

ECONOMICS 871
COURSE OUTLINE
ADVANCED DEVELOPMENT ECONOMICS COURSE
FIRST SEMESTER 2020

Lecturers: Prof. Servaas van der Berg (svdb@sun.ac.za; tel. 021 808 2239)
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Internal moderator: Dr FK Siebrits

Aims and outcomes

This course is designed for students who have completed the first Development Economics graduate course in this department. It builds on the first course by:

- providing a wider set of readings, with less of a South African focus (e.g. Sen's approach to poverty)
- dealing with selected, more focused issues in development research (e.g. an institutional perspective on economic development)
- further developing technical skills for empirical development research

The desired outcomes from this course are

- a deepened understanding of the development process and different approaches to development
- an improved ability to read and interpret advanced readings in development economics
- developing empirical research skills in the development field.

This course outline is provisional in the sense that needs of individual students could be considered in perhaps deviating somewhat from the programme outlined below. Changes in the schedule may also occur to benefit from the opportunity provided by the availability of colleagues or visitors with specific expertise.

Readings and essays:

For some topics, a list of readings will be made available. For others, students will provide inputs in the form of essays, class presentations and readings.

Assessment:

- There will be **no written examination**. Consequently, lectures would continue until shortly before the exam period.
- Assessment will be based on **class participation and preparation for class** (20% of final mark), one **essay** (35% of final mark), and a **research paper** (45% of final mark). Details about the essay and research paper will be communicated to students in class. The due dates are provided at the end of this
- Class preparation will be assessed according to a series of **pop quizzes** which students will have to write. These pop quizzes will be **unannounced** and will be aimed at assessing whether students read and understood the prescribed material for the lecture. A mark of zero will be awarded for all missed pop quizzes.
- **Class participation will primarily be assessed based on the quality of the student's presentation** of at least one prescribed article. The details for class presentations are set out below.

Notes on student presentations

Each student will be expected to present at least one article during the course of the semester. When preparing for the presentation, keep the following in mind:

- Presentations should not exceed 15 minutes
- Presentation slides should not exceed 10 slides

When preparing the presentation, keep the following questions in mind:

1. Overview:

What is the gist of the argument put forward here? In one or two slides summarize the main point of the text. You can include things like the main research question, the dataset analyzed, the sample size, the methodology, etc. The aim of this is *not* to critique the article, but to show you understand the main thrust and to summarize key features of the article.

2. Why should we care about this?

In one slide explain why you think we should (or should not!) care about this particular reading. Is this important or not? Why? This is a high-level zoomed-out question.

3. What's new?

What does this paper have to say about the topic that is new or novel to you? Is this just a rehash of something old or is it genuinely ground-breaking or important?

4. Critique:

Find something critical to say about the reading. What are the underlying assumptions, biases or ideologies? Critique the data, the method, the sample size, etc. The aim is to turn on your critical thinking lens.

5. Take-home point:

What have you learned from this reading that you didn't know before?

6. Questions:

What questions do you now have that you did not have before?

(The above draws heavily from notes for Reading Reflections used by Nic Spaul and many of the questions come from Columbia University's "*What makes for a successful paper and seminar?*" and Corcoran (2014) "*Key questions for discussion papers*").

Essays

Essay and assignment dates:

- Essay – 20 March 2020
- Research paper – 15 May 2020

Essay topics and requirements will be discussed in class. The first essay should be no longer than 3000 words, and could be either a literature review (i.e. no empirical analysis) or contain a basic descriptive empirical analysis. The research assignment, which is due at the end of the first semester, should be no longer than 4000 words and must contain an empirical analysis.

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PROVISIONAL READING LIST AND COURSE OUTLINE

Note that this is a **provisional course outline** that may undergo changes during the course. Some readings are **recommended** and will be allocated to **one** member of the class to discuss; other participants need only scan these. The highlighted parts are still under review.

