

Department of Food and Resource Economics and
Center for Latin American Studies
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McCarty Hall B, 1091

AEB 7645
Fall 2016

Development Economics

Tuesdays, 9:35-10:25 & Thursdays, 9:35-10:25, 10:40-11:30 in PSY 0129
Office hours –Tu 10:45-11:30 am or by appt.

Course Objectives

The goal of this course is to provide students with the essential tools and concepts of development economics, to prepare them to understand what makes underdevelopment persist and what helps development succeed.

We will jointly explore diverse dimension and measures of development, as well as the application of microeconomic analysis to issues of development in poor countries, including the study of household decisions and the analysis of institutions and norms influencing development.

Specific goals of this course are:

- a) To familiarize students with cutting edge research topics in the field.
- b) To provide a critical reading of the current literature on the empirical microeconomics of development.
- c) To provide conceptual tools to improve students analytical ability and their access to publishing on academic journals.

Course Description

The first part of the class will invite students to reflect on the question: what is economic development and how is development economics used to examine and explain it?

We will then go through a brief history of economic development, in order to understand the aspects that have been at the core of development policy over time and how they relate to dominant development ideas today.

The second part of the course will focus on specific measures of development, as well as on the targeting and evaluation of social programs and projects, which aim to improve these measures. Measures include income growth, poverty, vulnerability, inequality and human development.

Because agriculture still dominates the economies of many countries in terms of income and employment, the next part of the class presents the key tools economists have come up with to analyze agricultural economies, with an eye towards understanding a wide array of impacts, from agricultural policies to trade and climate change. This part includes the study of the economics of household models, the staple of microeconomic analysis of agricultural and rural economies. It concludes with a look at the far-reaching transformations of rural and national economies that accompany economic growth and a discussion on what this means for how we do economic analysis and design development policies.

Markets and trade are vital for countries to grow and spread the benefits of this growth across a broad population. However, markets fail for many people, and others find themselves unable to compete in an

increasingly global economy. In the sections “Markets and Information”, “Environment, Conservation and Development” and “Institutions”, we see why economists think markets are so important to economic development, why markets fail for many people even in the presence of globalization, especially when it comes to valuing and coordinating the exchange of environmental goods. In this context, we will also learn how economists have been using games and experiments to understand the behavior of individuals under imperfect market conditions. Finally, we will see how formal and informal norms define cultures and institutions that persist and need to be studied from a long-term perspective.

Course Requirements:

1. Midterm, final exams (30 %)
2. Homework Assignments (30%)
3. Short-paper and presentation (20%): At the beginning of the semester, students choose the general topic they want to write about and present one related journal article (choose references from the book. PhD students should present recent journal articles in high impact journals). Then, they write a short abstract to justify their choice of a key question/issue to study. After the middle of the semester they develop the answer as their final short-paper.
4. Class participation (20%): In borderline cases, attendance and quality of classroom comments may be a factor in assigning grades.

Due dates will be discussed in class.

Course Outline and Readings

Books: We will follow this semester a very recent book in development economics written by two of the most respected researchers in the field (Alain De Janvry and Elizabeth Sadoulet).

De Janvry, A. and E. Sadoulet (2016) *Development Economics: Theory and Practice*, Routledge NY.

Other relevant/recommended texts that cover several of the class topics are:

*Taylor, E & T. Lybbert, *Essentials of Economic Development Economics*, RebelText:Berkeley, California, 2013

Bardhan, P. and C. Udry (1999), *Development Microeconomics*, Oxford UP.

Summary of Topics

1. Development Economics and Economic Development
 - Issues and indicators
 - The state of development
2. History of thought in development economics
3. Population, Income and Growth
4. Poverty, Vulnerability, Inequality
5. Human Development and Human Capital
6. Targeting and evaluation of social programs
7. Agriculture,
 - Overview
 - Farm Households
 - Labor, Migration and Transformation

8. Markets and Information
9. Development, Conservation and the Environment
 - Sustainable development and the environment
 - Common property resources and determinants of cooperation
10. Institutions
 - Institutional innovations and development
 - Political economy and the role of the state

Attendance Policy:

Attendance is important. The student's success in this class will be dependent upon their participation and the amount and quality of effort expended. Students are expected to have read basic class materials for every session and to be able to lead discussions and/or answer questions based on the readings.

