther Duflo and Cina Lawso: Good Economics of Warmer Times
04.03.2024	10:00-12:00 c.t.	ZHG002	Lecture	Kis-Katos	1. Measuring Development
	14:00-16:00 c.t.	ZHG002	Lecture	Kis-Katos	2. Trade Policy and Local Development
05.03.2024	10:00-12:00 c.t.	ZHG002	Lecture	Kis-Katos	3. International Migration and Development
	14:00-16:00 c.t.	ZHG002	Tutorial	Langlotz	Discussion of Guest Lecture
06.03.2024	10:00-12:00 c.t.	ZHG002	Lecture	Langlotz	4. Media and Political Outcomes
	14:00-16:00 c.t.	ZHG002	Lecture	Ibanez	5. Behavioral Development Economics
	16:00-18:00 c.t.	ZHG002	Tutorial	Langlotz	Student Topics
07.03.2024	10:00-12:00 c.t.	ZHG002	Lecture	Langlotz	6. Conflict and Development
	14:00-16:00 c.t.	ZHG002	Lecture	Ibanez	7. The Psychology of Poverty
08.03.2024	09:00-17:00 c.t.	VGO.110	Tutorial	Langlotz	Topics 1-7
25.03.2024	14:00-16:00 c.t.	ZHG002	Lecture	Fuchs	8. Politics of Development Aid
	16:00-18:00 c.t.	ZHG002	Lecture	Fuchs	9. Effectiveness of Development Aid
26.03.2024	10:00-12:00 c.t.	ZHG002	Lecture	Fuchs	10. International Financial Institutions
	14:00-16:00 c.t.	ZHG002	Lecture	Strulik	11. Modern vs. Pre-Modern Growth
	16:00-18:00 c.t.	ZHG002	Lecture	Strulik	12. The Demographic Transition and History Augmented Solow Model
27.03.2024	14:00-16:00 c.t.	ZHG002	Lecture	Strulik	13. Human Physiology, Development, and the Reversal of Fortune
	16:00-18:00 c.t.	ZHG002	Lecture	Strulik	14. The Past and Future of Knowledge-Based Growth
28.03.2024	09:00-17:00 c.t.	ZHG002	Tutorial	Langlotz	Topics 8-14
12.04.2024	08:00-20:00 s.t.		Take-Home Exam	Langlotz	Referee Reports

3. Literature

3.1 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 C. Udry. 1999. *Development Microeconomics*. Oxford: Oxford University Press.
- § Banerjee, A., and E. Duflo. 2011. *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*. New York City: PublicAffairs.
- Kremer, M., G. Rao, and F. Schilbach. 2019. *Behavioral Development Economics. Handbook of Behavioral Economics, 2nd edition*. Elsevier.

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

3.2 Readings per lecture and corresponding tutorial

We expect you to read the key readings highlighted with an asterisk (*) before the respective lecture. This will allow us to engage in a vivid discussion about each paper's merits and limitations.

1. Measuring Development (Kis-Katos)

Lecture

- * Burke, M., A. Driscoll, D.B. Lobell, and S. Ermon. 2021. Using Satellite Imagery to Understand and Promote Sustainable Development. *Science* 371 (6535).

Additional material

- Aiken, E., S. Bellue, D. Karlan, C.R. Udry, and J. Blumenstock. 2022. Machine Learning and Mobile Phone Data Can Improve the Targeting of Humanitarian Assistance. *Nature*, 603: 864-870.
- Chi, G., H. Fang, S. Chatterjee, and J.E. Blumenstock. 2021. Micro-Estimates of Wealth for all Low- and Middle-Income Countries. *Proceedings of the National Academy of Sciences*, 119(3) e2113658119.
- Huang, L.Y., S.M. Hsiang, and M. Gonzalez-Navarro. 2021. Using Satellite Imagery and Deep Learning to Evaluate the Impact of Anti-Poverty Programs. *NBER Working Paper Series* 29070. National Bureau of Economic Research, Cambridge, Mass.
- Ratledge, N., G. Cadamuro, B. de la Cuesta, M. Stigler and M. Burke. 2022. Using Machine Learning to Assess the Livelihood Impact of Electricity Access. *Nature* 611: 491–495.
- Sherman, L., J. Proctor, H. Druckenmiller, H. Tapia, and S.M. Hsiang. 2023. Global High-Resolution Estimates of the United Nations Human Development Index Using Satellite Imagery and Machine-learning, *NBER Working Paper* No. 31044, National Bureau of Economic Research, Cambridge, Mass.
- Wölk, F., Yuan, T., Kis-Katos, K. and F. Xiaoming. 2023. A temporal-spatial analysis on the socioeconomic development of rural villages in Thailand and Vietnam based on satellite image data, *Computer Communications*, <https://doi.org/10.1016/j.comcom.2023.02.017>.