Session	Date	Presenter	Topic
Session 1	06-Feb-20	Servaas van der Berg	Introduction
Session 2	13-Feb-20	Servaas van der Berg	Historical Perspectives on Economic Development
Session 3	20-Feb-20	Ronelle Burger	Promoting and Improving Health in Poor Countries
Session 4	27-Feb-20	Servaas van der Berg	Income Inequality and Poverty
Session 5	05-Mar-20	Ronelle Burger	The Economics of Handouts
Session 6	12-Mar-20	Ronelle Burger	What Type of Deprivation Matters?
Session 7	19-Mar-20	Servaas van der Berg	Education and Development
26-Mar-20, 2-Apr-20		Recess and Graduation	
Session 8	09-Apr-20	Marisa von Fintel	Multidimensional Poverty or RCTs
Session 9	16-Apr-20	Marisa von Fintel	Poverty and Mobility: Social Stratification and the Middle Class
Session 10	23-Apr-20	Marisa von Fintel	Social Delivery and Poverty Traps
30-Apr-20		Recess	
Session 11	07-May-20	Dieter von Fintel	The Labour Market: Unemployment and Minimum Wages
Session 12	14-May-20	Dieter von Fintel	The Labour Market: Selected Case Studies from Poor Countries

Session 1: 6 Feb. 2020
Introduction (presented by Servaas van der Berg)

Overview and introduction to the course.

Session 2: 13 Feb. 2020 (presented by Servaas van der Berg)

Historical perspectives on economic development (presented by Servaas van der Berg)

Easterlin, Richard. 2000. The worldwide standard of living since 1800. *Journal of Economic Perspectives* 14(1), Winter: 7-20

Acemoglu, Daron & James A. Robinson. 2010. Why is Africa poor? *Economic History of Developing Regions* 25(1): 21-50

Introduced by xxx: North, Douglass C. 1993. Economic performance through time. (Nobel Prize Lecture.) *American Economic Review* 84(3): 359-367

Introduced by xxx: Easterlin, Richard. 1995. Industrial revolution and mortality revolution: Two of a kind? *Journal of Evolutionary Economics* 5: 393-408

Session 3: 20 Feb 2020**Promoting and improving health in poor countries (presented by Ronelle Burger)**

We consider the complexities of providing affordable access to high quality health care in severely resource constrained settings, focusing on the challenges of primary health care in African countries.

- Kruk, M, et al. 2018. High-quality health systems in the Sustainable Development Goals era: time for a revolution. The Lancet Global Health Commission on High quality health systems in the SDG era.
- Das, J., Hammer, J, Leonard, K. 2008. The quality of medical advice in low-income countries. *Journal of Economic Perspectives*, Vol. 22 (2): pp. 93 – 114.
- Introduced by xxxx: Mills, A. et al. 2004. The performance of different models of primary care provision in Southern Africa. *Social Science & Medicine*, Vol. 59: 931 – 943.
- Introduced by xxxx; Leonard, K.L. Masatu, M.C. 2017. Changing health care provider performance through measurement. *Social science and medicine*, Vol. 181: pp. 54-65

Session 4: 27 Feb. 2020**Income inequality and poverty (presented by Servaas van der Berg)**

- Alvaredo, Facundo & Gasparini, Leonardo. 2013.: *Recent Trends in Inequality and Poverty in Developing Countries*. Documento de Trabajo, No. 151, Universidad Nacional de La Plata, Centro de Estudios Distributivos, Laborales y Sociales (CEDLAS), La Plata. Available: <http://hdl.handle.net/10419/127675>
- Leibbrandt, M, Woolard, I, Finn, A & Argent, J, 2010. *Trends in South African income distribution and poverty since the fall of Apartheid*. OECD Social, Employment and Migration Working Papers No. 101. OECD: Paris

Session 5: 5 March April 2020**The economics of handouts (presented by Ronelle Burger)**

The aim of this session is to understand the complexity around acts of altruism better and to examine the ways in which good intentions and generosity can, paradoxically, pervert the aims of development and poverty alleviation. We consider two forms of giving: social grants and international aid flows. Although operating on different levels, there are many striking parallels in the literature on these two forms of giving and they face the same risk of crowding out own effort.

