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CSAE RESEARCH IS FUNDED by the Economic and Social Research Council (ESRC); the Department for International Development (DFID); the World Bank; the International Growth Centre (IGC); and the Bill and Melinda Gates Foundation.

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DFID, the Department for International Development, is the part of the UK Government that manages Britain’s aid to poor countries. Their work is focused on achieving the Millennium Development Goals - the United Nations targets for fighting poverty that must be met by 2015. They work with charities, international organisations and the governments of poor countries to find lasting solutions to the global problem of poverty.

The World Bank is a vital source of financial and technical assistance to developing countries around the world. Its mission is to fight poverty with passion and professionalism for lasting results and to help people help themselves and their environment.

The IGC promotes sustainable growth in developing countries by providing demand-led policy advice based on frontier research. The IGC is directed and organised from hubs at the LSE and Oxford and comprises country offices across the developing world. The IGC was initiated and funded by UK aid from DFID.

Bill and Melinda Gates Foundation

Bill and Melinda Gates’ belief that every life has equal value is at the core of their work at the foundation. They follow 15 guiding principles, which help define their approach to their philanthropic work, and employ an outstanding leadership team to direct their strategies and grant making.
AFRICA IS GROWING, BUT WE DON’T KNOW EITHER HOW RAPIDLY OR HOW SUSTAINABLY.

We don’t know how rapidly because of weaknesses in the basic economic data. Whereas other regions are moving to supplement GDP as a measure of performance, Africa has yet to arrive at reasonably reliable and timely estimates of GDP. There is an important research agenda around harnessing new sources of data, such as light emissions and mobile phone transactions, to improve the accuracy and timeliness of measurement.

We don’t know how sustainable current growth will prove to be. Sustained growth will depend upon political choices concerning institutions, strategies and policies and these choices, in turn, will reflect the quality of the economic discourse, society-by-society. It is part of the role of economic research to provide useful building blocks for these domestic debates.

These two radically different examples demonstrate the wide range over which economic research can contribute to African economic performance. Fortunately, there has been a corresponding expansion in the production of research. Reflecting this expansion, this year, for the first time, there have been more than one thousand research papers submitted to the annual CSAE conference. While we cannot accept all of them, we have correspondingly expanded the conference to cater for a wider range of themes. As the conference has grown it is also increasingly being used as a convening forum appropriate for related side events. We are expanding webcasting so that a much wider audience can benefit.

The conference is an example of the dual mandate of CSAE: as a centre for the production of policy-pertinent economic research on Africa, and as a provider of the public goods needed by the global community of scholars, practitioners, and policy makers. We are, of course, fully conscious that the CSAE conference is located in Oxford, not Africa. But we are correspondingly proud that so many African scholars are able to participate.

In maintaining its dual mandate, CSAE is supported by a Policy Advisory Committee consisting of a wide range of practitioners. For many years this has been ably chaired by Sir Michael McWilliam who has personally exemplified the combination of the academic and practitioner roles having been both Director of SOAS, and CEO of Standard Chartered. Sir Michael has now handed the Chair of the Committee on to Kofi Adjepong-Boateng. In closing, I would like to thank Sir Michael for his sustained commitment to the importance of economic research on Africa.

PAUL COLLIER
DEVELOPMENT ECONOMISTS OFTEN TAKE IT for granted that poor people cannot borrow as much as they would like — that is, that the credit available to them is constrained. This seems to make sense, intuitively, and it is also apparently confirmed by data. For example, if investing in education is profitable, but people still do not send their children to school, it could be because they are unable to borrow to pay for the school fees. Or if they know they will have enough money to pay for food tomorrow, but still go hungry today, it could be because they are unable to buy food on credit.

However, there are other possible explanations for such observations. One is very simple: perhaps poor people just do not plan ahead. If you do not plan ahead, perhaps because your situation is so dire that all your attention is required in the present in order to sustain yourself and your family, you may not have the luxury of thinking about your children’s education even though that would make sense in the long run. The idea that poverty may change not only the circumstances of economic agents, but also the decision-making process itself, has been defended by Duflo (2006).

Some observations interpreted as indications of credit constraints could also be related to uncertainty. For instance, if you are likely to have more money after the harvest, but there is a risk that pests will destroy your crops before then, then perhaps buying food on credit is unwise even if the shopkeeper is willing. Then the fact that you eat less now and more after harvesting is not the result of being unable to borrow, but rather that you are prudent in the face of uncertainty.

In forthcoming work (Berg, 2013), I use South African data from the period 2001–3 to try to distinguish between these possible explanations: constraints on borrowing, a lack of forward planning and uncertainty. I use a large panel of black (‘African’, in the South African parlance) households to look at what happens when a member of the household becomes eligible for a large and anticipated income stream: the old age pension. This is a social pension, in the sense that qualifying for it does not depend on your career history. Anyone who is old enough (at the time, the qualifying age was 60 years old for women and 65 years old for men) and poor enough (as most black South Africans are) can get it.

This is an example of a situation in which simple economic models — those that assume no constraints on borrowing, perfect planning and no uncertainty — would predict that households should smooth their consumption by borrowing, or dis-saving, in advance of receiving the pension and repaying afterwards. However, what I find is that average expenditure increases sharply — ‘jumps’ — exactly at the pension-qualifying age. Though this finding is a departure from the predictions of the basic models, it would not surprise most practitioners. However, in further analysis I attempt to determine whether the observed jumps in expenditure are the result of constrained borrowing, a lack of forward planning or are a consequence of uncertainty.

First, I contrast the findings at the time of qualifying for the pensions with what happens at another big financial juncture — the lapse of the child support grant. In South Africa, as in many other countries, the child support grant is only paid for children under a certain age. As with the pension, most black families are poor enough to qualify. So the lapse of the child support grant represents a significant and predictable decrease in income when children reach a certain age.
However, there is a big difference in the theoretical predictions about consumption when income increases and when it decreases. Households that are unable to borrow must wait until the income increase actually happens before they can start spending the extra money – hence the observed jump. But when income decreases, it is saving rather than borrowing that is required in order to smooth consumption. So as long as it is possible to save – cash under a mattress would be sufficient for this purpose – households that are unable to borrow should still be able to avoid a downward jump in consumption at the time of an anticipated decrease in income. In contrast, if households do not plan ahead, then their consumption should respond to anticipated decreases as well as increases in income.

So when I find that there is no downward jump in expenditure associated with the lapse of the child support grant, I take it to mean that the households in the panel do indeed plan ahead.

However, the jumps in expenditure at the pension-qualifying age could still be the result of either constrained borrowing or a response to uncertainty. The most likely way that the jumps in expenditure can be related to uncertainty is that the households were holding back on expenditure because the pensioner might die before the pension income is realised. However, I show that the annual risk of death for 60- to 65-year-old black South Africans is not very high, indicating that uncertainty may not be the main factor behind the jumps.

I also consider savings. When a household is unable to smooth consumption because of borrowing constraints, it must, almost by definition, have run its savings down to a minimum first. (Otherwise it could smooth consumption by dis-saving instead of borrowing.) So, if savings decrease further when the pension arrives, households cannot have been credit constrained in the run-up. On the other hand, decreasing savings is consistent with the pension decreasing the uncertainty faced by households, as seems likely that it should. In fact, when households become eligible for the pension, they tend to save more, not less. This is further suggestive evidence in favour of constraints on borrowing rather than the effects of uncertainty.

So, in conclusion, and subject to concerns about the power of the statistical tests, we have come full circle: the observed jumps in expenditure are, after all, more likely to be related to the inability of households to borrow as much as they would like than to uncertainty or a lack of forward planning. This is what most economists would have guessed, but I hope to have provided a somewhat more solid foundation for doing so.
THERE IS INTENSIVE DEBATE ON HOW monetary policy should react to asset price fluctuations in the context of liberalised credit markets. Housing markets and their consumption interactions have, in recent years, become an active research area. However, the empirical literature, both macro and micro, mostly has insufficient controls for the common drivers of house prices and consumption. Potential controls include income, income growth expectations, interest rates, credit supply conditions, other asset prices and indicators of income uncertainty (e.g. the change in the unemployment rate). It is important to control for the direct effect of credit liberalisation in models of consumption, or the effect of housing wealth (collateral) on consumption will be overestimated in countries where the easing of credit restrictions is correlated with rises in asset prices. The omission of income growth expectations can also bias the estimates. Thus, fluctuations in asset prices and changes in access to credit can lead to large forecasting errors when these variables are omitted.

