

## Syllabus

[cmcd.economia@fgv.br]

**Course Name: Development Microeconomics**

**Faculty:**

**Teaching Assistants:**

### 2025 SECOND SEMESTER

#### COURSE OUTLINE

This is an advanced course in development economics with a focus on the microeconomics of development. 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. 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
- II. Policy*
  - 3. Early Childhood
  - 4. Literacy
  - 5. Technical and Vocational Education
  - 6. Microcredit
- III. Decision*
  - 7. Design Choice Experiment
  - 8. Decision Under Uncertainty

#### 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. 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.

#### II. Poverty Traps

##### 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. Access to Savings

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

##### C. Psychology

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 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

TO BE CONTINUED

#### **GRADING**

Presentations	25%
Final Paper	35%
Exam	40%

#### **CONTACT**