Syllabus
for course at first level

Intermediate Development Economics
Utvecklingsekonomi

7.5 Higher Education Credits
7.5 ECTS credits

Course code:	EC2303
Valid from:	Autumn 2015
Date of approval:	2014-09-04
Department	Department of Economics
Main field:	Economics
Specialisation:	G1F - First cycle, has less than 60 credits in first-cycle course/s as entry requirements

Decision
This syllabus was approved by the Board of the Department of Economics on September 4 2014.

Prerequisites and special admittance requirements
Economics I, 30 credits, and Empirical Methods in Economics I, 7,5 credits, or the equivalent.

Course structure

Examination code	Name	Higher Education Credits
230A	Intermediate Development Economics	7.5

Course content
There are enormous differences across countries in income and poverty, as well as in health, education, nutritional standards and many other factors related to 'well-being'. The main objective of this course is to provide different explanations of why this is the case and what economists see as the chief remedies to improve the living conditions for the poor.

The course first provides a macro-economic perspective, which discusses what we know (and do not know) about the relation between growth and poverty reduction. Some of the questions addressed are: Is all we need economic growth? What might drive economic growth? Are there reasons to believe that average income levels will converge across the world? Does growth reduce poverty? Should aims other than poverty reduction be the prime objective for development? To think about these questions we will revise the Solow model, talk about the Kuznets hypothesis, and critically discuss the empirical evidence we have on these.

The remaining (main) part of the course will then present a microeconomic perspective on the lives of the poor. First, we will talk about different reasons why 'poverty traps' might emerge, i.e. situations where poor individuals stay poor because they are poor. We then discuss reasons why individuals cannot 'borrow out' of poverty traps, i.e. we will discuss models of credit market failures. We will devote some time to discussing how micro finance might help to overcome these problems and revise the recent empirical literature on the workings and effects of micro finance. The course will devote separate lectures to the role of property rights, education, health, trade and infrastructure for economic development. In doing so, we will discuss simple formal economic theories (e.g. the Heckscher-Ohlin model when it comes to trade), as well as evidence using a wide range of empirical methods. At the end of the course, we will return to a macroeconomic perspective, discussing what we know and do not know about the role of development aid and institutions for economic

development.

The course will place emphasis on the interplay of economic theory and empirical evidence. The evidence discussed uses a wide range of methodologies, such as randomized controlled trials, instrumental variable estimation, difference-in-difference estimation, and regression discontinuity designs. In order to understand the evidence presented, the course will at different points spend some time discussing these approaches – their advantages and disadvantages, and how to use them – in general, but at an intuitive level.

Learning outcomes
Upon completion of this course, students are expected to have acquired:

Knowledge and understanding
The students should know about the main economic arguments why poverty exists, persists and might potentially be alleviated. Equally importantly, they are expected to know about the empirical evidence of these ideas and questions.

Proficiency and ability
The students should learn how to use economic theory to structure their thoughts and gain insight into questions relating to economic development. In addition, the course will discuss a variety of empirical approaches, and ideally the students will be able to apply these ideas to evaluating other economic questions.

Ability to evaluate and assess
The students should be able to use the economic theories learned to guide and structure their thoughts when discussing economic policy. The students should be able to explain the limitations of the models learned, and which underlying assumptions are critical. The students should be able to critically assess what can be learned from different empirical approaches, and know about the most common difficulties the empirical research faces in the field of economic development.

Education
Instruction is given in the form of lectures. The language of instruction is English.

Forms of examination
The course is examined on the basis of a written exam and an oral presentation. In the presentation, the students are expected (in groups) to introduce a specific problem relating to economic development in a specific country, and present an economic analysis thereof. The presentations are given in the last lecture of the term.
Students will receive letter grades on a seven-point scale related to the learning objectives of the course: Passing grades are A, B, C, D and E, where A is the highest grade and E the lowest. Failing grades are F and Fx, where F is lower than Fx.

Assessment criteria:
A (Excellent): The student is able to describe the basic concepts, theories and empirical results in development economics. The student is able to analyze an economic problem that is not discussed in the course material in an accurate and well-structured manner, and is able to motivate which model is relevant in finding a solution to this problem. The student has a good command of the theoretical derivation of the models used. The student is able to carry out a nuanced discussion on the subject of the conclusions and limitations of the theoretical analysis. The student is able to display an awareness of what empirical evidence there is to support or reject the model's predictions.
B (Very Good): The student is able to describe basic concepts, theories and empirical results in development economics. The student is able to analyze a problem similar to those discussed in the course material in an accurate and well-structured manner based on a given model. The student is well aware of the limitations of this model and is able to carry out a nuanced discussion on the subject of what conclusions can be drawn from the theoretical analysis. The student has good knowledge of what empirical evidence there is to support or reject the model's predictions.
C (Good): The student is able to describe basic concepts, theories and empirical results in development economics. The student is able to analyze a problem that is directly discussed in the course material in an accurate and well-structured manner based on a given model. The student also understands the model's limitations and has knowledge of what empirical evidence there is to support or reject the model's predictions.
D (Satisfactory): The student is able to describe basic concepts, theories and empirical results in development economics. The student is also able to analyze a problem that is directly discussed in the course material in an accurate manner based on a given model, and has knowledge of what empirical evidence there is to support or reject the model's predictions.

E (Adequate): The student is able to describe basic concepts, the most important components, and important empirical results in development economics. The student is also able to analyze a problem that is directly discussed in the course material in a fairly accurate manner based on a given model, and has some knowledge of what empirical evidence there is to support or reject the model's predictions.

Fx (Inadequate): The student is unable to analyze a problem that is directly discussed in the course material in a fairly accurate manner based on a given model, but has some knowledge of what empirical evidence there is to support or reject the model's predictions, as well as some knowledge of basic concepts in development economics.

F (Totally Inadequate): The student is unable to analyze a problem that is directly discussed in the course material based on a given model in a fairly accurate manner, lacks knowledge of what empirical evidence there is to support or reject the model's predictions, and/or lacks knowledge of basic concepts in development economics.

If students fail a course unit and receive the grade Fx or F on an examination, there are no restrictions on how many times they are allowed to retake the examination in order to obtain a grade of E or higher.

Interim

If this course is discontinued, students have the right to be examined on the course once per semester for three further semesters.

Limitations

This course may not be included in a degree together with the course EC2302 Intermediate Development Economics, 7,5 ECTS credits.

Required reading

• Banerjee, Abhijit Vinayak, Nenabou Roland och Dilip Mookherjee (eds.), "Understanding poverty", 2006, Oxford University press.

• Articles. Full list available on the course website.