

# **ECON 5254: Applied Development Economics II**

## ***Winter 2019 Course Syllabus***

Mondays and Wednesdays 13:05-14:25, LSC-COMMON AREA C214

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**Office hours:** Wednesdays 14:30-16:00 (no appointment needed during this time). Meetings at any other time must be arranged in advance, preferably via e-mail.

**Course Description:**

This course is one of the core courses of the Master of Development Economics (MDE) degree. The aim of this course is to provide an overview of the current literature on the microeconomic foundations of development as well as the literature explaining the macroeconomic factors hindering economic growth. Topics covered include the role of human capital (health, education), the functioning of factor markets, the role of institutions in mediating change and paths for sustainable growth, economics of conflict and women empowerment. On the methodological side, we will examine econometric techniques that researchers have used to identify causal relationships (ordinary least square, panel data, instrumental variables, randomized experiments, difference-in-differences, regression discontinuity design).

**Learning Outcomes:**

- Students will attain, through lectures, readings, weekly writing, problem sets, the knowledge of the foundation of development economics.
- Students will be able to critically assess and analyze the scholarly articles through weekly writings.
- Students will be able to estimate econometric techniques that are used to identify causal relationships and evaluate their empirical analysis.
- Students will produce an independent research paper tackling the pressing issues in development through synthesizing the causal estimation techniques, data from developing countries and economic reasoning.

**Requirements and Grading:**

1. Midterm: 20% (in class on Wednesday, February 27)
2. Final: 30% (10:00-13:00 on Tuesday, April 9)
3. 5 Bi-Weekly Writing: 10% (500 word mini-essays) (5 in total)
4. 5 Assignments: 30% (Each worth 6%)
5. Presentation: 10%

**Class Procedure:** Few. Please show up on time. Please leave your phones and pagers and other electronic items OFF. At this level of graduate study, we are trying to engage in a discussion about current research, and we are trying to avoid me simply lecturing. As part of this, you must read the required material **BEFORE** class. Come with questions or ideas that came out of the readings.

**Midterm and Final:** Exams will draw from lectures and papers covered in the class. They are NOT open-book. The final exam will cover the subject matter of the entire course. The midterm will take place during the class time as indicated above. The final will be scheduled after the completion of the class. If you miss

the midterm or the final exam for a valid medical reason, you must notify me immediately, provide an appropriate medical documentation, and make arrangements to write-up exam as soon as health permits.

**Weekly Writing:** Every other week, I'll expect a 500-word mini-essay on a point/ conclusion/ assumption/ argument that you have found interesting from some of our readings. 500 words is about one single-spaced page. You should identify an interesting idea from the readings or class discussion and expand on it. Does it make sense? What are the counter-arguments? Could you test this idea using data? Is there a prevailing counter-argument to this idea? How could this idea be used to motivate new research?

**Assignments:** There will be several homework assignments, usually, which make up 30% of your grade. They will consist of several parts: you would have to carefully read an assigned paper, and then replicate its results in Stata. The assignments will be graded on the "check-/check/check+" basis, which roughly correspond to 60/80/100 points. It's nearly impossible to complete a homework assignment in one day, so I strongly recommend starting early. Only hard copies of homework turned **in prior to class** will be accepted. Homework assignments received after the due date will receive a grade equal to zero. Students are encouraged to work together on problem sets. However, each student must write up his/her own problem set. No copies will be accepted, and this includes programs.

**Presentation:** In the second half of the term, for each reading, a student will be assigned to "present the paper for 45 minutes" and "lead" the discussion on the reading. The class presentation will constitute 10% of your final grade. Class presentations are aimed in increasing your understanding on the question, contribution and main conclusions of the reading. Each student is required to meet me a during the office hours **a week before the presentation** and have their slides and presentation ready in this meeting.

**Grading:** Grades will be determined according to the following scale:

A+	A	A-	B+	B	B-	F
90+	85-89	80-84	77-79	73-76	70-72	<70

*\*Students with permanent or temporary disabilities who would like to discuss classroom or exam accommodations are asked to come and see me as soon as possible.*

I strongly encourage you to attend the Department Seminars which are held Fridays 2:30-4pm (see the department website for the schedule of speakers). Though seminar attendance is not counted in your grade for this class, attending seminars is an excellent way to expose yourself to current research, learn what a research paper comprises, and learn how to give oral presentations.

