Overview

This class provides an introduction to contemporary research on the political economy of development. The major questions to be addressed by the course are: How central is politics to economic development? How do political institutions determine policy choices? How do economic structures in turn impact on politics? Why do governments employ policies that hinder development? Why do seemingly inefficient institutions survive? What accounts for political accountability? How important are international effects relative to domestic features? One of the aims of the discussion in the class will be to test abstract theories of development using in-depth knowledge of cases, and to further our understanding of cases by applying lessons from theoretical and statistical work.

1 Big Picture

1.1 13 Sept Economic Growth: Approaches and Patterns
1.2 20 Sept Historical Legacies
1.3 27 Sept States
1.4 04 Oct International Aid

2 Going Micro: New research on development political economy

2.1 11 Oct Identification
2.2 18 Oct Accountability
2.3 25 Oct Redistribution
2.4 08 Nov Power
2.5 15 Nov Divisions
2.6 22 Nov Violence
2.7 29 Nov Aid Again
2.8 06 Dec Environment
2.9 13 Dec Health

3 Further Reading

3.1 Some Debates
3.2 Rival Goals, Rival Paths
3.3 Inequality
3.4 Trade Policy
3.5 The Politics of Privatization and Investment
3.6 Legal Reform
3.7 Agriculture
3.8 Leaders and Decision Making
3.9 Management of Natural Resources
Requirements

To do now: Fill up this form before Tuesday 14 September midnight; you will not be admitted if you do not complete this form by midnight Tuesday 14 September:  
https://spreadsheets.google.com/viewform?formkey=dDBNRXZTY2Zoc0NIeDkxYTlDSDltTVE6MA

1. Reading: The Syllabus lists both required reading and further reading. You will be expected to have completed all the required readings before class to the point where you can be called on to critique or defend any reading.

The reading loads are not especially heavy but some of the readings are hard. You should aim to read them carefully and reflectively. Before approaching each reading think about what the key questions are for the week and about how the questions from this week relate to what you know from previous weeks. Then skim over the reading to get a sense of the themes it covers, and, before reading further, jot down what questions you hope the reading will be able to answer for you. Next, read the introduction and conclusion. This is normally enough to get a sense of the big picture. Ask yourself: Are the claims in the text surprising? Do you believe them? Can you think of examples of places that do not seem consistent with the logic of the argument? Is the reading answering the questions you hoped it would answer? If not, is it answering more or less interesting questions than you had thought of? Next ask yourself: What types of evidence or arguments would you need to see in order to be convinced of the results? Now read through the whole text, checking as you go through how the arguments used support the claims of the author. It is rare to find a piece of writing that you agree with entirely. So, as you come across issues that you are not convinced by, write them down and bring them along to class for discussion. Also note when you are pleasantly surprised, when the author produced a convincing argument that you had not thought of. In all cases you are encouraged to download this data, replicate results and use it to probe and test the arguments you bring to class.

2. Group replication and presentations (30%). You will be expected to participate in seminars each week. In general you should come prepared to argue and defend your responses to the readings. In addition we will organize the group into a set of about four “replication teams”—RTs. One RT is assigned to each week’s readings and is charged with identifying a dataset associated with the readings (or from elsewhere) and to engage in a replication and extension exercise. These exercises involve replicating the results as reported, checking results for robustness, and extending analysis where appropriate, for example to examine subsets of the data, extended models and so on. The RTs are responsible for sending the class, by the Friday before class, a zip file containing their tables, a dataset and a replication do file, preferably in STATA, and written so that other students can run analysis without further editing. The RTs will be expected to give a short presentation in class (15 minutes) and to be able to engage in real time analysis in response to class discussion. Each student should expect to engage in three to four such RT presentations. Doing this well means preparing early; if authors have not made their data available you will have to contact them for their data which can take time; moreover while most analyses will be fairly simple, it can sometimes take a while to “get to know” a dataset to the point that you can run such analyses quickly.
3. Referee Reports (2x15%). You will be expected to write two referee reports on two of the readings on the syllabus. These reports should be written before we discuss these papers in class. One should be from the first section and can be handed in any time before 11 October; the second is from the second section and can be handed in any time before 12 December. These are typically around 2-3 pages long, they should summarize in a paragraph the core contention of the paper and then critique key aspects of the results, indicating whether the paper should or should not be published and what revisions are required to improve it. The best response papers, going beyond the call of duty, replicate results and submit them to robustness tests. These reports can easily form the basis of your seminar paper.

