ARE 215C : Microeconomics of Development Theory & Methods
Agricultural & Resource Economics
University of California, Davis

Spring 2013

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Office Hrs:*  W 9am-12pm or by appointment

Course Objectives: This course builds on 215A and 215B and aims to develop your skill set, competency and intuition as a professional researcher doing applied development work. We will explore some theoretical topics related to the microeconomics of development, but will venture frequently into empirical territory and discuss concrete applied methodologies related to data collection, analysis and interpretation. Indeed, this course complements the A and B courses with a somewhat greater emphasis on empirical research methods, including some discussion of household surveys and data collection. Since being able to effectively discuss, critique and present research is critical to your development as a researcher, the course will provide you with opportunities to do just that.

Course Structure: This course will have a structure similar to the earlier courses in this sequence. We will primarily use journal articles to guide our discussions in class. You will be expected to read assigned articles before class. I will often call on one student to launch our discussion of an assigned paper by providing a concise summary of the motivation, methodology and key findings of the article.

You will have several opportunities to actively engage with research in the applied microeconomics of development. In general, we will structure these opportunities according to some of the expectations and responsibilities of professional research economists. Specifically, these will include writing referee reports for working papers, presenting and discussing published research, editing and discussing the work of your peers, and collaborating with a partner to replicate a published empirical paper. As an exercise in learning what it takes to produce a publishable paper, you will also continue to develop the paper you wrote for 215B. This will be evaluated according to their publication potential.

Website: I have created a SmartSite for this course. Login at https://smartsite.ucdavis.edu. If you are enrolled in the course, you are automatically enrolled for the ARE 215C course site.

Grading: Final grades in ARE 215C will be computed using the following weights:

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Problem Set (1)</td>
<td>15%</td>
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<tr>
<td>Referee Report (2)</td>
<td>20</td>
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<tr>
<td>Replication Project &amp; Presentation</td>
<td>15</td>
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<tr>
<td>Publishable Paper</td>
<td>30</td>
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<tr>
<td>Peer Editing (2)</td>
<td>10</td>
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<tr>
<td>Participation</td>
<td>10</td>
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Problem Set: You will complete one problem set mid-quarter. This problem set will focus on STATA-based empirical exercises. More details will follow.

* During my scheduled office hours, I am at your disposal. Barring personal emergencies, I will drop anything to address your concerns or questions during this time. Likewise, if you schedule an appointment outside these office hours, I will ensure that you have my full attention during our time together. If you have not scheduled an appointment and would like to visit outside office hours, you are welcome to stop by my office directly, but I reserve the right to defer your visit to a later, mutually-agreeable time.
**Referee Report:** Learning to critically evaluate others’ research is an important professional skill that will allow you to contribute to an essential public good in your career: the peer-review process. Learning this skill also refines your own eye for good research questions and compelling empirical methods. You will write two referee reports for this class. You will choose from among a defined set of working papers for this assignment.

**Replication Project & Presentation:** You will work with a partner to select a published article to replicate and present to the class. Increasingly, journals are requiring authors to make their data available, often with their estimation code, for replication purposes. I can offer a few suggestions to teams that struggle to find a viable replication article, but I don’t anticipate this being a problem. Mid-quarter you and your partner will submit a brief proposal for your replication project that outlines your proposed article, data availability, and replication timeline. At the end of the quarter, you and your partner will present the paper you replicated as if it were your own and give us a ‘behind the scenes’ look at the econometric analysis on which the paper is built.

**Publishable Paper:** In this class, you will build on the proposal you wrote in 215A and the theoretical model you developed for 215B by producing a publishable paper. This assignment is intended to convey the professional standards by which research is evaluated and prepare you to write the Research Essay that will be the basis of your orals exam. While the paper need not have a developed empirical portion, it should contain a thoughtful and detailed survey of the empirical literature related to your research question. It may also include a discussion of data issues, identification strategies, and econometric wrinkles. In the final weeks of the quarter, we may provide a forum in which each of you will present your paper.

**Peer Editing:** You will each edit one referee report and one paper written by one of your peers. You will be graded on the quality of your contributions, suggestions and edits.