In emerging market economies, these issues are of increasing policy importance. Unfortunately, there are virtually no wealth data for the vast majority of emerging market economies. Stock market prices, house prices when available and private sector broad money have been used as proxies, but these cannot capture long-run trends connected with changing household debt and deposit levels, housing accumulation and shifting stock market participation. The past two decades have seen extensive domestic credit liberalisation in emerging market and developing economies, yet the microdata are not available to gauge economy-wide credit conditions.

Our research on South Africa aims to explain the rising ratios of consumption and household debt to income (Figure 1), taking account of wealth effects, income expectations and credit.

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**Figure 1.** South African personal consumption and household debt relative to personal disposable non-property income. Note: 0.6 is added to the debt ratio for scaling purposes.

3. Low saving rates are a symptom of a persistent structural weakness in South Africa (Aron and Muellbauer, 2000), reflected in a continuing dependence on foreign capital inflows.
We propose an empirical model, grounded in theory (Muellbauer, 2007; Aron et al., 2012), with more complete controls than generally used in the literature: for the effects of liquid and illiquid wealth (including housing wealth); for households’ income forecasts; for the direct effects of credit liberalisation on debt and consumption and the indirect effects of credit shifts when interacted with housing wealth measures and other variables. Our work measures marginal propensities to consume (MPCs) out of debt and out of liquid, illiquid financial and housing wealth. A three-way split of assets is used to differentiate the ‘spendability’ of such assets. The model is applied to quarterly data for South Africa from 1971 to 2005, and uses household wealth estimates on a market value basis developed in Aron and Muellbauer (2006) and Aron et al. (2006, 2008). These are the most comprehensive balance sheet data to date for any emerging market or developing economy.4

South Africa has experienced substantial credit market liberalisation.

South Africa has experienced substantial credit market liberalisation, documented in our paper (Aron and Muellbauer, 2013). There are no data to measure credit conditions directly. We adopt a ‘latent variable approach’, in which a credit conditions indicator (CCI) is captured through a spline function, the parameters of which reflect qualitative information on the timing of key institutional changes in the credit markets. Joint debt, consumption and income forecasting equations are estimated and the (unobservable) credit supply indicator enters all three equations. This is the first time that the consumption implications of wealth and shifting credit market conditions – especially the time-varying housing collateral effect – have been investigated for an emerging market economy using coherent wealth

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4. The South African Reserve Bank has now taken over production and updating of these data (Kuhn, 2010).
data, while controlling for other influences on consumption. Figure 2 shows two alternative versions of the CCI from our joint system. The post-1997 decline in CCI may also reflect the impact of the acquired immunodeficiency syndrome (AIDS) epidemic on the population share of younger households with a high propensity to spend and borrow.

Attempts to estimate a conventional life cycle consumption function fail: only by controlling for the shifts in credit market architecture can a stable long-run relationship be found. Credit market liberalisation increases the average propensity to consume out of income, and its inclusion allows better determined long-run solutions, including real interest rate effects and plausible wealth and collateral effects. Credit market liberalisation increases the roles of expected income growth and of housing wealth on consumption: the MPC out of housing wealth has risen and in recent years has exceeded the MPC for illiquid financial wealth, but is below the MPC for net liquid assets. The same credit market shifts also induce large and significant parameter shifts in the debt equation. These findings suggest that standard, constant parameter models such as vector autoregressive model would be unlikely to be robust in the case of South Africa.

The consumption model illuminates the monetary transmission mechanism: there are multiple channels for the effect of interest rates on consumption expenditure. A rise in short-term interest rates has negative direct effects on consumer spending, mainly through higher real rates, but there appear to be even larger indirect effects via asset prices and income expectations. In the absence of household balance sheet data for South Africa, these large asset effects have not previously been measured. Given the multiple possible influences on asset prices in small open economies – including foreign interest rates, terms of trade and foreign equity prices – to quantify the marginal effect of domestic interest rate changes alone requires separate models for the main asset prices of equities, bonds and housing, in addition to this three-equation subsystem. This remains an important task for future work.

Finally, the empirical results underline the need to improve national wealth accounts and to track changes in financial architecture in other emerging and developing countries. Better modelling of consumption and debt, and indeed of house prices, should improve stabilisation policy and reduce risks of future financial crises. Such models could warn of rises in credit availability not linked to economic fundamentals, of feedback loops amplifying initial shocks and of overshooting of house prices; see Muellbauer (2012) for further discussion.

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IN THIS PROJECT WE EXAMINE THE STATE OF democracy in sub-Saharan Africa and its impact on Africa’s economic performance. Following the collapse of the USSR in 1989, Africa experienced a wave of democratisation: most countries held elections, legalised multiparty systems and many introduced term limits for their leaders. Subsequently, Africa’s economies grew at a rate not witnessed since the time of independence.

BACKGROUND

The analysis of democracy in Africa can usefully be placed within the larger literature on income and democracy. Lipset (1959) reported a strong and positive correlation between income per capita and democracy in a global cross-section of nations. He suggested that economic development causes a series of profound social changes that result in democracy. In doing so, he not only laid the foundations of modernisation theory but also defined a major portion of the contemporary agenda in political economy, with its focus on the relationship between political institutions and economic development.

The new institutionalists (e.g. North and Thomas, 1973; North, 1981, 1990) take a different view – unlike Lipset, they suggest that good institutions cause development. The impact of the new institutionalism extends beyond academic circles. By way of illustration, consider the work by Burnside and Dollar (2000), who suggested that aid is only growth enhancing in environments blessed with good institutions. In response to institutionalist arguments, donors began to offer aid selectively, i.e. to countries with good governance. As a result, in Africa, a number of countries received less aid.

The study of Africa has both much to learn and...
much to contribute to these debates. From them, it can learn how best to measure the relationship between political change and economic performance. In addition, it can help to adjudicate the debate over Lipset’s conjecture.

**ANALYSIS**

As a first step we examine whether (as stipulated by Lipset) income causes democracy. For the global sample we cannot disentangle the causal relationship – there is evidence that income causes democracy but also that the relationship runs the other way. However, for our sub-Saharan African sample we find that democracy causes income, thus providing support for the new institutionalists’ view.

We then proceed to analyse the dynamic relationship between democracy and income using an augmented version of the pooled mean group (PMG) estimator of Pesaran et al. (1999). We use this estimator for a number of reasons. The end of the Cold War resulted in an exogenous worldwide wave of democratisation and we want to analyse the dynamic response of incomes and democracy levels across countries. This analytic focus requires the use of a dynamic panel estimation technique that allows us to make full use of the available time-series data. Furthermore, OLS as well as fixed effects estimation assume that the parameters are homogeneous across the panel, i.e. all of the countries respond to changes in the same way. In contrast, the PMG estimator allows us to account not only for country and year effects but also for parameter heterogeneity across panel members.

Based on these panel estimations we find (1) that the performance of Africa’s economies is shaped by international trends in income and democracy and (2) that, in Africa, domestic political institutions affect the performance of economies. However, our error-correction mechanism predicts a slow adjustment to the long-run equilibrium. Taken together – and possibly overinterpreting – these findings may be indicating that political reform left Africa ‘too democratic’, given the level of income. They may imply that the continent has begun to regress to its expected value of democracy, not by growing economically but rather by becoming less democratic. While confirming the political origins of economic growth in Africa, our results thus also suggest their fragile nature.

