

PSCI 4012

Global Development

How to study Global Development

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Today's Plan

- Conventional way(s) to study development
- Why the conventional approaches may not be effective?
- How should we study development?

Grand questions

There are many big/grand questions about development:

- Does foreign aid work?
- Does democracy cause economic growth?
- Does natural resource abundance hinder economic development?
- Does ethnic diversity negatively affect development?
- Does decentralization of governance affect corruption?

Grand solutions

Grand problems require grand solutions?

- Framing of issues matters
- If development problems are framed as grand problems, we try to find grand solutions, and finding grand solution are very difficult
- If we focus on a specific aspect of a development problem and try to solve the big problem piece by piece, then we deal with smaller problems and smaller problems are easier to solve

Grand solutions

University of Pennsylvania experiment:

– “Food shortages in Malawi are affecting more than 3 million children; In Zambia, severe rainfall deficits have resulted in a 42% drop in maize production from 2000. As a result, an estimated 3 million Zambians face hunger; Four million Angolans – one third of the population – have been forced to flee their homes; More than 11 million people in Ethiopia need immediate food assistance.”

– “Rokia, a 7 year-old girl from Mali, Africa, is desperately poor and faces a threat of severe hunger or even starvation. Her life will be changed for the better as a result of your financial gift. With your support, and the support of other caring sponsors, Save the Children will work with Rokia’s family and other members of the community to help feed her, provide her with education, as well as basic medical care and hygiene education.”

What is different between these two framings?

Grand solutions

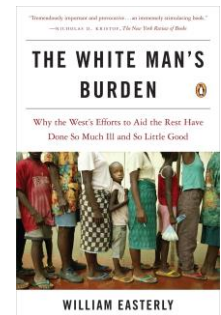
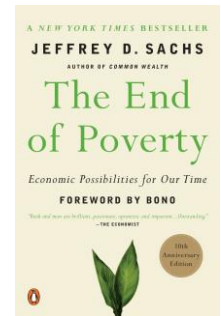
The dangers of grand questions and grand answers:

- We may never fully answer such big questions since we need huge amounts of data(information), and computing power, and no measurement error
- Grand answers tend to propose one-size-fits-all solutions which fail to generate desired outcomes across all nations, groups or individuals

Grand solutions

Supply wallahs vs. demand wallahs

- **Supply wallahs:** Poor people lack resources. We can alleviate poverty if rich world provides resources to the poor world.
- **Demand wallahs:** If the poor people don't demand more resources, then providing more resources will not work. Poor people should be educated to make more informed decisions.



Poor Economics

Banerjee and Duflo (2011):



Poor Economics

Banerjee and Duflo (2011):

“To progress, we have to abandon the habit of reducing the poor to cartoon characters and take the time to really understand their lives, in all their complexity and richness. ”

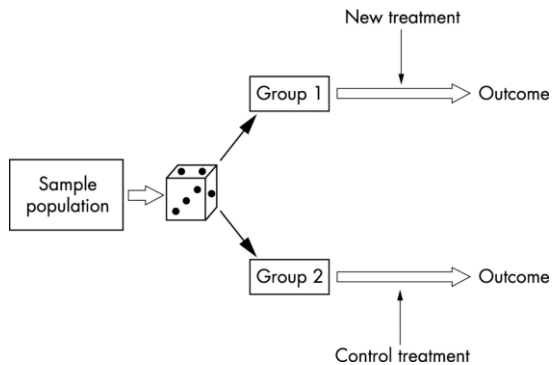
Wrong assumptions about poor people:

- If they had more money, they would consume more food and become healthier

We should first test these assumptions. To test these assumptions we should test poor people's behavior under specific circumstances with randomized controlled trials

RCTs

Randomized controlled trials (RCTs):



RCT example

- External origin

“A recent report published by the Association of Economists focuses on the declining economic performance. According to a survey from this report, more than 80% of economic experts in the country think the economy is currently undergoing a severe crisis. Most experts also point out the role of external factors which arose outside the country, as the primary reason of this recent economic downturn. Based on expert opinions, the report concludes the reversal of this economic decline is unlikely until these external causes start to disappear.”

- Domestic origin

“A recent report published by the Association of Economists focuses on the declining economic performance. According to a survey from this report, more than 80% of economic experts in the country think the economy is currently undergoing a severe crisis. Most experts also point out the role of domestic factors which arose inside the country as the primary reason of this recent economic downturn. Based on expert opinions, the report concludes the reversal of this economic decline is unlikely until these domestic causes start to disappear.”

- No mention of the origin

“A recent report published by the Association of Economists focuses on the declining economic performance. According to a survey from this report, more than 80% of economic experts in the country think the economy is currently undergoing a severe crisis.”

RCT example

What is the treatment variable in this study?

- The origin of an economic crisis

Can we manipulate this variable in real life?

- Probably, we can't

Group Exercise

Propose a research design for the questions below

- Does better access to inputs (textbooks, flipcharts in classes, lower student-teacher ratios) matter for school outcomes (attendance, test scores), and if so, by how much?
- Does fiscal decentralization increase corruption at the local level, and if so, by how much?

RCTs

Randomized controlled trials (RCTs):

