



Course Outline

EE461 DEVELOPMENT MICROECONOMICS

Semester 2/2024

Class Time and Logistic

Class day:	Tuesday
Class time:	9.00 – 12.00 hours
Venue:	Room 304, Faculty of Economics
Teaching Materials Platform:	MS Team 2024-2 EE461 (046401)

Instructor: Assistant Professor Dr. Chayanee Chawanote
Office Hours: Tuesday 14.00 – 16.00 Room 6 (4th fl. Computer lab zone) or by appointment
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Number of credits: 3 credits (3-0-6)

Prerequisites: EE311 (suggested to pass ST216 or EE325)

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.

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. Todaro, Michael P., and Smith, Stephen C. (2012). Economic Development, 11th Edition.
3. Taylor, J.E., & Lybbert, T.J., (2020). Essentials of Development Economics, 3rd Edition.
4. CORE Econ <https://www.core-econ.org/>
5. Banerjee, B.V., & Duflo, E. (2012) Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty <https://economics.mit.edu/people/faculty/abhijit-banerjee/poor-economics>
6. 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://hdl.handle.net/10986/30394>]

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

Abdullah, A.J., Doucouliagos, H., & Manning, E. (2015). "Is there a Kuznets's process in Southeast Asia?", The Singapore Economic Review, 60(2).

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 <https://www.worldbank.org/en/publication/wdr2015> (*Chapter4: Poverty)

The World Bank. (2022) Poverty and Shared Prosperity. <https://www.worldbank.org/en/publication/poverty-and-shared-prosperity>

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.

The World Bank. (2018) Learning to Realize Education's Promise, WDR 2018 <https://www.worldbank.org/en/publication/wdr2018>

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): 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.

** The reading list might be updated during the semester. Students should check on MS Team before the class each week. If there is additional reading, it will also be posted on MS Team. 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 MS Team. Use my lecture notes as a class reference, and read required class materials.

Tentative Teaching Plan:

Date	Topics
Week 1: Jan 21	1. Economic Development: Overview & Data Basic - What Development Economics is all about? - Measurement of economic well-being * Taylor & Lybbert Ch.1 * Ray Ch. 2 & Appendix 2 * World Bank database & HDI report
Week 2-3: Jan 28 & Feb 4	2. Economic Inequality and Income Distribution - Measurement of income inequality - Inequality, savings, income, and growth - Inequality, capital markets, and development (wealth distributions) - Inequality and COVID-19 * Ray Ch 6, Ch. 7.2.2, 7.2.4, 7.2.8

	* CORE-Econ: Doing Economics & Ch.19 https://core-econ.org/the-economy/v1/book/text/19.html
Week 4-6: Feb 11, 18 & 25	3. Poverty - Conceptual issues and poverty measures - The economic lives of the poor - Poverty and scarcity: a behavioral approach - Applying Behavioral Economics in Development Microeconomics - Randomized controlled trials (RCTs) in poverty programs - Impact evaluations of poverty reduction projects * Ray Ch 8.2, 8.3 * Taylor & Lybbert Ch.2 * Banerjee & Duflo (2007) * Mullainathan & Shafir (2013)
Week 7: Mar 4	4. Human Development: Education - Economic impact of education - Interpreting recent research on schooling in developing countries - Empirical studies on education * Psacharopoulos & Patrinos (2004) * Duflo (2001)
Week 8: Mar 11	Midterm Exam on Tuesday, Mar 11: 09.00 – 11.00
Week 9: Mar 18	5. Health - Health as part of human capital and link with education - Impact of poor health on development - Interesting issues on health * Todaro & Smith Ch. 8
Week 10: Mar 25	6. Population, Gender & Intra-household - Economic approaches to population growth - Gender inequality & Intra-household decisions * Todaro & Smith Ch. 6 * ADO 2015: Ch. 2
Week 11: Apr 1	7. Agriculture and Structural Transformation - Overview of agriculture in a modern world - Rural-urban interaction and migration - Formal vs. informal sectors - Farm vs. non-farm sectors * Ray Ch. 10.2, 10.3, Ch.11 * Timmer Ch. 1 – 2 * Todaro & Smith Ch. 7