2. Trade Policy and Local Development (Kis-Katos)

Lecture

* Dix-Carneiro, R. and B. K. Kovak. 2023. Globalization and Inequality in Latin America. *NBER Working Paper* No. 31459, National Bureau of Economic Research, Cambridge, Mass.

Additional material

Adão, R., M. Kolesár, and E. Morales. 2019. Shift-Share Designs: Theory and inference. *Quarterly Journal of Economics* 134 (4): 1949-2010.

Atkin, D., and A.K. Khandelwal. 2020. How Distortions Alter the Impact of International Trade in Developing Countries. *Annual Review of Economics* 12: 213-238.

Campante, F., D. Yanagizawa-Drott. 2018. Long-Range Growth: Economic Development in the Global Network of Air Links, *Quarterly Journal of Economics*, 133 (3): 1395-1458.

Desmet, K., and J.F. Gomes. 2023. Ethnic Remoteness Reduces the Peace Dividend from Trade Access. *NBER Working Paper* No. 30862, National Bureau of Economic Research, Cambridge, Mass.

Wang, F., Kis-Katos, K. and M. Zhou. 2022. Trade Liberalization and the Gender Employment Gap in China, *Journal of Human Resources*, <https://doi.org/10.3368/jhr.1220-11399R3>.

3. International Migration and Development (Kis-Katos)

Lecture

* Becker, S.O., I. Grosfeld, P. Grosjean, N. Voigtländer, and E. Zhuravskaya. 2020. Forced Migration and Human Capital: Evidence from Post-WWII Population Transfers. *American Economic Review* 110 (5), 1430-1463.

Additional material

Abramitzky, R., T. Baseler, and I. Sin. 2022. Persecution and Migrant Self-Selection: Evidence from the Collapse of the Communist Bloc. *NBER Working Paper* No. 30204, National Bureau of Economic Research, Cambridge, Mass.

Bazzi, S., L.A. Cameron, S.G. Schaner, and Witoelar, F. 2021. Information, Intermediaries, and International Migration. IZA DP No. 14945, IZA Institute of Labor Economics. Bonn.

Cha'Ngom, N., C. Deuster, F. Docquier, J. Machado. 2023. Selective Migration and Economic Development: A Generalized Approach. IZA DP No. 16222, IZA Institute of Labor Economics. Bonn.

Escamilla-Guerrero, D., E. Kosack, and Z. Ward. 2023. The Impact of Violence during the Mexican Revolution on Migration to the United States. *NBER Working Paper* No. 31531, National Bureau of Economic Research, Cambridge, Mass.

Gazeaud, J., E. Mvukiyehe, and O. Sterck. 2023. Cash Transfers and Migration: Theory and Evidence from a Randomized Controlled Trial. *Review of Economics and Statistics*: 105 (1): 143–157.

4. Media and Political Outcomes (Langlotz)

Lecture

* Guriev, S., N. Melnikov, and E. Zhuravskaya. 2020. 3G Internet and Confidence in Government. *The Quarterly Journal of Economics* 136 (4): 2533-2613. doi: 10.1093/qje/qjaa040.

Additional material

Durante, R., P. Pinotti, and A. Tesei. 2019. The Political Legacy of Entertainment TV. *American Economic Review* 109 (7): 2497–2530.

Dietrich, N., and K. Eck. 2020. Known Unknowns: Media Bias in the Reporting of Political Violence. *International Interactions* 46 (6): 1043–1060.

5. Behavioral Development Economics (Ibanez)

Lecture

Kremer, M., Rao, G. and Schilbach, F., 2019. Behavioral development economics. In *Handbook of Behavioral Economics: Applications and Foundations 1* (Vol. 2, pp. 345-458). North-Holland.

Demeritt, A.D. and Hoff, K., 2018. The Making of Behavioral Development Economics. World Bank Policy Research Working Paper, (8317).

Datta, S. and Mullainathan, S., 2014. Behavioral design: a new approach to development policy. *Review of Income and Wealth*, 60(1), pp.7-35.

Demeritt, A. and Hoff, K., 2016. “Small Miracles”—Behavioral Insights to Improve Development Policy: The World Development Report 2015. In *Contemporary Issues in Development Economics* (pp. 19-43). Palgrave Macmillan, London.

Additional material

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>.

6. Conflict and Development (Langlotz)

Lecture

* Berman, N., and M. Couttenier. 2015. External Shocks, Internal Shots: The Geography of Civil Conflicts. *Review of Economics and Statistics* 97 (4): 758–776.

