APEC 3071: Microeconomics of International Development

Most of the people in the world are poor, so if we knew the economics of being poor, we would know much of the economics that really matters. Most of the world's poor people earn their living from agriculture, so if we knew the economics of agriculture, we would know much of the economics of being poor.

– Theodore W. Schultz (1979)

A study of least developed countries is to economics what the study of pathology is to medicine: by understanding what happens when things do not work well, we gain insight into how they work when they do function as designed. The difference is that in economics, pathology is the rule: less than a quarter of mankind lives in the developed economies.

– Joseph E. Stiglitz (1989)

Course Overview
This is a course about the microeconomics of development. We will use the tools of applied microeconomics—microeconomic theory as well as the various econometric methods used for causal inference—to study the behavior of individuals, households, and firms in developing countries. Because over three quarters of the world's poor live in rural areas, most of the material will focus on the microeconomics of *agricultural* development.

You are expected to have an intuitive understanding of the basic principles of microeconomics, such as utility maximization and profit maximization. Because the material relies heavily on empirical findings, you should also have an intuitive grasp of basic statistics: linear regression, hypothesis testing, etc. I will provide quick overviews of these topics in the first few weeks for the benefit of those who are not familiar with them.

Course Information
Time and Location: Mondays and Wednesdays 130pm-245pm Ruttan B35
Instructor: Stephen Pitts
Email: pitts071@umn.edu
Course Website: https://canvas.umn.edu/courses/412285
Office Hours: Wednesdays from 1200 to 130pm, Waite Library

Required Texts
J. Edward Taylor and Travis J. Lybbert. *Essentials of Development Economics.* Oakland, CA: UC Press, 2020.

Other articles and references posted on the Canvas website.

Time Expectations
This is a three-credit course. According to university policy, students are expected to work an **average nine hours per week** for one credit in the full spring and fall terms.

Course Requirements

1. Participation (10%)
2. Reflection (10%)
3. Assignments (30%)
4. Seminar Discussion (20%)
5. Final Project (30%)

Participation (10%)
Students are expected to attend class regularly and to be punctual in arrival. They are expected to contribute with a question or comment at least once during each class. If a personal situation affects a student's ability to participate in class, the student should consult with the professor to make alternate arrangements.

Reflection (10%)
By midnight on Sunday evening, students will answer several questions about the readings on Canvas. These responses should be about paragraph apiece and will help the students to begin thinking about the material before the class discussion itself. They will be graded on a scale of excellent (3pts), satisfactory (2pts), inadequate (1pt), or not completed (0pt). If students are presenting, they do not have to complete the assignment. There will be 11-12 of these and the top 10 will be graded.

Assignments (10% apiece x 2 = 20%)
Each month, written homework assignments will invite students to go beyond the readings. Students may consult each other but must turn in their own work.

Seminar Discussion (20%)
Students will work in groups of two or three students to lead class discussion on one of the textbook chapters. The students will provide either a handout or an electronic presentation with the pertinent themes from the chapter and speak for about 45 minutes. They will design student-centered activities for the other 45 minutes. These presentations will be graded on how effectively the students present the themes and elicits class discussion. After the presentation, the students will meet with the professor in his office hours to debrief.

Final Project (40%)
Students will work individually to investigate a concrete intervention related to one of the topics in a particular context. A separate rubric describes the project. In the last two class sessions (Apr 24 or 29), they will present for twenty minutes. The final project will be due by 1:30pm Saturday May 4.

Class Schedule (Starred sessions require forum postings)

Part I: Overview and Method
Jan 17: What Development Economics Is All About.
Jan 22*, 24, 31: What Works and What Doesn't.
Jan 29: No class. Assignment 1 released.
Assignment 1 due Sunday Feb 11 by midnight.

Part II: Big Issues
Feb 5*, 7: Income
Feb 12*, 14: Poverty
Feb 19*, 21: Inequality.
Feb 26*, 28, Mar 11: Human Development.
Mar 13: Wrap up Unit. Assignment 2 released.
Assignment 2 due Sun March 24 by midnight.

Part III: Structures
Mar 18*, 20: Institutions
Mar 25: Guest Speaker on Universities and Economic Development.
Mar 27: Agriculture
Apr 1: Structural Transformation
Apr 15*: Finance
Apr 22: Information and Markets.

Part IV: Synthesis
Apr 10: Project Work Day
Apr 17: Project Work Day
Apr 24, 29: Project Presentations

May 4: Final Project Due.

Course Policies

In-Class Behavior
The seminar format of this class requires that we be present—to the content, to each other, and ultimately to ourselves—as we engage in the ancient discipline of the communal search for truth. Cell phone use is prohibited during class. In extraordinary circumstances, students may leave class to take phone calls or return text messages. Tablets and laptops may be used for academic purposes only. Disruptive students may be asked to leave the classroom.

Academic Integrity
I will strictly enforce the University of Minnesota's policy on academic integrity, which you may read here: http://regents.umn.edu/sites/default/files/policies/Student_Conduct_Code.pdf.

Any evidence of any type of academic dishonesty will lead to you receiving a grade of F for the course. In such cases, depending on how egregious the breach of academic integrity, I also reserve the right to pursue further sanctions at the university level by notifying the Office of Community Standards of your misconduct, which can lead to a permanent mark on your transcript.

The use of ChatGPT and other generative AI tools is only allowed when the assignment specifically allows it. In that case, a citation must indicate the question, the tool, and the original output of the AI system. The use of generative AI tools in a situation where it is not permitted will be considered as a breach of academic integrity.

Communication with the Instructor
1. The best way to communicate with me is in person, either during class or after class in office hours.
2. The next best way to contact me is by email. Please include the phrase "APEC 3071" in the subject line.
3. I do my best to reply to your messages within 24 hours, but my responses will be within regular business hours (Monday thru Friday 9am-5pm).
4. I am also happy to meet with you after class, in my office hours, or at another time if you feel you need a discussion to clarify something. If you do, please email me first and we can set up a meeting.

Required Policy Statements
The University of Minnesota requires that syllabi include references to the policies on student conduct; use of personal electronic devices in the classroom; scholastic dishonesty; makeup work for legitimate absences; appropriate student use of class notes and course materials; grading and transcripts; sexual harassment; [take a breath] equity, diversity, equal opportunity and affirmative action; disability accommodations; mental health and stress management; and academic freedom and responsibility. Please review them here:
https://policy.umn.edu/education/syllabusrequirements-appa