

# Topics in Development Economics

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## Introduction

This course will introduce the methods of micro-econometrics and cover the topics in development economics. The goals of this course are (1) to get the sense of applied micro-econometrics and (2) to understand the frontier of the each topic in development economics. The main targets of this course are students who want to be researchers, but other students, for example, those who want to be policymakers, business/NGO leaders, or data scientists, are also welcome.

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*You should send your email from your university email account with a title including "[question]". Otherwise, I may miss your email.*
- Grades: Presentation (20-30 min) 50 % + Class participation 40 % + Homework 10 %
- Prerequisite: Knowledge of micro econometrics at the level of Wooldridge's Graduate-level Econometrics is recommended. (You should be able to explain what is OLS, conditional expectation, consistency, unbiasedness, etc.)
- Textbook: None. You have to read "Required" readings and papers before the lectures.

## Reading List

### Topic 1 (3 lectures): Motivations of Development Economics and Causal Inference

Requirement:

- Khandker, S. R., Koolwal, G. B., and Samad, H. A. (2009). *Handbook on Impact Evaluation: Quantitative Methods and Practices*. World Bank Publications, Washington, D.C, 1st edition

except Ch 4 (propensity score matching).

Other suggested books and papers on causal inference (program evaluation) are

- Abadie, A. and Cattaneo, M. (2018). Econometric Methods for Program Evaluation. *Annual Review of Economics*, 10

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- Angrist, J. D. and Pischke, J.-S. (2008). *Mostly Harmless Econometrics: An Empiricist's Companion*. Princeton University Press, 1 edition
- Imbens, G. W. and Wooldridge, J. M. (2009). Recent Developments in the Econometrics of Program Evaluation. *Journal of Economic Literature*, 47(1):5–86

These two books focus more on how to design your experiment.

- Gerber, A. S. and Green, D. P. (2012). *Field Experiments: Design, Analysis, and Interpretation*. W. W. Norton & Company, New York
- Dufló, E., Glennerster, R., and Kremer, M. (2007). Chapter 61 Using Randomization in Development Economics Research: A Toolkit. In Strauss, T. P. S. a. J. A., editor, *Handbook of Development Economics*, volume 4, pages 3895–3962. Elsevier

This paper is a practitioner's guide of RD design.

- Cattaneo, M. D., Idrobo, N., and Titiunik, R. (2017). A Practical Introduction to Regression Discontinuity Designs

The papers I will cover as examples are:

- Angrist, J. D. and Krueger, A. B. (1991). Does Compulsory School Attendance Affect Schooling and Earnings? *The Quarterly Journal of Economics*, 106(4):979–1014
- Angrist, J. D. and Lavy, V. (1999). Using Maimonides' Rule to Estimate the Effect of Class Size on Scholastic Achievement. *The Quarterly Journal of Economics*, 114(2):533–575. ArticleType: primary\_article / Full publication date: May, 1999 / Copyright © 1999 The MIT Press
- Lee, D. S. (2008). Randomized experiments from non-random selection in U.S. House elections. *Journal of Econometrics*, 142(2):675–697
- Burgess, R. and Pande, R. (2005). Do Rural Banks Matter? Evidence from the Indian Social Banking Experiment. *American Economic Review*, 95(3):780–795

Japanese books are also available as an alternative to Khandker et al. (2009). I would recommend "データ分析の力 因果関係に迫る思考法 (光文社新書)" written by 伊藤 公一朗 as an excellent introduction to applied micro econometrics.

## Topic 2 (2 lectures): Historical Institution and Development

Requirement:

- Acemoglu, D., Johnson, S., and Robinson, J. A. (2001). The Colonial Origins of Comparative Development: An Empirical Investigation. *American Economic Review*, 91(5):1369–1401

Covered papers:

- Dell, M. (2010). The Persistent Effects of Peru's Mining Mita. *Econometrica*, 78(6):1863–1903
- Michalopoulos, S. and Papaioannou, E. (2013). National Institutions and Subnational Development in Africa. *Quarterly Journal of Economics*, 129(1):151–213

- Lowes, S., Nunn, N., Robinson, J. A., and Weigel, J. (2017). The Evolution of Culture and Institutions: Evidence from the Kuba Kingdom. *Econometrica*, Forthcoming

Other suggested papers:

