Professor Contact Information
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Office hours: T 2:30-4:00 and by appointment

Course Pre-requisites, Co-requisites, and/or Other Restrictions
There are no formal prerequisites for this class. However, students are expected to be competent in graduate microeconomics and applied econometrics.

Course Description
This class will provide a joint study environment where we analyze parts of the literature that deals with the microeconomic aspects of development economics, with an emphasis on labor markets and human resources in developing countries. As many contributing economists actually specialize more in labor markets and human resources rather than in development economics, the topics will often overlap with the study of the same issues in industrial countries: the issues are similar but the context differs. This means that the material covered in this course is of interest both to development economists and to labor economists.

The topic of “Labor Markets and Human Resources” covers sectoral (or occupational) choice, entrepreneurship, wage determination, risk and risk sharing, human capital and education, migration, population, health and nutrition, and gender issues. These topics are addressed both in isolation and in the context of the “core” development economics topics of income distribution, poverty, credit allocation, investment, agriculture, globalization, and so forth.

Student Learning Objectives/Outcomes
This course promotes student learning in various ways.
1. Examine the nature of labor markets in developing countries from a microeconomic perspective
2. Understand the role of small-scale entrepreneurship in developing country labor markets
3. Analyze the impact of migration and brain drain
4. Understand risk and risk sharing in developing country settings
5. Analyze human resource questions in a developing country context: education, health, population, and gender
6. Relate theory to data obtained from household and enterprise surveys in developing countries
7. Improve writing and presentation skills
Assessment: Grading Policy, Assignments, and Exam Dates

The semester grade will be based on a midterm exam, a final exam, the classroom presentation, the referee reports, the replication set-up assignment, and class participation. The final exam will not be comprehensive. The weights of these components are:

- Midterm exam (October 29) ..................30 %
- Final exam (December 17) ....................35 %
- Paper presentation .............................10 %
- Referee report .................................10 %
- “Replication Intent” assignment ............10 %
- Participation .........................................5 %

The midterm exam covers the first half of the course, which starts off with a discussion of data issues in developing country contexts and then proceeds with an examination of labor markets and entrepreneurship from both theoretical and empirical perspectives. This exam relates to learning objectives (1), (2) and (6).

The final exam is not cumulative. It covers the material of the second half of the course and therefore relates to learning objectives (3), (4), (5) and (6).

One of the best ways to master a research paper is to present it in a classroom setting. Each student will have an opportunity to present a paper that is on the syllabus. The paper presentation should be 20-25 minutes long and should include (in the case of an empirical paper): an outline of the contribution that the paper makes, a description of the methodology it uses, a short description of the data, the essentials of the empirical results, perceived shortcomings of the paper, and a list of topics for future research. This assignment relates to learning objective (7) as well as (1), (2), (3), (4), or (5) depending on the topic of the paper to be presented.

During the course of the semester, students will write a referee report to one assigned working paper drawn from the archives of the World Bank or similar organization. In about two pages, a referee report briefly summarizes the paper under consideration, highlights strong and weak points, and makes a recommendation regarding publication of the paper in the journal that requests the report. As a reference point, we will take the World Bank Economic Review or World Development. This assignment relates to learning objective (7) as well as (1), (2), (3), (4), or (5) depending on the topic of the paper to be reviewed.

Also during the course of the semester, students will choose a topic, drawn from any paper that is covered during the course of the semester, for “replication intent” by means of one of the Living Standards Surveys of the World Bank. The objective is not to actually replicate that study but rather to identify which of those surveys is most suitable data source for this replication and to identify the variables in that survey that will be needed for such replication. This assignment serves to become familiar with one of the most important data sources in micro-level development economics. This assignment relates primarily to learning objective (6).

If the circumstances so demand, these descriptions and timelines are subject to change at the discretion of the Professor.

Course & Instructor Policies

- Absence from any exam must be properly documented; otherwise a grade of 0 is assigned to a missed exam. Make-up exams are scheduled within the same week for those who missed an exam with proper documentation.
- In line with the university schedule, there will be no class session on Sept.24.
- There is no extra credit work.
- Cellphones and pagers must be turned off. Recording the lecture is not permitted.
Required Textbook

There are no assigned textbooks. Background material may be found in the following texts, but the course will be based primarily on published research articles.


Reading Assignments

The following is a tentative list of readings that we will discuss during this semester. Readings highlighted with a star should be studied in detail; others are provided mostly for your interest but a few of them may be discussed in class as well. *Note that the list of starred articles is tentative and probably will change as the semester progresses.*

1. **DATA ISSUES**

   - Human Development Report, various years (online at [www.undp.org](http://www.undp.org)).
   - World Development Report, various years (online at [www.worldbank.org/data](http://www.worldbank.org/data)).

2. **Labor Markets**

2.1 The Lewis Model and its Elaborations


2.2 The Informal Sector Debate


**Evidence**


2.3 Models of Labor Supply


2.4 Entrepreneurship

Overview and theory


Data quality


Dynamics


Evidence: Investment climate and credit


2.5 Wage Determination and Unemployment in LDCs


2.6 Labor Markets and Globalization
25:3, 553-579.


3. **MIGRATION**

3.1 Theories of migration


3.2 International migration


Special issue on Migration and Development, *Journal of Development Economics*, February 2013,
102 (9 papers)


3.3 Evidence


3.4 Migrant selectivity and wages


4. Education

4.1 Theory


4.2 Evidence

*G. Psacharopoulos, “Returns to education: a global update.” World Development, September 1994,


4.3 Other issues

*Education policies*


*School attendance*


F. Yamauchi, “Are experience and schooling complementary? Evidence from migrants’ assimilation

**Growth**


5. **RISK AND SHOCKS**

**Income and consumption**


**Health**


**Education**


**Measuring risk attitude**

B. Hardeweg, L. Menkhoff, and H. Waibel. “Experimentally Validated Survey Evidence on Individual

6. HEALTH

Health and Nutrition

Allocation of health care

Health and schooling
For a reconsideration of this study: see http://onlinelibrary.wiley.com/doi/10.1002/14651858.CD000371.pub6/abstract

Health and labor market outcomes


Effects of disease


7. POPULATION

World Development Report, 1984, Ch. 4-9


8. WOMEN AND DEVELOPMENT

Gender and income distribution


**Allocation issues**

**Unbalanced gender ratios**