### **General Readings:**

### **Textbooks:**

- Angrist, Joshua D. and Jorn-Steffen Pischke. 2015. *Mastering Metrics*. Princeton and Oxford: Princeton University Press (**Required**).
- Banerjee, Abhijit and Esther Duflo. 2011. *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*. Public Affairs.

*The following books and seminal articles may be of interest to you.*

- Acemoglu, Daron. 2009. *Introduction to Modern Economic Growth*, Princeton: Princeton University Press.
- Angrist, Joshua D. and Jorn-Steffen Pischke. 2009. *Mostly Harmless Econometrics: An Empiricist's Companion*, Princeton and Oxford: Princeton University Press.
- Duflo, Esther, Rachel Glennerster and Michael Kremer. 2007. "Using randomization in development economics research: a toolkit," CEPR Discussion Paper No. 6059. URL: <http://econ-www.mit.edu/files/806>
- Angrist, Joshua D. and Alan B. Krueger. 1999. "Empirical strategies in labor economics," in *Handbook of Labor Economics*, Volume 3, Ashenfelter, A. and D. Card, eds., Amsterdam: Elsevier Science. URL: <http://www.irs.princeton.edu/pubs/pdfs/401.pdf>

## **COURSE OUTLINE** (*subject to change*):

### **I. Introduction to Economic Development (Lectures 1-5)**

Angrist, Joshua D. and Jorn-Steffen Pischke. 2015. *Mastering Metrics*. Introduction and Chapter 2.

Banerjee, A. and E. Duflo. 2007. "The Economic Lives of the Poor," *Journal of Economic Perspectives* 21(1): 141-167.

Banerjee, A. and E. Duflo. 2011. *Poor Economics: A Radical Rethinking of the Way to fight Global Poverty*. Foreword, Chapter 1 and Chapter 2.

### **II. Institutions and the Historical Roots of Under-development (Lectures 6-11)**

Angrist, Joshua D. and Jorn-Steffen Pischke. 2015. *Mastering Metrics*. Chapter 3.

Acemoglu, Daron. 2009. *Introduction to Modern Economic Growth*, Princeton and Oxford: Princeton University Press. Particularly Chapters 1, 2 and 4.

Acemoglu, Daron, Simon Johnson and James A. Robinson. 2001. "The Colonial Origins of Comparative Development: An Empirical Investigation." *American Economic Review*, 91(5): 1369-1401.

Acemoglu, Daron, Simon Johnson, and James A. Robinson. 2002. "Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution." *Quarterly Journal of Economics*, 117(4): 1231-1294.

Nunn, Nathan. 2008. "The Long-Term Effects of Africa's Slave Trades." *Quarterly Journal of Economics*, 123(1): 139-176.

Michalopoulos, Stelios and Elias Papaioannou. 2013. "Pre-Colonial Ethnic Institutions and Contemporary African Development." *Econometrica*, 81(1): 113-152.

Dell Melissa. 2010. "The Persistent Effects of Peru's Mining Mita." *Econometrica*, 78(6) :1863-1903.

### **III. Gender and Family in Developing World (Lectures 12-16)**

Angrist, Joshua D. and Jorn-Steffen Pischke. 2015. *Mastering Metrics*. Chapter 4.

Banerjee, A. and E. Duflo. 2011. *Poor Economics: A Radical Rethinking of the Way to fight Global Poverty*. Chapter 5.

Sen, Amartya. 1990. "More than 100 Women are missing." *New York Review of Books*.

Qian, Nancy. 2008. "Missing Women and the Price of Tea in China: The Effect of Sex-specific Income on Sex Imbalance." *Quarterly Journal of Economics*, 123(3): 1251-1285.

Akbulut-Yuksel, Mevlude and Daniel Rosenblum. 2012. "The Indian Ultrasound Paradox." IZA DP 6273.

Alesina, Alberto, Paola Giuliano and Nathan Nunn. 2013. "On the Origins of Gender Roles: Women and the Plough." *Quarterly Journal of Economics*, 128(2): 469-530.

