

INTERVIEW WITH WILLIAM EASTERLY, NYU

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William Easterly was born in Morgantown, West Virginia in 1957 and graduated with a BA in economics from Bowling Green State University in 1979 before obtaining a PhD in economics from the Massachusetts Institute of Technology in 1985. Between 1985 and 2001, Professor Easterly worked at the World Bank; Economist in Operations, first West Africa and then Colombia Division (1985-1987), Economist, World Development Report (1988), and Senior Adviser, Macroeconomics and Growth Division, Research Department (1989-2001). In 2001, he took up his current position as Professor of Economics at the Department of Economics at New York University.

At NYU, Professor Easterly teaches a course in *Economic Development* at both the undergraduate and PhD levels and a master's course in *Africa and the World Economy*. Professor Easterly's research interests are the determinants of long-run economic growth, the political economy of development, and the effectiveness of foreign aid. His articles have appeared in the *American Economic Review*, *Quarterly Journal of Economics*, *Journal of Monetary Economics*, *Journal of Economic Literature*, and *Journal of Economic Growth*, among others. His books include *What Works in Development? Thinking Big and Thinking Small* (Brookings Institution Press, 2009), co-edited with Jessica Cohen, *Reinventing Foreign Aid* (MIT Press, 2008), edited by William Easterly, *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good* (New York: Penguin Press, 2006), and *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics* (MIT Press, 2001).

Simon Bowmaker interviewed William Easterly in his office at the Department of Economics of Arts and Sciences at New York University. It was the late afternoon of Friday, April 24, 2009.

BACKGROUND INFORMATION

When did you first study economics and what was your attraction to development economics in particular?

I went to Bowling Green State University in my hometown of Bowling Green, Ohio and decided to become an economics major in my sophomore year. I liked mathematics a lot but I was also interested in politics and social justice issues. And what appealed to me about economics was that it sort of combined the mathematics with practical application in social justice questions. I didn't actually choose development economics explicitly until my second year in graduate school, which was at MIT, and I guess there were a couple of factors. One is that I had lived in Ghana, West Africa for a year from age 12 to 13. My father was a Fulbright professor there. And I think that was a very memorable, life-changing experience, even though it was at such a young age. I can't really psychoanalyze myself to what extent that influenced the later decision, but I think there was some connection. The second factor was that MIT had a lot of Latin American students. I had studied Spanish in high school and college and I was very interested in Latin America also, so I became friends with a lot of the Latin American students and talked to them

about their countries. Both the African and Latin American exposure made me really interested in development economics.

As a student, did any of your teachers stand out as being particularly influential or inspirational?

I think the most influential people for me were actually senior academics that I met early in my career after graduate school. Because I was in the research department at the World Bank, I would get to have a lot of interaction with the chief economist. In a way my real education almost came more from those early years in the research department. The first chief economist I worked with was Stanley Fischer, who I'd already known a little bit at MIT. He was a wonderful teacher and a wonderful mentor at the World Bank. He had a lot to do with really getting me back into academic research. He has been a very inspirational figure throughout my whole career, even up to the present. I had a trip about a year ago to Israel, where he's central bank governor, and we had dinner when I was there. I found him just as inspirational as ever.

The chief economist after Fischer was Larry Summers. He was a fantastic mentor. He was really skeptical, empirically rigorous and just incredibly intelligent and critical. And then the last one in that sequence was Michael Bruno who was from Hebrew University and also had spent some time teaching at MIT. He was like my third mentor in the early years. He passed away a few years ago, which was a real tragedy; he died young. So I guess the three of them were the most influential figures in my career.

You spent sixteen years as a research economist at the World Bank. What was it like making the transition to a full-time university position with teaching responsibilities?

I loved it! First of all, to have academic freedom was a great relief because the World Bank was a semi-censored kind of environment. For a while I actually wasn't that interested in anything that would have been censored, so it wasn't really a constraint for most of my career. But eventually I did start getting interested in things that were subject to censorship, and that's really why I wanted to leave.

Academic freedom certainly translates into the teaching as well. One thing that I really want to communicate to my students is that nothing is sacred, as long as it's based on solid theory and evidence.

Had you had any teaching experience before you joined NYU in 2003?

