ECON 7351. Development Economics: Microeconomic Issues

Fall 2013 Course Syllabus

Mondays and Wednesdays 10:00-11:30pm, McElhinney Room 212

Instructor:  Professor Aimee Chin  
Office: McElhinney Room 221B  
Office hours: W 1:30-2:30pm. Meetings at other times must be arranged in advance.  
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DESCRIPTION
This course provides an overview of the current literature on the microeconomics of development in poor countries. Topics covered include the role of human capital (health, education), the internal structure of households (neoclassical, bargaining), the functioning of factor markets (land, credit and insurance), and the role of institutions in mediating change. On the methodological side, we will examine econometric techniques that researchers have used to identify causal relationships (panel data, instrumental variables, randomized experiments, regression discontinuity design).

If you are interested in pursuing research in development economics, then this would be an appropriate field course to complement the macro growth and development sequence (offered by Prof. Vollrath) and political economy (offered by Prof. Ujhelyi).

If you are interested in pursuing research in one of the applied microeconomics fields, then this would be an appropriate field course to complement labor economics (offered by Profs. Juhn, Lehmann and Zuppan), public economics (offered by Prof. Craig), health economics (offered by Prof. Liu), and economics of education (offered by Prof. Juhn).

LEARNING OUTCOMES
• Students will attain, through lectures, readings and problem sets, knowledge of the microeconomic foundations of development economics.
• Students will be able to critically assess research papers.
• Students will be able to perform econometric techniques that are used to identify causal relationships.

PREREQUISITES
To take this course, you must have either: (1) passed Econometrics I (ECON 7331) and the first-year graduate sequence in microeconomics (ECON 6342 and 7342), or (2) received prior explicit permission from me.
REQUIREMENTS AND GRADING
1) problem sets Approximately 5 problem sets  25%
2) final exam In-class exam on Nov 25  40%
3) oral presentation In-class presentations on Dec 2 and 4  15%
4) class participation Combination of attendance, preparedness for class and quality of classroom comments 20%

Problem Sets: Problem set assignments will be posted on UH Blackboard Learn (go to http://www.uh.edu/blackboard/ and click on the white “Blackboard Learn” button). Some will involve data exercises. For the data exercises, we will use Stata. Students are encouraged to work together on problem sets. However, each student must write up his/her own problem set. No copies will be accepted, and this includes programs.

Final Exam: There will be a closed-book exam on Monday November 25 covering all the material of the course.

Oral Presentation: Each student will be assigned to a team that will replicate the results and provide a formal slide presentation of a paper. I expect to assign teams and papers in early November.

Class Participation: Students are expected to attend every lecture, complete the readings in advance of the lecture, and participate in classroom discussion. Generally we meet every Monday and Wednesday during the semester except on the following dates: September 2 (Labor Day holiday) and November 27 (Thanksgiving holiday).

There will be no make-ups or extensions given for exams and assignments except with prior consent from me or in the event of an unexpected emergency.

I strongly encourage you to attend the University of Houston-Rice University Empirical Microeconomics Workshop which is held Tuesdays 3:30-5pm (see my website or the department website for the schedule of speakers). Though seminar attendance is not counted in your grade for this class, attending seminars is an excellent way to expose yourself to current research, learn what a research paper comprises, and learn how to give oral presentations.

GENERAL POLICIES
1) Lectures will begin at 10:00am and end at 11:20pm.
2) Adhere to the university’s academic honesty policy (it is described in the Student Handbook as well as http://www.uh.edu/academics/catalog/policies/academ-reg/academic-honesty/).
3) If you have special learning needs, please contact me. I can make accommodations only if given advance notice.
**General Readings**

The required readings associated with each lecture are given in the “Course Schedule” section of the syllabus. I describe some optional general references in this section.

*Our course will not use a textbook, but the following books on micro development may be of interest to you.*


The five-volume *Handbook of Development Economics* is a useful reference, offering thorough overviews of many topics in development economics.

*The following books and papers describe the econometric tools we will be using in this course:*


**COURSE SCHEDULE (subject to change)**

I will announce which readings to do before each lecture. Unless a specific URL is provided, get the readings through University of Houston Libraries. Most articles are available in the JSTOR database. Some articles come from journals or issues of journals that JSTOR does not contain. For these articles, you will have to search for the appropriate database to retrieve the full text. (Start at the UH Library website, then under the “e-Journals” tab search for the desired journal. After the search results are presented, select a database that provides full text for the desired issue of the journal.)

**I. Introduction (Lecture 1)**

Browse through issues of the United Nation’s *Human Development Report* and the World Bank’s *World Development Report* online to get a sense of the cross-country measures of development, and broad issues in development.

Appendix tables associated with the following two articles located at the following URL:

http://econ-www.mit.edu/files/3793


**II. Land and Property Rights (about 3 lectures, Lectures 2-4)**


III. Credit, Savings and Insurance (about 7 lectures, Lectures 5-11)


Banerjee, Abhijit, Esther Duflo and Kaivan Munshi (2003), “The (mis)allocation of capital” *Journal of the European Economic Association* 1, no. 2/3: 484-494. This article summarizes work in the following two articles:


### IV. Health, Nutrition and Education (about 6 lectures, Lectures 12-17)


**V. Gender and Family (3 lectures, Lectures 18-20)**


**VI. Technology Adoption (about 2 lectures, Lectures 21-22)**


**VII. Other Topics (time permitting; topics and readings to be decided later)**