

Development Economics: FCDO/IZA

Online Course for Sub-Saharan Africa

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This course

The biggest puzzle in economics is why fundamentally equal humans living in different countries enjoy very different standards of living. The aim of this course is to bring together the very latest research in development economics that tries to answer this puzzle.

In the course we will follow the arc of development that starts with small subsistence entrepreneurs (normally in agriculture) and ends in large complex multinational enterprises. We will analyze how man-made organizations trade with one another, how they affect the environment in which they are located and how the environment affects them in return. Finally we will analyze the role of the state in representing citizen interests, regulating markets, coordinating economic activity and containing externalities.

The course is will comprise 10 lectures and 10 classes and is organised as follows.

1. **Lecture 1:** Introductory Live Lecture with Professors Bandiera and Burgess and recorded methodology tutorial class
2. **Lectures 2-3:** Production and the Organization of Labor - 2 recorded lectures and 2 tutorial classes
3. **Lectures 4-5:** Markets and Trade - 2 recorded lectures and 2 tutorial classes
4. **Lectures 6-7:** Climate, Energy and Environment - 2 recorded lectures and 2 tutorial classes

5. **Lectures 8-9:** The State - 2 recorded lectures and 2 tutorial classes
6. **Lecture 10:** Concluding Live Lecture with Professors Bandiera and Burgess and recorded policy analysis tutorial class

The course is entirely based on papers at the research frontier of development economics. Whilst these are very complex our experience in the last 20 years is that core ideas can be distilled and communicated to undergraduate students in economics. The lectures will introduce the broad topics as well as 2 papers. The tutorial classes will use the papers to deepen your analytical skills in economics. Our goal is to give you the skills to read these research papers and we hope that this will instill in you the same passion and excitement that we feel for development economics. As we go through the course we will also point you to more popular write-ups of these papers. The analytical capacity you build up in the course can be used in a wide variety of contexts.

1 Introduction (Live Lecture 1)

In this lecture we introduce the subject of development economics and our approach to it. We will cover how different lectures in the course mesh together and how the classes taught by our brilliant LSE PhD students Ananya Kotia and Michelle Rao will help deepen your knowledge of the material. The idea is to get you excited about the topics we are covering but also to guide students on how to approach the course so that you get the most out of it.

2 Production and the Organisation of Labor (Lectures 2 and 3)

In essence, people are poor because their earnings are low. So to understand poverty we need to understand the jobs of the poor. These lectures we review the evolution of jobs over the process of development as well as the differences between wealth classes for a given level of development. Special attention will be given to youths and women, especially in Africa. Finally, we will ask whether the poor have lower earnings because they lack the ability to work in better jobs or rather whether they work in bad jobs because they are poor.

- *Oriana Bandiera, Robin Burgess, Narayan Das, Selim Gulesci, Imran Rasul, Munshi Sulaiman. “Labor markets and poverty in village economies.” *The Quarterly Journal of Economics* 132.2 (2017): 811-870. ([paper](#); [VoxDev summary](#))

- *Oriana Bandiera, Ahmed Elsayed, and Céline Zipfel. “Youths, Jobs and the Development of Africa”. [paper for class 2 \(Paper\)](#)
- *Clare Balboni, Oriana Bandiera, Robin Burgess, Maitreesh Ghatak and Anton Heil. “Why do people stay poor?” (2021). [paper for class 3. \(Paper; Voxdev summary\)](#)
- Oriana Bandiera, Nava Ashraf, Virginia Minni, and Victor Quintas. “The Misallocation of Women’s Talent Across Countries: Evidence from Personnel Data” mimeo LSE. [\(Paper\)](#)

3 Markets and Trade (Lectures 4 and 5)

Economic growth and the specialization of employment and production is made possible by trade and market exchange. These lectures study how trade and markets underpin economic growth and what interventions can encourage this process. Over the course of development, the organisation of labor evolves from informal self-employment in tiny firms to formal employment in large multinationals. How individuals match with firms in labor markets is thus critical to the process of economic development. Similarly facilitation of internal and international trade can be pivotal in terms of whether individuals and firms can exploit their comparative advantage.