Yes, I'd taught as an adjunct at Johns Hopkins, which was a very satisfying experience. I enjoyed teaching there. I love to see young people show enthusiasm about economics.

As a teacher, have any of your colleagues been particularly influential in terms of developing your style and approach in the classroom?

There's nobody that stands out in particular. I've had lots of great colleagues, both at the World Bank and at NYU, but I would say I tend to learn more from them in research areas than in speaking and teaching areas.

I not only teach, I also do a lot of public speaking. Those two activities are not identical, but they're related. I have probably unconsciously learned a lot from watching other people do public speaking. I really appreciate economists who are eloquent public speakers and there are not that many of them; most economists are pretty boring public speakers. I had Paul Krugman as a teacher a long time ago and he was pretty good, but I think he's improved a lot over time as a public speaker. I've been listening to him off and on throughout my career and I've found him to be a very inspirational model for public speaking. His self-deprecating humour is something I like as well as his ability to communicate economics clearly. I admire that a lot.

Ironically, despite the fact that I have a lot of intellectual debates with him, Jeff Sachs is also an inspirational model as far as speaking and communicating economics goes. He's an extremely charismatic speaker and very moving to listen to. Over time I realized that some of these ideas that he was presenting in a very moving way were wrong, but I still was inspired by the style that he used to present the ideas with. My style is very different from his. He relies a lot on emotional motivation, kind of plucking at people's heart strings, and I'm more trying to appeal to people's minds. I guess with both students and with speaking audiences I do want to use some appeals to the heart also, because I don't think economics should come across as a heartless science, where economists are all head and no heart. So in some way I have been inspired by his ability to use the heart to communicate economics, even though I disagree with the results.

GENERAL THOUGHTS ON TEACHING

What do you like most about teaching and what do you like least?

What I like most is just seeing students excited. I love it when students come back a few years later, and they've gone on to some interesting career and they still remember the course or there was something that stayed with them. It's extremely rewarding when that happens and it seems to happen often enough to keep me happy and motivated as a teacher.

I guess the thing I like the least is the formal testing and grading. I think of it as a necessary evil, and I even tell them that I think of formal exams and grading and papers as just a deadweight loss for all of us. Unfortunately, it seems to be necessary as a motivational device also. I wish that students would just be motivated by the love of learning to do the work but I probably wasn't like that as a student either. I think all of us get motivated a little bit extra by the prospect of getting a higher grade if we work harder.

On balance, do you think that teaching effectiveness and research productivity are complementary or competing endeavours?

You have a certain amount of control over where you come out on that. The research incentives are stronger than the teaching incentives as we all know but we still want to be good teachers. I think what I try to do is find the intersection where we all win. I want to do the things in teaching that will be good for the students but will also pay off in my research. So I teach things that are related to what I want to do research on and by teaching them I'm also learning a new area. That's probably easier for me to do than someone who has more narrow specialization. Just about anything I teach in development economics is something I could potentially be doing research on.

There is obviously some kind of time trade-off. If you just devote all your time to preparing your class and leave no time left over for research, we know that's not a sustainable equilibrium. The quality of teaching goes along with time and preparation, but at some point you have to decide that enough is enough and you're going to save the rest of the time for research. I do have to make some trade-off decisions there. I want to invest enough time and preparation to do well at teaching but still leave enough time for research.

THE LEARNING PROCESS

How would you describe your understanding of how humans learn?

I can't say I have thought a tremendous amount about that. The recitation model where you just teach students facts and they just have to be able to recite the facts back to you is something I definitely do not believe is the way that people really learn. They learn by thinking of the principles and tools that they can use to organize their knowledge of the world. They learn by the teacher giving them access to tools that help them to determine the truth or falsehood of large bodies of knowledge.

I guess instinctively I always feel that people need to be persuaded that something makes sense intuitively, so I use a lot of metaphors to explain the intuition of any theoretical result. For example, I might ask, "Why does free trade lead to higher wages for a labour-abundant country?" I will then ask, "Is there going to be more demand for your labour if you're forced to sell it only within the boundaries of your own small state or will there be more demand for your labour if you can sell it to the whole world?" That sort of appeals to their intuition and they'll say, "Yeah, if a lot of people want to buy my product there's probably going to be a higher price than if there's not a lot of people who want to buy my product." I think that I'm always searching for some device to tap into their intuition. It is about relating an unfamiliar situation to something that is more familiar to them.

