

Course Outline

EE461 Development Microeconomics

Semester 2/2019 (January 13 – May 10, 2020)

Number of credits:	3 credits (3-0-6)
Lecture Time:	Tuesdays and Thursdays, 12.30 – 14.00 hours
Lecture Venue:	Room 302, Faculty of Economics
Instructor:	Ajarn Sunsiree Kosindesha, E-mail: sunsiree@econ.tu.ac.th

Course Description

Concepts and measurements of poverty and inequality. The theories of justice for analyzing public policies related to these issues. Microeconomic theories related to household decisions and behaviors, as well as market failures in developing countries. Public policies on development issues such as health; education; population; workforce allocation of households in agriculture and non-agriculture sectors, as well as formal and informal sectors; migration; entrepreneurship of the households; households' financial and risk management tools; microfinance; innovations and other interesting issues related to poverty reduction, etc.

Prerequisites: EE311

Course Objectives:

Since this course covers many topics in development microeconomics in theories and empirical studies, it requires some background knowledge in microeconomics, some concepts of macroeconomics, and econometrics. Besides textbooks, students will have to read articles from journals, present their research project, and review current issues and articles to develop their skills in analysis, presentation, and criticizing in development economics. Students are also encouraged to participate in discussion and questioning in class, as well as try to keep updating current studies in development economics.

Recommended Textbooks and Readings:

In this course, we use both textbooks and papers as our reading materials. The main textbooks are also available at Puey Ungphakorn Library.

1. Ray, Debraj. (1998). *Development Economics*, Princeton University Press.
2. [MR] Meier, Gerald M., and Rauch, James E. (2005). *Leading Issues in Economic Development*, 8th Edition, Oxford University Press.
3. Todaro, Michael P., and Smith, Stephen C. (2012). *Economic Development*, 11th Edition.
4. Deaton, Angus. (1997). *The Analysis of Household Surveys: A Microeconometric Approach to Development Policy*, The Johns Hopkins University Press. [You can download The World Bank published version here: <http://documents.worldbank.org/curated/en/1997/07/694690/analysis-household-surveys-microeconometric-approach-development-policy>]

Here is the list of papers/articles that we use as a reference in our topics covered in this course (in topic order):

Banerjee, Abhijit V. and Duflo, Esther. (2007) "The economic lives of the poor." *Journal of Economic Perspectives*, 21(1): 141-167.

Duflo (2003) "Poor but rational?"

Mullainathan, Sandhil and Eldar Shafir. (2013) *Scarcity: Why Having Too Little Means So Much*, Times Books.

Michael R. Carter & Christopher B. Barrett (2006) The economics of poverty traps and persistent poverty: An asset-based approach, *The Journal of Development Studies*, 42:2, 178-199, DOI: [10.1080/00220380500405261](https://doi.org/10.1080/00220380500405261)

Duflo, Esther. (2001) "Schooling and labor market consequences of school construction in Indonesia: Evidence from an unusual policy experiment." *The American Economic Review*, 91(4): 795-813.

Psacharopoulos, G. and Patrinos, Harry A. (2004) "Returns to investment in education: a further update." *Education Economics*, 12(2): 111-134.

Strauss, J. and D. Thomas (1998). "Health, nutrition and economic development." *Journal of Economic Literature* 36(2): 766-817.

ADB. Asian Development Outlook (2015) "Enabling women, energizing Asia"

Timmer, P. (2009) *A world without agriculture: the structural transformation in historical perspective*. The AEI Press, Washington, D.C.

Besley, T. J. (1995) "Savings, credit and insurance." *Handbook of Development Economics Volume 3A*. J. Behrman and T. Srinivasan. Amsterdam, Elsevier Science.

Karlan, Dean and A. L. Ratan (2014) "Saving by and for the poor: a research review and agenda" *Review of Income and Wealth* 60(1): 36-78.

Paxson, Christina H. (1992) "Using weather variability to estimate the response of savings to transitory income in Thailand", *The American Economic Review*, 82(1): 15-33.

Townsend, R. M. (1995) "Financial systems in Northern Thai villages." *Quarterly Journal of Economics* 110(4): 1011-1046.