- Livia Alfonsi, Oriana Bandiera, Vittorio Bassi, Robin Burgess, Imran Rasul, Munshi Sulaiman, Anna Vitali. “Training to tackle youth unemployment: evidence from a labor market experiment.” *Econometrica* (2020). [Paper; VoxDev video](#)
- *Girum Abebe, A. Stefano Caria, Esteban Ortiz-Ospina. “The Selection of Talent: Experimental and Structural Evidence from Ethiopia.” *Forthcoming American Economic Review*. [paper for class 4. \(Paper; VoxDex summary\)](#)
- *Jensen, Robert (2007) “The Digital Divide: Information (Technology), Market Performance, and Welfare in the South Indian Fisheries Sector”. *Quarterly Journal of Economics*, 122 (3), p. 879. [paper for class 5. \(paper; The Economist\)](#)
- *Atkin, David, Amit Khandelwal and Adam Osman (2017). “Exporting and Firm Performance: Evidence from a Randomized Experiment” *Quarterly Journal of Economics* 132 (2): 551–615. [\(paper; VoxEU summary\)](#)

4 Climate, Energy and Environment (Lectures 6 and 7)

This part of the course will look at the externalities from growth. Here we will examine issues related to access to climate, energy and environment which are fast becoming major concerns within development economics. We are at a cross-roads where improvements in living standards in places like Africa require economic growth but this very growth may also have negative effects on human welfare. Charting a course between eliminating poverty and avoiding catastrophic climate change is a major challenge for this century.

- *Dinkelman, Taryn (2011). “The Effects of Rural Electrification on Employment: New Evidence from South Africa”, American Economic Review 101(7): 3078-3108. [paper for class 6](#). ([paper](#); [VoxDev](#)).
- *Burgess, Robin, Michael Greenstone, Nicholas Ryan and Anant Sudarshan (2020). “Demand for Electricity on the Global Electrification Frontier” mimeo LSE, Chicago, Yale. ([paper](#); [IGC](#); [Youtube](#))
- *Burgess, Robin, Olivier Deschenes, Dave Donaldson and Michael Greenstone (2017). “Weather, Climate Change and Death in India”, mimeo Chicago, LSE and MIT. [paper for class 7](#). ([paper](#))
- *Burgess, Robin, Matthew Hansen, Benjamin Olken, Peter Potapov and Stefanie Sieber (2012) ”The Political Economy of Deforestation in the Tropics” Quarterly Journal of Economics 127 (4), pp. 1707-1754. ([paper](#))

5 The State (Lectures 8 and 9)

Over the last two decades there has been a revolution in the study of the state and its role in development. Here we analyse the role of the state in raising taxes and in coordinating and regulating economic activity. How effective the state is will also depend on how accountable it is to its citizens with breakdowns in accountability often leading to civil conflict. Political economy factors therefore loom large in whether or not countries develop or not.

- *Jensen, Anders “Employment Structure and the Rise of the Modern Tax System” American Economic Review, forthcoming. [paper for class 8](#) ([Paper](#))
- *Ashraf, Nava, Oriana Bandiera, Ed Davenport and Scott S. Lee. “Losing pro sociality in the quest for talent? Sorting, Selection and Performance in

Public Service Delivery.” American Economic Review, 110 (5): 1355-94. ([Paper](#))

- *Burgess, Robin, Remi Jedwab, Edward Miguel, Ameet Morjaria and Gerard Padro-i-Miquel (2015) “The Value of Democracy: Evidence from Road Building in Kenya”, American Economic Review, 105(6): 1817-51. [paper for class 9](#) ([paper](#); [IGC](#)).
- *Miguel, Edward, Shanker Satyanath and Ernest Sergenti (2004). “Economic Shocks and Civil Conflict: An Instrumental Variables Approach”, Journal of Political Economy, Vol. 112, No. 4, pp. 725-753. ([paper](#))
- VoxDev - Democracy and economic growth: New Evidence ([link](#))
- The Economist interviews Daron Acemoglu on Why Nations Fail ([link](#))

6 Pulling it Together (Live Lecture 10)

By the end of the 10 lecture course you should have a good overview of development economics. More importantly you become able of going through the theory-data-policy analytical process that lies at the heart of many frontier development economics papers. Building this analytical capacity will serve you well both in your studies and future employment and hopefully will inspire you to engage in some research of your own. We will harvest questions from you in order to structure the final lecture where we pull the material from the course together.