
BLOCK SEMINAR

CONTROVERSIES IN DEVELOPMENT ECONOMICS

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PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY. THEY SHOULD ANSWER ALL YOUR QUESTIONS.

Preliminary discussion: April 19, 2021, 10:00-12:00

Block course: May 19, 09-18 h, May 31, 09-18 h

All meetings will be held via Microsoft Teams. A computer with a webcam and microphone is required. On the first date the edge browser will suffice but you might as well already install the Microsoft Teams App, which will be required later to share your screen (paper outlines, presentations). A registration or login in Teams is not required.

Please contact Tevin Tafese directly for the selection of the seminar paper's topic indicating your preferences (rank three topics from the list below).

COURSE DESCRIPTION

The seminar addresses controversial issues in development economics. Such issues may be more topical (for example: Investments in agriculture and land: Land grab or development opportunity?) or more analytical (for example: The role of the state in economic development: Market-led development or interventionist models?). Based on the seminar papers, which will take a balanced stance toward a specific controversy, students will prepare a presentation that assumes a one-sided position during the seminar. Moderated discussions between two positions will be preceded and followed by a vote of the entire group to assess how convincing the respective presenter has made his or her argument. The seminar topics are subject to change every term.

Language of instruction: English, but seminar papers may be written in German.

Compulsory meeting I: You should be present at the preliminary discussion. Slots may already be limited at the meeting.

Compulsory meeting II: You should meet your supervisor (either Tevin Tafese or Jann Lay) at least once to discuss the table of contents of your paper. This meeting is compulsory. Appointments can be made via email.

TIME SCHEDULE

April 09, 2021	Application for seminar papers starts, topics are allocated on a “first-come-first-served” basis
April 19, 2021	Compulsory preliminary discussion and announcement of participants
May 17, 2021	Deadline for seminar papers. An electronic version should be sent in at 12:00 am latest.
May 28 and 31	Seminar

COURSE REQUIREMENTS

To acquire 6 credit points students will have to write a seminar paper (60%), prepare a presentation and participate in the discussions (which together accounts for the other 40%).

ELIGIBLE PARTICIPANTS

The seminar is open to MA students in economics or one of the three business MA programs. Ideally (but not necessarily), you have previously participated in development economics classes.

SEMINAR PAPERS

The seminar papers should be written in English or German, comprising no more than 10 pages (Times New Roman, 12pt, 1.5 spaced, margins: left 2.5 cm, right 3.5; top/bottom 2.5, 10 pages excluding title page, table of content, bibliography and exhibits, max. 15 pages total). In addition, a short abstract of about 200 words has to be composed. The papers should be analytical and critical, develop a coherent argument, draw own conclusions, and go beyond a pure summary of existing literature. Guidelines on well-written papers can be found on the webpage of Prof. Fuchs.

Students should hand in an electronic (pdf) copy of their seminar papers. The electronic version will then be made available to all other students for reading.

PRESENTATIONS AND DISCUSSIONS

We will have two presentations on each topic. Before the presentation, the “audience” will vote on the controversial issues (for example, “Does aid do more harm than good: Yes or no?”). In the presentations, each presenter will then take one of the possible views on the issue and make an attempt to convince fellow students of that view. The speakers can use any visual device for their presentations (e.g. handouts, transparencies) and should be able to answer short questions during the presentation. Note that the one-sided view will only be required in the presentation. The seminar paper will be more balanced.

After the presentations, the audience – in a panel discussion format – can ask questions and let the presenters defend their positions before there is another vote on the same issue. It is expected that all other students have briefly gone through the papers of the other participants before the seminar so that a productive and interesting discussions can take place.

TOPICS

TOPIC 1: EU-AFRICA TRADE RELATIONS: (A) ONLY NEW MARKETS FOR EUROPEAN FIRMS OR (B) A GENUINE DEVELOPMENT OPPORTUNITY?

European Commission (2016). 10 benefits of Economic Partnership Agreements. Luxembourg: Publications Office of the European Union. <https://publications.europa.eu/en/publication-detail/-/publication/ece83404-abcb-11e6-aab7-01aa75ed71a1> [accessed 12/03/2018].

Bouët, A., Laborde, D., Traoré, F. (2017). The European Union–West Africa Economic Partnership Agreement: Small impact and new questions, *The Journal of International Trade & Economic Development* 27(1): 25-53.