- Jonathan Morduch. (1999) "The microfinance promise." *Journal of Economic Literature*, 37(4): 1569–1614.
- J-PAL and IPA Policy Bulletin. 2015. "Where Credit is Due." Cambridge, MA: Abdul Latif Jameel Poverty Action Lab and Innovations for Poverty Action.
- Djankov, S., Qian, Y., Roland, G., and Zhuravskaya, E. (2006) "Who Are China's Entrepreneurs?", *The American Economic Review*, 96(2): 348-352.
- Schoar, Antoinette. (2010) "The Divide between Subsistence and Transformational Entrepreneurship", NBER Innovation Policy and the Economy.
- Poapongsakorn, Nipon. (1994) "Transformations in the Thai Rural Labor Market", *Development or Deterioration? Work in Rural Asia*, Chapter 6. Edited by Bruce Koppel, John Hawkins and William Jams.
- Lathapipat, Dilaka and Thitima Chucherd (2013) "Labor market functioning and Thailand's competitiveness" BOT Symposium 2013.
- Shleifer, A. and Vishny, Robert W. (1993) "Corruption." *The Quarterly Journal of Economics*, 108(3): 599–617.
- Olken, Benjamin A. (2007) "Monitoring corruption: Evidence from a field experiment in Indonesia", *Journal of Political Economy*, 115(2): 200–249.
- Reardon, Thomas and Vosti, Stephen A. (1995) "Links Between Rural Poverty and the Environment in Developing Countries: Asset Categories and Investment Poverty", *World Development* 23(9): 1495-1506.
- Hallegatte, S. et al. (2016) "Shock Waves: Managing the impacts of Climate Change on Poverty", International Bank for Reconstruction and Development / The World Bank.

Additional Readings:

Banerjee, A. and Duflo, E. *Good Economics for Hard Times: Better Answers to Our Biggest Problems*. United States: [PublicAffairs](#). November 12, 2019. ISBN 978-1-61039-950-0

Sen, Amartya, 1999. **Development As Freedom**. New York :Anchor Books.

** The reading list might be updated during the semester. Students should check on Moodle before the class each week. If there is additional reading, it will also be posted on Moodle. Students are responsible to review the topic ahead of the class for more effective learning.

- Note : interesting blogs

- <http://blogs.worldbank.org/> (There are many blogs under the World Bank blogs)
- <http://blogs.adb.org/>
- <http://chrisblattman.com/>

Evaluation: (To be discussed)

Midterm Exam:	25%
Final Exam:	50%
Term paper:	25%

Mid-term examination **Thursday, March 5, 2020; noon – 2pm**

Final examination **Wednesday, May 20, 2020; 9am – noon**

Teaching Plan:

Date	Topics
Week 1	<p>1. Economic Development: Overview & Data Basic</p> <ul style="list-style-type: none"> * Ray Ch. 2 & Appendix 2 * World Bank database
Week 2-3	<p>2. Poverty</p> <ul style="list-style-type: none"> - Conceptual issues and poverty measures - The economic lives of the poor - Poverty and scarcity: a behavioral approach - Poor but rational - Poverty Trap <ul style="list-style-type: none"> * Ray Ch 8.2, 8.3 * Banerjee & Duflo (2007) * Mullainathan & Eldar (2013) * Duflo (2003) * Carter and Barrett (2006)
Week 4-5	<p>3. Economic Inequality and Income Distribution</p> <ul style="list-style-type: none"> - Measurement of income inequality - The U hypothesis relating income inequality and economic development - Inequality, savings, income, and growth - Inequality, capital markets, and development <ul style="list-style-type: none"> * MR Ch. 8, p.433-455 * Ray Ch 7.2.2, 7.2.4, 7.2.8, 7.2.9

Week 6	<p>4.1 Human Capital: Education</p> <ul style="list-style-type: none"> - The contribution of education to economic growth - Economic impact of education - Interpreting recent research on schooling in developing countries <p>* MR IV.A.1-4 * Duflo (2001) * Psacharopoulos and Patrinos (2004)</p>
Week 7	<p>4.2 Human Capital: Health</p> <ul style="list-style-type: none"> - Health: impact of poor health on development <p>* Ray Ch 8.4.2 (Poverty, nutrition, and labor markets), Ch 13.4.2 (Nutrition, time, and causal labor markets), Ch 13.4.3 (A model of nutrition status) * Strauss and Thomas (1998)</p> <p>4.3 Human Capital: Population</p> <ul style="list-style-type: none"> - Economic approaches to population growth <p>* MR IV.C.1</p> <p>4.4 Human Capital: Gender and Development</p> <ul style="list-style-type: none"> - Gender inequality at the start of the 21st century <p>* MR IV.D.1 * ADB 2015: Ch. 2</p>
Week 8	<p>Midterm Exam on Thursday, March 5: 12.00 – 14.00</p>
Week 9	<p>5. Agriculture</p> <ul style="list-style-type: none"> - Overview of agriculture in a modern world - Rural-urban interaction - A World without agriculture - Markets in Agriculture <p>* MR VII.A * Ray Ch10.2, 10.3, Ch.11 * Timmer Ch.1-2</p>
Week 10-14	<p>6. Consumption Smoothing, Savings, Credit and Insurance</p> <ul style="list-style-type: none"> - Consumption smoothing - Saving behavior and permanent income hypothesis - Rural credit markets - Formal credit and insurance rationing - Rural household's risk management <p>* Deaton Ch. 6 * Ray Ch 14.1-14.3 * Karlan & Ratan (2014) * Townsend (1995)</p> <p><i>*Apr 6: Chakri Memorial Day</i> <i>* Apr 11 - 17: Songkran Holidays</i></p>