How do you assess whether students are learning the material?

That's more difficult. I think I'm still a work in progress on that one. I'm usually a little bit surprised by the test at the end of the semester, where apparently some students haven't learned some things that I was trying to get across to them. I feel that one area where I could progress

more as a teacher is in getting better feedback mechanisms; where I have more information on whether they are, in fact, learning what I'm trying to teach them. I don't know how to do that. The class discussion is my main gauge of feedback on how much they're learning, but it is somewhat biased towards those who do know what's going on, and the students who are not as talented or not keeping up as much may be a lot less likely to participate. That's the other issue that you have to decide on as a teacher: are you going to try to have your efforts pay off for the most able and the most motivated students and focus on them, or do you, at the other extreme, aim to make the worst performing students do better? I guess I've never really resolved that decisively in my own mind. Your natural inclination as a teacher tends to be to go towards the upper end because those are the students who are really engaging with you. It's just human nature that the people who show a lot more interest are going to get a lot more of your attention than those who are not showing much interest or who are not engaging with you very much.

How do you check your own progress and evaluate your own efforts in the classroom?

Of course I get the student evaluations at the end of the class and I do read those and learn from those. I've learned from them over time to improve things that were not going as well earlier in my teaching career. Probably the more useful feedback is in 'real time', something that's very intangible like the level of excitement in the classroom or the level to which people are engaged in the classroom. I'm very conscious of good lectures and bad lectures that I give. One day I might be tired or maybe not that excited about the material myself, and I can just sense in the classroom that I have not captured their interest as much; there's not as much excitement, they're not asking as many questions. That's another thing that I definitely go by - how much class participation there is. If there's no class participation, then I worry, that's bad news. On the other hand, the flip side of that is when I sense that there *is* a lot of excitement in the classroom, when there is a lot of participation. You can tell from peoples' body language and their expressions just how engaged they are in the discussion. I go a lot by those kinds of intangibles, which I also do in public speaking. Obviously, it's a bad sign if people are falling asleep and it's a good sign if people are alert and paying attention and seem to be engaged and nodding. Those are really my main sources of feedback.

TEACHING PHILOSOPHY AND TECHNIQUE

What do you promise your students?

I guess my philosophy is that I'm not so much teaching them information as I'm giving them tools with which to process information themselves. I definitely do not like the model where they're just sitting there passively waiting for the truth and I just sort of stand there and say, "This is what the truth is." That's not my model at all. It's more like I want to let them be aware of why there are two different positions on a debate and give them the tools with which they can decide which side of the debate they're going to come down on.

I wouldn't say that I present the debates totally neutrally. I usually make it pretty clear where I come down. But I also want to make it clear to them that where I come down in the debate is a result of using some economic models and theories and principles of evidence that I teach them. I'll present a debate like, 'Is globalization good for workers in poor countries?' and say why

people have different views on that. I'll then make it clear what I believe on the debate. I won't say, "This is what you should believe", but will say, "This is how I arrived at this position and you should take these tools and see if you arrive at the same position or not."

What do you expect of your students?

I expect them to be active participants in the learning process. In every class the students I get most motivated by are those who ask a lot of questions, even when they are overtly challenging me and saying, "Isn't there a problem with what you're saying?" I take that as a good sign for the educational process. I'd much prefer them to say that than to sit there passively and say nothing, particularly if they seem disengaged or disinterested. That's frustrating for a teacher, and I feel like I'm not doing my job unless the majority of the class looks like they're relatively engaged in the discussion. You can't reach every last one. There's always going to be a few who just wind up in the class and aren't really that interested, particularly in undergraduate classes, but hopefully the vast majority of the students are engaged in the class. That's really what I want to happen.

How do you treat your students?

I have a lot of respect for their opinions. I always want to treat them as intellectual equals, like we're not in this superior/inferior relationship, but a relationship where I've read more studies and I have more knowledge of the tools than them but they also have things that I don't have. There will be ideas that occur to them that will not occur to me, perspectives that they will have on a question that I have not considered. I always consider anything they have to say as something I have to treat with a lot of respect and take seriously. If they say something that I think is just wildly incorrect, then I try to explain why I think it's incorrect but I still treat them with respect.

