

Reading list 2005

Finn Tarp

Monday 6 June, Morning: Course overview and introduction

Hansen, H. and Tarp, F. 2000. 'Aid Effectiveness Disputed'. *Journal of International Development* 12, 375-98.

Mosley, P., Hudson, J. and Horrell, S. (1987) 'Aid, The Public Sector and The Market in Less Developed Countries', *Economic Journal* 97(387): 616-41.

Papanek, G.F. (1973) 'Aid, Foreign Private Investment, Savings, and Growth In Less Developed Countries', *Journal of Political Economy* 81(1): 120-30.

Weisskopf, T.E. (1972) 'The Impact of Foreign Capital Inflow on Domestic Savings in Underdeveloped Countries', *Journal of International Economics* 2(1): 25_38.

White, H. (1992) 'What Do We Know About Aid's Macroeconomic Impact? An Overview of the Aid Effectiveness Debate', *Journal of International Development* 4(2), 121-37.

Michael Clemens

Monday 6 June, Afternoon

I. Empirical methods for evaluating foreign aid

Esther Duflo (2004), "Empirical Methods", mimeo, Massachusetts Institute of Technology.

Full text available at:

http://web.mit.edu/14.771/www/emp_handout.pdf

II. Aid effectiveness: growth regressions

Peter Boone (1994), "The impact of foreign aid on savings and growth", Centre for Economic Performance Working Paper No. 677, London School of Economics.

Full text: available only in hardcopy

Craig Burnside and David Dollar (2000), "Aid, policies, and growth", *American Economic Review* 90 (4): 847-868.

William Easterly (2003), "Can foreign aid buy growth?" *Journal of Economic Perspectives* 17 (3): 23-48.

Dalgaard, Carl-Johan, Henrik Hansen, and Finn Tarp (2004), "On the empirics of foreign aid and growth," *Economic Journal* 114 (496): 191-216.

Tuesday 7 June, Morning

I. Counting chickens when they hatch: Disaggregated aid and growth

Michael A. Clemens, Steven Radelet, and Rikhil Bhavnani (2004), “Counting chickens when they hatch: The short-term effect of aid on growth”, Working Paper 44, Center for Global Development, Washington, DC.

Full text available at:

<http://www.cgdev.org/docs/CountingChickensFINAL3.pdf>

II. Aid effectiveness: other aspects

Esther Duflo (2004), “Evaluating the Impact of Development Aid Programs: The Role of Randomized Evaluations”, prepared for the research conference “Development Aid: Why and How? Towards strategies for effectiveness”, Agence Française de Développement and European Development Research Network, Ministère de l'Économie, Paris, November 25.

Full text available at:

http://www.eudnet.net/Download/AfD-EUDN04_Duflo.pdf

Simon Johnson and Arvind Subramanian (2005), “Aid, Governance, and the Political Economy: Growth and Institutions”, prepared for the IMF Seminar on Foreign Aid and Macroeconomic Management, Chissano Conference Center, Maputo, March 14-15.

Full text available at:

<http://www.imf.org/external/np/seminars/eng/2005/famm/pdf/johnso.pdf>

Jonathan Isham and Daniel Kaufmann (1999), “The Forgotten Rationale for Policy Reform: The Productivity of Investment Projects”, *Quarterly Journal of Economics* 114 (1): 149-184.

Aart Kraay (2005), “Aid, growth, and poverty”, prepared for the IMF Seminar on Foreign Aid and Macroeconomic Management, Chissano Conference Center, Maputo, March 14-15.

Full text available at

<http://www.imf.org/external/np/seminars/eng/2005/famm/pdf/kraay.pdf>

Tuesday 7 June, Afternoon

I. The Millennium Challenge Account and other new initiatives

White House fact sheet on the Millennium Challenge Account

Full text available at:

<http://www.whitehouse.gov/infocus/developingnations/millennium.html>

Steven Radelet (2005), “The Millennium Challenge Account: Making the Vision a Reality”, Testimony for the US House of Representatives, Committee on International Relations, Center for Global Development, Washington, DC.