TOPIC 2: TRADE IMPACTS ON LABOUR MARKETS IN DEVELOPING COUNTRIES: (A) PROMOTING FORMAL JOBS AND HIGHER WAGES OR (B) INCREASING PRECARIOUS AND (UN)EMPLOYMENT?

Dix-Carneiro, R. and Kovak, B. K. (2019). Margins of labor market adjustment to trade." *Journal of International Economics*, 117, 125-142

McCaig B., and Pavcnik, N. (2018). Export Markets and Labor Allocation in a Low-Income Country? *American Economic Review*, 108 (7), 1899-1941.

Ulyseia, G. and Ponczek, V. (2018). Enforcement of Labor Regulation and the Labor Market effects of Trade: Evidence from Brazil. Discussion Paper Series IZA

TOPIC 3: CLIMATE CHANGE MITIGATION AND ECONOMIC DEVELOPMENT: (A) TRADE-OFF OR (B) WIN-WIN SITUATION?

Dercon, S. (2012). Is green growth good for the poor? World Bank Policy Research Working Paper 6231.

Fay, Marianne; Hallegatte, Stephane; Vogt-Schilb, Adrien; Rozenberg, Julie; Narloch, Ulf; Kerr, Tom (2015). *Decarbonizing Development : Three Steps to a Zero-Carbon Future*. Climate Change and Development;. Washington, DC: World Bank. © World Bank. <https://openknowledge.worldbank.org/handle/10986/21842> License: CC BY 3.0 IGO.

Jakob, M., Steckel, J.C., Klasen, S., Lay, J., Grunewald, N. Martínez-Zarzoso, I., Renner, S. Edenhofer, O. (2014). Feasible Mitigation Actions in Developing Countries. *Nature Climate Change* 4(11): 961-968.

TOPIC 4: DOES AID DO MORE HARM THAN GOOD? (A) YES OR (B) NO?

Dreher, Axel, and Andreas Fuchs. "Rogue aid? An empirical analysis of China's aid allocation." *Canadian Journal of Economics/Revue canadienne d'économie* 48.3 (2015): 988-1023.

Mekasha, T. J., & Tarp, F. (2019). A meta-analysis of aid effectiveness: Revisiting the evidence. *Politics and Governance*, 7(2), 5-28.

Temple, J.R.W. (2010). Aid and Conditionality. In: Rodrik, D. , Rosenzweig, M. (eds.) *Handbook of Development Economics* 5: 4415-4523.

Radelet, S. (2017). Once more into the breach: Does foreign aid work? Future development. The World Bank/Brookings Institution. <https://www.brookings.edu/blog/future-development/2017/05/08/once-more-into-the-breach-does-foreign-aid-work/> [accessed 15/03/2018].

Easterly, W., (2006). "Planners vs. searchers in foreign aid." *Asian Development Review*, 23 (2):1-35.

TOPIC 5: RANDOMISTAS VERSUS POOR DEVELOPMENT ECONOMISTS: (A) RCTS AS THE GOLD STANDARD OF THE ANALYSIS OF ECONOMIC DEVELOPMENT OR (B) MISGUIDED CERTAINTY?

Ravallion, M., (2009). Should the randomistas rule? *The Economists' Voice* 6(2): 1553-3832.

Ravallion, M. (2020). Should the randomistas (continue to) rule? *National Bureau of Economic Research*. No. 27554.

Peters, J., Langbein, J., & Roberts, G. (2016). Policy evaluation, randomized controlled trials, and external validity—A systematic review. *Economics Letters* 147: 51-54.

Pritchett, L., & Sandefur, J. (2013). Context matters for size: why external validity claims and development practice do not mix. *Journal of Globalization and Development*, 4(2), 161-197.

TOPIC 6: MICROCREDITS: (A) A PANACEA FOR POVERTY ALLEVIATION OR (B) YET ANOTHER INEFFECTIVE DEVELOPMENT INSTRUMENT?

Banerjee, A., Duflo, E., Glennerster, R. and Kinnan, C., (2015) The Miracle of Microfinance? Evidence from a Randomized Evaluation. *American Economic Journal: Applied Economics*, 7(1): 22-532.

Khandker, S. and Samad, H., (2014). Dynamic effects of Microcredit in Bangladesh. *Policy Research Working Paper 6821*. The World Bank.

Morduch, J. (2020). Why RCTs failed to answer the biggest questions about microcredit impact. *World Development*, 127, 104818.

TOPIC 7: THE ROLE OF INFORMAL FIRMS IN ECONOMIC DEVELOPMENT: (A) DRAG ON PRODUCTIVITY AND GROWTH OR (B) POTENTIALLY EXTREMELY PRODUCTIVE BUT HELD BACK BY BURDENSOME REGULATIONS,?