Data from other sources deepen this concern. Consider Figure 3: surging upwards in the late
twentieth century, the polity index for Africa’s governments continued its ascent in the twenty-first, albeit at a lesser rate. But as the first decade of the new century ended, political progress ended as well, stalling at an average country score of 2 in a scale that runs up to 10. Qualitative accounts (e.g. Freedom House), moreover, confirm that Africa’s governments, intent upon slipping the bonds of electoral accountability, increasingly abuse political rights and civil liberties.

Governments in Africa have learned how to ‘win’ elections through intimidation at the polls (as in Nigeria in 2007 or Gabon in 2009); the manipulation of vote counts (as in Kenya in 2007); or the repression of the opposition (as in Zimbabwe in 2005 and 2008, Burundi in 2006 and Eritrea in 2009). Heads of state have found ways of prolonging their rule: in Angola, Jose Eduardo Dos Santos has remained in power since 1979; Obiang Nguema in Equatorial Guinea since 1979; Paul Biya in Cameroon since 1982; Blaise Compaore in Burkina Faso since 1987. Even those once heralded as the ‘new men’ of Africa are no longer so new: Meles Zewani, Yoweri Museveni and Isaias Afwerki have held the Presidency of their respective states for an average of 19 years.

The desire of incumbents to prolong their hold on power has resulted in efforts to alter institutional restraints. During the period of democratisation, in 33 states, reformers inserted clauses imposing term limits into the constitution. By 2012, in almost one-third of these instances, the clause has either been repealed or amended, thus enabling incumbent heads of state to extend their time in power. Signs of a return to authoritarianism thus mark the current political landscape of Africa. Furthermore, the region has witnessed several unconstitutional changes in leadership: for example, the seizure of power by Andry Rajoelina in Madagascar in March 2009 and the recent coups d’etat in Mali (March 2012) and Guinea-Bissau (April 2012).
CONCLUSION

Using a panel error correction estimation method we have found, in contrast to Lipset (1959), that in Africa democracy elicits economic growth, rather than the other way around, lending support to a ‘new institutionalist’ interpretation of Lipset’s hypothesis. The last-century wave of democratisation appears to have resulted in increased incomes across the region. The enfranchisement of Africa’s rural majorities appears to have focused the minds and altered the policy preferences of its governments and led to higher rates of growth in Africa’s economies.

However, the data also appear to suggest that the political origins of Africa’s growth remain fragile. And, indeed, in a large number of countries these reforms seem embattled: elections are won by the use of illicit tactics; term limits have been challenged and, in some instances, abolished; and unconstitutional leadership turnovers remain distressingly commonplace. Given the long-term relationship between income and democracy, recent democracy levels may in Africa have been too high to be sustainable; and international rather than internal forces – such as the level of global income – may determine the continent’s economic future.

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ACKNOWLEDGEMENTS

This project was supported by the International Growth Centre (IGC) and the Open Society Institute (OSI). Output from this project:

African history is littered with development projects that failed spectacularly: the East African Groundnuts Scheme, the Office du Niger and the Thaba-Tseka Project in Lesotho stand out as well-known examples. In my recent paper (Fenske, 2013), I look at the case of colonial promotion of rubber in mid-Western Nigeria. I ask why efforts such as these often do not succeed, and why new technologies can be slow to diffuse in Africa.

By 1961, Nigeria was Africa’s largest producer of natural rubber.

The colonial government in Nigeria’s Benin region spent the first two decades of the twentieth century unsuccessfully promoting rubber production. In 1921, motivated by low producer prices and Britain’s global policy of reducing rubber acreage, the Director of Agriculture wrote that his department would cease distributing seeds, since it was no longer desirable for the government to appear that it was advocating for the production of rubber. Although this appears at first to be simply one more botched attempt at development, it is a puzzle when set against Benin’s later history. By 1961, Nigeria was Africa’s largest producer of natural rubber, and the bulk of this was produced around Benin. This slow start contrasts not only with Benin’s later history, but also with the rapid spread of other cash crops during the same period, such as cocoa in south-western Nigeria and Ghana.

I argue that the labour scarcity and state capacity are what constrained rubber during this period. These constraints affected each of the three principal sectors of the industry differently. Wild rubber prices were 17% higher during the post-war rubber boom (1946–1960) than during 1900–21, but annual physical output was more than 35 times greater. Further, production rose steadily from 1932 to 1939, when prices were lower than in either of these periods. Before 1921, the government actively encouraged production of both wild and planted rubber.

Why did rubber development fail in Benin before 1921? Neither prices nor government disinterest can explain this episode. Nominal
rubber failed because the colonial state lacked the ability to adequately monitor tapping and because it undermined existing systems of property rights, converting a formerly common property resource into open access. These problems were made worse by the region’s scarcity of labour. Private plantations of local Funtumia rubber and Brazilian Para rubber struggled to find labour. Expatriates also confronted a colonial state that believed acquisition of land by foreigners would undermine its strategy of indirect rule. ‘Communal’ plantations too coped with the unavailability of labour. Further, the colonial state was dependent on local chiefs who appropriated the benefits of these plantations. Short on staff and equipment, the state was unable to effectively maintain its investment or pass skills to locals.

The slow adoption of new technologies in developing countries remains a barrier to growth.

In this paper, I use archival evidence to support this explanation. The scarcity of quantitative data for this period makes it impossible to use credible counterfactuals to determine which of the difficulties in Benin’s rubber industry had the greatest impact. I am able, however, to show that the key problems identified in the archival record were also present in other cases of failed rubber development. Wild rubber elsewhere in Africa and plantations in both Africa and Brazil faced many of the same problems as Benin. Further, these constraints were largely absent from Brazilian wild rubber or from plantations in southeast Asia, and had been substantially relaxed when Benin became a successful exporter of rubber after the Second World War.

BROADER RELEVANCE

I add to our knowledge of several issues. First, the slow adoption of new technologies in developing countries remains a barrier to growth. Existing studies have emphasised factors such as costly learning, heterogeneous returns and fixed costs combined with present-bias. I add to this literature by including explanatory variables that vary over time and space in their ability to delay technological change. While labour scarcity in particular is understood as an important determinant of technological change by economic historians, it has not featured largely in the more recent literature on development.

I also contribute to our understanding of state capacity and labour scarcity as determinants of development. African history provides many examples of initiatives that failed because of the prejudices, ignorance and weakness of colonial and post-colonial states. Similarly, African states have often adopted policies that hinder development in order to ensure their own political survival. The colonial state in Benin lacked the knowledge and resources to directly implement and enforce its policies. Reliance on local chiefs and staff whose incentives did not match those of the state limited the effectiveness of its development initiatives. A long-standing literature

Labour scarcity is an important determinant of technological change.

in African history suggests that scarce labour has been an important factor in the continent’s development. Similarly, economists understand that population is crucial for development, over the long run and over the very long run. I show that labour scarcity hindered both labour-intensive production and the management of a common property resource in Benin.

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ALI ABBAS

FROM FOREIGN AID TO DOMESTIC DEBT: ESSAYS ON THE DETERMINANTS AND EFFECTS OF METHODS OF GOVERNMENT FINANCING IN DEVELOPING ECONOMIES
For my dissertation, I have been working on three essays which, although written as stand-alone papers, all relate to the overarching theme of ‘methods of government finance in developing economies’. The macroeconomic effects of the most commonly used methods – foreign aid, taxes and money finance – are the focus of the first essay. An overlapping generations model (OLG) featuring agents with perfect foresight is set up to evaluate the impact on private consumption of alternative deficit closure rules in the future, where we allow for windfall revenues (including debt service relief via foreign aid) and credit constraints. The second essay looks at domestic government debt which, despite its growing importance, has remained relatively unexplored in the literature. A new dataset on domestic government debt (spanning almost 100 economies over three decades) is presented and the impact of such debt on economic growth is studied. The final essay investigates demand-side determinants of commercial bank holdings of domestic government debt, discriminating between voluntary factors (such as mean-variance portfolio optimisation) and statutory ones (cash reserve and capital adequacy requirements).

