

## Syllabus

[cmcd.economia@fgv.br]

**Course Name: Development Microeconomics**

**Faculty:**

**Teaching Assistants:**

**2026 SECOND SEMESTER**

### COURSE OUTLINE

This is an advanced course in development economics with a focus on the *microeconomics of development and poverty traps*. It has two objectives: First, it introduces the students to selected topics of the literature of the *microeconomic issues* of developing countries such as poverty, savings, risk, human capital, among others, and policies aimed to fight poverty. Second, it aims to familiarize the students with the latest research methods in applied economics, with a focus on *randomized trials and related techniques*. At the end, it aims to help students to develop the ability to think critically about the process of development, the potential of particular policy interventions to bring about change as well think about causality and causal identification.

### COURSE PROGRAM

Course Outline:

- I. *Poverty*
  1. Introduction
  2. Poverty Traps
  3. Savings
  4. Psychology
- II. *Policy*
  5. Asset Transfers
  6. Cash Transfers
  7. Microcredit
  8. Human Capital
- III. *Decision*
  9. Design Choice Experiment
  10. Targeting

### BIBLIOGRAPHY

**General Readings.** Not required (out of interest):

Bardhan, Pranab and Christopher Udry. Development Microeconomics. Oxford: Oxford University Press, 1999.

Banerjee, Abhijit, Roland Benabou and Dilip Mookherjee (Editors), Understanding Poverty, Oxford: Oxford University Press, 2006.

Banerjee, A. V., & Duflo, E. (2011). *Poor economics: A radical rethinking of the way to fight global poverty*. PublicAffairs Store.

Banerjee & Duflo (2019). *Good Economics for Hard Times*.

Basu, K. (2003). *Analytical Development Economics*. MIT Press.

Collins, D., Morduch, J., Rutherford, S., & Ruthven, O. (2009). *Portfolios of the poor: how the world's poor live on \$2 a day*. Princeton University Press.

Karlan, D. S., & Appel, J. (2011). *More than good intentions*. New York: Dutton.

### **Course Content:**

#### *I. Poverty*

##### 1. Introduction: 1 lecture

##### A. The economic lives of the poor

Banerjee, Abhijit V., and Esther Duflo. "The economic lives of the poor." *The Journal of Economic Perspectives* 21.1 (2007): 141.

##### B. A review of impact evaluation: Definitions, assumptions, theory of change and treatment effects

Duflo, E., Glennerster, R., & Kremer, M. (2007). Using randomization in development economics research: A toolkit. *Handbook of Development Economics*, 4, 3895-3962.

##### 2. Poverty Traps: 2 lectures

##### A. Models

\*\*\*Ghatak, M. (2015). Theories of Poverty Traps and Anti-Poverty Policies. *The World Bank Economic Review*, vol. 29, Supplement, 00. S77-S105.

##### B. Evidence of Poverty Trap

\*\*\*Balboni, C.; Bandiera, O.; Burgess, R.; Ghatak, M.; Heil, A. Why do people stay poor?. *The Quarterly Journal of Economics*, v. 137, n. 2, p. 785-844, 2022.

##### 3. Access to Savings: 1 lecture

\*\*\*Dupas, P. and Jonathon Robinson (2013). "Savings Constraints and Microenterprise Development: Evidence from a Field Experiment in Kenya." *American Economic Journal: Applied Economics*

##### 4. Psychology: 1 lecture

Ashraf, N., Karlan, D., & Yin, W. (2006). "Tying Odysseus to the mast: Evidence from a commitment savings product in the Philippines." *The Quarterly Journal of Economics*, 121(2), 635-672.

\*\*\*Haushofer, Johannes and Daniel Salicath (2023). "The Psychology of Poverty: Where Do We Stand?," *Social Philosophy and Policy* 40, no. 1 (2023): 150–184.

\*\*\*Haushofer, Johannes and Ernst Fehr. 2014. "On the Psychology of Poverty." *Science* 344(6186): 862-867.

Karlan, Dean, Sendhil Mullainathan, and Benjamin N. Roth. 2019. "Debt Traps? Market Vendors and Moneylender Debt in India and the Philippines." *American Economic Review: Insights*, 1 (1): 27-42.

Mani, A., Mulanaithe, S., Shafir, E., Zhao, J. Poverty Impedes Cognitive Function. *Science* 341 (6149), 976-980.

Shah, A., Mullanaithan, S., Shafir, E. Some Consequences of Having Too Little. *Science*, 338 (6107), 682-685.

Schilbach (2019). "Alcohol and Self-Control A Field Experiment in India." *American Economic Review*, 109(4): 1290–1322.

\*\*\*Schilbach, F., Schofield, H., Mullanaithan, S. The Psychological Lives of the Poor. *American Economic Review: Papers & Proceedings* 2016, 106(5): 435–440

## II. Policy

### 5. Asset Transfers: 1 lecture

\*\*\*Banerjee, Abhijit et al. A multifaceted program causes lasting progress for the very poor: Evidence from six countries. *Science*, v. 348, n. 6236, p. 1260799, 2015.