How do you prepare to teach?

Basically I just start with the reading list, which I've already determined at the beginning of the semester. Sometimes I modify it in the course of a semester. If, as I'm preparing a class, I decide I'm not as interested as I thought on one article and I'm more interested in another article, then I edit at the last minute. I decide what the points are that I want to get across in the reading. I make up a set of PowerPoint slides that are presenting the debates in the articles and also some supplementary material from my own knowledge and training of how we should treat the empirical results that are presented in the article; how can we understand them, why should we believe them, or why should we be skeptical.

I guess skepticism is another thing that I really want to convey in my classes; that a good intellectual and a well-educated person is someone who is inherently very skeptical. There are a vast number of people saying things that they claim to be true and you need to have a filtering mechanism. The filter you use is a healthy degree of skepticism. You don't have to accept anybody's claim to truth on faith. You subject it to a series of skeptical questions and if it passes those questions then you have more confidence in that truth claim.

What are your primary teaching methods?

Mostly what I do is fairly conventional. It's presenting theories and results that previous authors or sometimes my own papers have arrived at, explaining the intuition of the theories, explaining where the empirical results came from and then subjecting these theories and empirical results to skeptical tests. I guess the only slightly unconventional thing I do is to make them aware of some of the fallacies about randomness that people who deal with evidence can often fall prey to. An example that is very relevant in development and studies of economic growth is data mining. When somebody gets a regression that appears to have really beautiful empirical results, you still need to be a little bit skeptical because what you have to realize is that it's possible that the author ran lots and lots of regressions before arriving at the one that they liked. It's been such a severe problem in the study of economic growth and development.

Sometimes I give them unconventional, off-the-wall examples of how these things can go wrong. For example, if I want to prove a coin is biased, I can just keep flipping it and then pick the sample of flips that shows a lot of 'tails' or a lot of 'heads' and that will give me a really strong statistical result. It's biased, but the thing they have to realize is that I'm cheating by flipping it a number of times then choosing the set of flips that I want to present to the audience. That's essentially equivalent to what's going on when you do data mining, and that's the kind of skepticism that you should have.

Now of course this is not the nihilistic destruction of all empirical work. This is just saying you should take any finding that appears to be strong and subject it to more tests. It should be replicated by other authors, it should be replicated by the original authors, they should do a lot of robustness checks where they test different samples, where they test different control variables, and they have to convince you that they're not data mining. The other thing that's important is that they should convince you that they had a fairly clear *a priori* design of what they would test and that it wasn't going to be determined after the fact by the results that came out. So those are the kinds of things that I try to get across in the class.

How do you deal with the heterogeneity that exists typically in a class?

I think the heterogeneity that really has the most effect on teaching is just how much previous exposure to economics tools students have. The nature of my classes is that I do get a pretty heterogeneous group, so what I try to do is to present the same idea in different ways. I present it intuitively, in just words, then I present it in a graph, and then finally I present it with mathematical equations. So I give them all three and the students who are going to understand it the best are those who can understand all three arguments. But they will still be accessible to those who don't have all the previous exposure to either graphs or equations that would be necessary for them to fully appreciate what I'm saying.

You touched on this earlier, but how do you strike the right balance between being objective and incorporating your own views in the classroom?

I think it's boring to be always saying, "On the one hand, on the other hand", and never coming to conclusions. I think that conveys to them a false sense of how economics is a totally indeterminate science. You know all these jokes about how no two economists ever agree on anything and so on. I really don't think that's the reality of the profession. I think that mainstream economists actually do agree on an awful lot of stuff.

Most of the time I am coming down and telling them what I think about some question, which side of the debate I'm on. But then I explain to them how I got there, inviting them to differ or to come to a different conclusion if they don't believe some of the steps on the chain that led me to that point.

What you did for 16 years at the World Bank seems to be almost the opposite of the policy advice you give in your Wall Street Journal op-eds and your book. Do you feel that influences your teaching and how you deal with students?

