

## Course Outline

### EE461 – Development Microeconomics

Semester 2/2022 (January 9<sup>th</sup> –May 6<sup>th</sup>, 2022)

**Number of Credit:** 3 credits

**Prerequisite:** EE311

#### 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.

#### Course Objectives:

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 discussing and questioning in class, as well as try to keep updating current studies in development economics.

**Instructor:** Ajarn Thanasak Jenmana

**Office Hours:** Tuesday & Thursday 11.00-12.00 or by appointment via email.

**Email:** jenmana@econ.tu.ac.th

## Class Time and Logistic

**Class day:** Tuesday & Thursday

**Class time:** 12:30 – 14.00 PM

**Venue:** Room 302, 3rd floor, Faculty of Economics

**Teaching Materials Platform:** Google Classroom

**Class Code:** Isamwc3

**Link:** <https://classroom.google.com/c/NTgxMzQzMTU4Mzc5?cjc=Isamwc3>

### Recommended textbooks & materials:

In this course, we use both textbooks, peer-reviewed papers, as well as academic books as our reading materials. The main textbooks below are also available at Puey Ungphakorn Library

1. **Ray, Debraj. (1998).** Development Economics, Princeton University Press.
2. **Todaro, Michael P., and Smith, Stephen C. (2020).** Economic Development, 13th Edition.
3. **Taylor, J.E., & Lybbert, T.J., (2020).** Essentials of Development Economics, 3<sup>rd</sup> Edition.

### Suggested readings:

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

Sen, Amartya. (2000) *Development As Freedom*, Alfred A. Knopf, Inc., New York.

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

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

The World Bank. (2015) World Development Report 2015: Mind, Society, and Behavior [http://www.worldbank.org/en/publication/wdr2015] (\*Chapter4: Poverty)

Jenmana, Thanasak. (2018) "Democratisation and the Emergence of Class Conflicts: Income Inequality in Thailand, 2001-2016". *WID.world Working paper no. 2018/15*.

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.

Lathapipat, Dilaka (2015). "Wanted: A quality education for all", the World Bank report for Thailand.

- 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): 5–33.
- 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.
- 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.

\*\* 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.

\*\* There will be my lecture notes updated before class on Moodle. Use my lecture notes as a class reference and read required class materials.

## Grading criteria:

- |                       |     |
|-----------------------|-----|
| - Discussions*        | 15% |
| - Research projects** | 15% |
| - Midterm exams       | 30% |
| - Final exams         | 40% |

\*Discussions: there will be a set of readings for each group to select as a discussion leader: summarize the reading to your friends in class, give your opinions or comments on the reading, and ask questions related to the reading. The leading group needs to submit a 2-3 pages review of the reading. Others need to also give opinions or comments and answer your friends' questions.

\*\*Research project: students have to develop a research paper (option 1) using any dataset on any topic that they are interested. The paper's contents include research motivation, review literature, data analyses or problem analyses and discussion on the research questions. The draft proposal (1-2 pages) needs to be submitted by March 31, 2022. Infographic-type presentation will be at the end of the semester and a final paper will be due after the final exam.'

## Expected learning outcomes:

- Comprehension of concepts and theories in development economics and being able to discuss and provide insightful critiques on issues related to the course contents
- Ability to analytical and critically write a research paper on development economics
- Ability to analyse and use data to answer research questions, provide evidences, and able to provide simple data-driven storytelling presentations.

## Important dates:

Add-drop period:	9-22 January 2023
Midterm exam:	2 March 2023: 12.00-14.00
Last day of withdrawal with "W":	19 March 2023 (before 22.30)
Final exam:	10 May 2023, 13.30-16.30
Final report submission:	19 May 2023, 23.30

## Tentative class schedules:

Date	Topics	Readings
Week 1: 10 & 12 Jan	<b>1. Economic development: overview and stylised facts</b> - Economic wellbeing: definitions, measurements, issues	- Ray Ch. 2 & appendix 2
Week 2-4: 17, 19, 24, 26, 31 Jan, 2 Feb	<b>2. Poverty and its issues</b> - Conceptual issues and measures of poverty - The economic lives of the poor - Poverty and scarcity: a behavioural approach - Randomised Controlled Trials (RCTs) in poverty programmes - Impact evaluations of poverty reduction projects	- Ray Ch 8 - Banerjee & Duflo (2007) - Mullainathan & Shafir (2013)
Week 5-6: 7, 9, 14, 16 Feb	<b>3. Economic Inequality and Income (Re)Distribution</b> - Measurements of economic inequality - Inequality, savings, income, and growth - Inequality, capital markets, and development (wealth) - Inequality and COVID-19	- Ray Ch 6, 7
Week 7: 21, 23 Feb	<b>4. Human Development: Education</b> - Economic impact of education - Interpreting recent research on schooling in developing countries - Empirical studies on education - Education & COVID-19	- Duflo (2001)
Week 8: 28 Feb, 2 Mar	<b>Midterm examination</b> on Thursday 2 March, 12.00-14.00 No class on Tuesday 26 February.	
Week 9: 7, 9 Mar	<b>5. Human Development: Health</b> - Health as part of human capital and link with education - Impact of poor health on development - Interesting issues on health economics	- Todaro Ch. 8
Week 10: 14 Mar	<b>6. Population and Gender</b> - Economic approaches to population growth - Gender inequality	- Todaro Ch. 6 - ADB (2015), Ch. 2
Week 10-11: 16, 21, 23 Mar	<b>7. Agriculture and Structural transformation</b> - Overview of agriculture in the modern world - Rural-urban interaction and migration - Formal and informal sectors - Farm and non-farm sectors	- Ray Ch. 10, 11 - Timmer Ch. 1-2
Week 12-14: 28, 30 Mar 4, 18, 20 Apr  *6 Apr: Chakri day 10-16 Apr: Songkran week (no classes)	<b>8. Consumption-saving behaviours, credits, insurances</b> - Consumption smoothing - Saving behaviour and permanent income hypothesis - Rural credit markets and market failures - Microfinance - Formal credit and insurance rationing - Rural household's risk management	- Ray Ch. 14 - Karlan & Ratan (2014) - JPAL & IPA (2015)

Date	Topics	Readings
Week 14-15: 27 Apr, 2 May	<b>9. Entrepreneurship &amp; institutions</b> <ul style="list-style-type: none"> <li>- Entrepreneur's characteristics in developing countries</li> <li>- Bottlenecks for entrepreneurship in developing countries</li> <li>- Roles of institutions in supporting entrepreneurs</li> </ul>	- Djankov et al. (2006) - Schoar (2010)
Week 16: May 2	<b>10. Environment and Development</b> <ul style="list-style-type: none"> <li>- Poverty and environment</li> <li>- Climate change and the poor</li> </ul>	
Week 16: May 4	<b>Project presentation</b> <ul style="list-style-type: none"> <li>- Data-driven storytelling presentations</li> </ul>	
	<b>Final examination</b> on 10 May, 13.30-16.30	

Note: The class schedule shown above may be adjusted during the semester as needed.