A Checklist for Commenting on Papers

Theory
- Is the theory internally consistent?
- Is it consistent with past literature and findings?
- Is it novel or surprising?
- Are elements that are excluded or simplified plausibly unimportant for the outcomes?
- Is the theory general or specific? Are there more general theories on which this theory could draw or contribute?

From Theory to Hypotheses
- Is the theory really needed to generate the hypotheses?
- Does the theory generate more hypotheses than considered?
- Are the hypotheses really implied by the theory? Or are there ambiguities arising from say non-monotonicities or multiple equilibria?
- Does the theory specify mechanisms?
- Does the theory suggest heterogeneous effects?

Hypotheses
- Are the hypotheses complex? (eg in fact 2 or 3 hypotheses bundled together)
- Are the hypotheses falsifiable?
- Are mechanisms implied by the hypotheses?

Evidence I: Design
- External validity: is the population examined representative of the larger population of interest?
- External validity: Are the conditions under which they are examined consistent with the conditions of interest?
- Measure validity: Do the measures capture the objects specified by the theory?
- Consistency: Is the empirical model used consistent with the theory?
- Mechanisms: Are mechanisms tested? How are they identified?
- Replicability: Has the study been done in a way that it can be replicated?
- Interpretation: Do the results admit rival interpretations?

Evidence II: Analysis and Testing
- Identification: are there concerns with reverse causality?
- Identification: are there concerns of omitted variable bias?
• Identification: does the model control for pre treatment variables only? Does it control or does it match?
• Identification: Are poorly identified claims flagged as such?
• Robustness: Are results robust to changes in the model, to subsetting the data, to changing the period of measurement or of analysis, to the addition or exclusion of plausible controls?
• Standard errors: does the calculation of test statistics make use of the design? Do standard errors take account of plausibly clustering structures/differences in levels?
• Presentation: Are the results presented in an intelligible way? Eg using fitted values or graphs? How can this be improved?
• Interpretation: Can no evidence of effect be interpreted as evidence of only weak effects?

Evidence III: Other sources of bias
• Fishing: were hypotheses generated prior to testing? Was any training data separated from test data?
• Measurement error: is error from sampling, case selection, or missing data plausibly correlated with outcomes?
• Spillovers / Contamination: Is it plausible that outcomes in control units were altered because of the treatment received by the treated?
• Compliance: Did the treated really get treatment? Did the controls really not?
• Hawthorne effects: Are subjects modifying behavior simply because they know they are under study?
• Measurement: Is treatment the only systematic difference between treatment and control or are there differences in how items were measured?
• Implications of Bias: Are any sources of bias likely to work for or against the hypothesis tested?

Policy Implications
• Do the policy implications really follow from the results?
• If implemented would the policy changes have effects other than those specified by the research?
• Have the policy claims been tested directly?
• Is the author overselling or underselling the findings?

Credit where credit is due
   Be sure to discuss the strengths as well as any weaknesses

Unacceptable criticisms:
• I don’t like it
• It feels wrong
• It’s answering the wrong question
• It left out a variable
• The model is too simple
• You should make criticisms of these forms only if you can substantively articulate why it matters

4. Written Assignments (40%). You will be expected to write a single 20-30 page research paper displaying original research and probing in depth one of the themes of the course and due on 10 December 2009. These research papers will contain (i) a theoretical argument, engaging with one of the key themes of the course, (ii) an empirical test of that argument and (iii) a discussion of policy prescriptions resulting from the argument. The empirical part does not have to be quantitative but it does have to constitute a genuine test of your argument.
Syllabus

1  Big Picture

1.1  13 Sept Economic Growth: Approaches and Patterns

1. Daron Acemoglu. Modern Economic Growth, Chapter 1.
   http://www.mitpressjournals.org/doi/pdf/10.1162/0034653053327612 (or here)