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PATRICK BARRON

WHAT CAUSES PEACE TO CONSOLIDATE? UNDERSTANDING POST-CONFLICT VIOLENCE IN INDONESIA
This thesis builds a theory of why violent conflict re-emerges in some areas that previously experienced large-scale extended violence and not in others, and what causes different forms of post-conflict violence to emerge (or not). A mixed-method research design is employed allowing for an assessment of the causes of subnational variation in post-war violence within Indonesia. A new dataset of over 135,000 violent conflict events in Indonesia from 1998 to 2011, constructed for this project, allows for a mapping of temporal and spatial variance in violence patterns. Three provinces, each of which experience large extended violence which ended but which vary in levels and predominant forms of post-conflict violence, are then selected for structured comparative analysis.

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INCOME INEQUALITY, CORRUPTION AND ECONOMIC GROWTH IN DEVELOPING COUNTRIES: A CASE STUDY ON TURKEY

Corruption has continued to be a structural deficiency in Turkey throughout the last century, much like in many other developing countries. Its cultural and historical roots go back to the times of the Ottoman Empire, a traditionally rent-seeking and rent-providing state. However, sociological reasons are not the only excuse for poor institutional quality. My research will theoretically analyse the underlying reasons for corruption and relate it to income inequality and economic growth in developing countries by building a dynamic model and empirically testing the validation of the framework using panel data across developing countries. In further analysis, the relationship between economic inequality, corruption and growth in Turkey will be examined thoroughly.

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PETER W. BRORSSEN

THE QUALITY OF PEACE: CIVIL WAR ENDINGS AND HUMAN SECURITY OUTCOMES

This thesis proposes that peace agreements are more inclusive than victories and therefore offer not just sustained but also sustainable outcomes, especially for those concluded during the last two decades. Based on country-level data for internal conflicts since 1945, the study suggests that decisiveness is less important than inclusiveness. The study further explores this hypothesis by analysing social capital formation in three post-conflict cases, tentatively Nepal, Indonesia and Sri Lanka.

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BET CAEYERS

ESSAYS IN DEVELOPMENT ECONOMICS

Using data from a randomised experiment in Tanzania, the first chapter of my thesis compares data collected using computer-assisted personal interviewing methods with pen-and-paper interviewing methods in different dimensions such as (consumption) data quality, respondent perceptions and implementation costs. In the second chapter, I look into the role of neighbourhood social interactions in the diffusion of development programme awareness to the disabled and elderly in Tanzania. Finally, in the third chapter, I look at the role of political connections and social networks in the decentralised food aid distribution process in Ethiopia.

PUBLICATIONS


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SOCIAL NETWORKS AND LEARNING IN DEVELOPING COUNTRIES
This work focuses on how the formation of social networks shapes the process of economic development in allocating the job opportunities created by expanding labour markets and in the diffusion of new technologies in agriculture. Such research is carried out by employing experimental methods and dyadic data from fieldwork projects in Ethiopia, India and Ghana.

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RACHEL CASSIDY

ESSAYS ON PEER EFFECTS IN DEVELOPMENT ECONOMICS
I model and test for the presence of different types of peer effects in a range of development settings. My recent work focuses on experimental data from high-school students in Ghana, where I test for peer effects in the production of classroom achievement and attempt to distinguish between neoclassical ‘congestion’ effects arising from the learning technology and rivalry-type effects stemming from a preference for relative achievement.

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CORNELIUS CHRISTIAN

THE BEHAVIOURAL ECONOMICS OF CIVIL UNREST
There is a significant gap between economic approaches to conflict (based on rationality and ‘greed’) and social psychology approaches (e.g. based on ‘grievances’ and herd behaviour). I aim to contribute towards bridging this gap, through the use of behavioural economics and evolutionary game theory.

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JACOBUS CILLIERS

POLITICAL ECONOMY OF VIOLENCE
My doctoral research is on the political economy of conflict, with a geographic focus on central and western Africa. In an empirical paper I look at the impact of reconciliation on network formation, trust and public goods provision in post-conflict communities in Sierra Leone. In a theoretical paper, I look at the coercive labour markets in conflict zones, with specific focus on the civil war in Sierra Leone, and the ongoing conflict in the Kivu province, Democratic Republic of the Congo.

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ELWYN DAVIES

MATCHING FRICTIONS IN TRADE
The central question of my research is how people find their trading partners and how this search process causes matching frictions. The goal is to gain more insight into the strategies people use to overcome information asymmetries: how do you know that a trading partner will deliver value for money and how do you know that this person is trustworthy? This lack of information can be an important reason for why certain transactions do not take place. Depending on the type of transaction, people might depend on different reputational mechanisms to overcome this, such as the use of networks or repeated interactions. Besides focusing on the underlying economic theory, my research will also incorporate empirical data on manufacturing firms in Ghana.

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SIMON FRANKLIN

ENABLED TO WORK: THE IMPACT OF HOUSING SUBSIDIES ON SLUM DWELLERS IN SOUTH AFRICA
My thesis looks at labour markets and labour supply in developing countries, with a focus on how physical conditions, particularly in cities, affect individual decisions about work. My first paper uses panel data to look at how government housing in South Africa alleviates the constraints of informal housing, and thus allows increased labour supply among women. Another paper investigates how labour markets respond to catastrophic economic shocks, using quarterly data from the Philippines. I find relatively little evidence of downward wage rigidity, and look at the extent to which labour supply is able to adjust at the intensive margins, without affecting employment or participation rates. Recent work in Addis Ababa, Ethiopia, looks at how the costs of job search exclude particular constrained job seekers from employment opportunities, and how these constraints can be alleviated.

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ANTHONY HARRIS

ESSAYS ON THE POLITICAL ECONOMY OF LARGE-SCALE LAND DEALS
My research focuses on large-scale industrial and agricultural land investment in developing countries. Rapid economic development in many African countries has put a premium on urban and rural land, which in some contexts must be expropriated from its current users. Using household data from Ethiopia, I examine how farmers’ investment decisions are affected by a planned expropriation. I am also interested in how these households use local land, labour and lending markets to cope with the forced sale of their land. In a separate theory paper, I model the strategic interactions between investors and host governments as they negotiate land deals.

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LA-BHUS (FAH) JIRASAVETAKUL

ESSAYS IN LABOUR ECONOMICS: THAILAND’S LABOUR MARKET ADJUSTMENT AND THE INDUSTRIALISATION PROCESS
My thesis investigates alternative reasons for the fast per capita income growth observed in Thailand during the industrialisation process (the late twentieth century) using labour market and household-level datasets. The first chapter focuses on the sectoral choice and sectoral earnings analyses based on the data from the national labour force and household socio-economic surveys. The second chapter explores the impacts of the educational reform in Thailand on income and structural change using the regression discontinuity framework. The third chapter studies the impacts of the industrialisation process on income inequality within and across the three sectors of production.

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JAN JOZWIK

ESSAYS ON TECHNOLOGY ADOPTION IN DEVELOPING COUNTRIES
The main objective of my doctoral thesis is to study the factors limiting the adoption of yield-improving agricultural technologies in sub-Saharan Africa. Using field and laboratory experimental data from cocoa farmers in Ghana I investigate whether providing yield-improving inputs on credit or under an insurance scheme can lead to higher and sustained adoption of technology.

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GAUTAM KALANI

COPING WITH RISK IN POOR RURAL ECONOMIES
Risk is an inescapable part of life in every country, but it is more prevalent – and a graver threat – in poor rural regions than in developed economies. In my thesis, I analyse the behaviour under risk and risk preferences of individuals in rural Ethiopia and Brazil, using a combination of experimental and survey data. Additionally, I investigate the take-up of microinsurance and the demand for different types of insurance contracts among these populations.

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NAUREEN KARACHIWALLA

MANAGING TEACHERS IN LOW-INCOME COUNTRIES
My thesis focuses on education, and, in particular, on teachers. Two of the three chapters examine the promotion system for public servants in China, and its effect on the effort incentives of teachers. The final chapter studies the effect of social distance on educational outcomes in Punjab, Pakistan. Panel data on teachers and students allow me to look at whether high- and low-caste teachers have differential effects on the learning outcomes of high- and low-caste students.