Grimm, M., Knorringa, P., Lay, J.. (2012). Constrained Gazelles: High Potentials in West Africa's Informal Economy. *World Development*, 40, pp. 1352–1368.

La Porta, R., and Shleifer, A. (2014). Informality and Development. *Journal of Economic Perspectives*, 28(3), 109-126

Allen, J., Nataraj, S., and Schipper, T. C. (2018). Strict duality and overlapping productivity distributions between formal and informal firms." *Journal of Development Economics*, 534-554.

Ulyssea, G. (2018). Firms, Informality, and Development: Theory and Evidence from Brazil. *American economic Review*, 108 (8), 2015-2047.

TOPIC 8: INVESTMENTS IN AGRICULTURE AND LAND: (A) LAND GRAB OR (B) DEVELOPMENT OPPORTUNITY?

Barrett, C. B., Christiaensen, L., Sheahan, M., & Shimeles, A. (2017). On the structural transformation of rural Africa. *The World Bank*.

Cotula, L., Vermeulen, S., Leonard, R., Keeley, J., (2009). Land Grab or Development Opportunity? *Agricultural Investment and International Land Deals in Africa*. IIED.

Dell'Angelo, J., D'odorico, P., Rulli, M. C., & Marchand, P. (2017). The tragedy of the grabbed commons: coercion and dispossession in the global land rush. *World Development*, 92, 1-12.

Lay, J., Nolte, K. (2018). Determinants of foreign land acquisitions in low- and middle-income countries. *Journal of Economic Geography* 18(1): 59-86. <https://www.giga-hamburg.de/de/publication/determinants-of-foreign-land-acquisitions-in-low-and-middle-income-countries> [accessed 15/03/2018].

TOPIC 9: FOREIGN DIRECT INVESTMENTS IN AFRICA: (A) CONTINUED EXPLOITATION OR (B) DEVELOPMENT OPPORTUNITY?

Lay, J. and Tafese, T. (2020). Promoting private investment to create jobs: A review of the evidence. *PEGNet Policy Studies*, 38.

Toews, Gerhard and Vézina P.L. (2020). Resource discoveries, FDI bonanzas, and local multipliers: Evidence from Mozambique. *The Review of Economics and Statistics* 1–36.

Crescenzi, R. and Limodio, N. (2020) The impact of Chinese FDI in Africa: evidence from Ethiopia. *Geography and Environment Discussion Paper Series (22)*. Department of Geography and Environment, LSE, London, UK.

TOPIC 10: OIL PALM: (A) THE EVIL TREE OR (B) GLOBAL SOLUTION FOR FOOD AND FUEL?

Lustgarten, Abrahm (2018): Palm Oil Was Supposed to Help Save the Planet. Instead It Unleashed a Catastrophe. In: *The New York Times*, 20.11.2018. Online verfügbar unter <https://www.nytimes.com/2018/11/20/magazine/palm-oil-borneo-climate-catastrophe.html>, zuletzt geprüft am 24.03.2020.

Vijesh Krishna; Michael Euler; Hermanto Siregar; Matin Qaim (2017): Differential livelihood impacts of oil palm expansion in Indonesia. In: *Agricultural Economics* 48 (5), S. 639–653. DOI: 10.1111/agec.12363.

TOPIC 11: AFRICA'S STRUCTURAL TRANSFORMATION (A) LABOUR-INTENSIVE MANUFACTURING OR (B) A DIFFERENT PATH TO PROSPERITY?

John P. (2018). Rethinking Africa's Structural Transformation: The Rise of New Industries. Brookings.

Newfarmer, R., Tarp, F., and Page, J (2018). Industries without smokestacks: industrialization in Africa reconsidered. *WIDER Studies in Development Economics*. Oxford University Press.

Diao, X. and McMillan, M. (2018). Toward and Understanding of Economic Growth in Africa: A Reinterpretation of the Lewis Model. *World Development* Volume 109, 511-522.

Kruse, H, Mensah, E., Sen, K., and de Vries, G. (2021) A manufacturing renaissance? Industrialization trends in the developing world. *WIDER Working Paper* 2021/28.

Diao, X., Ellis, M., McMillan M., and Rodrik, D. (2021) Africa's Manufacturing Puzzle: Evidence from Tanzanian and Ethiopian Firms. *CEPR Discussion Paper* No. DP15650