ECO 605

DEVELOPMENT MICROECONOMICS

Monsoon 2017

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Office Hours: Tu Thu 11 am-12 noon or by appointment

Class Time and Location: Tu Thu 2 pm-3.30 pm, B305

Description of the Course: This is a one semester course that will cover a variety of topics concerning the microeconomics of economic development. The course will first provide an overview of poverty, and discuss some current important microeconomic issues in development economics. We will then review the empirical methods that are used by development economists to analyze the behavior of individuals and households. After that, in detail, we will examine various areas of development microeconomics including health, education, savings and credit, and corruption. In addition, we may also briefly cover topics on gender issues in relation to development economics, if time permits.

Textbooks: I will not follow any particular text book for this course. However, you might find the following development economics textbooks useful for extending the understanding of the concepts/materials covered in class:


For empirical methods, you can refer to the following books:


Grading: Grades will be based on attendance, participation in class, class presentations, and an original term paper:

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<thead>
<tr>
<th>Attendance and class participation</th>
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<tbody>
<tr>
<td>Class Presentation I</td>
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<td>Class Presentation II</td>
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<td>Class Presentation III</td>
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<tr>
<td>Term Paper (Research Proposal)</td>
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Attendance: Attendance will be taken randomly throughout the semester. Note, if your attendance falls below 70%, I am not obliged to grade your term paper.

Exams: There will be no exams for this course.
Class Presentations: Each class presentation will be of 40 minutes duration (including Q&A). You are expected to choose papers from the reading list, and prepare your presentations based on those (you can find all the papers in electronic format on my website: http://punarjitroyc.weebly.com). Each student will have to prepare three such presentations over the semester (and hence is required to choose three papers from the reading list). You should prepare your presentations either using Microsoft Powerpoint or Latex (Beamer). The aspects of a particular research paper you are expected to cover in your presentation are:

- What is the research question?
- Why is the question important (i.e., why do we care about this question)?
- Where do the data come from (i.e. the source of the data)?
- What is the identification strategy or what is the experimental design?
- What are the main findings?
- What are the policy implications (if any)?

You are not expected to fully understand the technicalities of the econometric strategy/experimental design of the papers. Understanding and presenting just the intuition underlying the econometric strategy/econometric design of the papers should be sufficient. Further, note that the aim of these presentations is not only to train you to read and understand scientific papers, but also to enable you to communicate economics research to the scientific community and general audience in a precise and clear way. This will enhance your ability to present your own research papers/projects at seminars and conferences. You will be presenting the papers that you choose in front your friends (classmates) and myself. So, do not feel shy for any reason! You will not be graded on how well you can speak English (this is not a course on spoken English!), but rather on how professional your presentation looks (by that I mean your presentation should look nice and be free of typos; avoid using templates/designs/effects which may distract the audience), how well you have been able to cover the main points of the paper in your presentation, and how well you can explain the paper to your classmates and to me.

Term Paper: You are required to write a (short) term paper for this course. It should be an original research idea related to any area of development microeconomics. The paper should consist of the following sections:

- **Introduction**: Here you describe the research question, discuss why this question is important, briefly summarize your empirical strategy that you wish to adopt, and highlight the main contributions of your work.
- **Literature review**: In this section, you summarize a few important papers related to your work (if you wish, instead of making a separate literature review section, you can discuss the related papers in a couple of paragraphs in the introduction as well)
- **Data source(s)**: Discuss the source(s) from where you intend to get the data. You are not expected to acquire the data (i.e., you do not have to actually download any data or collect your own data from the field). However, list the variables that you would potentially be using.
- **Empirical Strategy/Experimental Design**: Briefly describe your empirical strategy. No technical details required. However, you should be able to justify why you wish to use the strategy that you wish to, and provide the identifying assumptions.
- **References**: List the papers that you have referred to. Follow the referencing style of the *American Economic Review*.

You are not expected to do any regressions/empirical work. So, you do not have to have a separate section for results. Note that the term paper must be completely typed out in Microsoft Word and properly formatted
(use font size 12, double spacing, justified). Ideally, the paper should not be more than 12 - 15 pages long (papers shorter or longer than this will not be penalized as long your “good”).

You must get the topic of your term paper approved by me by October 10. Submission date of the term paper: December 5, 2017. Note that you need to submit your term paper electronically in pdf form only.

**COURSE OUTLINE**

I.  *Development Microeconomics: An Overview*

II.  *Toolbox for Empirical Development Economics: Overview of Causal Analysis; Randomized Control Trial (RCT); Fixed Effects (FE) Approach; Difference-in-Difference (DID); Regression Discontinuity Design (RDD); Instrumental Variable (IV) Methods*

III.  *Health and Development*
Readings


******* Presentation I *******

IV. **Education and Development**


Readings

V. **Savings and Credit**


**Readings**


VI. **Corruption**

Readings

********** Presentation III **********
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<td>Overview of Issues in Development Microeconomics</td>
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