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MARTINA KIRCHBERGER

ESSAYS IN DEVELOPMENT ECONOMICS
Within development economics, my research interests are in applied microeconometrics, spatial economics and in answering macroeconomic questions with microdata. My thesis investigates the effects of a large earthquake in Indonesia on local labour markets; children’s preferences and intrahousehold allocation of consumption and leisure between siblings; and the slope of the supply curve in the construction sector. I have also done work on agricultural productivity growth in Tanzania.

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JULIEN LABONNE

EMPIRICAL ESSAYS ON POLITICAL ECONOMY
In my thesis, I empirically explore issues of political economy in rural Philippines where, in 1991, power was devolved to local governments with significant responsibilities, along with fiscal resources, being transferred to them. In the first chapter, I test whether local incumbents benefit electorally from targeted household transfers set up by the central government. In the second chapter, I test for the presence of political business cycles in Philippine municipalities. In the third chapter, Marcel Fafchamps and I provide new evidence on the benefits and costs of connections to local politicians who may be in or out of elected office.

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JONATHAN LAIN

ESSAYS ON SELF-EMPLOYMENT IN AFRICA
My research focuses on self-employment in Africa. Using detailed household data, I investigate the conditions under which individuals set up non-farm household enterprises, and examine what makes these enterprises productive. My broad aim is to understand the welfare implications of large informal sectors of the labour market, which persist in the developing world.

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CHRISTOPH LAKNER

THE DETERMINANTS OF INCOMES AND INEQUALITY: EVIDENCE FROM POOR AND RICH COUNTRIES
My thesis investigates the relationship between firm size and wages controlling for time-invariant unobservables and sample selectivity in matched firm-worker data from Ghana. In addition, I am interested in studying the development of inequality in Germany and the USA over recent decades.

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PAVEL LUENGAS-SIERRA

PROVISION OF SAVING DEVICES WITH COMMITMENT FEATURES BY FORMAL INSTITUTIONS
My research interests are in development and behavioural economics, with an emphasis on individual financial behaviour. My research is on the conditions for an optimal provision of saving instruments with commitment features by formal institutions taking into account individuals’ varying degrees of ‘self-control problems’ and other psychological factors. The target countries for the empirical part of my research are Mexico and Brazil.

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OSWALDO MOLINA-CAMPODONICO

ESSAYS ON THE IMPACT OF PROPERTY RIGHTS ON POOR HOUSEHOLDS’ DECISIONS
My research focuses on how property rights can affect the welfare of poor households in developing countries. In particular, I examine the impact of a large-scale Peruvian titling programme on housing investment in urban slums. Also, I investigate the determinants of the registration of plot transactions and evaluate the impact of a modification in the registration process on the registration rate as a result of a change in legislation. At the moment, I am also involved in the analysis of the relationship between tenure security and economic preferences of slum dwellers.

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KATE ORKIN

SCHOOL POLICIES, LOCAL POLITICS AND CHILDREN’S ACHIEVEMENT IN ETHIOPIA
Much education microeconomics explores how school inputs affect children’s performance. I argue that research neglects the effect of political dynamics on whether schools implement policies to provide inputs. In Ethiopia, I draw on 89 qualitative interviews with bureaucrats, principals and teachers to demonstrate that, in the period after the ruling party lost support in a 2005 election, government placed less pressure on schools in opposition areas to implement several controversial education reforms. Using econometric analysis on a large linked household–school survey, I find that two reforms had different effects on children’s achievement in areas with different levels of local support for the national government and in different periods when national political dynamics were different. I also provide the first quantitative evidence on the effects of these two inputs – the language of instruction and the length of the school day – in low-income countries.

Publication

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ANDREA RUEDIGER

INFORMAL RISK-SHARING ARRANGEMENTS IN EASTERN ETHIOPIA
My thesis explores informal insurance networks among small farmers in eastern Ethiopia. The study looks at informal seed assistance in particular as an ex ante form of risk-sharing and its effects on agrobiodiversity and seed security. This is exceedingly relevant in a region which is both the centre of diversity and origin of major crops and a region which is highly affected by climate change. Moreover, the thesis analyses how seed security interventions in the region can make more strategic use of these social institutions for local seed multiplication and dissemination.

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ANISHA SHARMA

OCCUPATIONAL CHOICE AND LABOUR MARKET MOBILITY IN DEVELOPING COUNTRIES
My thesis examines heterogeneity in the returns to schooling in developing countries, particularly across different occupational sectors and between wage-employment and self-employment. I use a panel dataset from Indonesia to identify risks associated with investment in schooling, which could lead the risk-averse to drop out of school after completing basic education.

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ABHIJEET SINGH

ESSAYS IN THE ECONOMICS OF EDUCATION
My current research focuses on the relative effectiveness of private and government schools in India and the sources of the difference in their productivity. In one paper, jointly authored with Albert Park and Stefan Dercon, I evaluate the Midday Meals Scheme in India and document, using a quasi-experimental research design, that the school feeding programme acted as a safety net for children who had suffered from drought in early childhood and led to complete catch-up growth.

PUBLICATIONS


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RICHARD STANLEY
MICRO–MACRO PARADOXES: THE EFFECTS OF WAR AND AID ON CHILD SURVIVAL
My doctoral research examines two micro–macro paradoxes. One is that the majority of aid projects are successful yet there is only limited evidence of improved health status at the macro-level. I use several econometric identification approaches with observational data on food aid, relief aid and aid for primary health care. Certain interventions appear successful in reducing health inequalities, although the micro–macro paradox appears to persist because the effects of aid interventions are of relatively small size compared with overall changes in economic growth and other drivers of child health outcomes. The other paradox is the proposal by the Human Security Report 2009/2010: The Shrinking Costs of War that recent wars are less deadly for children. I construct a new dataset of international young childhood mortality rates and find that recent wars are far more deadly than United Nations published data suggest and that they are more destructive in terms of lives lost than the Cold War. In further research, I explore the effects of early childhood shocks such as conflict and aid interventions on long-term health status, income inequality and economic growth. I also design and conduct impact evaluations in Sudan and South Sudan using a software platform I am developing for managing aid projects in humanitarian settings.

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GERHARD TOEWS
ESSAYS IN RESOURCE ECONOMICS
In the first part of my thesis I investigate the effects of a recent resource boom on the distribution of income and households’ satisfaction with income in Kazakhstan. I also explore whether investment decisions of households are affected by the oil boom-driven increase in income. In the second part of my thesis I focus on changes in fossil fuel consumption across countries and time to explain the development of fossil fuel intensity and pollution intensity in the last 100 years.

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ANA VAZ
INTERPERSONAL INFLUENCE AND NETWORK EFFECTS ON VOTING BEHAVIOUR: EXPERIMENTAL EVIDENCE FROM MOZAMBIQUE
During the 2009 Mozambican elections a randomised controlled trial implemented a voter education campaign. My thesis analyses the peer effects triggered by that campaign. The campaign targeted heads of household or their spouse (i.e. the primary targets). In the first paper, I test the effect of the campaign on other household members (i.e. secondary targets). I interpret this effect as evidence of interpersonal influence exerted by the primary target over other household members. The main finding of this paper is that the transmission of voter education campaign effects does not occur through information sharing, but through sharing of opinions and social pressure. In the second paper, I explore the determinants of interpersonal influence within the household. I test whether the effect of the campaign on secondary targets varies with age, gender and education. I find a stronger effect on younger secondary targets, consistent with the idea that they are more susceptible to social pressure. Results also suggest that more educated primary targets exercise less influence, while more educated secondary targets are more likely to be influenced.

The third paper, co-authored with Marcel Fafchamps and Pedro Vicente, examines whether the
campaign’s effects are transmitted through social networks (kinship and chatting) and geographical proximity. We test whether the impact of the campaign on targeted and untargeted individuals depends on proximity to other targeted individuals in the village. Our main finding is that the campaign increases voter participation on average, but much less so among individuals who are socially or geographically closer to other targeted individuals. This result is interpreted as evidence of free riding on voting as a civic duty.

