

# Economic Development!!

Econ 431

## Vital Statistics

Instructor: Frank McIntyre  
[frank\\_mcintyre@byu.edu](mailto:frank_mcintyre@byu.edu)

Grader Doug Rodermund  
[drodermund@byu.edu](mailto:drodermund@byu.edu)

Class Time: 8:00-9:15 TTh

Class Location : 274 MARB

Instructor Office Hours: W 10-11 PM  
Th 3-4 PM  
Or email me a time  
150 FOB

## Purpose

In this course, we apply careful analytical thinking to the question of why some nations' citizens are so much richer than others. My expectation is that students will learn how to write an economic model that is useful in thinking about problems peculiarly important in developing countries. By working through a variety of issues, you will learn to critique models and see what questions they can answer and what questions they cannot. Often, these models indicate what remedies, if any, are likely to work. Since the models are based on individual agents and families making decisions they are *microeconomic* models.

There are many different approaches to economic development; in this department you have the option to examine two of those approaches. Phil Garner's class on Economic Growth covers *macroeconomic* models that treat the economy as a whole. He looks at why some countries grow and others do not, without focusing on the problems peculiarly faced by the poorest countries. Both of these topics used to be covered in 430, but they are now divided across two classes.

## Textbooks

At one time we used Debraj Ray's *Development Economics*. You are welcome to get it as a supplement to the lectures but it is no longer required. I will put a copy on reserve. It's a good book. The textbook is written at the 200 level, so we will be moving beyond it with readings which you can get from the Electronic Course Reserve or in class or from Blackboard, with one exception. The exception is the book *The Economics of Microfinance*, by Beatriz Armendariz de Aghion and Jonathan Murdoch. You can get this on your own or from the Bookstore. These readings and lectures will cover the material you need for the class.

## Prerequisites

You absolutely must have already passed **Econ 380**. This class develops the neoclassical model. Most of what we are doing is modifying assumptions used in 380 to make a model that better fits particular situations, and seeing what we learn. You will not be prepared to do this unless you are familiar with microeconomics. You would also benefit from **Econ 382** (Intermediate Price Theory II) but you may try the class without it as in past semesters students have indicated that it was not needed as a prerequisite. **Econ 378 and Econ 388** or **Poli Sci 328** is required as well. If you wish to take Econ 431 concurrently with **388** you are welcome to try that approach, as it seems to work fine for some students.

## Grading

The class will involve a variety of opportunities for you to learn to do the material and for which you will be evaluated. Your grade will be largely the result of your score on the class final. In some cases, students who do well on other classroom assessments perform poorly on the final. In that case, I will give the student a weighted average of their final and their other grades.

### *Learning Evaluation*

In order to practice the material and prepare for the final, I will give you the following assignments:

- Problem sets every second week
- 1 Page summaries of class readings
- In-class short examinations every second Thursday. We will also go over the answers in class.

Your grade will then be determined by one in-class presentation (15%), your performance on quizzes and problem sets (20%) and the final exam (65%), which will draw heavily from the problem sets, readings, and in-class examinations.

If you can't make the final, **3-6 on Friday, April 21**, drop the class and take it next semester (the class will undoubtedly improve with age). You are encouraged to work together on homework but each assignment should be submitted independently based on your own thinking. Assignments must be completed on time to be graded.

You will submit a reading response to (almost) each paper we read. The reading responses may consist of you answering the questions found on the last page of the syllabus. These will sometimes be graded on a ten point scale, but other times full credit will be given for simply completing the assignment. An alternative will be to submit a paper affirming that you completed a 30 minute Elaborative Questioning period on the subject of the paper. These are due at the beginning of the class period in which we discuss the paper. There will be approximately two dozen papers to read.

You will be expected to present one of the papers or something equivalent in class. Your discussion should be approximately 30 minutes. Your presentation may use slides and/or the white board, and you should be prepared to discuss main points of the model and/or empirical work along with the paper's strengths and weaknesses. You should arrange to meet with me the week prior to presenting in order to ask any questions you may have about the material and show me what you plan on presenting.

## **University Policy**

The university has policies on the Honor Code, plagiarism, discrimination, harassment, and accommodating those with disabilities. This class will adhere to those policies and students need to be familiar with them as they are presented in the current class schedule.

## **Rough Course Outline**

- 1) Review 380 and Market Failures
- 2) Fixed Costs and Complementarities in Innovation and Technology
- 3) Inequality and Poverty
- 4) Econometric Methods and Evaluating if Things Work
- 5) Child Labor, Famines and Nutrition, Fertility
- 6) Credit and Insurance

## **Example Questions to answer in written responses or in EQ**

1. What is the question? Why is it interesting? Is there a more interesting question on the topic? Does the paper answer the question it asks?
2. What is the economic model? What insight does it provide?
3. What data, if any, are used? How could the data be better?
4. What estimation technique, if any, is used? Is this technique effective for answering the question? What are the limitations? How does the underlying economic model or behavior influence the statistical work?
5. What conclusion can be drawn from the paper? What further research would be useful to do?