AEB 7645 Economic Development

Dr. Pilar Useche
G087 McCarty Hall B
352-392-1826 ext. 430
useche@ufl.edu

Office hours - Thurs: 11:30-12:30p.m., or by appt.

Course Description
The course begins by looking at issues in the measurement of poverty, inequality, and vulnerability. These concepts are, arguably, the basis of all development economics and so deserve proper attention. Casual observation—as well as some systematic econometric work—suggests that inequality may affect poverty and economic growth. Interestingly, the idea that economic performance might be sensitive to the distribution of endowments goes back to old theory of agrarian economy. The Russian economist A.V. Chayanov argued (early in the 20th century) that farm households with distinct endowments of productive resources would use those resources in different proportions, with different factor productivities.

This course will, thus, examine modern variants of the Chayanovian argument that important household decisions in the sphere of production (and consumption) are inseparable from household wealth endowments. The course will then look more deeply into the economics of the household itself, asking if intra-household distribution similarly matters for factor use and the composition of consumption. After that we will move on to look at social interactions of households and individuals. In particular, we will study how social networks are used to learn about new technologies, share agricultural risk (with and without commitment), and find jobs.

We will also study strategic interactions in the context of natural resource management and environmental conservation. Since the core assumptions of self-interested, exogenous preferences of much of the development economics literature have been questioned, we will examine, in our last module, experimental studies that challenge these assumptions in developing countries. Additionally, we will look at studies discussing social norms and psychological dispositions extending beyond selfish motives.

Course Objectives/Goals
The goal of this course is to explore the application of microeconomic analysis to issues of development in poor countries. To advance your understanding of the microeconomic theory underlying development economics, the focus of the course is on the study of household behavior 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.
Methods by which students will be evaluated and grading system

1. Three class assignments (40% of grade): These are graded on a full credit, half credit, zero-credit basis, and require coherent arguments to receive full credit. Students who receive less than full credit will be given the opportunity to rewrite assignments for full credit. Due dates will be discussed in class.

2. Critical review and presentation (20%): A critical review of one recent class paper has to be submitted. This report should have 3-5 pages and be based on one of the papers in the syllabus which is not marked with an (R). Please e-mail me your first, second, and third choice papers for the report by Monday. A 20 min presentation on this paper should be given to the class. Around ten min. of the presentation should be spent explaining what the paper does. Five minutes should be spent discussing the main contributions of the paper, and the main shortcomings of the paper. The last five minutes should be spent discussing questions which are left open for future researchers on related topics. (These numbers are all quite approximate. You may vary them as you feel comfortable.) After your presentation there will be another five minutes for discussion with everyone. You should hand in your critical reviewon the same day as your presentation is scheduled.

3. One class presentation (15% of grade). Students are asked to organize a presentation of one current development topic (about 20 min). A short written document will also be expected (5 pages maximum), although the grade will be primarily based on the presentation.

4. One final exam (25% of grade).

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Grades and Grade Points
For information on current UF policies for assigning grade points, see https://catalog.ufl.edu/ugrad/current/regulations/info/grades.aspx

Attendance Policy
Attendance expected at all class sessions. Please inform me in advance if you will miss class for interviews or similar professional obligations. Please inform me if you missed class due to illness. In some cases I will request supporting documentation. Repeated tardiness will count as one or more class absences.

Make-up policy
Make-up exams/homeworks will be given under documented extenuating circumstances and subject to the professor’s time availability. The maximum grade achievable for make-up assignments is 95%. Late assignments will be penalized by a reduction in the maximum achievable grade or not accepted at all, depending on the time delay.
Course Outline, Textbooks, and Reading

Although lectures may draw from any or all of these readings, you will only be required to do one reading for each class period. I will inform you which reading is required by the previous class period at the latest. I will also update the online syllabus, placing a (R) in front of the required reading. You are really required to do the readings. The readings are all quite excellent, and discussing them in class is not a substitute for reading them yourself.

INTRODUCTION: ISSUES IN GROWTH, POVERTY, INEQUALITY AND THE ENVIRONMENT


I. MEASURING AGGREGATE POVERTY, INEQUALITY AND VULNERABILITY

A. Poverty

B. Inequality

C. Vulnerability

II. ENDOWMENT SENSITIVITY BETWEEN AND WITHIN HOUSEHOLDS

A. The Impact of Endowments on Production and Consumption Decisions

B. Intra-Household Wealth and Income Distribution

III. SOCIAL NETWORKS, LEARNING AND TECHNOLOGY ADOPTION
A. General - Social Effects
B. Technology Adoption and Learning

C. Technology Adoption With Network Data

D. Other Applications: Job Search and Labor Markets in Social Networks

IV. RISK SHARING AND INFORMAL INSURANCE

A. Overview

B. Risk Sharing in Social Networks

C. Limited Commitment

V. CONSERVATION AND DEVELOPMENT IN RURAL AREAS

A. Overview and Introduction to Key Issues

B. Open Access, Common Property, and Privatization: Key Concepts and Game-Theoretic Approaches to Resource Management Issues

C. Inequality, Common Property, and Public Goods Provision

D. Some Empirical Examinations of Common Property Resource Management
- (R) Ostrom E.and R. Gardner, —Coping with Asymmetries in the Commons: Self-Governing

E. Agricultural Expansion and Deforestation: Theoretical Models

F. Agricultural Expansion and Deforestation: Empirical Studies

VI. NORMS, EXPERIMENTS AND PSYCHOLOGY
A. Development, Poverty and Inequality

B. Experiments and Psychology

C. Natural Resource Management
D. Institutions/Norms

-Corruption Theory

Corruption Experiments

Evolutionary Approaches to Common Property Use and Social Norms
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Academic Honesty, Software Use, Campus Helping Resources, Services for Students with Disabilities

Academic Honesty
In 1995 the UF student body enacted an 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.

The Honor Pledge: 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."

Students should report any condition that facilitates dishonesty to the instructor, department chair, college dean, Student Honor Council, or Student Conduct and Conflict Resolution in the Dean of Students Office. (Source: 2011-2012 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. The Counseling & Wellness Center provides 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.

University Counseling & Wellness Center, 3190 Radio Road, 352-392-1575, www.counseling.ufl.edu/cwc/
Counseling Services
Groups and Workshops
Outreach and Consultation
Self-Help Library
Training Programs
Community Provider Database

Career Resource Center, First Floor JWRU, 392-1601, www.crc.ufl.edu/

Services for 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, 352-392-8565, www.dso.ufl.edu/drc/