Week 15	7. Firm and Labor - Entrepreneur's characteristics in developing countries - Bottlenecks for entrepreneurship in developing countries - Transformations in the Thai rural labor market * Djankov et al. (2006) * Schoar (2009) * Poapongsakorn (1994)
Week 16	8. Political Economy and Corruption - Rent seeking and government failure - Corruption and monitoring * Shleifer & Vishny (1993) * Olken (2007) * MR IX.B p.502-509
Week 17	9. Natural Resources, Environment, and Development - Poverty and environment - Climate change and the poor * Reardon & Vosti (1995) * Hallegatte et al. (2016)
May 20	Final Exam 9:00-12:00

Expected Learning Outcomes:

1. Morality and Ethics

Applicability	Expected Learning Outcomes
●	1.1 Students demonstrate integrity.
●	1.2 Students prioritize social and public benefits over personal ones.
●	1.3 Students are punctual and comply with the code of conduct of the institution and society at large.
●	1.4 Students are responsible and accountable to society, the nation, and the subject of economics.
○	1.5 Students realize the cultural and environmental value of the sustainable society.

2. Knowledge

Applicability	Expected Learning Outcomes
●	2.1 Students know and understand modern economics principles and theories, and are up to date with new developments.
●	2.2 Students know and understand Thai and global economic structure, and the importance of major international economic events.
○	2.3 Students know and understand instruments of economic analysis.
●	2.4 Students know and understand applied fields in economics, including monetary, public, international, business, natural resource and environmental, industrial, agricultural, cooperative, political, developmental, and entrepreneurial economics as well as agribusiness.
●	2.5 Students are informed about related fields including sociology, business administration, education, law policy, and science.

3. Intellectual Development

Applicability	Expected Learning Outcomes
●	3.1 Students have developed individual critical thinking.
●	3.2 Students are sufficiently trained in research skills.
●	3.3 Students demonstrate an ability to analyze and synthesize data, as well as appropriately integrate economics concepts to understand causes of current economic problems in Thailand. Based on analysis and synthesis, students demonstrate an ability to propose policy guidelines to resolve problems.

4. Interpersonal Skills and Responsibilities

Applicability	Expected Learning Outcomes
●	4.1 Students are responsible for assigned tasks and work in groups effectively.
●	4.2 Students have problem-solving skills.
○	4.3 Students show leadership skills and team spirit.
●	4.4 Students are always improving themselves.
○	4.5 Students have good interpersonal skills, adapting and working under different conditions.

5. Quantitative Analysis, Communication and Information Technology

Applicability	Expected Learning Outcomes
○	5.1 Students select and apply appropriate statistical and mathematical methods for data processing, interpretation, conclusions, and recommendations to resolve problems.
○	5.2 Students communicate effectively and select appropriate presentation methods.
○	5.3 Students use information and communication technologies appropriately to gather data as well as process, interpret, and present results.

ACADEMIC CALENDAR & HOLIDAY

Semester 2/2019

(January 13 – May 9, 2020)

Activities	Time Period
Classes Begin	January 13, 2020
Add-drop period	January 13 - 27, 2020
Tuition payment period	January 13 - 28, 2020
<i>Makha Bucha Day*</i>	<i>February 8, 2020</i>
<i>Substitution for Makha Bucha Day*</i>	<i>February 10, 2020</i>
Mid-term Examination Period	March 2 – 7, 2020
Withdrawal period with “W” on record	March 18 – 23, 2020
<i>Chakri Memorial Day*</i>	<i>April 6, 2020</i>
<i>Songkran Festival Day*</i>	<i>April 12 - 18, 2020</i>
<i>Coronation Day*</i>	<i>May 4, 2020</i>
<i>Visakha Bucha Day*</i>	<i>May 6, 2020</i>
<i>Royal Ploughing Ceremony Day*</i>	<i>May 11, 2020</i>
Last day of class for Semester 2/2019	May 9, 2020
Final exam period	May 11 – 22, 2020

* Holiday, No classes during this period

CONTACT INFORMATION

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