Full text available at:

<http://www.cgdev.org/docs/MCA%20Testimony1.pdf>

A Partnership to Prevent and Treat AIDS, Tuberculosis and Malaria [An overview of the Global Fund to Fight AIDS, Tuberculosis, and Malaria]

Full text available at:

<http://www.theglobalfund.org/en/files/publications/qaen.pdf>

Global Partnership on Output-Based Aid: Operating Principles and Annexes

Full text available at:

[http://www.gpoba.org/assets/GPOBAOperatingPrinciplesandAnnexes2004\(28%5B1%5D%5B1%5D%5B1%5D.02.05\).pdf](http://www.gpoba.org/assets/GPOBAOperatingPrinciplesandAnnexes2004(28%5B1%5D%5B1%5D%5B1%5D.02.05).pdf)

II. Other CGD work on aid, and a future research agenda

[No readings]

Jean-Claude
Berthélemy

(*** indicates essential readings)

Wednesday 8 June, Morning and Afternoon

Aid allocation: Stylized facts, empirical literature and methodological issues

*** Alesina, A. and D. Dollar (2000). 'Who Gives Foreign Aid to Whom and Why?'. *Journal of Economic Growth*, 5: 33-63.

Alesina, A., and B. Weder (2002), 'Do Corrupt Governments Receive Less Foreign Aid?', *American Economic Review*, 92(4):1126-37

Berthélemy, J.C. (2004), 'Bilateralism and Multilateralism in Official Development Assistance Policies', University Paris 1, TEAM Working Paper No. 04104, October 2004.
<ftp://mse.univ-paris1.fr/pub/mse/cahiers2004/Bla04104.pdf>

*** Berthélemy, J.C. (2005), 'Bilateral donors' interest vs. recipients' development motives in aid allocation: do all donors behave the same?', University Paris 1, TEAM Working Paper No. 05001, January 2005.
<ftp://mse.univ-paris1.fr/pub/mse/cahiers2005/Bla05001.pdf>

*** Berthélemy, J.C, and A. Tichit (2002), 'Bilateral Donors' Aid Allocation Decisions: A Three-dimensional Panel Analysis WIDER' Discussion Paper No. 2002/123, December 2002. (Shorter version in *International Review of Economics and Finance*, 2004, 13: 253-274.
<http://www.wider.unu.edu/publications/publications.htm>

Dollar, D. and V. Levin, 'The Increasing Selectivity of Foreign Aid', 1984-2002, World Bank Policy Research Working Paper 3299, May 2004.
http://econ.worldbank.org/files/35475_wps3299.pdf

*** McGillivray, M. (2003), 'Modelling Aid Allocation: Issues, Approaches and Results', WIDER Discussion Paper No. 2003/49, June 2003.

<http://www.wider.unu.edu/publications/publications.htm>

*** Peter Nunnenkamp, Gustavo Canavire, Luis Triveño, 'Targeting Aid to the Needy and Deserving: Nothing But Promises?' Kiel Working Paper No. 1229

<http://www.uni-kiel.de/ifw/pub/kap/2004/kap1229.pdf>

*** Tarp, F., C. F. Bach, H. Hansen, and S. Baunsgaard (1998), 'Danish Aid Policy: Theory and Empirical Evidence'. Discussion Paper 98/06. Copenhagen: University of Copenhagen, Institute of Economics.

<http://www.econ.ku.dk/derg/papers/paper.pdf>

Jean-Paul Azam

Thursday 9 June, Morning

Implementation problems in the aid contract

Azam, J.P. and J.J. Lafont (2003) 'Contracting for aid'. Journal of Development Economics, vol. 70: 25-58.

Thursday 9 June, Afternoon and Friday 10 June, Morning

Political constraints on the aid allocation of aid and aid versus sanctions

Azam, J.P. (forthcoming) 'The Paradox of Power Reconsidered: A Theory of Political Regimes in Africa'. Journal of African Economies.

Azam, J.P. and T. Saadi-Sedik (2004) 'Aid versus Sanctions for Taming Oppressors: Theory and Case Study of the Iraqi Kurds'. Defence and Peace Economics, Vol. 15: 343/364.

Friday 10 June, Afternoon

Aid versus Terrorism

Azam J.P. and A. Delacroix (2005) 'Aid and the Indirect Fight Against Terrorism'. Mimeo.

Jakob Svensson

Monday 13 June, Morning

Understanding donor behaviour

Martens, Bertin, Uwe Mummert, Peter Murrell, and Paul Seabright, 2002, *The institutional economics of foreign aid*, Cambridge, U.K., Cambridge University Press.

Knack, S. and A. Rahman, 2004, Donor Fragmentation and Bureaucratic Quality in Aid Recipients, World Bank Policy Research Working Paper 3186, World Bank.

Svensson, J., 2003, Why Conditional Aid Doesn't Work and What Can Be Done About It?, *Journal of Development Economics*, vol. 70 (2): 381-402.

