Course Description: This course examines the current literature on the microeconomics of development in poor countries. We will cover household structure (neoclassical and intrahousehold bargaining), risk, credit constraints and insurance, human capital investment (education and health), HIV/AIDS, conflict, and the role of social networks and institutions. We will also read several recent or current-year job market papers from microeconomic development students. The first few weeks of the course are focused on an applied econometrics overview where we examine econometric techniques that researchers use to identify causal relationships.

Course Prerequisites: first-year Ph.D. sequence in microeconomics and econometrics.

Course Objectives:
The first objective is to provide a critical overview of the current microeconomic development literature and central debates in economic development.

The second objective is to understand econometric and methodological issues that arise when doing microeconomic development research. In particular, we will focus on how hypotheses may be tested with data and how to identify causal relationships.

The third objective is to prepare students to conduct original research in applied micro and to help identify possible dissertation topics.

Course Requirements:
Read the required articles before class, attend all lectures, and participate in class discussion.

Present one assigned reading and lead class discussion on that reading. The discussion will summarize the paper, discuss the theoretical model and key assumptions, discuss the empirical identification strategy, present the results, and then discuss the most important weaknesses of the paper and provide suggestions for future research on that topic.

Write 2 referee reports for approved papers and complete the empirical problem sets.

Write an empirical research paper due Friday December 12, 2014 at 5pm. The paper can be a replication of an approved empirical paper in development economics or an empirical paper with
original research. The paper must have sections describing the research question and why it is relevant, discussion of the related literature with an explanation of how this paper advances that literature, presentation of data, and discussion of empirical identification strategies and results. During my office hours during the semester, I expect to have meetings with each student to discuss their paper.

Research proposal presentation: Each student will give a 15 minute presentation of their research paper/proposal. We will discuss the details of the presentation later in the semester.

Students are strongly encouraged to attend the applied micro seminar (on Mondays 9:30-11:00) as well as all applied micro recruiting talks. Attending seminars is a good way to learn about current research topics, see working papers in progress, and learn how to give oral presentations and handle questions.

**Student Assessment:**
The class grade will comprise: Research paper (35%), class presentation of assigned paper (15%), class presentation of research proposal (15%), referee reports and problem sets (20%), and class discussion (15%).

All assignments are to be turned in at the beginning of the class in which they are due. Late assignments receive no credit.

**Recommended texts:**


The 5-volume *Handbook of Development Economics* is an excellent reference, with thorough overviews of many development economics topics.

Ray, Debraj. 1998. *Development Economics*. Princeton University Press. This is an excellent undergraduate text in development economics that has clear non-technical explanations for many of the issues we will study.

Papers marked with a * are required reading and will be used as a basis for classroom discussion; the other papers listed are background reading and will be referred to as time and interest permit.

**Emergency Response Recommendations:**
The university maintains guidelines for emergency responses. A list of recommendations when to evacuate and when to find shelter are available at: http://illinois.edu/cms/2251/general_emergency_response_recommendations_8_16_13_final.docx

Floor plans for specific buildings are available at: http://police.illinois.edu/emergencyplanning/floorplans/
**Statement on Accommodations:**
To obtain disability-related academic adjustments and/or auxiliary aids, students with disabilities must contact the course instructor and the Disability Resources Educational Services (DRES) as soon as possible. To contact DRES you may visit 1207 S. Oak Street, Champaign, call 333-4603 (V/TTY), or email a message to disability@uiuc.edu.

**Academic Integrity:**
“The University has the responsibility for maintaining academic integrity so as to protect the quality of education and research on our campus and to protect those who depend upon our integrity.”

**Expectations of Students.** “It is the responsibility of each student to refrain from infractions of academic integrity, from conduct that may lead to suspicion of such infractions, and from conduct that aids others in such infractions. Students have been given notice of this Part by virtue of its publication. Regardless of whether a student has actually read this Part, a student is charged with knowledge of it. Ignorance is not a defense.”

The University’s full academic integrity policy is available at: [http://studentcode.illinois.edu/article1_part4_1-401.html](http://studentcode.illinois.edu/article1_part4_1-401.html)

**COURSE OUTLINE**

I. Applied Econometrics Overview
   A. Overview and Program Evaluation


**B. Debate over Randomization**


**II. Human Capital Investment**

**A. Cash Transfers**


**B. Education**


C. Health and Nutrition


Bardhan and Udry, Chapter 10.

**D. Fetal Origins**


E. HIV/AIDS


III. Conflict
A. Impacts of conflict


B. Causes of Conflict


IV. Neoclassical Agricultural Household Model
A. Standard Model


B. Critique: Is the Household the Appropriate Unit of Analysis?


V. Risk-sharing and Responses to Crises


VI. Social Networks


VII. Institutions and History


VIII. Technology


IX. Government Public Service Provision
A. Service Provision


B. Corruption


X. Recent Microeconomic Development Job Market Papers
*Papers to be added in late November 2014