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KATE VYBORNY

CHALLENGES FOR PUBLIC SERVICES IMPLEMENTATION IN DEVELOPING COUNTRIES: EVIDENCE FROM PAKISTAN
My research examines challenges that arise with the implementation of public services in developing countries, and what we can learn for improving their effectiveness. My work uses data from Pakistan to explore this issue in two specific cases: (1) testing whether, and how, social networks and patronage affect who receives government transfers and services, and what kinds of government programmes are most affected by these effects and (2) using a natural experiment to test whether community-targeted public cash transfers cause private donors to reduce their support, reducing the effectiveness of the cash transfer programme.

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SÉBASTIEN E.J. WALKER

ESSAYS IN DEVELOPMENT MACROECONOMICS
My thesis is concerned with the macroeconomics of low-income countries, and notably countries of the East African Community (EAC), under the supervision of Professor Christopher S. Adam. The first of three chapters is concerned with the bank-lending channel (BLC) of monetary policy transmission in EAC countries: it draws evidence from a panel dataset to support the hypothesis that a BLC operates in the five EAC countries taken as a group. The second chapter develops a dynamic stochastic general equilibrium model in which farmers face an external finance premium (EFP) when borrowing to purchase fertiliser: this EFP, combined with shocks from volatile rainfall, results in a financial accelerator, whereby financial frictions magnify weather-induced economic downturns by increasing the cost of external funds. The third chapter aims to assess the consequences for monetary policy of the rapid development of mobile money in Kenya, Tanzania and Uganda.

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AFRICAN REGIONAL INTEGRATION ORGANISATIONS: WHY SOME DO MORE THAN JUST PUT ON A SHOW

Expanding on the comparative integration literature, this thesis develops a framework for explaining why some African efforts to integrate regionally have managed to move beyond the ‘integration theatre’ characterising most initiatives over the last 50 years. Looking at four African customs unions, I argue that regimes’ willingness to provide and implement policies that reduce trade barriers is determined by the extent to which those regimes perceive there to be strong issue linkages between trade liberalisation and core regime interests such as security, revenue and international standing. In addition to strong issue linkages, successful integration relies on an ability to agree on a distribution of benefits.

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This study uses a variety of econometric techniques to estimate the shape of the South African schooling–earnings profile. The two main approaches to measuring the effect of schooling on worker productivity are either to estimate a production function that compares how output responds to the hiring of better educated workers or to estimate an earnings regression that reveals the effect of an additional year of schooling on an individual’s expected earnings. Both techniques are vulnerable to econometric issues such as unobserved productivity differences; sample selection; non-linearities in the schooling–productivity profile; heterogeneous parameters; and measurement error. Within the class of earnings functions, two very different methods have been developed to deal with endogenous schooling: instrumental variable techniques and discrete choice dynamic programming models. This study estimates the South African schooling–earnings profile using a wide range of identification strategies and estimators, and investigates whether accounting for certain econometric issues can produce consistent estimates of this profile across different approaches.

Chapter 2 uses instrumental variable techniques to estimate the causal effect of schooling on the earnings of black South African men in the period directly following political transition. It explores different ways to identify the shape of the schooling–earnings profile in the presence of endogenous schooling, heterogeneity in the schooling returns parameter and sample-selection bias owing to the highly selective employment process. Our analysis shows that the presence of sample selection changes both the conditions under which the parameters of interest can be estimated and the interpretation of these estimates. The empirical results show that the schooling returns in South Africa are high, on average, and an increasing function of the level of schooling. However, the degree of convexity estimated by the control function approach is considerably less than that suggested by either ordinary least squares or two-stage least squares, especially when also correcting for sample selection bias or allowing for a non-linear relationship between schooling and market unobservables.

Many recent descriptive studies find convex schooling–earnings profiles in African countries. Apart from the potential endogeneity issues that may confound such estimates, it also is not clear whether a convex earnings profile can be reconciled with the fact that most individuals choose to obtain intermediate schooling outcomes. Chapter 3 uses dynamic programming techniques to investigate the schooling decisions of rational, dynamically optimising agents in a model that seeks to incorporate key aspects of the South African labour market. Our results produce a schooling–earnings profile that is convex, although the degree of convexity is less than suggested by previous studies that use ordinary least squares to estimate this relationship. Furthermore, the marginal cost of schooling is required to be a steeply increasing function of schooling years if schooling decisions are to be reconciled with a convex earnings profile without resorting to assumptions of irrational expectations, imperfect information or schooling restrictions. Our analysis indicates that the main benefit of completing early schooling years is that it allows individuals access to more advanced schooling years for which the benefits are much higher.

Chapter 4 estimates production functions for South African industries using a novel panel dataset that combines education and employment data from a series of household surveys with output and physical capital data from the South African Reserve Bank’s Quarterly Bulletins. The analysis starts by exploring the estimates produced by the pooled ordinary least squares (POLS) estimator, and then proceeds to alternative estimators that exploit less restrictive identifying assumptions that allow for industry fixed effects; endogeneity in the factors of production; measurement error; cross-sectional dependence; and parameter heterogeneity. The POLS results indicate that the returns to education
are substantial and concave. Although the effect of education disappears when industry fixed effects are included in the regression, once an allowance is made for measurement error, parameter heterogeneity and cross-sectional dependence, the results are not significantly different from POLS.

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MATTHEW COLLIN

ESSAYS IN DEVELOPMENT ECONOMICS: LAND RIGHTS, ETHNICITY AND BIRTH ORDER

Most of my thesis focuses on the demand for formal property rights in Tanzania. The first chapter investigates whether a household’s decision to purchase a land title affects its neighbour’s choice to do the same. Using data from a unique land titling experiment held in an unplanned settlement in Dar es Salaam, Tanzania, I show a strong, positive impact of neighbour adoption on the household’s choice to purchase a land title. I also show that this relationship holds in a separate, identical experiment held a year later in a nearby community, as well as in administrative data for approximately 45,000 land parcels in the same city. I also investigate potential channels, including the possibility of complementarities in the reduction in expropriation risk. The second chapter examines the relationship between ethnic heterogeneity and the demand for formal land tenure. Using a unique census of two highly fractionalised settlements in Dar es Salaam, I show that households located near people of the same ethnicity are significantly less likely to purchase a limited form of land tenure recently offered by the government. These results suggest that close-knit ethnic groups may be less likely to accept state-provided goods if they can generate reasonable substitutes.

The third chapter presents results from a recent policy experiment in Tanzania where formal land titles were provided to informal settlers at randomised prices. Land owners were also randomly assigned conditional discounts, which could only be applied if a woman was designated as owner or co-owner of the land in question. Results show that conditionality has no adverse effects on demand for land titles, yet substantially increases the probability a woman is included. We discuss the implications of these results for the expected bargaining power impacts of the intervention. The final chapter investigates birth order effects on both anthropometric and education outcomes in a longitudinal survey of children from the Philippines. Birth order effects are present early in life for both outcomes, but attenuate as children approach adulthood. There is also evidence for non-linear birth order effects, with both firstborn and lastborn children holding an advantage over middleborn children. These results are at odds with prevailing theories of birth order, which predict lasting and monotonic differences in outcomes across children.

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PAOLO FALCO

OCCUPATIONAL CHOICES AND THEIR OUTCOMES IN AFRICAN LABOUR MARKETS

My D.Phil. thesis seeks to understand the mechanisms behind workers’ occupational choices and the determinants of income-generation with a focus on the growing informal sector in developing countries. Through the use of a unique combination of matched survey and experimental data from Ghana, I concentrate on the role of earnings vulnerability and attitudes to risk in workers’ career choices and in the determination of their welfare. As the development process crucially hinges upon the occupational opportunities available to workers and on the employment paths people choose (Banerjee and Newman 1993), my work aims to improve our understanding of current economic development in Africa and to inform effective employment policy and social protection schemes. The thesis comprises three chapters.

