



UNIVERSITÀ
DEGLI STUDI DI MILANO-BICOCCA

SYLLABUS DEL CORSO

Microeconomics of Development

2021-2-F5602M007-F5602M011M

Learning objectives

The course provides the necessary theoretical and empirical tools to analyse the everyday structure of developing countries. The course explores the microeconomics of international poverty, inequality, human capital investment and market failures (e.g. labor and land markets) in low-income settings. The focus of this development economics course will be on how to go from rigorous micro theory to the appropriate empirical test in the study of economic development, as illustrated by a selection of classic papers in the field, as well as several more recent papers that are worth looking at.

Contents

- 1- Introduction to Economic Development issues
- 2: Poverty, Inequality and Development
- 3: Household economics in developing countries
- 4: Human capital investment (health and education) and development
- 5: Land Market and Labor in developing countries

Detailed program

[Week 1](#) - Introduction to Economic Development issues

- Ray, D. (1998) Chapter 2
- (*) Banerjee and Duflo, 2006. "[The Economic Lives of the Poor](#)", *Journal of Economic Perspectives*, Vo. 21(1), pp. 141-167

Weeks 2: Poverty, Inequality and Development

- Ray, D. (1998) Chapter 6, 7, 8

PAPERS for seminars:

- Pinkovskiy, M. & Sala-i-Martin, X., (2014) "Africa is on-time", [Journal of Economic Growth, 19:311–338](#)
- Rodrik Dani (2014) "AN AFRICAN GROWTH MIRACLE?" [NBER WP. 20188](#)
- Dercon, S. (2009) "Rural Poverty: Old Challenges in New Contexts", [World Bank Reserch Observer 24:1–28](#)
- Easterly, William (2007) "[Inequality does cause underdevelopment: Insights from a new instrument](#)" *Journal of Development Economics*
- Behrman, J. R., and A. B. Deolalikar (1987): "Will Developing Country Nutrition Improve with Income? A Case Study for Rural South India," *Journal of Political Economy*, 95(3), 492–507.
<https://www.jstor.org/stable/pdf/1831975.pdf?refreqid=excelsior%3Adfd03af6fa2f0e2d6ad3d3030b5b236b>

Week 3: Household economics in developing countries

- Ray, D. (1998), ch.8.4.3 + Slides
- (*) Udry, C. (1996) "Gender, agricultural production, and the theory of the household." *Journal of Political Economy*, 104, pp. 1010-1046
- (*) Thomas, Duncan (1990) "[Intra-Household Resource Allocation: An Inferential Approach](#)". *The Journal of Human Resources*, Vol. 25, No. 4 pp. 635-664.

PAPERS for seminars:

- Garg, Ashish and Jonathan Morduch, 1996, "[Sibling Rivalry and the Gender Gap: Evidence from Child Health Outcomes in Ghana.](#)" *Journal of Population Economics*.
- Quisumbing, A. and J. Maluccio (2003) "[Intrahousehold Allocation and Gender Relations: New Empirical Evidence](#)" *Oxford Bulletin of Economics and Statistics*, 65: 283-327.
- Duflo, E. (2003), "[Grandmothers and Granddaughters: Old Age Pension and Intra-household Allocation in South Africa](#)", *World Bank Economic Review*, 17(1), 1-25.
- Benjamin, D. (1992): "Household Composition, Labor Markets, and Labor Demand: Testing for Separation in Agricultural Household Models," [Econometrica](#), 60(2), 287–322.
- Rosenzweig, M.R. (1988) "Risk, Implicit Contracts and the Family in Rural Areas of Low-Income Countries", [The Economic Journal, 98\(393\):1148-1170](#)
- Rosenzweig, M.R. and Stark, O. (1989) "Consumption Smoothing, Migration, and Marriage: Evidence from Rural India", [Journal of Political Economy, 97\(4\):905-926](#)

Weeks 4: Health, Education and Development

- Slides + Dupas, P. (2011) "Health Behavior in Developing Countries" *Annual Review of Economics* Vol. 3, pp. 425-449, September 2011.
- (*) Kremer, M. and Miguel E. (2004): "Worms: Identifying Impacts on Education and Health in the Presence

of Treatment Externalities”, *Econometrica*, 2004.

- (*) Duflo, Esther (2001) “Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment,” *American Economic Review*, Vol. 91, No. 4, pp. 795-813.

PAPERS for seminars:

- Bratti, M. and Mendola, M. “[Parental Health and Child Schooling](#)”, *Journal of Health Economics*, 35: 94–108, 2014.
- Schultz, P. (2004) “[School subsidies for the poor: evaluating the Mexican Progresa poverty program](#)”, *Journal of Development Economics*, Volume 74, Issue 1, Pages 199-250
- Glewwe, P. & Kassouf, A.L., (2012). "The impact of the Bolsa Escola/Familia conditional cash transfer program on enrollment, dropout rates and grade promotion in Brazil," *Journal of Development Economics*, vol. 97(2), pages 505-517. <http://www.anpec.org.br/encontro2008/artigos/200807211140170-.pdf>
- Galiani, S., P. Gertler, and E. Schargrodsky (2005): “[Water for Life: The Impact of Privatization of Water Services on Child Mortality](#),” *Journal of Political Economy*, 113(1), 83–120.

Week 5: Land Market and Labor

- Ray, D. (1998) Chapter 12-13

PAPERS for seminars:

- Field, Erica, 2007, “[Entitled to Work](#)” *Quarterly Journal of Economics* 122, no. 4: 1561-1602.
- Nancy L. Johnson (2001), [Tierra y libertad: Will Tenure Reform Improve Productivity in Mexico's Ejido Agriculture?](#), *Economic Development and Cultural Change* Vol. 49, No. 2, pp. 291-309
- Sebastián Galiani & Ernesto Schargrodsky (2004), “Effects of Land Titling on Child Health”, <http://www.iadb.org/res/publications/pubfiles/pubR-491.pdf>
- Mendola, M. and Simtowe, F. (2012) "The Welfare Impact of Land Redistribution: Evidence from a Quasi-Experimental Initiative in Malawi" *World Development*, Vol. 72, pp. 53–69, 2015. <http://www.sciencedirect.com/science/article/pii/S0305750X15000431>
- Mendola, M. (2008) [Migration and Technological Change in Rural Households: Complements or Substitutes?](#), *Journal of Development Economics*, 85-(1-2) 150-175, 2008.

Week 6: Seminars

Papers presentations

Prerequisites

Undergraduate micro-, macro-economics and econometrics are required. In particular, a solid knowledge of micro

theory at the level of Varian (1992) and microeconometrics at the level of Wooldridge (2006) is required.

Teaching methods

Lectures and students' presentations of scientific papers

Assessment methods

Written exam (open questions) and students' presentations in class.

Textbooks and Reading Materials

Course materials include lecture notes, scientific papers and the required textbook, i.e.

- Ray, Debraj (1998), "Development Economics", Princeton University Press (selected chapters)

Semester

Second semester

Teaching language

English