\*\*\*Banerjee, Abhijit; Duflo, Esther; Sharma, Garima. Long-term effects of the targeting the ultra poor program. *American Economic Review: Insights*, v. 3, n. 4, p. 471-486, 2021.

Botea, Ioana et al. Supporting Women's Livelihoods at Scale: Evidence from a Nationwide Multi-Faceted Program. National Bureau of Economic Research, 2023.

### 6. Cash Transfers: 1 lecture

Bouguen, A.; Huang, Y.; Kremer, M.; Edward, M. Using RCTs to Estimate Long Run Impacts in Development Economics (2018). *NBER working Paper Series 25356*, December.

\*\*\*Haushofer, Johannes and Jeremy Shapiro (2016). "The Short-Term Impact of Unconditional Cash Transfers to the Poor: Experimental Evidence from Kenya," *Quarterly Journal of Economics* 131, no. 4 (2016): 1973–2042.

\*\*\*Haushofer, Johannes, Dennis Egger, Edward Miguel, Paul Niehaus, and Michael Walker. (2022). "General Equilibrium Effects of Unconditional Cash Transfers: Experimental Evidence from Kenya," *Econometrica* 90, no. 6 (2022): 2603–2643.

Vivalt, E.; Rhodes, E.; Bartik, A. W.; Brookman, D.E.; Miller, S. (2024). The Employment Effects of Guaranteed Income: Experimental Evidence from Two U.S. States. *NBER Working papers Series 32719*, July.

## 7. Microcredit: 1 lecture

Banerjee, Abhijit, Dean Karlan, and Jonathan Zinman. 2015. "Six Randomized Evaluations of Microcredit: Introduction and Further Steps." *American Economic Journal: Applied Economics* 7(1) 1-21.

Banerjee, A., Duflo, E., Glennerster, R., & Kinnan, C. (2013). "The miracle of microfinance? Evidence from a randomized evaluation."

\*\*\*Banerjee, A. V., Breza, E., Duflo, E., & Kinnan, C. (2019). "Can microfinance unlock poverty traps for some entrepreneurs?"

De Mel, S., McKenzie, D., & Woodruff, C. (2008). "Returns to capital in microenterprises: evidence from a field experiment." *The Quarterly Journal of Economics*, 123(4), 1329-1372.

Gulesci, Selim, and Andreas Madestam. "Repayment Flexibility and Risk Taking: Experimental Evidence from Credit Contracts." (2018)

Field, E., Pande, R., Papp, J., & Rigol, N. (2013). Does the classic microfinance model discourage entrepreneurship among the poor? Experimental evidence from India. *American Economic Review*, 103(6), 2196-2226.

Karlan, Dean and Jonathan Zinman. 2010. "Expanding Credit Access: Using Randomized Supply Decisions to Estimate the Impacts." *Review of Financial Studies* 23(1): 433-464.

Meager (2019). "Understanding the Average Impact of Microcredit Expansions: A Bayesian Hierarchical Analysis of Seven Randomized Experiments." *The American Economic Journal: Applied Economics*

## 8. Human Capital: Remedial and Vocational Education: 1 lecture

\*\*\*Barros, R.P.; Biderman, C.; Costa, G.W.; Lima, L.; Souza, A.P. (2026). Gendered Pathways in Youth Inclusion: Long-Term Experimental Evidence from Brazil's Protejo Program. Mimeo.

Attanasio, O., Guarín, A., Medina, C., and Meghir, C. (2017). Vocational training for disadvantaged youth in Colombia: A long-term follow-up. *American Economic Journal: Applied Economics*, 9(2):131–143.

III. *Decision*

9. Design Choice Experiment: 1 lecture

Rossi, M. et al. (2026). Using discrete choice modeling to assess preferences and willingness to pay for vaccines against arboviruses in Feira de Santana, Brazil. Mimeo.

\*\*\*OECD (2018), *Cost-Benefit Analysis and the Environment: Further Developments and Policy Use*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264085169-en>. Chapter 5.

10. Targeting: 1 lecture

\*\*\*Haushofer, Johannes; Paul Niehaus, Carlos Paramo, Edward Miguel, and Michael W. Walker (2025), "Targeting Impact versus Deprivation," *American Economic Review* 115, no. 6 (2025): 1936–1974.

**GRADING**

Presentations	25%
Final Paper	35%
Exam	40%

\*\*\* Readings for the exam.

**CONTACT**

**CLASSES**

<u>Day</u>	<u>Lecture</u>
	Introduction: Impact Evaluation Review
	Poverty Trap: Theory
	Poverty Trap: Evidence
	Savings
	Psychology
	Asset transfer
	Cash Transfer
	Cash Transfer
	Microcredit
	Human Capital
	Design Choice Experiment

Targeting  
Presentations  
Presentations

---