Jensen, Robert and Emily Oster. 2009. "The Power of TV: Cable Television and Women's Status in India." *Quarterly Journal of Economics*, 124(3): 1057-1094.

Duflo, Esther. 2003. "Grandmothers and Granddaughters: Old Age Pension on Child and Intra-Household Allocation in South Africa." *World Bank Economic Review*, 17: 1-25.

Chattopadhyay, Raghavendra and Esther Duflo. 2004. "Women as Policy Makers: Evidence from a Randomized Policy Experiment in India." *Econometrica*, 72(5): 1409-1443.

Jayachandran, Seema. 2015. "The Roots of Gender Inequality in Developing Countries." *Annual Review of Economics*, 7: 63-88.

### **IV. Economics of Conflict (Lectures 17-20)**

Angrist, Joshua D. and Jorn-Steffen Pischke. 2015. *Mastering Metrics*. Chapters 5 and 6.

Cattaneo, Matias, Nicholas Idrobo and Rocio Titiunik. 2017. "A Practical Introduction to Regression Discontinuity Designs." *Cambridge Elements: Quantitative and Computational Methods for Social Science*, Cambridge University Press.

Blattman, Christopher and Edward Miguel. 2010. "Civil War." *Journal of Economic Literature*, 48(1): 3–57.

Nunn, Nathan and Nancy Qian. 2014. "U.S. Food Aid and Civil Conflict." *American Economic Review*, 104(6):1630-1666.

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

Akbulut-Yuksel, Mevlude. 2014. "Children of War: The Long-Run Effects of Large-Scale Physical Destruction and Warfare on Children." *Journal of Human Resources*, 49(3): 634-662.

Akbulut-Yuksel, Mevlude and Mutlu Yuksel. 2015. "The Long-Term Direct and External Effects of Jewish Expulsions in Nazi Germany." *American Economic Journal: Economic Policy*, 7(3): 58-85.

Akbulut-Yuksel, Mevlude, Melanie Khamis and Mutlu Yuksel. 2017. "Women Make Houses, Women Make Homes." *Labour Economics*.

## **V. Health, Nutrition and Education in Developing World (Lectures 21-24 if time permits)**

Banerjee, A. and E. Duflo. 2011. *Poor Economics: A Radical Rethinking of the Way to fight Global Poverty*. Chapter 3 and Chapter 4.

Akbulut-Yuksel, Mevlude and Belgi Turan. 2013. "Left Behind: Intergenerational Transmission of Human Capital in the Midst of HIV." *Journal of Population Economics*, 26(4): 1523-1547.

Akbulut-Yuksel, Mevlude. 2017. "War during Childhood: The Long Run Effects of Warfare on Health." *Journal of Health Economics*, 53 (May 2017): 117-130.

Miguel, Edward and Michael Kremer. 2004. "Worms: Identifying Impacts on Education and Health in the Presence of Treatment Externalities." *Econometrica*, 72(1): 159-217.

Jayachandran, Seema and Adriana Lleras-Muney. 2009. "Life Expectancy and Human Capital Investments: Evidence from Maternal Mortality Declines." *Quarterly Journal of Economics*, 124(1): 349-397.

Dupas, Pascaline. 2014. "Short-Run Subsidies and Long-Run Adoption of New Health Products: Evidence from a Field Experiment." *Econometrica*, 82(1): 197-228.

Duflo, Esther. 2001. "Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment." *American Economic Review*, 91: 795-813.

Chaudhury, Nazmul, Jeffrey Hammer, Michael Kremer, Karthik Muralidharan and F. Halsey Rogers. 2006. "Missing in Action: Teacher and Health Worker Absence in Developing Countries." *Journal of Economic Perspectives*, 20(1): 91-116.

Urqiola, Miguel and Eric Verhoogen. 2009. "Class-size Caps, Sorting and the Regression Discontinuity Design." *American Economic Review*, 99(1): 179-215.

Angrist, Joshua D. and Victor Lavy. 1999. "Using Maimonides' Rule to Estimate the Effects of Class Size on Scholastic Achievement." *Quarterly Journal of Economics*, 114: 533-575.