

Ec982: Topics in Development & Transition

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2 apologies and an overview

- Hi everyone! I'm sorry I'm not here right now. I'm presenting a paper in the OWL workshop across campus. Like, right now.
- Most of my slides are already online on Moodle, so you can see for yourself *exactly* what I plan to cover.
- I decided to replace too much material this year, so the last couple lectures aren't up yet. Sorry! But I promise they'll be up very soon.
- These slides will provide an overview of:
 - What you will learn in part 1 of this class.
 - What you will learn in part 2 of this class.
 - What I will expect from you on both assignments and in the exam.

Part 1: Methods

- In the first five weeks, you will read Glennerster and Takavarasha: “Running Randomized Evaluations: A Practical Guide”
- This book is an excellent overview of “how to do development economics,” or, in particular, how to implement a randomized program evaluation, which is probably the dominant method in development economics at the moment.
- This book is so non-technical that it would be silly to base the lectures off of it.
- Rather, I have made a set of review questions that you can use as a guide when reading it.
- In the lectures, I will take techniques and methods that Glennerster and Takavarasha discuss, go through the math of them a bit, and tell you how to do them in Stata.
- So: for the first four weeks, you’ll watch me talk about math and Stata code. In the fifth week, we’ll all sit around a circle and talk about Glennerster and Takavarasha, based on the review questions.
- In the past, I’ve noticed students want lots and lots of practical instruction in Stata. That’s what I’ll try to provide.

Week 1: Nonexperimental Evaluation

- How to do well in this class
- How to use statistical matching
- How to use instrumental variables
- How to use differences in differences
- How to use regression discontinuity design

Week 2: Randomization

- How to do simple randomization.
- How to do stratified randomization
- How to do pairwise randomization
- How to do balance tests
- How to do a power analysis.

Week 3: Treatment Effects

- How to compute ITT estimates with and without covariates
- ANOVA and ANCOVA
- How to compute ITT estimates with heterogeneous treatment
- Computing the Wald estimator
- How to use instrumental variables to compute TOT effects.

Week 4: Further Estimation Techniques

- How to adjust for spillovers.
- How to compute quantile treatment effects
- How to compute Lee bounds
- How to do the free step-down resampling for the FWER
- A chance to catch up, ask questions, and warn you about the five following weeks.

Week 5: Discussing Glennerster and Takavarasha

- By this point, you will have finished reading the book. We will have a discussion about it, structured around the review questions I have provided.

Part 2: Recent Research

- In the final four weeks, we will discuss four recent literature reviews and four recent journal articles. In painstaking detail. And I will make you read them too:
 - Ray and Esteban 2017 Conflict and Development Annual Review of Economics
 - König et al 2017 Networks in Conflict: Theory and Evidence from the Great War of Africa Econometrica
 - Cole and Xiong 2017 Agricultural Insurance and Economic Development Annual Review of Economics
 - Emerick et al 2016 Technological Innovations, Downside Risk, and the Modernization of Agriculture American Economic Review
 - Michalopoulos and Papaioannou 2018 Spatial Patterns of Development: A Meso Approach Annual Review of Economics
 - Henderson et al 2018 The global distribution of economic activity: nature, history, and the role of trade. Quarterly Journal of Economics
 - Casey 2018 Radical Decentralization: Does Community-Driven Development Work? Annual Review of Economics
 - Crost Felter and Johnston 2014 Aid under fire: development projects and civil conflict The American Economic Review

Part 2: Recent Research

- My goal: to find very recent, cutting-edge research, so you can see exactly what it is that development economists do, and what they are doing today.
- You will see how literature reviews are written... which is good, since I'll make you write one.
- You'll see how research papers are written... which is good because your MSc thesis will be one.
- The research papers should give you a good idea of what to aspire to for your MSc thesis.

Assessment 1: A Replication Assignment (20%)

- I want you to find a recent paper in development economics that:
 - Is published in either the American Economic Review or one of the American Economic Journals.
 - Is no more than five years old.
 - Has replication data and code on the journal website.
- I want you to tell me what the main question of the paper is, why this is important, and what the paper's main empirical method is (100 words each).
- I want you to take five papers or figures from the paper and:
 - Tell me what the main point is of the table or figure (100 words).
 - Show that you can replicate the table or figure in Stata (100 words).
 - Tell me what the main Stata commands are used to make the figure (100 words).
- You will learn:
 - How to teach yourself new techniques in Stata that you saw in a paper.
 - How to read a journal article, and understand its results.

Assessment 2: A Literature Review (20%)

- I want you to find a question of the form “What is the effect of X on Y ?” that is relevant to development economics. For example, “What is the effect of crop insurance on agricultural investment?”
- I want you to summarize:
 - The results obtained by studies that use randomized controlled trials (500 words).
 - The results obtained by studies that use natural experiments (500 words).
 - The results obtained by other studies (500 words).
- Then, I want you to discuss whether these differ and why/why not (500 words).
- You will learn:
 - What the state of the literature is on a topic that interests you, and that I might not cover in the lectures.
 - Why methods matter, and why we should trust some results more than others.

Assessment 3: An Exam (60%)

- This will be very similar to last year's exam, except that all the readings last year were journal articles, and I have replaced 60% of these with Glennerster and Takavarasha.
- And our IT services really wants scores to sum to 100, so I will change "pick 3 of 4 with 3 parts each" to "pick 2 of 4 with 5 parts each," since $100/10$ is an integer and $100/9$ isn't.
- While I cannot tell you in advance what the questions will be, I can strongly encourage you to consider the review questions I have put together for Glennerster and Takavarasha; to summarize each major section of the four literature reviews in about 500 words; to be able to summarize each of the journal articles in about 500 words, and; to know how to, if shown a table or figure from one of the journal articles, explain its main lesson in about 500 words.
- You will learn:
 - That I take it very seriously whether students do the readings carefully. This is not a class where you can coast by only attending the lectures and ignoring the readings.