[Laughs]. Well, what happened at the World Bank was that I was in a quasi-academic environment in which, as I said earlier, there was some censorship. For most of my career, it wasn't that binding because I was working on questions that were relatively uncensored; the World Bank did not have a strong agenda for having the result come out one way or another. It was only at the end of my time at the World Bank that I started getting into things that definitely violated the censorship constraints. I definitely saw research at the World Bank being 'cooked': to come out with pre-determined conclusions. I tell my students that this is something to be aware of. I try to teach them some red flags so that they can discriminate the studies that were cooked from the ones that were more rigorous and academic.

Most of the stuff I saw being outright cooked at the World Bank were not academic papers. They were sort of policy papers issued by the World Bank to influence world opinion on a question. But even in the academic papers that I teach in class, you can't be really sure that there wasn't some political influence. Was there blatant data mining to try to get the right result? That's the kind of thing I try to get them to be sensitive to. Also I try to make them aware of how easy it is to cook results and I show them how susceptible the media is to cooked results. The media is shockingly naive about cooked research by official organizations and will report it unquestioningly in a story.

You share one or two disagreements with that other famous development economist in NYC, namely Jeffrey Sachs at Columbia. Do you believe that such disputes can be used in teaching?

I see Jeff Sachs as one of those who has revived some of the old growth models that I think of as bad economics. I just tell the students that frankly these are models that have been around a long time in development and since they've been around a long time, we've had a lot of opportunity to test their predictions and the tests did not come out well. I don't claim that everyone agrees with me. I think I'm more extreme than the average development academic on certain questions,

but I definitely think Sachs has chosen a position that is outside mainstream academic economics. That's just a fact and I think he himself would say that, although not exactly in those words. He would say he's not really interested in functioning within the world of academic development economics; he's not trying to get papers accepted at leading economics academic journals but engaged in something else.

There is a role for what he's doing – advocacy- and that's not something I want to totally dismiss out of hand. There is a role for making people care about problems that are tragic and if you can mobilize people who have the resources and talents available to solve tragic problems then it's a good thing to do. That's something I'm always very happy to concede that he does very well. But then I say that you have to move to the question of what ideas are being advocated and that's where I disagree with him. I think he's putting his great advocacy skills at the service of bad ideas.

That's the trade-off that I discuss in my classroom. It's great that we have celebrity, charismatic economists advocating these things, and it's great that Bono and Angelina Jolie definitely made a lot more people pay attention than they would have otherwise. The bad thing is that the messenger and the message tend to be correlated. The more superficial, celebrity messenger tends to be correlated with bad messages. So I try to get across to the students that it's good to do advocacy but you don't want to compromise the message just so that you can do more advocacy. You want to get the right messages also.

What advice would you give an American or British or Australian university instructor who has to teach development economics, but has never worked in Africa, Asia, or Latin America?

I don't think they should be teaching development. I think development economics should be taught by people who have some experience both in the field and in research. I think you have to have some sense of what the interesting questions are and you only get those by visiting these countries. Of course, I'm not saying that you automatically become an expert on any country just by visiting a few times, but I think you have to have some sense of reality influencing your research.

One thing that I saw happen with this field of growth economics is that we started to have a lot of macroeconomists coming in and doing work on development who really had no experience in development. They were naive. I remember being shocked quite a long time ago by one pretty well-known macroeconomist with very little development experience. He was writing his first paper about development saying that he had travelled to a developing country and within the first five minutes in the country understood why the country was poor because of his dealings with the immigration and customs officials. It immediately made him realize how something unspecified was wrong. I thought it was an incredibly shocking and naive statement to say that five minutes of experience was enough to give you an insight into why countries are rich or poor.

You supervise several PhD students. What is your approach to being effective in this regard?

With PhD students it's sort of skepticism-squared. They are going to have to survive an academic environment. Every time they give a seminar, there's going to be loads of skeptical people asking questions, questioning their results, and questioning their models. So I figure that I have to prepare them for that by spending a certain amount of time just arguing about their models and empirical results. I'm trying to tell them, "Well, if you find it unpleasant that *I'm* always giving you a hard time, you're going to find it a lot more unpleasant when getting a job is dependent on you being able to answer these questions in a convincing way." That's just a necessary thing they have to go through – skeptical questioning by their advisor that's going to prepare them for the same kind of thing, first on the job market, and then later on in the academic world.