Chapter 1 investigates whether workers’ risk-aversion plays a role in their allocation between the formal and the informal sector of the economy. The main innovation is the use of a behavioural experiment, which I personally conducted in Ghana, designed to elicit the risk preferences of participants by means of a game played for real monetary stakes. In this paper I use the experimental data to calibrate a model of occupational choices whereby workers have the option to allocate themselves between two sectors, which differ in the expected degree of earnings uncertainty. The data shows that earnings in the informal sector are characterized by higher volatility and workers who choose to be in the informal sector are indeed the ones that display a stronger degree of (experimentally-measured) tolerance of uncertainty. My results suggest that the degree of risk associated with different jobs will crucially affect workers’ responses to policy interventions and it supports the introduction of earnings protection schemes in developing countries, to mitigate the effects of income uncertainty.

Chapter 2 focuses on informal micro-enterprises (mostly self-employed workers and family businesses), which comprise a growing share of the workforce in many developing countries (Kingdon et al. 2006). Some commentators view this growth positively, as a sign of progressive relaxation of credit constraints, but the subject overall is highly contentious. Using a representative panel dataset on self-employed entrepreneurs in Ghana, my analysis separately estimates returns to their capital, work-experience and formal education by means of estimators that allow me to control for potential endogeneity in production choices (Anderson and Hsiao 1982, Arellano and Bond 1991, Blundell and Bond 1998). The results show no role for formal education in informal production technologies and, despite high marginal returns to physical capital, the real income gains generated by micro-enterprises are modest and may not constitute a viable engine for growth.

Chapter 3, in collaboration with Stefano Caria, investigates the link between income volatility and workers’ happiness, which, contrary to the extensively researched relation between income and happiness (Layard 2005, Blanchflower and Oswald 2002, Powdthavee 2010), is still unexplored. Using a long panel dataset containing a measure of individual well-being, coupled with my experimental measure of risk-aversion, we identify the ‘direct’ effect of vulnerability to poverty (measured as in Chaudhry et al. 2002) on workers’ welfare. Our results indicate that uncertainty has a strong (negative) impact on well-being and can offset the welfare-increasing effect of income gains that are accompanied by lower income security. We conclude that earnings protection schemes have a significant welfare-enhancing potential in developing countries, since, by insulating workers’ earnings from unexpected (but very frequent) shocks, they would have a ‘direct’ impact on well-being.
REFERENCES


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INGO OUTES

ESSAYS ON RISK, NUTRITION AND POVERTY DYNAMICS

This thesis contains three substantive chapters. In Outes et al. (2011), the causal link between early nutrition and cognitive development is explored. An extensive literature documents linkages between early nutritional deficiencies and reduced cognitive ability, educational attainment and, ultimately, lower labor market performance. Few of these studies, however, show correlations to be genuinely causal. Using a sibling sample and exploiting the effects of the 2006-08 global food price crisis, this link is reexamined among Peruvian pre-schooling children. The paper provides a quantification of the nutritional and cognitive costs of the food crisis in Peru. The evidence indicates that there are significant and negative cognitive effects of early childhood nutritional disinvestments: a decrease in Height-for-Age z-score leads to a reduction in the Peabody Picture Vocabulary Test score of 17%-21%. The accumulated deficits are sizeable considering that these children are only 3-6 years old and are yet to enroll in formal schooling, with deficits likely to widen in later years.

The second chapter, Outes and Porter, EHB (forthcoming), examines nutritional catch-up growth among poor Ethiopian children and the role played in this process by household wealth. The paper shows that nutritional catch-up patterns vary across socioeconomic groups: average catch-up growth in height-for-age is near perfect among children in better-off households. However, for children above 5 years of age, household wealth no longer affects height velocity. The findings suggest that nutritional
remediation is effective early on in life, but that this window of opportunity closes already by the age of five.

The final chapter, Dercon and Outes (2011), contributes to the literature on poverty traps and dynamic thresholds. Studies testing poverty traps often are restrictive in their methodology (e.g. Lokshin and Ravallion, 2004) or fail to provide causal estimates (Lybbert et al, 2004). The paper tests and finds evidence of multiple equilibria in income dynamics in rural India. Using the 30-year long ICRISAT panel, current income is modelled with a polynomial function of lagged income while allowing for household heterogeneity in income levels. The set up is similar to Lokshin and Ravallion (2004), but deviations in annual precipitation are used as exogenous instruments. The analysis shows that income generating dynamics in rural India follow a quadratic polynomial function with pronounced concavity. Simulations suggest the presence of two equilibria: a stable high-income equilibrium and a low-level unstable saddle point. The paper provides first empirical evidence of multiple equilibria in income dynamics.

REFERENCES


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The third paper, ‘Citizen or subject? Forum shopping and legal pluralism in rural Liberia’, co-authored with Justin Sandefur, develops a simple model of forum choice and tests it using new survey data on over 4,500 legal disputes taken to either customary or formal institutions in rural Liberia. The paper finds evidence that plaintiffs facing a disadvantageous pairing under customary law (e.g. women suing men) are more likely to choose formal law, and that customary remedies are Pareto superior to formal verdicts, in the sense of providing greater satisfaction to plaintiffs while engendering less dissatisfaction among defendants.

The fourth, ‘Delivering justice to the poor: evidence from a field experiment in Liberia’, co-authored with Justin Sandefur, extends this study area by using a randomised controlled trial to test the impact of a legal empowerment initiative in Liberia that provides rural communities with access to community paralegals trained in formal law and mediation. Results indicate that paralegals improved both legal and socioeconomic outcomes, notably increases in case satisfaction, legal knowledge and child support payments, and reductions in bribe payments and household and child food insecurity.

The final paper, ‘Locked up: excessive detention and legal aid in Sierra Leone’, co-authored with Justin Sandefur and Alaina Varvaloucas, evaluates a programme providing pro bono legal aid to police detainees and prisoners, and compares data with police observation by enumerators over the course of the study. The paper finds a significant 13% increase in detainees released without charge or on bail, and a 20% reduction in the share of prisoners held on remand, as well as suggestive evidence that these gains come from addressing resource constraints in the system and not by targeting police extortion.

**PUBLICATION**

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David L. Bevan  Fellow of St John’s College: Public economics and macroeconomics

Dr Daniel Clarke  Research Officer (to December 2012): Financial contracting in low-income countries

Professor Paul Collier  CSAE Co-Director, Professor of Economics and Public Policy at the Blavatnik School of Government, Professorial Fellow of St Antony’s College: Governance in low-income countries, political economy of democracy, growth in Africa, civil war, aid, globalisation and poverty

Matthew Collin  Research Officer: Development economics, applied microeconomics, land tenure, urban economics, peer effects, ethnicity, child health

Professor Stefan Dercon  Professor of Development Economics and Fellow of Wolfson College: Microeconomics, poverty and welfare analysis

Professor Marcel Fafchamps  CSAE Co-Director, Professor in the Department of Economics and Professorial Fellow at Mansfield College: Applied microeconomics

Dr Paolo Falco  ESRC Postdoctoral Fellow: Occupational choices and their outcomes in African labour markets

Dr James Fenske  CSAE Deputy Director (from October 2012), University Lecturer in Economic History: Africa, institutions, history, development, environment, Nigeria

Professor Douglas Gollin  Professor of Development Economics: Economic growth, agriculture, impact of agricultural technology, self-employment, informality

Dr Anke Hoeffler  Research Officer: Macroeconomics, growth and economics of conflict

Dr Clément Imbert  Postdoctoral Research Fellow at Nuffield College: Political economy and labour market effects of social programmes, social insurance and risk, Asia

Dr Christopher Ksoll  (to August 2012): Development economics, applied microeconometrics, family networks and insurance, HIV/AIDS and orphans, information technology, rural markets

Dr Kim Lehrer  Research Officer: development economics, applied microeconometrics, project evaluation, the economics of education, labour economics, and gender issues

Professor John B. Knight  Professor of Economics and Fellow of St Edmund Hall: Labour and human resource economics

Dr Catherine Porter  British Academy Postdoctoral Fellow in Economics and Junior Research Fellow at Corpus Christi College: Development economics, applied microeconomics, nutrition, poverty and welfare analysis, programme evaluation

