

MICROECONOMICS OF DEVELOPMENT  
*Course Requirements*

This course is the first part of the Development Sequence. It addresses issues in the microeconomics of development. It is taught by Elisabeth Sadoulet for the first half of the semester and Ethan Ligon for the second half.

Subjects covered during this semester:

Elisabeth Sadoulet:	I. Vulnerability to shocks and consequences
	II. Credit constraint
	III. Rural financial institutions
	IV. Decentralization and local governance
	V. Migration
	VI Property rights
Ethan Ligon	I. Household models
	II. Risk sharing
	III. Intra-household allocation
	IV. Tenancy & Sharecropping
	V. Inequality
	VI. Poverty measurement
	VII. Welfare & Distribution

**Assignments**

- One reading assigned per class. Please read it before you come to class. Refer to the class website for the assigned readings.
- 4 comprehensive assignments that will include some combination of model writing and solving, empirical analysis, and development of research ideas. Assignments will be given at least 10 days before the due date.
- Assignment #5: A short (not more than 8 pages) research proposal. The proposal should include
  - An introduction motivating the subject chosen and the specific contributions that you intend to make.
  - Then a synthesis of 3 papers that would serve as the basis for the development of your proposal. This synthesis should be a sharp description/assessment of the papers that you have chosen, with emphasis on what you find most interesting in and want to retain from them, and their limits/errors that justify your own research.
  - In the proposal itself, you should advance a working hypothesis. You should then use/extend a theoretical model and develop a strategy to test some of its derived propositions.

The theoretical model should be based on at least one of your three selected articles. Extensions are often developed by incorporating in the model an idea taken from another paper or applying the idea to a problem that is posed differently.

For the empirical strategy, particular attention should be given to the feasibility and pertinence of the tests that you propose, in terms of required information and identification.

**Deadlines:** Late assignments will not be accepted

Tuesday, September 16: Assignment #1

Tuesday, September 30: Assignment #2

Tuesday, November 4: Assignment #3

Thursday, November 20: Assignment #4

Thursday, December 4: Assignment #5: Research proposal

Mid-term: Tuesday, October 14 – 3:40-5pm – 2320 Tolman  
Final examination Tuesday, December 9 – 3:40-5pm – 2320 Tolman

### **Course grade**

The grade will be based on the following items:

Five assignments (12% each)	60%
Midterm examination,	20%
Final examination,	20%

The mid-term and final examinations are closed book exams. They are based on class notes, assigned readings (usually one per class), and lessons from the assignments.

### **Office hours**

Elisabeth Sadoulet: Fridays, 4:00-5:30 pm, 213 Giannini Hall, sadoulet@are.  
Ethan Ligon: 331 Giannini Hall, ligon@are.

Information will be posted on the course homepage as it becomes available  
<http://are.Berkeley.edu/courses/ARE251/fall2008/index.html>