- Gugerty, M.K. & Kremer, M. Outside Funding and the Dynamics of Participation in Community Associations. *American Journal of Political Science*, Vol 52 (3): pp 585-602.
- Easterly, W. 2002. The cartel of good intentions: The problem of bureaucracy in foreign aid. *Policy Reform*, 2002, 5(4): 223–250.
- Introduced by xxx: Page, L. & Pande, R. 2018. Ending Global Poverty: Why Money Isn't Enough. *Journal of Economic Perspectives*. Vol 32 (4): pp. 173–200.

Session 6: 12 March 2020**What type of deprivation matters? (presented by Ronelle Burger)**

In this session we think through what type of deprivation matters for human development and social mobility. We will talk through the assumptions of the traditional monetary poverty approach, and consider the merits of two alternative perspectives: subjective well-being/happiness and Sen's capability approach.

- Burger, R., McAravey, C., Van der Berg, S. 2017. The Capability Threshold: Re-examining the Definition of the Middle Class in an Unequal Developing Country. *Journal of Human Development and Capabilities* 18 (1): pp. 89-106

Kingdon, Geeta Gandhi & Knight, John. 2006. Well-being poverty versus income poverty and capabilities poverty. *Journal of Development Studies*, October.

Sen, Amartya. 2001. *Development as freedom*. Oxford: Oxford University Press: Introduction and Chapter 1: 3-34.

Introduced by xxx: Santos, M. E. 2013. Tracking Poverty Reduction in Bhutan: Income Deprivation Alongside Deprivation in Other Sources of Happiness. *Social Indicators Research*, Vol. 112 (2):pp. 259–290.

Session 7: 19 March 2020

Education and development (presented by Servaas van der Berg)

Bashir, S., Lockheed, M., Ninan, E., & Tan, J.-P. 2018. *Facing Forward: Schooling for learning in Africa*. Washington, DC: World Bank. Chapter 2: A focus on learning, pp.53-143.

(Note that this reading is quite long, and that you need to set aside substantial time for it.)

Van der Berg, Servaas. 2020 (draft chapter). *Education and poverty in seven southern African countries*. Resep, Stellenbosch. Mimeo.

Introduced by xxx: Hanushek, Eric A. & Woessmann, Ludger. 2009. *Do better schools lead to more growth? Cognitive skills, economic outcomes, and causation?* NBER Working Paper 14633. National Bureau of Economic Research: Cambridge, Mass.

Introduced by xxx: Andrabi, Tahir, Jishnu Das, Asim Ijaz Khwaja, Tara Vishwanath & Tristan Zajonc. 2007. Learning and educational achievements in Punjab Schools (LEAPS): Insights to inform the education policy debate. Executive summary, LEAPS report. (Online: http://www.leapsproject.org/assets/publications/LEAPS_Report_ExecSummary.pdf)

Introduced by xxx: Metcalfe, Robert, Simon Burgess & Steven Proud. 2011. *Student effort and educational attainment: Using the England football team to identify the education production function*. Bristol: Centre for Market and Public Organisation Working Paper11/276, Department of Economics, University of Bristol

Introduced by xxx: Eric A. Hanushek, Marc Piopiunik & Simon Wiederhold. 2018. The Value of Smarter Teachers: International Evidence on Teacher Cognitive Skills and Student Performance. Forthcoming in *Journal of Human Resources*. Available: http://hanushek.stanford.edu/sites/default/files/publications/Hanushek%2BPiopiunik%2BWiederhold_JHR.pdf

Session 8: 9 April 2020

Multidimensional poverty (presented by Marisa von Fintel)

Alkire, S. and Foster, J. 2011. Understandings and misunderstandings of multidimensional poverty measurement, *Journal of Economic Inequality*, 9: 989-314.

