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Spring 2018

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Development Economics

The course treats the main topics of Development Economics with a focus on empirical research. We start in part I with the big picture, discussing key issues of the development process from a macroeconomic perspective. Part II is about the crucial role of institutions, while Part III provides a more detailed view on microeconomic aspects in development economics.

The course is mainly based on the textbook

Gérard Roland (2014): *Development Economics*, Boston: Pearson

which covers most topics in an accessible and insightful way. The disadvantage of the book is, however, that it is rather expensive. We will, therefore, provide 5 copies of the book in the library. Bugeno has also ordered a number of copies in case you want to buy the book.

Two topics will be supplemented with **additional texts** that are also mandatory reading for the course. This supplemental material are two chapters from the book “Poor Economics” by Abhijit Banerjee and Esther Duflo. You find these texts on the Ilias platform.

The **assessment** is based on a written exam that covers:

- Lectures
- Compulsory reading, including *three research articles*; we will announce the compulsory research articles in the first lecture and update the syllabus accordingly.

For many of the topics the syllabus provides recommendations for additional reading; this material is optional.

Time: Wednesday, 14.15-16.00

Place: Room A-122, UniS

Assistant: Daniel Steffen, Office: A210 UniS, Email: daniel.steffen@vwi.unibe.ch

Exam: Wednesday, 30. May 2018

Program

I. THE BIG PICTURE: A MACRO VIEW ON ECONOMIC DEVELOPMENT

The Development Gap, Poverty and Inequality

21.2./28.2.

Roland (2014), Chapters 1 and 2

Recommended but optional

Banerjee, Abhijit and Esther Duflo (2007): The Economic Lives of the Poor, *Journal of Economic Perspectives* 21, pp. 141-167.

Economic Growth

28.2./7.3.

Roland (2014), Chapter 4

Recommended but optional

Michael, Kremer (1993): Population Growth and Technological Change: One Million B.C. to 1990, *The Quarterly Journal of Economics* 108, pp. 681-716.

Jones, Charles (2016): The Facts of Economic Growth, in *Handbook of Macroeconomics*.

Structural Change

7.3.

Roland (2014), Chapter 5 (only pp 113-128)

Recommended but optional

McMillan, Margret, Dani Rodrik and Inigo Verduzco-Gallo (2014): Globalization, Structural Change and Productivity Growth, with an Update on Africa, *World Development* 63, pp. 11-32.

Trade & Exchange Rates

14.3.

Roland (2014), Chapter 6

Recommended but optional

Yati, Eduardo and Federico Sturzenegger (2010): "Monetary Exchange Rate Policies." Published in Dani Rodrik and Mark Rosenzweig (Editors): *Handbook of Development Economics, Volume 5*. Amsterdam: North-Holland.

Development Strategies

14.3.

Roland (2014), Chapter 5 (pp 128-141)

Recommended but optional

Williamson, John (2004); “The Washington Consensus as a Prescription for Development”, lecture at the World Bank: <https://piie.com/publications/papers/williamson0204.pdf>

II. INSTITUTIONS AND ECONOMIC DEVELOPMENT

The Role of Institutions

21.3.

Roland (2014), Chapter 7

Recommended but optional

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

Acemoglu, Daron, Simon Johnson and James Robinson (2005): “Institutions as a Fundamental Cause of Long-Run Growth.” Published in Philippe Aghion and Steven Durlauf (Editors): *Handbook of Economic Growth, Volume 1A*. Amsterdam: North-Holland.

Political and Legal Institutions

21.3./28.3.

Roland (2014), Chapters 9 and 10 (only pp 264-275)

Recommended but optional

Acemoglu, Daron, Suresh Naidu, Pascual Restrepo and James Robinson (2014): Democracy Does Cause Growth. NBER Working Paper 20004; forthcoming *Journal of Political Economy*.

Burgess, Robin, Remi Jedwab, Edward Miguel, Ameet Morjaria and Gerard Miquel (2015): The Value of Democracy: Evidence from Road Building in Kenya, *American Economic Review* 105, pp. 1817-1851.

La Porta, Rafael, Florenco Lopez-de-Silanes and Andrei Shleifer (2008): The Economic Consequences of Legal Origins, *Journal of Economic Literature* 46, pp. 285-332.

Property Rights

28.3./11.4.

Roland (2014), Chapters 12 and 13

Recommended but optional

De Soto, Hernando (1989): *The Other Path: The Invisible Revolution in the Third World*, New York: Harper & Row Publishers.

Corruption

11.4

Roland (2014), Chapter 19

Recommended but optional

Shleifer, Andrei and Robert Vishny (1993): Corruption, *Quarterly Journal of Economics*, 108, pp. 599-617.

Brunetti, Aymo and Beatrice Weder (2003): A Free Press Is Bad News for Corruption, *Journal of Public Economics* 87, pp. 1801-1824.

Olken, Benjamin (2012): Corruption in Developing Countries, *Annual Review of Economics* 4, pp. 479-509.

III. MICROECONOMICS OF ECONOMIC DEVELOPMENT

Poverty Traps

18.4.

Banerjee, Abhijit and Esther Duflo. 2011. *Poor Economics*, Chapter 1: Think Again, Again. London: Penguin Books.

Recommended but optional

Banerjee, Abhijit and Esther Duflo. 2011. *Poor Economics*, Chapter 2: A Billion Hungry People? London: Penguin Books.

Duflo, Esther, Rachel Glennerster and Michael Kremer (2004) : “Using Randomization in Development Economics Research: A Toolkit”, Published in Paul Schulz and John Strauss (Editors): *Handbook of Development Economics, Volume 4*. Amsterdam: North-Holland.

Fertility choice

25.4.

Roland (2014), Chapter 3

Recommended but optional

Ray, Debraj (1998): *Development Economics*, Chapter 9: Population Growth and Economic Development. New Jersey: Princeton University Press.

Health Care

2.5.

Banerjee, Abhijit and Esther Duflo. 2011. *Poor Economics*, Chapter 3: Low-Hanging Fruit of Better (Global) Health? London: Penguin Books.

Recommended but optional

Bleakley, Hoyt (2010): Malaria Eradication in the Americas: A Retrospective Analysis of Childhood Exposure, *American Economic Journal: Applied Economics* 2(2), pp. 1-45.

Dupas, Pascaline (2011): Health Behavior in Developing Countries, *Annual Review of Economics* 3, pp. 425-449.

Education

9.5.

Roland (2014), Chapters 17

Recommended but optional

Banerjee, Abhijit and Esther Duflo. 2011. *Poor Economics*, Chapter 4: Top of the Class. London: Penguin Books.

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

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

Muralidharan, Karthik (2017) : "Field Experiments in Education in Developing Countries", Published in Abhijit Banerjee and Esther Duflo (Editors): *Handbook of Field Experiments, Volume 2*. Amsterdam: North-Holland.

Credit and Insurance Markets

16.5./23.5.

Roland (2014), Chapter 15

Recommended but optional

Banerjee, Abhijit and Esther Duflo. 2011. *Poor Economics*, Chapter 6: Barefoot Hedge-Fund Managers. London: Penguin Books.

Banerjee, Abhijit and Esther Duflo. 2011. *Poor Economics*, Chapter 7: The Men from Kabul and the Eunuchs of India: The (Not So) Simple Economics of Lending to the Poor. London: Penguin Books.

Special Issue of the *American Economic Journal: Applied Economics* on the Impact Evaluation of Microcredits: 2015, Volume 7, Issue 1.