
BLOCK SEMINAR

CONTROVERSIES IN DEVELOPMENT ECONOMICS

Summer Term 2023

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

Preliminary discussion: April 28, 2023, 10:00-12:00

Block course: May 25, 09-16 h, May 26, 09-16 h

It is planned to have physical meetings, but we may have to hold the seminar virtually. In this case, we would use 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.

The application process follows the centralized seminar slot allocation process. Please follow the instructions as communicated in the economics newsletter. If you would like to attend this seminar, please indicate accordingly in [this form](#) until 31 March.

Katharina Fietz will contact you directly to select the seminar paper's topic after the centralized application process has ended.

COURSE DESCRIPTION

The seminar addresses controversial issues in development economics. Such issues may be more topical (for example: EU-Africa trade relations: (a) only new markets for European firms or (b) a genuine development opportunity? or does aid do more harm than good? (a) yes or (b) no?). 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 Katharina Fietz 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

March 7 – 31, 2023	Application for seminar through centralized application process (information via economics newsletter)
April 18	FlexNow registration
April 28	Compulsory preliminary discussion and announcement of participants
May 21	Deadline for seminar papers. An electronic version should be sent in at 12:00 am latest.
May 25 and 26	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 [PRELIMINARY, AS OF FEB 28]

TOPIC 1: FOREIGN DIRECT INVESTMENTS IN DEVELOPING COUNTRIES: (A) PROMOTING FORMAL JOBS AND HIGHER WAGES OR (B) INCREASING PRECARIOUSNESS AND UNEMPLOYMENT?

- Lay, J., & Tafese, T. (2020). Promoting private investment to create jobs: A review of the evidence. Kiel Institute for the World Economy (IfW), Poverty Reduction, Equity and Growth Network (PEGNet).
- Toews, G., & Vézina, P. L. (2022). Resource discoveries, FDI bonanzas, and local multipliers: Evidence from Mozambique. *Review of Economics and Statistics*, 104(5), 1046-1058.
- Crescenzi, R., & Limodio, N. (2021). The impact of Chinese FDI in Africa: evidence from Ethiopia. *Geography and Environment Discussion Paper Series*, (22).
- Hoekman, B., Sanfilippo, M., & Tambussi, M. (2023). Foreign Direct Investment and Structural Transformation in Africa. CEPR Press Discussion Paper, (17838).

TOPIC 2: CLIMATE CHANGE MITIGATION AND ECONOMIC DEVELOPMENT: (A) TRADE-OFF OR (B) WIN-WIN SITUATION?

- Dercon, S. (2014). Is green growth good for the poor?. *The World Bank Research Observer*, 29(2), 163-185.
- Fay, M., Hallegatte, S., Vogt-Schilb, A., Rozenberg, J., Narloch, U., & Kerr, T. (2015). Decarbonizing development: Three steps to a zero-carbon future. The World Bank.
- 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.
- The debate on gas as transition fuel in Africa: See, for example, <https://foreignpolicy.com/2021/12/06/africa-climate-emissions-energy-renewable-gas-oil-coal/> vs. <https://www.wilsoncenter.org/article/battle-earths-climate-will-be-fought-africa>, [accessed 28/02/2023].

TOPIC 3: DOES AID DO MORE HARM THAN GOOD? (A) YES OR (B) NO?

- Dreher, A., & Fuchs, A. (2015). Rogue aid? An empirical analysis of China's aid allocation. *Canadian Journal of Economics/Revue canadienne d'économie*, 48(3), 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. (2010). Aid and conditionality. In *Handbook of development economics* (Vol. 5, pp. 4415-4523). Elsevier.
- Radelet, S. (2017). Once more into the breach: does foreign aid work. Future Development blog, Brookings Institution, May, 8. <https://www.brookings.edu/blog/future-development/2017/05/08/once-more-into-the-breach-does-foreign-aid-work/>, [accessed 28/02/2023].
- Easterly, W. (2006). Planners vs. searchers in foreign aid. *Asian Development Review*, 23(2), 1-35.

TOPIC 4: 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).

Ravallion, M. (2020). Should the randomistas (continue to) rule?. National Bureau of Economic Research, (w27554).

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. (2014). Context matters for size: why external validity claims and development practice do not mix. *Journal of Globalization and Development*, 4(2), 161-197.

TOPIC 5: MICROCREDITS: (A) A PANACEA FOR POVERTY ALLEVIATION OR (B) YET ANOTHER INEFFECTIVE DEVELOPMENT INSTRUMENT?