**Participation:** This course will involve frequent discussion as we explore papers together. I expect that each of you will participate actively in class, which of course requires preparation. Preparation in this case primarily means that you read the assigned papers before coming to class and are prepared to give a concise, thoughtful summary to launch our discussion. Even if you do not have the time to really spend time studying a particular paper, please read over it and bring the assigned papers with you – marked up if possible. During the quarter, you will also choose a topic and work with me to choose an article to present and discuss with the class. Although I will not take attendance at seminars and workshops, you are expected to attend and actively participate in our development workshops and departmental seminars.
### Tentative Course Schedule:

*Subject to change – check the website for most current version.*

<table>
<thead>
<tr>
<th>DATE</th>
<th>TOPICS</th>
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<tbody>
<tr>
<td>T Apr 2</td>
<td>Introduction</td>
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<tr>
<td>R Apr 4</td>
<td>Measuring Poverty</td>
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<td>R Apr 11</td>
<td><em>HH surveys</em></td>
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<td></td>
<td><em>Poverty measurement</em></td>
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<td><em>Vulnerability &amp; dynamic poverty measures</em></td>
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<td>T Apr 9</td>
<td>Risk &amp; Dynamics</td>
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<tr>
<td>R Apr 11</td>
<td><em>Consumption smoothing</em></td>
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<td><em>Asset smoothing</em></td>
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<td>T Apr 16</td>
<td><em>Asset &amp; wealth dynamics</em></td>
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<td>T Apr 23</td>
<td><em>R</em></td>
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<td>R Apr 25</td>
<td><em>CEGA Symposium</em></td>
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<td><em>Growth &amp; welfare implications of shocks</em></td>
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<td>T Apr 30</td>
<td><em>Technology Adoption</em></td>
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<td>R May 2</td>
<td><em>Risk &amp; uncertainty</em></td>
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<td>T May 7</td>
<td><em>Learning &amp; social networks</em></td>
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<tr>
<td>R May 9</td>
<td><em>Heterogeneous returns</em></td>
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<td>PS</td>
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<td>T May 14</td>
<td><em>Experimental Development Economics</em></td>
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<td>R May 16</td>
<td><em>Risk &amp; time preferences</em></td>
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<td>R May 21</td>
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<td>R May 24</td>
<td><em>Behavioral Development Economics</em></td>
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<td><em>Social interaction &amp; norms</em></td>
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<td><em>Aspirations &amp; identity</em></td>
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<td>T May 28</td>
<td><em>Perceptions &amp; expectations</em></td>
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<td>P(b)</td>
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<td>T Jun 4</td>
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<td>R Jun 6</td>
<td><em>Replication Project Presentation</em></td>
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<tr>
<td>R Jun 13</td>
<td><em>Final paper due</em></td>
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R = Referee report due.
PS = Problem set due.

P(x):  
- x=a First draft paper due
- x=b Second draft paper due
- x=c Final paper due
ARE 215C: Microeconomics of Development Theory & Methods

READINGS

* indicates 'required, quick read' and ** indicates 'required, deep read'. While these indicated readings will direct our discussions in class, don't limit yourself just to these: explore others and learn on your own.

I. Measuring Poverty


A. Measuring Poverty / HH surveys


B. Measuring Poverty / Poverty measurement


C. Measuring Poverty / Vulnerability & dynamic poverty measures


II. Risk & Dynamics

*A. Risk & Dynamics / Consumption smoothing


B. Risk & Dynamics / Asset smoothing
**Zimmerman, Frederick J., and Michael R. Carter. "Asset Smoothing, Consumption


C. Risk & Dynamics / Asset & wealth dynamics


D. Risk & Dynamics / Growth & welfare implications of shocks


IV. Technology Adoption


A. Technology Adoption / Risk & uncertainty


B. Technology Adoption / Learning & social networks


C. Technology Adoption / Heterogeneous Returns


VI. Experimental Development Economics


A. Experimental Development Economics / Risk & time preferences


**B. Experimental Development Economics / Social interaction & norms**


**VII. Behavioral Development Economics**


**A. Behavioral Development Economics / Aspirations & identity**


B. Behavioral Development Economics / Perceptions & expectations