Week 12-14: Apr 8, 22 & 29 <i>* Apr 13 - 16: Songkran week</i>	8. Consumption Smoothing, Savings, Credit, and Insurance - Consumption smoothing - Saving behavior and permanent income hypothesis - Rural credit markets & market failures - Microfinance & Fin Tech for financial inclusion - Rural household's risk management - Roles of insurance * Ray Ch 14.1 - 14.3 * Karlan & Ratan (2014) * J-PAL & IPA (2015) * CORE Econ: https://core-econ.org/the-economy/microeconomics/09-lenders-borrowers-01-chambar-moneylenders.html
Week 15: May 6	9. Entrepreneurship & Institutions - Entrepreneur's characteristics in developing countries - Bottlenecks for entrepreneurship in developing countries - Roles of institutions in supporting entrepreneurs * Djankov et al. (2006) * Schoar (2010)
Week 16: May 13	Project presentation
May 21, Wednesday	Final Exam 9:00-12:00

Expected Learning Outcomes:

CLOs	PLOs	Class activities	Assessments
CLO1 Understanding concepts and theories in development economics and being able to discuss and provide critical thinking on related issues to the course contents	K1, K2, K3	- Lectures - Case studies on poverty innovation programs - Class discussions	- Written exam (65%) - Participations & Assignments (10%) - Discussions (10%)
CLO2: Improving writing skills in summarizing comprehensive topics and explaining topics in development economics, including policy implementation suggestions	K1, K2, K3 S2 E1, E2, E3	- Assignments & class discussions (answer on Mentimeter) - Term project development	- Written exam (65%) - Participations & Assignments (10%) - Term project report (8%) - No copy-paste in assignments - No AI generating in all work submissions - Provide correct references

CLO3: Analyzing and using the data to support evidence and tell stories from the data, as well as being able to do a research project	K1 S1, S2, S3 E1, E2, E3	- Get to know development indicators, download dataset from corrected sources - Calculate some statistics and be able to interpret some econometric models	- Written exam (65%) - Participations & Assignments (10%) - Term project (15%)
CLO4: Presenting and communicating research ideas or innovations with framework background on development economics with a well story telling	K1, K2 S1, S2, S3	- Learn from case studies and then develop own research ideas/innovations	- Discussions (10%) - Term project (7%)
CLO5: Evaluate the ethical considerations of economic decisions and policy designs, as well as academic integrity and professional codes of conduct	K3 S1 E1, E2, E3	- Case studies on poverty innovation programs and well-being development policies	- Discussions (10%) - Term project (15%) - Participations & Assignments (10%) - No copy-paste in assignments - No AI generating in all work submissions - Provide correct references
CLO6: Enjoy lifelong learning, demonstrate creativity, accept different opinions, be able to plan research systematically, and show self-improvement	C1, C2	- Search on topics and policy designs to improve well-being - Develop term project	- Participations & Assignments (10%) - Discussions (10%) - Term project (15%)

Evaluations/Assessments :

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| - Participations & assignments (individual) | 10 % |
| - Discussions (group) | 10 % |
| - Term (group) project (presentation 7%, report 8%) | 15 % |
| - Midterm exam | 30 % |
| - Final exam | 35 % |

- **Discussions:** each group select a chapter from Poor Economics as a discussion leader of that topic: summarize the reading to your friends (presentation + handout), give your opinions or comments on the reading, and ask questions related to the topic. Others need to also discuss lesson learned from these topics. There will be schedules for these discussion presentations.

- **Term project:** students have to develop a research paper in development microeconomics using any dataset on any topic that they are interested and hand in infographic-type presentation. The paper's contents include research motivation, review literature, data analyses, results and discussions. The draft proposal (1-2 pages) needs to be submitted by **April 4**. Infographic-type presentation will be at the end of the semester (**May 13**) and a final paper will be due after the final exam (**June 6**).

Important dates:

Add-drop period:	January 20 – February 2, 2025 by 22.30
Midterm exam:	March 11, 2025: 09.00 – 11.00
Last day of reg-system “W”	March 30, 2025 by 22.30
Last day of special “W”	May 2, 2025 (BE Office)
Final exam:	May 21, 2025: 9.00-12.00
Final report submission:	June 6, 2025: 23.30