Further Reading

1.2 **20 Sept**  

**Historical Legacies**


**Further Reading**

- Englebert, Pierre. “Pre-colonial institutions, post-colonial states, and economic development in tropical Africa” Political Research Quarterly; Mar 2000; 53, 1; Research Library
1.3 **27 Sept** States


**Further Reading**

- Hendrik Spruyt. War, trade, and state formation. in the *Oxford Handbook of Comparative Politics*
- Geddes, Barbara. 1999. ‘What Do We Know About Democratization After Twenty Years?’ *Annual Review of Political Science*. 2: 115-144.
1.4 04 Oct  International Aid


Further Reading

http://www3.interscience.wiley.com/journal/118569715/abstract
2 Going Micro: New research on development political economy

2.1 11 Oct  Methods


Note: RTs are to discuss their presentation with Macartan for this week.

Further Reading


2.2 Accountability


http://www.mitpressjournals.org/doi/pdf/10.1162/00335530232093506


Further Reading

• Tahir Andrabi, Jishnu Das and Asim Ijaz Khwaja. “Report Cards: The Impact of Providing School and Child Test-scores on Educational Markets”
http://ksghome.harvard.edu/~akhwaja/papers/RC_08May09full.pdf

http://linkinghub.elsevier.com/retrieve/pii/S0014292100000933

http://links.jstor.org/sici?ssici=08953309%282819932%289%3A3A3%3C51%3APRAEG%3E2.0.CO%3B2-L
[RTs can seek this data or, better, seek updated data]

• Acemoglu, Daron and James Robinson (2002), Chapters 1 and 2 Economic Origins of Dictatorship and Democracy.

• Timothy Besley, Rohini Pande, Vijayendra Rao “Just Rewards? Local Politics and Public Resource” Allocation in South India
http://econ.lse.ac.uk/staff/tbesley/papers/justrewards.pdf


• Macartan Humphreys and Jeremy Weinstein. “Policing Politicians.”
2.3 **Redistribution**

3. Daron Acemoglu and James Robinson, “Inefficient Redistribution.” American Political Science Review 95 (September 2001): 649-661. [http://journals.cambridge.org/bin/bladerunner?REQUNIQ=1094862648&REQSESS=3252875&117000REQEVENT=&REQINT1=92478&REQAUTH=0](http://journals.cambridge.org/bin/bladerunner?REQUNIQ=1094862648&REQSESS=3252875&117000REQEVENT=&REQINT1=92478&REQAUTH=0)

**Further Reading**

1 Nov University Holiday: Final paper designs should be handed in by today

2.4 Power


Further Reading


2.5 Divisions


Further Reading

2.6 Violence


Further Reading

2.7 29 Nov Aid Again


Further Reading

2.8 Environment

4. Ted Miguel, Marshall Burke, Shanker Satyanath, John Dykema and David Lobell Warming increases risk of civil war in Africa Proceedings of the National Academy of Sciences, December 8 2009, 106 (49), 20670-20674

Further Reading

- Elinor Ostrom, Joanna Burger, Christopher B. Field, Richard B. Norgaard, David Policansky, Revisiting the Commons: Local Lessons, Global Challenges?, Science, 284 (April 1999), 278-282
2.9 Health


Further Reading


• Archana Singh-Manoux, Nancy E. Adler and Michael G. Marmot. “Subjective social status: its determinants and its association with measures of ill-health in the Whitehall II study”


3 Further Reading

3.1 Some Debates


3.2 Rival Goals, Rival Paths


Further Reading

3.3 Inequality

   http://www.springerlink.com/content/h112582107706717/fulltext.pdf
   http://www.wws.princeton.edu/rbenabou/w5658.pdf

**Further Reading**


3.4 Trade Policy


Further Reading


3.5 The Politics of Privatization and Investment


Further Reading


3.6 Legal Reform


3.7 Agriculture


Further Reading


3.8 Leaders and Decision making


Further Reading

3.9 Management of Natural Resources


Further Reading