Additional material

Blair, G., D. Christensen, and A. Rudkin. 2021. Do Commodity Price Shocks Cause Armed Conflict? A Meta-Analysis of Natural Experiments. *American Political Science Review* 115 (1): 1-8.

Dell, M., and P. Querubin. 2018. Nation Building Through Foreign Intervention: Evidence from Discontinuities in Military Strategies. *The Quarterly Journal of Economics* 133 (2): 701-764.

7. The Psychology of Poverty (Ibanez)

Lecture

Dean, E., Schilbach, F. and Schofield, H., 2016. Poverty and cognitive function. In Barrett, C.B., Carter, M., Chavas, J.P. and Carter, M.R. eds., 2019. *The economics of poverty traps*. University of Chicago Press.

Schilbach, F., Schofield, H. and Mullainathan, S., 2016. The psychological lives of the poor. *American Economic Review*, 106(5), pp.435-40.

Additional material

Bessone, P., Rao, G., Schilbach, F., Schofield, H. and Toma, M., 2020. The Economic Consequences of Increasing Sleep Among the Urban Poor (No. w26746). National Bureau of Economic Research.

Mullainathan, S. and Shafir, E., 2013. *Scarcity: Why having too little means so much*. Macmillan.

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)

8. Politics of Development Aid (Fuchs)

Lecture

* Budjan, A.J., and A. Fuchs. 2021. Democracy and Aid Donorship. *American Economic Journal: Economic Policy* 13 (4): 217-238.

Additional material

Alesina, A., and D. Dollar. 2000. Who Gives Foreign Aid to Whom and Why? *Journal of Economic Growth* 5 (1): 33-63.

Doucouliaagos, H. 2019. The Politics of International Aid. In *The Oxford Handbook of Public Choice* Volume 2 edited by R.D. Congleton, B. Grofman, and S. Voigt. New York, NY: Oxford University Press.

9. Effectiveness of Development Aid (Fuchs)

Lecture

* Galiani, A., S. Knack, L.C. Xu, and B. Zou. 2017. The Effect of Aid on Growth: Evidence from a Quasi-Experiment. *Journal of Economic Growth* 22: 1-33.

Additional material

Burnside, C. and D. Dollar. 2000. Aid, Policies, and Growth. *American Economic Review* 90 (4): 847-868.

Doucouliaagos, H. and M. Paldam. 2009. The Aid Effectiveness Literature: The Sad Results of 40 Years of Research. *Journal of Economic Surveys* 23 (3): 433-461.

Easterly, W. 2003. Can Foreign Aid Buy Growth? *Journal of Economic Perspectives* 17 (3): 23-48.

10. International Financial Institutions (Fuchs)

Lecture

- * Lang, V. 2020. The Economics of the Democratic Deficit: The Effect of IMF Programs on Inequality. *Review of International Organizations* 16: 599-623.

Additional material

Dreher, Axel and Valentin Lang. 2019. The Political Economy of International Organizations. In: Roger D. Congleton, Bernard Grofman, and Stefan Voigt (eds)., *The Oxford Handbook of Public Choice*, Volume 2, pp. 607-652, Oxford University Press.

11. 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 O. Galor. 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.

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

Lecture

- * Dalgaard, C. J., and H. Strulik. 2013. The History Augmented Solow Model. *European Economic Review* 63: 134-149.
- Lee, R. 2003. The Demographic Transition: Three Centuries of Fundamental Change. *The Journal of Economic Perspectives* 17 (4): 167-190.
- Madsen, J. B., and H. Strulik. 2022. Testing Unified Growth Theory: Technological Progress and the Child Quantity–Quality Trade-Off. *Quantitative Economics*, forthcoming, <https://qeconomics.org/ojs/forth/1751/1751-3.pdf>
- Reher, D. S. 2004. The Demographic Transition Revisited as a Global Process. *Population, Space and Place* 10 (1): 19-41.

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

Lecture

- * Dalgaard, C. J., J.B. Madsen, and H. Strulik. 2021. Physiological Constraints and the Transition to Growth: Implications for Comparative Development. *Journal of Economic Growth* 26 (3): 1-49.
- Dalgaard, C. J., and H. Strulik. 2016. Physiology and Development: Why the West is Taller than the Rest. *Economic Journal* 126 (598): 2292-2323.
- Dalgaard, C. J., and H. Strulik. 2015. The Physiological Foundations of the Wealth of Nations. *Journal of Economic Growth* 20 (1): 37-73.

14. The Past and Future of Knowledge-Based Growth (Strulik)

Lecture

- * Strulik, H., K. Pretzner, and A. Prskawetz. 2013. The Past and Future of Knowledge-Based Growth. *Journal of Economic Growth* 18 (4): 411-437.