Dr Simon Quinn  CSAE Deputy Director (from October 2012), Research Officer and Fellow of St Antony’s College: Development economics, markets, firms and institutions in Africa

William Seitz  Research Officer: Development economics, Africa, international economic sanctions, applied microeconometrics
CSAE PEOPLE

CSAE RESEARCH TEAM AND AREAS OF SPECIALISATION

Dr Francis Teal  CSAE Deputy Director (to October 2012): Microeconomics of firms and labour markets
Dr Pierre-Louis Vézina  Research Officer: international trade, corruption, development
Dr Andrew Zeitlin  Research Officer (to July 2012): Development economics, applied microeconomics

CSAE SUPPORT TEAM

Julia Coffey  Administrative Officer (from July 2012)
Suzanne George  Administrative/Publications Officer
Hana Leithgoe  Administrative Officer (to June 2012)
Richard Manning  Senior Research Associate
Rose Page  Administrator
Richard D.W. Payne  Information Services Officer
Martina Siertsema  PA to Professor Collier/Administrative Officer
Gail Wilkins  Administrative/Finance Officer

CSAE RESEARCH ASSOCIATES

Dr Manos Antoninis  (EFA Global Monitoring Report): education
Dr Simon Appleton  (University of Nottingham)
Dr M. Niaz Asadullah  (School of Economics, Reading University, and SKOPE, Oxford University): Development economics, economics of education
Dr Monazza Aslam  (Visiting Research Associate, Institute of Education, University of London): Economics of education and labour economics with a focus on Pakistan
Dr S. Bandyopadhyay  (Queen Mary University of London and London School of Economics)
Dr Abigail Barr  (University of Nottingham): Behavioural and experimental economics applied to development issues
CSAE RESEARCH ASSOCIATES

Dr Alberto Behar (International Monetary Fund): Labour demand, skill-biased technical change, international trade

Professor S. Bhalotra (University of Bristol): Applied microeconomics, health, education and gender, the family in low-income countries

Dr Sambit Bhattacharyya (University of Sussex): Development economics, economic history, political economy

Professor Arne Bigsten (University of Gothenburg): Income distribution, poverty, industrial development, trade, aid

Professor Michael Bleaney (University of Nottingham, Emeritus): Macroeconomics, exchange rate economics, determinants and effects of civil conflict

Dr Daniel Clarke (World Bank): Financial contracting in low-income countries

Dr Markus Eberhardt (University of Nottingham): Cross-country empirics, productivity analysis

Professor D. Fielding (University of Otago): Development macroeconomics and political economy

Dr Augustin K. Fosu (Deputy Director, United Nations University, World Institute for Development Economics Research (WIDER))

Professor P. Guillaumont (Professeur émérite à l’Université d’Auvergne et Président de la Ferdi)

Professor S. Guillaumont Jeanneney (CERDI)

Professor Jan W. Gunning (VU University Amsterdam)

K. Hanson (London School of Tropical Hygiene and Medicine): Health economics

Christian Helmers (Universidad Carlos III, Madrid): intellectual property, with a focus on patents, in advanced developing economies including Brazil, Chile, China and India

Dr John Hoddinott (IFPRI)

Dr Carolyn Jenkins Macroeconomics, regional integration, South Africa and Zimbabwe

Dr G. Kambou (World Bank)

Dr Bereket Kebede (University of East Anglia): Development, behavioural and experimental economics, intra-household allocations, social preferences, payment for environmental services, health, land distribution, household energy demand

Dr Andrew Kerr (University of Cape Town): Labour economics, microeconometrics

Dr Bill Kinsey (Ruzivo Trust Harare): Economic anthropology

Dr Pramila Krishnan (Fellow of Jesus College, Cambridge): Microeconomics of development

Dr Christopher Ksoll (University of Ottawa): Development economics, applied microeconometrics, family networks and insurance, HIV/AIDS and orphans, information technology, rural markets

Dr Ron Leung (Development Research Department, African Development Bank)

Dr Adeel Malik (Islamic Centre Lecturer in Development Economics, Department of International Development (GEH), Globe Fellow in the Economies of Muslim Societies, Oxford Centre for Islamic Studies; Research Fellow in economics, St Peter’s College, Oxford)

Dr N. A. McCulloch (IDS)

Dr Alexander Moradi (Lecturer, School of Social Sciences and Cultural Studies, University of Sussex)
Professor B. Ndulu (Central Bank of Tanzania)
Professor S. O’Connell (Swarthmore College): macroeconomics
Dr Remco Oostendorp (VU University, Amsterdam)
Dr Trudy Owens (University of Nottingham)
Professor T. A. Oyejide (University of Ibadan and AERC)
Dr John Page (The Brookings Institution, Washington DC)
Dr Catherine Pattillo (International Monetary Fund)
Dr Natalie Quinn (Lady Margaret Hall Domus Fellow and Tutor in Economics, University of Oxford)

Dr R. Reinikka (World Bank): Public economics and service delivery, microfoundations of growth, macroeconomics of trade liberalisation
Dr Elizabeth J. Z. Robinson (IFPRI-Ghana and University of Gothenburg)
Dr Christian Rogg (Senior Economic Adviser, UK DFID): Asset portfolios and precautionary savings, fiscal policy and aid dependency
Dr Pieter Serneels (Senior Lecturer in Economics, University of East Anglia): Microeconomics, behavioural economics, labour economics
Dr Danila Serra (Assistant Professor of Economics, Southern Methodist University, Dallas, Texas): Experimental methodologies and survey design for the study of issues relating to corruption, governance and accountability
Dr Måns Söderbom (University of Gothenburg): Microeconomics, labour markets, productivity, investment, firm performance
Dr Charles Chukwuma Soludo (Chairman, Board of Directors of the African Institute for Applied Economics, Nigeria)
Professor David Stasavage (New York University): political economy of institutions, democracy and education provision, regional integration, political geography
Dr Kang Tan International macroeconomics, adaptive learning, applied econometrics
Dr Francis Teal Microeconomics of firms and labour markets
Dr Nicolas Van de Sijpe (Department Lecturer in Development Economics, Oxford Department of International Development (QEHI)): Foreign aid and government behaviour
Dr Bruno Versailles (Fiscal Affairs Department, International Monetary Fund)
Dr Pedro Vicente (New University of Lisbon): political economy of development
Dr Zaki Wahhaj (Lecturer in Economics, University of Kent): Gender and economics of the family, education, social norms, informal institutions, risk sharing, microfinance
Dr Andrew Zeitlin (Georgetown Public Policy Institute & Centre for Global Development): development economics, applied microeconomics
VISITORS

Chukwuma Agu  African Institute for Applied Economics, Nigeria, January to March 2012
Uzochukwu S. Amakom  Nnamdi Azikiwe University, Awka, Nigeria, January to March 2013
Chirantan Banerjee  University of Bonn, Germany, October to December 2012
Edward Bbaale  Makerere University, Kampala, Uganda, April to June 2013
Posy Bidwell  Trinity College, Dublin, November 2010 to April 2012
Richard Brown  University of Queensland, Australia, March to June 2013
Ombeline De Bock  University of Namur, Belgium, October to December 2012
Dick Durevall  University of Gothenburg, Sweden, April to May 2013
Rajasekhar Durgam  ISEC, Bangalore, India, March to April 2012
Ibrahim Elbadawi  EPRC, Kampala, Uganda, and Dubai Economic Council, March to June 2012
Madina Guloba  EPRC, Kampala, Uganda, May 2012
Abou Kane  CREA, FASEG-UCAD, Dakar, Senegal, January to March 2013
Karlijn Morsink  University of Twente, Netherlands, May 2012 to March 2013
Ousmanou Njikam  University of Yaoundé II-Soa, Cameroon, January to March 2012
Manjula Ramachandra  ISEC, Bangalore, India, March to April 2012
Pieter Serneels  University of East Anglia, UK, June to August 2012
Landry Signé  Stanford, USA, July to October 2012
Kisukyabo Simwaka  Reserve Bank of Malawi, April to June 2012
Anja Tolonen  University of Gothenburg, Sweden, January to March 2012