Economic Development
Tuesdays, 9:35-10:25 & Thursdays, 10:40-11:30 in WEIM1092
Office hours - Thurs: 11:30-12:30 p.m., or by appt.

Course Description
The course begins by looking at issues in the measurement of poverty, inequality, and vulnerability. These concepts are, arguably, the basis of all development economics and so deserve proper attention. Casual observation—as well as some systematic econometric work—suggests that inequality may affect poverty and economic growth. Interestingly, the idea that economic performance might be sensitive to the distribution of endowments goes back to old theory of agrarian economy. The Russian economist A.V. Chayanov argued (early in the 20th century) that farm households with distinct endowments of productive resources would use those resources in different proportions, with different factor productivities.

This course will, thus, examine modern variants of the Chayanovian argument that important household decisions in the sphere of production (and consumption) are inseparable from household wealth endowments. The course will then look more deeply into the economics of the household itself, asking if intra-household distribution similarly matters for factor use and the composition of consumption. After that we will move on to look at social interactions of households and individuals. In particular, we will study how social networks are used to learn about new technologies, share agricultural risk (with and without commitment), and find jobs. We will also study strategic interactions in the context of natural resource management and environmental conservation.

Since the core assumptions of self-interested, exogenous preferences of much of the development economics literature have been questioned, we will examine, in our last module, experimental studies that challenge these assumptions in developing countries. Additionally, we will look at studies discussing social norms and psychological dispositions extending beyond selfish motives.

Course Requirements:

1. Three class assignments (40% of grade): These are graded on a full credit, half credit, zero-credit basis, and require coherent arguments to receive full credit. Students who receive less than full credit will be given the opportunity to rewrite assignments for full credit. Due dates will be discussed in class.

2. Critical review and presentation (20%): A critical review of one recent class paper has to be submitted. This report should have 3-5 pages and be based on one of the papers in the syllabus which is not marked with an (R). Please e-mail me your first, second, and third choice papers for the report by Monday. A 20 min presentation on this paper should be given to the class. Around ten min. of the presentation should be spent explaining what the paper does. Five minutes should be spent discussing the main contributions of the paper, and the main shortcomings of the paper. The last five minutes should be spent discussing
questions which are left open for future researchers on related topics. (These numbers are all quite approximate. You may vary them as you feel comfortable.) After your presentation there will be another five minutes for discussion with everyone. You should hand in your critical review on the same day as your presentation is scheduled.

3. **One class presentation** (15% of grade). Students are asked to organize a presentation of one current development topic (about 20 min). A short written document will also be expected (5 pages maximum), although the grade will be primarily based on the presentation.

4. **One final exam** (25% of grade).

**Course Outline and Readings**

Although lectures may draw from any or all of these readings, you will only be required to do one reading for each class period. I will inform you which reading is required by the previous class period at the latest. I will also update the online syllabus, placing a (R) in front of the required reading. You are really required to do the readings. The readings are all quite excellent, and discussing them in class is not a substitute for reading them yourself.

**INTRODUCTION: ISSUES IN GROWTH, POVERTY, INEQUALITY AND THE ENVIRONMENT**


**I. MEASURING AGGREGATE POVERTY, INEQUALITY AND VULNERABILITY**

**A. Poverty**

**B. Inequality**

**C. Vulnerability**
II. ENDOWMENT SENSITIVITY BETWEEN AND WITHIN HOUSEHOLDS

A. The Impact of Endowments on Production and Consumption Decisions

B. Intra-Household Wealth and Income Distribution

III. SOCIAL NETWORKS, LEARNING AND TECHNOLOGY ADOPTION

A. General - Social Effects

B. Technology Adoption and Learning
C. Technology Adoption With Network Data

D. Other Applications: Job Search and Labor Markets in Social Networks

IV. RISK SHARING AND INFORMAL INSURANCE
A. Overview

B. Risk Sharing in Social Networks

C. Limited Commitment

V. CONSERVATION AND DEVELOPMENT IN RURAL AREAS
A. Overview and Introduction to Key Issues

B. Open Access, Common Property, and Privatization: Key Concepts and Game-Theoretic Approaches to Resource Management Issues