DEVELOPMENT ECONOMICS AS A SPECIAL CASE

Is there anything special about development economics or is it just economics applied in the context of low-income countries?

That's a very good question, but a very big one. I think development economics is a little bit different from the rest of economics because there are just more things that are varying between poor countries and rich countries. More of the foundational assumptions of economics are under question in poor countries. The things that we take for granted in studying rich market economies can't necessarily be taken for granted in developing countries. Markets might not work very well because they have very high transaction costs, participants in transactions don't trust each other, and there are no good contract enforcement mechanisms. That may mean that markets are absent in some areas in developing countries where there would be markets in rich countries.

So there are more things that can impair the function of the system and make things turn out badly in developing countries than there are in rich countries. Now I don't know if it's because of that greater challenge, but I also think that the average quality of economics in the field of development is lower than in economics studying rich countries. Of course, it goes without saying that there are a lot of really crazy economic ideas about poor countries outside of the confines of the mainstream profession. But even within the mainstream profession, I have this feeling that the standards of evidence are not as high. You can get away with things you couldn't get away with in rich country economics. Recycling ideas that were rejected fifty years ago can happen in development economics. It's hard to imagine that happening in rich country economics. I've said jokingly to my students sometimes that poor people not only get the worst goods, they also get the worst economics.

I think the other thing that makes development economics of worse quality on average is that there are political and social interests that get very mixed up in research questions. Because we all care so much about the tragedies of poor people, that might in some way impair the quality of our research. If we're more aware that what we say is going to have a political effect on poor people then we're more likely to censor ourselves, which in other fields of economics would be unacceptable. I think that happens more in the foreign aid debates that I've been involved in. It's really hard to do good research in the area of foreign aid because it's so much a political football.

If your research shows very negative findings about whether foreign aid is really helping poor people, then a lot of people, including really reputable, mainstream people, are very afraid that it can have a negative political effect on the prospects for more aid dollars to help more poor people.

I think it was Alan Blinder who talked about soft heads, soft hearts versus hard heads, hard hearts. In development economics we're more likely to wind up with soft hearts and soft heads and it's more difficult to maintain the extreme link between a soft heart and a hard head because you're talking about more tragic problems. It's not about some tax code distortion that is causing an efficiency loss of 0.2 percent of GDP. It's about whether children are dying from malaria. The stakes are so much higher.

I definitely think we should care but we should not let our caring interfere with deciding what are the facts, what are the hypotheses that are supported by the evidence. My philosophy is that the best for poor people in the long run is to do good science rather than bad science. If you do bad science because you have a compassionate heart, I don't think that really helps poor people. People are tempted to shade their findings in a way that they think is more politically helpful to poor people and I think that makes development economics worse. The other thing that makes it worse - something that I don't have such kind feelings about - is that a lot of the people funding the research and development have very strong institutional political interests. I think this is a pretty widespread phenomenon and it's now spread to private foundations like The Gates Foundation. Research and politics should not mix, but they do in development. In John Stuart Mill's essay *On Liberty* he says one reason we don't want to have the government owning the means of production is because if everyone worked for the government, there would be nobody left to criticize the government. I feel like we're sometimes dangerously close to that situation in development. Everyone works for the development establishment, so there's nobody left to criticize the development establishment. There's way too much politically motivated research going on in development and it really lowers the average quality of research.

COURSE CONTENT AND STRUCTURE

When you are designing your undergraduate development economics syllabus, how do you strike the right balance between teaching established ideas that have stood the test of time and incorporating current research?

I definitely want to communicate to the students the established ideas from the neoclassical synthesis. I teach them the neo-classical model of development that is a function of capital and labour, where differences in capital per worker explain differences in income per worker between countries. A lot of the predictions of that model fail and I show them that allowing for productivity differences between countries is necessary to modify the model. So first I go through the established ideas and then add in some feature that's been motivated more by modern research.

And modern research is emphasized a lot. I think it's converged on productivity as being the thing that explains most income per worker differences across countries, much more so than capital per worker differences.

How about the balance between formalism and reality?

I try to convey that models are just a device for organizing our thinking about reality. Formal models allow you to organize the rival hypotheses that you're going to be testing against each other. Reality is just too messy to be faced without any kind of model at all. You need to start with a model. That's what I try to get across to them.

