

PP5183: 02-03.  
How Is Economic Development Not  
Just Program Evaluation?

LKY School of Public Policy  
Danny Quah  
2016-2017 Sem 2

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OUTLINE

1. International Economic Development
2. PP5183: How This Module Will Go
3. Large Facts and Small Changes
4. Program Evaluation
5. Conclusion

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Empowering and Enabling  
the People in Emerging Economies

1. Globalized world of trade and interactions
2. Economic dimensions and narratives
3. Empirical evidence

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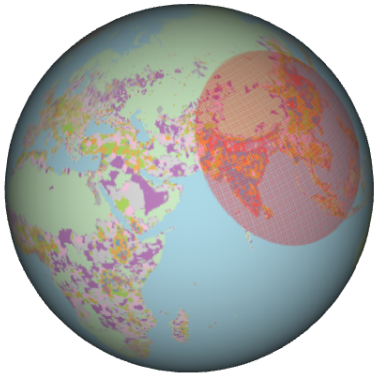
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The smallest circle on Earth with more people living inside than out



Source: D. Quah (2017, in progress).  
Ordering the World: Truth to Power

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2. PP5183: How This Module Will Go

Action Points

1. Each weekly meeting: Presentations. Discussion. Lecture
2. Assessment:
3. No final exam
4. Two papers [Midterm 20%, Final 50%]
5. Presentation [20%]; Continuous Assessment [10%]

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2. PP5183: How This Module Will Go

Presentations

1. Penultimate class (Week 12): Breakout groups. Joint presentations
2. Sign up for one presentation, but give up to three possibilities, in order of preference.
3. Presentations, 15mins, organised around the development problems of a chosen economy. Weeks 06–07, before and after. Format of an intelligence briefing. Midterm essay will emphasise relevant analytical framework

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## Essays

1. Midterm: Clamps on to your presentation—whether before or after Weeks 06–07—the analytical ideas we will be developing in lectures.
2. Final: More substantive and in-depth
3. Connect up and leverage the course content

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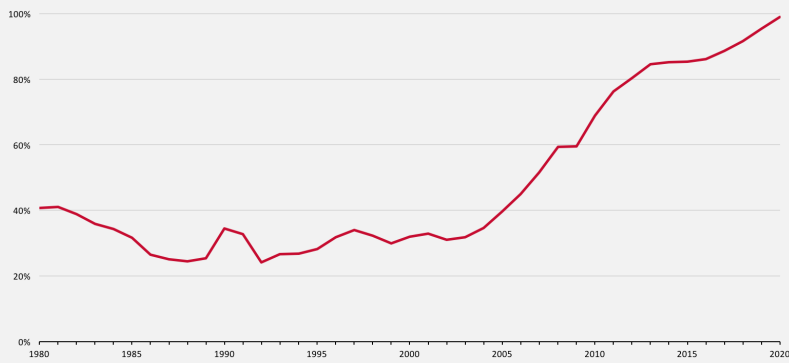
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### The Globalization Lift

Emerging countries' combined GDP as a share of G7 GDP



Source: Authors' calculations, IMF World Economic Outlook (Oct 2015, updated)

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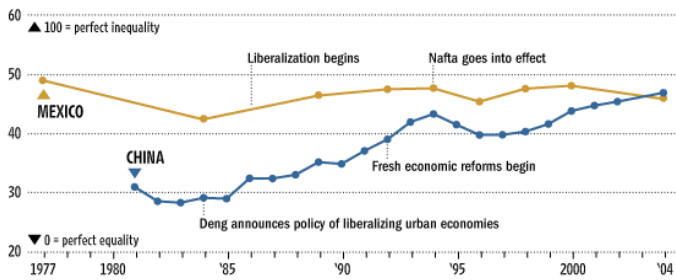
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## World Growth and Poverty

	1981	1990	1999	2005
World GDP, 10 <sup>12</sup> PPP\$	26	35	45	56
GDP per capita, PPP\$	5876	6704	7505	8662
World's poor, mn	1904	1815	1695	1400
China's poor, mn	835	683	447	208
Remainder, mn	1069	1132	1248	1192

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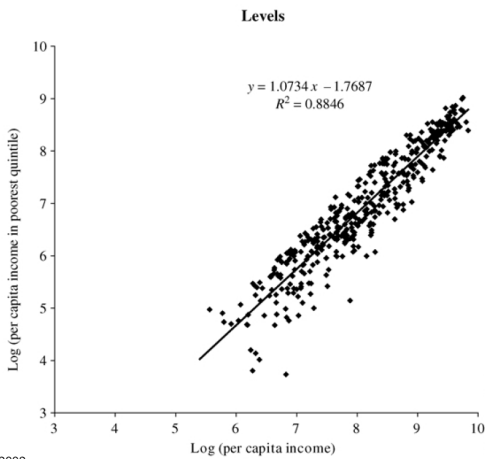
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Source: Dollar and Kraay 2002

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## Important ingredients for people

1. Health. Medication. Insurance
2. Education. Schools, textbooks, teachers, opportunities
3. Finance. Financial institutions: banks, microfinance

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## What happens to individuals?

Treatment:

1. Medication. Drugs. Vaccines for measles.
2. Mosquito nets
3. Textbooks. Teachers. Performance rewards
4. Individuals might also indicate groups or communities
  - Mobile phone systems in villages
  - Local banks/financial institutions; zakat rules

Seek to understand effects of particular administered treatments.

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## Tools for Program Evaluation

Pitfalls from casual observation:

- Causality
- Heterogeneity

Empirical methodologies:

- RCTs
- Difference in differences
- Regression discontinuity

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## When Might Program Evaluation Methods Not Be As Useful?

1. Important causal variables might not be settable by policy
2. Important causal variable are systemic:
  - Inflation
  - Inequality
  - Global climate change
  - Macroeconomic instability. Financial crises
  - Corruption
  - Rule of law. Property rights
  - Democracy or technocracy

Synergies and externalities

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## Concepts to remember and use

1. Economic Development: Empowerment. Program evaluation
2. Inequality, poverty, growth: Where is change happening?
3. Large facts, small changes

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