Banerjee, A., Duflo, E., Glennerster, R., & Kinnan, C. (2015). The miracle of microfinance? Evidence from a randomized evaluation. *American economic journal: Applied economics*, 7(1), 22-53.

Khandker, S. R., & Samad, H. A. (2014). Dynamic effects of microcredit in Bangladesh. World Bank Policy Research Working Paper, (6821).

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

TOPIC 6: HOW TO BEST FIGHT POVERTY: (A) CONDITIONAL CASH TRANSFERS VS. UNIVERSAL BASIC INCOME

Banerjee, A., Niehaus, P., & Suri, T. (2019). Universal basic income in the developing world. *Annual Review of Economics*, 11, 959-983.

Hanna, R., & Olken, B. A. (2018). Universal basic incomes versus targeted transfers: Anti-poverty programs in developing countries. *Journal of Economic Perspectives*, 32(4), 201-26.

Klasen, S., & Lange, S. (2016). How narrowly should anti-poverty programs be targeted? Simulation evidence from Bolivia and Indonesia (213). Discussion Papers.

Millán, T. M., Barham, T., Macours, K., Maluccio, J. A., & Stampini, M. (2019). Long-term impacts of conditional cash transfers: review of the evidence. *The World Bank Research Observer*, 34(1), 119-159.

TOPIC 7: 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. *Journal of African Economies*, 26(suppl_1), i11-i35.

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.

Lay, J., Anseeuw, W., Eckert, S., Flachsbarth, I., Kubitzka, C., Nolte, K., & Giger, M. (2021). Taking stock of the global land rush: Few development benefits, many human and environmental risks. Analytical Report III. Bern, Montpellier, Hamburg, Pretoria: Centre for Development and Environment, University of Bern; Centre de coopération internationale en recherche agronomique pour le développement. German Institute for Global and Area Studies.

TOPIC 8: DIGITALIZATION AND TECHNOLOGICAL CHANGE: (A) THREAT OR (B) OPPORTUNITY FOR WORKERS AND FIRMS IN DEVELOPING COUNTRIES?

Brambilla, I., César, A., Falcone, G., Gasparini, L., & Lombardo, C. (2021). The Risk of Automation in Latin America. *Documentos de Trabajo del CEDLAS*.

Hjort, J., & Poulsen, J. (2019). The arrival of fast internet and employment in Africa. *American Economic Review*, 109(3), 1032-79.

Lewandowski, P., Park, A., Hardy, W., Du, Y., & Wu, S. (2022). Technology, skills, and globalization: Explaining international differences in routine and nonroutine work using survey data. *The World Bank Economic Review*, 36(3), 687-708.

Maloney, W. F., & Molina, C. (2019). Is automation labor-displacing in the developing countries, too? robots, polarization, and jobs. *The World Bank*.

World Bank. (2018). *World development report 2019: The changing nature of work*. The World Bank.

TOPIC 9: OIL PALM: (A) THE EVIL TREE OR (B) GLOBAL SOLUTION FOR FOOD AND FUEL?

Lustgarten, A. (2018). Palm oil was supposed to help save the planet. Instead it unleashed a catastrophe. *New York Times*, 20. Available at: <https://www.nytimes.com/2018/11/20/magazine/palm-oil-borneo-climate-catastrophe.html>, [accessed 28/02/2023].

Krishna, V., Euler, M., Siregar, H., & Qaim, M. (2017). Differential livelihood impacts of oil palm expansion in Indonesia. *Agricultural Economics*, 48(5), 639-653.

TOPIC 10: FORMALIZING INFORMAL FIRMS: (A) USELESS EFFORT OR (B) PATHWAY TO BETTER EMPLOYMENT AND SOCIAL PROTECTION?

Benhassine, N., McKenzie, D., Pouliquen, V., & Santini, M. (2018). Does inducing informal firms to formalize make sense? Experimental evidence from Benin. *Journal of Public Economics*, 157, 1-14.

Bruhn, M., & McKenzie, D. (2014). Entry regulation and the formalization of microenterprises in developing countries. *The World Bank Research Observer*, 29(2), 186-201.

Jessen, J., & Kluge, J. (2021). The effectiveness of interventions to reduce informality in low-and middle-income countries. *World Development*, 138, 105256.

Rocha, R., Ulyssea, G., & Rachter, L. (2018). Do lower taxes reduce informality? Evidence from Brazil. *Journal of development economics*, 134, 28-49.