In a similar vein, how do you handle the issue that most U.S. undergraduates have little or no knowledge of reality in low-income countries? In particular, how do you balance the use of statistical data as opposed to anecdote and story?

I definitely use some pictures and anecdotes from my own personal experience; images that have particularly influenced me, of seeing suffering, of seeing young girls walking for miles outside the capital Addis Ababa carrying very heavy loads of wood. My wife just went on a trip to Nepal and said, "Well, I've got a story that's even worse than that. I've got a story of girls walking for miles carrying loads of stones on their backs to work in road construction projects."

I think, again, there's kind of a trade-off. First of all, be aware that we're talking about levels of deprivation that are beyond what you ever see in your daily life in a rich country. But on the other hand, don't embrace the stereotype that the average African is a war refugee fleeing from child soldiers in the middle of a famine and dying from HIV and malaria all at once, and that that's the average daily experience. That's a completely extreme, false stereotype of the average daily experience of the average African. So I want to give them an accurate portrayal because they can easily flip over to the 'poverty pornography' side where they only see the suffering and they don't see that a lot of poor people have a life. They want the same things we do, they love their sons and daughters and husbands and wives and fathers and mothers the same way we do.

Where does your course begin and why does it begin where it does?

The early development economists consciously split from the rest of the profession, saying that development wasn't like other economics. As I said earlier, I agree with that, but I think they went too far by saying things like poor people are not rational individuals who cannot be trusted to act in their own interests. I think poor people do act in their own interests, do act rationally and are very resourceful at solving their own problems. But the old models of development threw the traditional, individualist approach to economics out of the window. Because they are not models based on rational actors, they don't have much role for things like incentives that are at the heart of the economic way of thinking. That means as a teacher you have to decide to what extent you want to teach the students the old models. Most of the undergraduate development textbooks spend a lot of time on these models and really don't take a stance on whether they are good or bad. I think they are bad models. But there's a lot of old-style development economics still being communicated and there is more variance in the quality of undergraduate teaching than in other fields. I don't use any of the big publishing houses development textbooks. I use one undergraduate text on economic growth, which I think is a subset of development. It came along in the 1990s and applied methodological individualism to development problems and was correcting some of the mistakes of the early development models.

So that's where I really start. I make only brief, fleeting references to the old models and say I think they are wrong because they didn't really think about incentives, they didn't appreciate some of the problems with state central planning of the economy and so on. These things were recommended by early development economists and did not turn out well.

Which are the key ideas at the heart of your course and how do you teach them?

After I've gone through the old-style development models, I go into predictions of the new growth models and how they help us understand some of the stylized facts about development. Then we start talking about questions like international trade between rich and poor countries and the whole set of issues with globalization, which is something that students are very interested in these days. Is globalization as a phenomenon good or bad? Is it exploitative or is it mutually advantageous exchanges between rich and poor people? That takes us to a whole set of topics in addition to international trade, like international capital flows, migration of labour - brain drain of skilled professionals - and so on. That's the foundation of the course, just going through all of that.

So we look at core models of growth as those that predict the level of per capita income that a country attains is a function of capital and labour productivity and efficiency. Then we start talking about institutions that affect efficiency and productivity, like the government and the financial sector and that takes us into discussion of the World Bank and IMF, efforts of the rich countries to intervene in the poor countries, what kinds of foreign aid programs are more effective and which are least effective. Then we talk about different empirical methods to decide when things are working and when things are not working, or empirical methods that we can use to test hypotheses about all these questions that we've been talking about. And then we examine other methodologies besides cross-country econometrics like randomized control trials to evaluate aid interventions.

Which are the big questions that these ideas will help students answer?

Well, I think the great thing about the field of development is that we're answering some of the most important questions in economics. Why do Americans have something like 100 times the standard of living of people in Sierra Leone? That's the fundamental question that people want answered in development. That's not a question that can just be answered in a one-lecture frontal attack. You have to break up that question into lots and lots of different pieces and analyze all the different pieces that go into understanding that question.

Where will students most likely have difficulties with motivation and understanding and why?