Finn, A., Leibbrandt, M., and Woolard, I. 2013. What happened to multidimensional poverty in South Africa between 1993 and 2010? A Southern Africa Labour and Development Research Unit Working Paper Number 99. Cape Town: SALDRU, University of Cape Town

Introduced by xxx: Rogan, M. 2016. Gender and Multidimensional Poverty in South Africa: Applying the Global Multidimensional Poverty Index (MPI), *Social Indicators Research* 126: 987-1006.

Session 5: 16 April 2020

Poverty and Mobility: Social stratification and the middle class (presented by Marisa von Fintel)

Burger, R., Steenekamp, C., Van der Berg, S. and Zoch, A. 2015. The emergent middle class in contemporary South Africa: Examining and comparing rival approaches, *Development Southern Africa*, 32:25-40.

Schotte, S., Zizzamia, R., Leibbrandt, M. A poverty dynamics approach to social stratification: The South African case, *World Development*, 110:88-103.

Presented by xxx: Kaus, W. 2013: "Conspicuous consumption and "race": Evidence from South Africa," *Journal of Development Economics*, 100, 63–73.

Session 6: 23 April 2020
Social delivery & poverty traps (presented by Marisa von Fintel)

- Pritchett, L. Woolcock, M, & Andrews, M. 2010. *Capability traps: The mechanisms of persistent development failure*.
- Adato, Michelle, Michael R. Carter & Julian May. 2006. Exploring poverty traps and social exclusion in South Africa using qualitative and quantitative data. *Journal of Development Studies* 42(2): 226–247.
- Bold, T. & J. Svensson. 2013. Policies and institutions for effective service delivery: The need for a microeconomic and micropolitical approach. *Journal of African Economies* 22
- Introduced by xxx: Olken, Benjamin. 2007. Monitoring corruption: Evidence from a field experiment in Indonesia. *Journal of Political Economy* 115(2).
- Introduced by xxx: Björkman-Nyqvist, M, D. de Walque, J. Svensson, 2017. Experimental Evidence on the Long-Run Impact of Community-Based Monitoring, *American Economic Journal: Applied Economics*, 9(1): 33-69.
- Introduced by xxx: De Kadt, D. and Lieberman, E. 2017. Nuanced accountability: Voter responses to service delivery in Southern Africa, *British Journal of Political Science*, 1-31.

Session 11: 7 May 2020

The labour market: Unemployment (presented by Dieter von Fintel)

- Introduced by xxx: Banerjee, A., Galiani, S., Levinsohn, J., McLaren, Z. and Woolard, I., 2008. “Why has unemployment risen in the New South Africa?” *Economics of Transition* 16 (4): 715–740.
- Introduced by xxx: Kingdon, G. & Knight, J. 2004. Unemployment in South Africa: the Nature of the Beast. *World Development* 32 (3).
- Burger, R.P. and Von Fintel, D. (2009). Rising unemployment in a growing economy: A business cycle, generational and life cycle perspective of post-transition South Africa’s labour market. *Studies in Economics and Econometrics* 38(1).
- OVERVIEW ARTICLE** (*this article reviews the literature on unemployment in South Africa, but we will not be able to discuss all of it in detail*):
- Fourie, F. (2011): *The South African unemployment debate: three worlds, three discourses?* Working Paper 63 (June), SALDRU, University of Cape Town.

Session 12: 14 May 2020

The labour market: Minimum wages (presented by Dieter von Fintel)

- Meer, J. and West, J. (2013) *Effects of the Minimum Wage on Employment Dynamics*, NBER Working Paper No. 19262
- Bhorat, H., Kanbur, R. and Mayet, N. (2013) The impact of sectoral minimum wage laws on employment, wages, and hours of work in South Africa. *IZA Journal of Labor and Development* 2(1)