Martens et al's book is background reading and Knack and Rahman's paper is also not required (I will present a "better" model that captures the argument in the paper).

Monday 13 June, Afternoon

Political economy and agency problems

Besley, T. and R. Burgess, 2002, The political economy of government responsiveness: Theory and evidence from India, *Quarterly Journal of Economics*, vol. 117(4).

Persson, T. and G. Tabellini, 2000, *Political Economics: Explaining Economic Policy*, Chapter 4.

Tuesday 14 June, Morning

Measuring corruption and combating corruption: Delegation

Reinikka, R. and J. Svensson, 2004a, Local Capture: Evidence from a central government transfer program in Uganda, *Quarterly Journal of Economics*, 119(2): 679-705.

Svensson, J, 2005, Eight FAQs about corruption, *Journal of Economic Perspectives* (forthcoming).

Yang, D., 2005, Integrity for Hire: An Analysis of a Widespread Program for Combating Customs Corruption, Working Paper, Department of Economics, University of Michigan.

Svensson (2005) is background reading.

Tuesday 14 June, Afternoon

Combating corruption: Wage incentives and information and the return to fighting corruption

Besley, T. and J. McLaren, 1993, Taxes and bribery: The role of wage incentives, *Economic Journal*, vol. 103(January): 119-141.

Reinikka, R. and J. Svensson, 2004b, The power of information: Evidence from a newspaper campaign to reduce capture, Working Paper, IIES, Stockholm University.

Reinikka, R. and J. Svensson, 2005, Fighting corruption to improve schooling: Evidence from a newspaper campaign in Uganda, *Journal of European Economic Association* (forthcoming).

Carl-Johan Dalgaard

TBA

Thomas Barnebeck
Andersen

Wednesday 15 June, Afternoon

US politics and IMF Lending

Andersen, T.B., T. Harr and F. Tarp (2005) 'On US Politics and IMF Lending'. University of Copenhagen, mimeo.

Anke Hoeffler

Thursday 16 June, Morning

Aid Allocation

First, I would like to introduce the idea that aid should be allocated according to maximizing poverty reduction. If there is time I would like to present some work on Nordic aid allocation. After the presentations by JC Berthelemy earlier in the week I would hope for a lively discussion.

Collier, P. and D. Dollar. Aid Allocation and Poverty Reduction. European Economic Review. 46(8), September 2002, Pages 1475-1500

Collier, P. and D. Dollar. Can the World Cut Poverty in Half? How Policy Reform and Effective Aid Can Meet International Development Goals. World Development. 29 (11) November 2001, Pages 1787-1802

Gates, S. and A. Hoeffler. 2004. Global Aid Allocation: Are Nordic Donors Different?, Centre for the Study of African Economies, PS/2004-34 <http://www.csae.ox.ac.uk/workingpapers/pdfs/2004-34text.pdf>

Thursday 16 June, Afternoon

Aid and Capital Flight

I would like to introduce a brief overview of models of capital flight and then address the question whether aid increases capital flight. In this analysis I would like to address the question of how aid can be instrumented.

Collier, P., Hoeffler, A. and C. Pattillo. 2004. Africa's Exodus: Capital Flight and the Brain Drain as Portfolio Decisions, Journal of African Economies 13: ii15 - ii54.

Collier, P., Hoeffler, A. and C. Pattillo. 2004. Aid and Capital Flight, mimeo
<http://users.ox.ac.uk/~ball0144/research.htm>

Tavares, J. 2003. Does foreign aid corrupt? Economics Letters 79: 99-106.

Friday 17 June, Morning and Afternoon

Aid and Peace

Collier, P. and A. Hoeffler. 2004. Greed and Grievance in Civil Wars, Oxford Economic Papers 56: 663-595.

Collier, P. and A. Hoeffler. 2004. 'Conflicts' in: Lomborg, B. (ed) Global Crises, Global Solutions. Cambridge University Press. <http://www.copenhagenconsensus.com/Default.asp?ID=221>

Fearon, J. "Rationalist Explanations for War." International Organization 49 (Summer 1995), 379-414.

Collier, P. and A. Hoeffler. 2004. Aid, Policy and Growth in Post-Conflict Countries. The European Economic Review 48: 1125-1145.

Collier, P., A. Hoeffler and M. Söderbom. 2004. On the Duration of Civil War. Journal of Peace Research 41(3): 253-273.

Collier, P. and A. Hoeffler. 2002. Aid, Policy and Peace, Defence and Peace Economics 13(6):435-450.