Undergraduates have a strong disposition to think about any transaction between the rich agent and the poor agent as being inherently exploitative of the poor agent. I try to explain that what we label exploitation might look different from the point of view of the poor agent. They might find that they have a better option because of a multinational opening what we would call a sweatshop in a poor country. They might think of it as a superior job to other opportunities. But that's the area that is usually most difficult to sort out with the students and I try to be sympathetic to their moral feelings. We certainly have strong instincts about fairness that might

conflict with a lot of transactions in which there are mutually advantageous gains to trade but one party is gaining a lot more than the other. We talk about the extent to which we should evaluate the transaction from the poor person's point of view versus the rich person's. If the poor person is voluntarily choosing to be in that transaction, then we should not interfere with their freedom of choice. On the other hand, the issue becomes particularly sensitive when we talk about something like safety standards. Is it acceptable that a factory owner in a poor country might grossly violate fire safety standards? Is a factory owner withholding information about fire safety standards from the workers, so they are being tricked into working in an unsafe environment? In development, we always leave open the possibility that someone is cheating someone else by withholding information.

Asymmetric information is a big factor in a lot of transactions. But what if workers are fully informed and they choose to work in an environment that, from our point of view, is too risky? To what extent do we impose our moral judgement on what level of safety is acceptable for poor people who are making their own decisions? Because development is a field that was mainly developed by people in rich countries, we are always on the verge of being very paternalistic and patronizing towards poor people. We have to be aware of those dangers and that's another thing that I try to get across in classes. But we also need to be realistic about the power relationship that exists. If poor people don't have much political power then they might be exploited and abused by the police and the elite. We talk about that very frankly in the political economy of development.

How does your course end and why does it end where it does?

That's probably another area where I could improve as a teacher. I would like the course to end on a note that leaves some kind of satisfaction with the student. Right now, it ends with foreign aid, which is a partly sad, partly hopeful story. I think that a lot of the grandiose expectations of foreign aid have not been met and will never be met, but more realistic expectations have been met and specific problems with specific poor people have been solved.

How would your answers to these questions differ if I asked you about teaching graduate-level development economics?

At the PhD level, I'm really trying to teach them to start doing their own research. So I'm more likely to teach specific papers and then discuss the strengths and weaknesses of those papers. That's kind of a way to teach them how to write their own strong, good academic papers. With undergraduate or Master's students, I'm just trying to teach them the lessons that are coming out of academic research, rather than teaching them how to do academic research.

TEXTBOOKS

Which textbook do you use for your undergraduate course?

I use David Weil's book, which is called *Economic Growth*. I felt that it was much better to give the students a good, modern treatment of economic growth rather than a bad, disproved theory of economic development, which is what you get in most undergraduate development economics

textbooks. Even though I don't think economic growth is the exact equivalent of development economics, I do think that book does a better job in putting students in touch with a more rigorous way of thinking about development than any of the development textbooks on the market. Sometimes I also assign my book, *The White Man's Burden*, side-by-side with Jeff Sachs' book, *The End of Poverty*.

Have you ever considered writing a development economics textbook?

It's not that attractive to me to write a development textbook because I feel that I would be forced into the mold of the existing textbooks, which spend way too much time on old-style development theories that have been decisively refuted, are only interesting as intellectual history and don't seem very much aware of the modern academic literature on development economics. Since all development economics textbooks are in that mold, I assume that you would be forced into that mold by the publisher.

TEACHING ECONOMICS IN THE FUTURE

How do you think the process of teaching economics will change over the next few years and to what extent will student demands and expectations shape these changes?

Well, I've already seen a lot of change in my career. Economics is grappling a lot more with the real world than when I was in graduate school. It's willing to consider whole new areas like values and social norms and phenomena like corruption that were just ignored by economists for a long time. So I think students will continue to demand that economics explains the world around them. It used to be able to exist in a parallel universe that just gave you a set of models and didn't really have to talk that much about real world problems. Now it's much more about explaining a lot of the real world and the things you see around you. The *Freakonomics* phenomenon is an example of that.

Do you believe that development economics will be needed for the foreseeable future or is there any hope that it might become just a branch of economic history?

The past fifty years have seen the fastest growth of the non-European part of the world in history. But it's been pretty much parallel growth rather than catch up growth. I think historical experience would suggest that parallel growth is what's likely to continue happening. Relative income differences will continue to exist, so there will continue to be a role for studying the poorest parts of the world.