C. Inequality, Common Property, and Public Goods Provision

D. Some Empirical Examinations of Common Property Resource Management

E. Agricultural Expansion and Deforestation: Theoretical Models

Agricultural Expansion and Deforestation: Empirical Studies

VI. NORMS, EXPERIMENTS AND PSYCHOLOGY

A. Development, Poverty and Inequality

B. Experiments and Psychology
C. Natural Resource Management


D. Institutions/Norms


- Corruption Theory

- Corruption Experiments

- Evolutionary Approaches to Common Property Use and Social Norms

University Policy and Resources

Academic Honesty, Software Use, UF Counseling Services, Services for Students with Disabilities

In 1995 the UF student body enacted a new honor code and voluntarily committed itself to the highest standards of honesty and integrity. When students enroll at the university, they commit themselves to the standard drafted and enacted by students.
In adopting this honor code, the students of the University of Florida recognize that academic honesty and integrity are fundamental values of the university community. Students who enroll at the university commit to holding themselves and their peers to the high standard of honor required by the honor code. Any individual who becomes aware of a violation of the honor code is bound by honor to take corrective action. The quality of a University of Florida education is dependent upon community acceptance and enforcement of the honor code.

**The Honor Code: We, the members of the University of Florida community, pledge to hold ourselves and our peers to the highest standards of honesty and integrity.**

On all work submitted for credit by students at the university, the following pledge is either required or implied: “On my honor, I have neither given nor received unauthorized aid in doing this assignment.”

The university requires all members of its community to be honest in all endeavors. A fundamental principle is that the whole process of learning and pursuit of knowledge is diminished by cheating, plagiarism and other acts of academic dishonesty. In addition, every dishonest act in the academic environment affects other students adversely, from the skewing of the grading curve to giving unfair advantage for honors or for professional or graduate school admission. Therefore, the university will take severe action against dishonest students. Similarly, measures will be taken against faculty, staff and administrators who practice dishonest or demeaning behavior.

Students should report any condition that facilitates dishonesty to the instructor, department chair, college dean or Student Honor Court.

(Source: 2007-2008 Undergraduate Catalog)

It is assumed all work will be completed independently unless the assignment is defined as a group project, in writing by the instructor.

This policy will be vigorously upheld at all times in this course.

**Software Use:**

All faculty, staff and students of the university are required and expected to obey the laws and legal agreements governing software use. Failure to do so can lead to monetary damages and/or criminal penalties for the individual violator. Because such violations are also against university policies and rules, disciplinary action will be taken as appropriate.

**Campus Helping Resources**

Students experiencing crises or personal problems that interfere with their general well-being are encouraged to utilize the university’s counseling resources. Both the Counseling Center and Student Mental Health Services provide confidential counseling services at no cost for currently enrolled students. Resources are available on campus for students having personal problems or lacking clear career or academic goals, which interfere with their academic performance. The Counseling Center is located at 301 Peabody Hall (next to Criser Hall). Student Mental Health Services is located on the second floor of the Student Health Care Center in the Infirmary.

- **University Counseling Center**, 301 Peabody Hall, 392-1575, [www.counsel.ufl.edu](http://www.counsel.ufl.edu)
- **Career Resource Center**, CR-100 JWRU, 392-1602, [www.crc.ufl.edu](http://www.crc.ufl.edu/)
- **Student Mental Health Services**, Rm. 245 Student Health Care Center, 392-1171, [www.shcc.ufl.edu/smhs/](http://www.shcc.ufl.edu/smhs/)
  - Alcohol and Substance Abuse Program (ASAP)
  - Center for Sexual Assault / Abuse Recovery & Education (CARE)
  - Eating Disorders Program
  - Employee Assistance Program
  - Suicide Prevention Program

**Students with Disabilities**
The Disability Resource Center coordinates the needed accommodations of students with disabilities. This includes registering disabilities, recommending academic accommodations within the classroom, accessing special adaptive computer equipment, providing interpretation services and mediating faculty-student disability related issues.

0001 Reid Hall, 392-8565. www.dso.ufl.edu/drc/