Students will be held responsible for material covered in class. As a courtesy to fellow students and the instructor, students are expected to arrive on time. If the student cannot arrive on time because of extenuating circumstance, the student is strongly encouraged to meet with the instructor during the first week of classes.

Absences and tardiness will reduce grades as follows: More than two late arrivals/early departures will reduce the student's grade by one step. More than one unexcused/non-documented absence will reduce the student's grade by two steps. In extreme cases, lack of student engagement in class could also lead to a grade reduction.

Lids Down/Messaging Policy

Laptops are only permitted to be used in class for the purpose of using statistical and econometric software or to take notes in exceptional cases. If students want to review readings or notes during class, they will need to bring a printed copy of these, not read in the laptops. Text messaging, cell phones and other forms of cyber communication are not to be used in class, unless there is an exceptional circumstance and the student has notified the teacher in advance.

University Policy and Resources

Academic Honesty, Software Use, UF Counseling Services, Services for Students with Disabilities

In 1995 the UF student body enacted a new honor code and voluntarily committed itself to the highest standards of honesty and integrity. When students enroll at the university, they commit themselves to the standard drafted and enacted by students.

In adopting this honor code, the students of the University of Florida recognize that academic honesty and integrity are fundamental values of the university community. Students who enroll at the university commit to holding themselves and their peers to the high standard of honor required by the honor code. Any individual who becomes aware of a violation of the honor code is bound by honor to take corrective action. The quality of a University of Florida education is dependent upon community acceptance and enforcement of the honor code.

The Honor Code: We, the members of the University of Florida community, pledge to hold ourselves and our peers to the highest standards of honesty and integrity.

On all work submitted for credit by students at the university, the following pledge is either required or implied: **"On my honor, I have neither given nor received unauthorized aid in doing this assignment."**

The university requires all members of its community to be honest in all endeavors. A fundamental principle is that the whole process of learning and pursuit of knowledge is diminished by cheating, plagiarism and other acts of academic dishonesty. In addition, every dishonest act in the academic environment affects other students adversely, from the skewing of the grading curve to giving unfair advantage for honors or for professional or graduate school

admission. Therefore, the university will take severe action against dishonest students. Similarly, measures will be taken against faculty, staff and administrators who practice dishonest or demeaning behavior.

Students should report any condition that facilitates dishonesty to the instructor, department chair, college dean or Student Honor Court.

(Source: 2007-2008 Undergraduate Catalog)

It is assumed all work will be completed independently unless the assignment is defined as a group project, in writing by the instructor.

This policy will be vigorously upheld at all times in this course.

Software Use:

All faculty, staff and students of the university are required and expected to obey the laws and legal agreements governing software use. Failure to do so can lead to monetary damages and/or criminal penalties for the individual violator. Because such violations are also against university policies and rules, disciplinary action will be taken as appropriate.

Campus Helping Resources

Students experiencing crises or personal problems that interfere with their general well-being are encouraged to utilize the university's counseling resources. Both the Counseling Center and Student Mental Health Services provide confidential counseling services at no cost for currently enrolled students. Resources are available on campus for students having personal problems or lacking clear career or academic goals, which interfere with their academic performance. The Counseling Center is located at 301 Peabody Hall (next to Criser Hall). Student Mental Health Services is located on the second floor of the Student Health Care Center in the Infirmary.

- *University Counseling Center*, 301 Peabody Hall, 392-1575, www.counsel.ufl.edu
- *Career Resource Center*, CR-100 JWRU, 392-1602, www.crc.ufl.edu/
- *Student Mental Health Services*, Rm. 245 Student Health Care Center, 392-1171, www.shcc.ufl.edu/smhs/

Alcohol and Substance Abuse Program (ASAP)
Center for Sexual Assault / Abuse Recovery & Education (CARE)
Eating Disorders Program
Employee Assistance Program
Suicide Prevention Program

Students with Disabilities

The Disability Resource Center coordinates the needed accommodations of students with disabilities. This includes registering disabilities, recommending academic accommodations within the classroom, accessing special adaptive computer equipment, providing interpretation services and mediating faculty-student disability related issues.

0001 Reid Hall, 392-8565, www.dso.ufl.edu/drc/