



## The Economics of Less Developed Countries A | ECU33041

Year	Junior Sophister
ECTS Credits	5
Contact Hours	22 hours of lectures and 4 hours of tutorials
Pre-Requisite	ECU22011 and ECU22012 and ECU22031 and ECU22032 or equivalent
Semester	1
Module Leader and Lecturer	Professor Carol Newman
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### Module Outline:

The problem facing less developed countries are among the greatest challenges facing the world today. This module will focus on the diverse structures and common characteristics of less developed countries and will offer an evaluation of policies being pursued. The module provides an introduction to the micro-economic approach to development economics. The central aim of the course is to present key theoretical models and related empirical evidence that shape our thinking of economic interactions and policy-making in developing countries.

The course analyzes markets and institutions in developing countries, with a focus on how informal and semi-formal institutions have developed to make up for market imperfections in developing countries. The first part of the course discusses the role of education in affecting economic development. The course then analyses markets and institutions in developing countries, with a focus on how informal and semi-formal institutions have developed to make up for market imperfections in developing countries. In particular, the structure of land, labour and credit markets in developing countries is introduced with a view towards understanding how imperfections in these markets affect the lives of the poor and the economy at large, and shape economic



policy-making. The course has a strong applied focus. For each topic, simple economic models are introduced to derive testable predictions, followed by a review of the empirical results and their implications for policy. The specific topics covered in the module are:

- Topic 1 – Education and development
- Topic 2 – The role of land markets in economic development
- Topic 3 – Rural labour markets
- Topic 4 – Entrepreneurship and development
- Topic 5 – Credit markets in developing countries
- Topic 6 – Microfinance

### **Module Learning Outcomes:**

On successful completion of this module, you will be able to:

- Explain some of the key economic and social policy challenges facing low and middle income countries today.
- Appraise the contribution of education, finance, and land policies to the advancement of developing countries; and formulate a balanced judgement on the opportunities and threats posed by these to developing countries.
- Understand the importance of market imperfections in developing countries and how informal institutions, such as social networks or norms, can play a role in (partially) addressing these challenges.
- Discuss the main approaches to policy evaluation and critically appraise empirical evidence on the causal effect of policy interventions.

### **Assessment:**

30% Report

70% Final Examination



### Recommended Reading List:

There are two recommended textbooks for the course:

- Debraj Ray, *Development Economics*. Princeton: Princeton University Press, 1998.
- Abhijeet Vinayak Banerjee and Esther Duflo. *Poor Economics*. New York: Public Affairs, 2011.

These text books will be supplemented by academic papers that will be discussed in lectures and tutorials. A detailed reading list will be provided at the start of the term.