

MICROECONOMICS OF ECONOMIC DEVELOPMENT
Economics 362, Fall 2008
Department of Economics, American University

Instructor

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Office hours: Monday and Thursday 10:00-11:00 am

Course Objectives

This course is part of the undergraduate-level development economics sequence at American University (ECON 363: Macroeconomics of Economic Development is the other course). It examines the microeconomics of development with a particular emphasis on the decision-making of poor households in developing countries. The general objective of this course is to help you understand the behavior of poor households in developing countries so that you are in a position to adequately design and evaluate policies that seek to improve the well-being of these households. Towards this end, the specific objectives of the course are:

- To advance your understanding of the microeconomic theory underlying development economics;
- To enhance your ability to analyze the behavior of poor households; and
- To improve your capacity to design and evaluate specific poverty-targeted policies in developing countries.

Readings

The following textbook will be used for this course:

Ray, D. 1998. *Development Economics*. Princeton, NJ: Princeton University Press.

Additional required readings will be provided prior to each lecture and will be made available either in electronic format on Blackboard, through library reserves or from the instructor.

Format, Assignments and Grades

This class will meet each Monday and Thursday during the fall semester from 12:45 to 2:00 pm. Each class will include lecture and discussion. You are expected to attend class and participate in class discussion. Attendance will be taken.

Blackboard will be used to communicate with you about assignments and changes in the class schedule. You should check it on a regular basis.

For this class, you are required to complete eight policy briefs and take a midterm and final exam. Details of the assignments will be provided in class. Below is a brief overview.

Policy briefs: For all of the topics (except topic 1), a policy simulation will be provided and discussed in class. The policy simulations will give you practice in using economic theory to

devise policy responses to development problems and are done to encourage your active engagement in the unit. You are required to write a policy brief for **eight** of the eleven policy simulations and submit them for credit. The policy briefs should be typed, and each week's entry should be between 500-800 words (no more). The policy briefs will be due one week after they are discussed in class and a hard copy must be turned in no later than the beginning of class (12:45 pm) on the due date (not via email). **Late policy briefs will not be accepted.**

Midterm and final exams: A midterm exam covering topics 1-6 will be held before the semester break. A final exam covering all the topics covered in the course will be held during the final exam period. Review questions will be provided for each topic. Failure to show up for the exam will require a note from a doctor stating attending the exam was not possible.

Due dates and grades: The due dates for all class activities along with the weightings of the assignment in the final grade are as follows:

<i>ASSIGNMENT</i>	<i>WEIGHTING</i>	<i>DUE DATE</i>
Midterm exam (Topics 1-6)	25%	Thurs, October 9
Eight policy briefs	40%	TBA
Final exam (All topics)	35%	Thurs, Dec. 11, 11:20-1:50
Total	100%	

Students are required to submit **all** required assignments to receive a passing grade for the course. Grades are calculated as follows: A=90-100%, B=80-89%, C=70-79%, D=60-69%, F<60. Each letter category includes all possible pluses and minuses (e.g. B+=87-89%, B=83-86%, B-=80-82%).

Topics covered

Topic 1: Introduction to development microeconomics, August 25

Topic 2: Poverty and household economics, August 28-September 4

Topic 3: Gender and intrahousehold allocation, September 8-11

Topic 4: Rural land markets and contracts, September 15-18

Topic 5: Credit markets and rural financial institutions, September 22-25

Topic 6: Risk and insurance with market imperfections, September 29-October 2

Topic 7: Fragmented labor markets, October 16-20

Topic 8: Migration, October 23-27

Topic 9: Population and fertility, October 30- November 3

Topic 10: Food security, hunger and nutrition, November 6-10

Topic 11: Agriculture and technological change, November 13-17

Topic 12: Natural resources and the environment, December 1-4