- Acemoglu, D., Cantoni, D., Johnson, S., and Robinson, J. A. (2011). The Consequences of Radical Reform: The French Revolution. *American Economic Review*, 101(7):3286–3307
- Dell, M., Lane, N., and Querubin, P. (2015). State Capacity, Local Governance, and Economic Development in Vietnam. Mimeo
- Nunn, N. and Wantchekon, L. (2011). The Slave Trade and the Origins of Mistrust in Africa. *American Economic Review*, 101(7):3221–3252
- Nunn, N. (2014). Historical Development. In *Handbook of Economic Growth*, volume 2, pages 347–402. Elsevier
- Becker, S. O., Boeckh, K., Hainz, C., and Woessmann, L. (2016). The Empire Is Dead, Long Live the Empire! Long-Run Persistence of Trust and Corruption in the Bureaucracy. *The Economic Journal*, 126(590):40–74

### Topic 3 (2 lectures): Property Rights

Requirement:

- Hornbeck, R. (2010). Barbed Wire: Property Rights and Agricultural Development. *Quarterly Journal of Economics*, 125(2):767–810

Covered papers:

- Besley, T. J. (1995). Property Rights and Investment Incentives: Theory and Evidence from Ghana. *Journal of Political Economy*, 103(5):903–37
- Field, E. (2005). Property Rights and Investment in Urban Slums. *Journal of the European Economic Association*, 3(2-3):279–290
- Fetzer, T. and Marden, S. (2016). Take What You Can: Property Rights, Contestability and Conflict. *Economic Journal*, forthcoming

Other suggested papers:

- Field, E. (2007). Entitled to Work: Urban Property Rights and Labor Supply in Peru. *Quarterly Journal of Economics*, 122(4):1561–1602
- Goldstein, M. and Udry, C. (2008). The Profits of Power: Land Rights and Agricultural Investment in Ghana. *The Journal of Political Economy*, 116(6):981–1022. ArticleType: research-article / Full publication date: December 2008 / Copyright © 2008 The University of Chicago Press
- Besley, T. and Ghatak, M. (2010). Property Rights and Economic Development. In *Handbooks in Economics*, volume 5, pages 4525–4595. Elsevier

- Lilienfeld-Toal, U. v., Mookherjee, D., and Visaria, S. (2012). The Distributive Impact of Reforms in Credit Enforcement: Evidence From Indian Debt Recovery Tribunals. *Econometrica*, 80(2):497–558
- Ponticelli, J. (2012). Court Enforcement and Firm Productivity: Evidence from a Bankruptcy Reform in Brazil. *Available at SSRN*
- Di Tella, R., Galiani, S., and Schargrodsky, E. (2007). The Formation of Beliefs: Evidence from the Allocation of Land Titles to Squatters. *Quarterly Journal of Economics*, 122(1):209–241
- Galiani, S. and Schargrodsky, E. (2010). Property Rights for the Poor: Effects of Land Titling. *Journal of Public Economics*, 94(9-10):700–729

#### **Topic 4 (2 lectures): Infrastructure and Development**

Requirement:

- Jensen, R. (2007). The Digital Divide: Information (Technology), Market Performance, and Welfare in the South Indian Fisheries Sector. *Quarterly Journal of Economics*, 122(3):879–924

Covered papers:

- Duflo, E. and Pande, R. (2007). Dams. *Quarterly Journal of Economics*, 122(2):601–646
- Dinkelman, T. (2011). The Effects of Rural Electrification on Employment: New Evidence from South Africa. *American Economic Review*, 101(7):3078–3108
- Fujiwara, T. (2015). Voting Technology, Political Responsiveness, and Infant Health: Evidence From Brazil. *Econometrica*, 83(2):423–464

Other suggested papers:

- Donaldson, D. (2017). Railroads of the Raj: Estimating the Impact of Transportation Infrastructure. *American Economic Review*, forthcoming
- Jensen, R. and Oster, E. (2009). The Power of TV: Cable Television and Women’s Status in India. *Quarterly Journal of Economics*, 124(3):1057–1094
- Donaldson, D. and Hornbeck, R. (2016). Railroads and American Economic Growth: A ‘Market Access’ Approach. *Quarterly Journal of Economics*, 131(2):799–858
- Burgess, R. and Donaldson, D. (2010). Can Openness Mitigate the Effects of Weather Shocks? Evidence from India’s Famine Era. *American Economic Review*, 100(2):449–453

#### **Topic 5 (2 lectures): Technology and Development**

Requirement:

- Conley, T. G. and Udry, C. R. (2010). Learning about a New Technology: Pineapple in Ghana. *American Economic Review*, 100(1):35–69

Covered papers:

- Gine, X. and Yang, D. (2009). Insurance, Credit, and Technology Adoption: Field Experimental Evidence from Malawi. *Journal of Development Economics*, 89(1):1–11
- Atkin, D., Chaudhry, A., Chaudry, S., Khandelwal, A. K., and Verhoogen, E. (2017). Organizational Barriers to Technology Adoption: Evidence from Soccer-Ball Producers in Pakistan. *Quarterly Journal of Economics*, 132(3):1101–1164

Other suggested readings:

- Foster, A. D. and Rosenzweig, M. R. (1995). Learning by Doing and Learning from Others: Human Capital and Technical Change in Agriculture. *Journal of Political Economy*, 103(6):1176–1209. ArticleType: primary\_article / Full publication date: Dec., 1995 / Copyright © 1995 The University of Chicago Press
- Suri, T. (2011). Selection and Comparative Advantage in Technology Adoption. *Econometrica*, 79(1):159–209
- Bloom, N., Eifert, B., Mahajan, A., McKenzie, D., and Roberts, J. (2011). Does Management Matter? Evidence from India. NBER Working Paper 16658, National Bureau of Economic Research, Inc
- Comin, D. and Hobijn, B. (2010). An Exploration of Technology Diffusion. *American Economic Review*, 100(5):2031–2059
- Liu, E. M. (2013). Time to Change What to Sow: Risk Preferences and Technology Adoption Decisions of Cotton Farmers in China. *Review of Economics and Statistics*, 95(4):1386–1403

## **Topic 6 (2 lectures): Civil War / Conflict**

Requirement:

- Miguel, E., Satyanath, S., and Sergenti, E. (2004). Economic Shocks and Civil Conflict: An Instrumental Variables Approach. *Journal of Political Economy*, 112(4):725–753

Covered papers:

- Miguel, E. and Roland, G. (2011). The long-run impact of bombing Vietnam. *Journal of Development Economics*, 96(1):1–15
- Dube, O. and Vargas, J. F. (2013). Commodity Price Shocks and Civil Conflict: Evidence from Colombia. *Review of Economic Studies*, 80(4):1384–1421

Other suggested readings:

- Miguel, E., Satyanath, S., and Sergenti, E. (2004). Economic Shocks and Civil Conflict: An Instrumental Variables Approach. *Journal of Political Economy*, 112(4):725–753
- Nunn, N. and Qian, N. (2014). US Food Aid and Civil Conflict. *American Economic Review*, 104(6):1630–1666

## Topic 7 (2 lectures): Fragmentation, Ethnic Favoritism and Nation Building

### Requirement:

- Burgess, R., Jedwab, R., Miguel, E., Morjaria, A., and Padró i Miquel, G. (2015). The Value of Democracy: Evidence from Road Building in Kenya. *American Economic Review*, 105(6):1817–1851

### Covered papers:

- Michalopoulos, S. (2012). The Origins of Ethnolinguistic Diversity. *American Economic Review*, 102(4):1508–1539
- Bazzi, S., Gaduh, A., Rothenberg, A., and Wong, M. (2017). Unity in Diversity? Ethnicity, Migration, and Nation Building in Indonesia
- Hjort, J. (2014). Ethnic Divisions and Production in Firms. *Quarterly Journal of Economics*, 129(4):1899–1946

### Other suggested readings:

- Alesina, A., Devleeschauwer, A., Easterly, W., Kurlat, S., and Wacziarg, R. (2003). Fractionalization. *Journal of Economic Growth*, 8(2):155–194
- Tilly, C., editor (1975). *The Formation of National States in Western Europe*. Number 8 in Studies in Political Development. Princeton University Press, MA, 1st edition
- Besley, T. and Persson, T. (2011). *Pillars of Prosperity: the Political Economics of Development Clusters*. Princeton University Press, Princeton, NJ
- Depetris-Chauvín, E. and Durante, R. (2017). One Team, One Nation: Football, Ethnic Identity, and Conflict in Africa. SSRN Scholarly Paper ID 3028599, Social Science Research Network, Rochester, NY
- Bazzi, S. and Gudgeon, M. (2018). The Political Boundaries of Ethnic Divisions. Technical report, CEPR Discussion Papers