

Development microeconomics

ECTS : 3

**Description du contenu de l'enseignement :**

Beyond the obvious differences in standards of living, what distinguishes developing countries (DCs) from developed countries is the functioning of markets, which are more frequently failing in DCs. Taking this into account is of primary importance to understand the behavior of households in developing countries and to design policies able to successfully fight against poverty. The course studies these issues by addressing a number of topics in which they are relevant, both theoretically and empirically: agricultural production and rural households; credit and insurance markets; migration. Beyond the functioning of economic markets, economic outcomes are affected by non-economic factors such as participation in communal life, social and cultural norms, and identity (a person's sense of self). The course will present how these non-economic determinants that could be named 'social engineering' can influence household and individual behaviors. On this topic, theoretical models and applied research to fertility and gender discrimination will be discussed.

**Compétence à acquérir :**

After attending the classes, the students will have a solid understanding of the main market failures in developing countries and non-economic factors that shape households' behaviors. A careful reading of academic papers on these subjects will give them the most up-to-date research on these issues, and the appropriate tools to understand the policy implications.

**Mode de contrôle des connaissances :**

The final mark will be based on a presentation of a research article (this will count for 40% of the final mark) and on a written exam (60% of the final mark). Active student participation in class will count as a 10% bonus increase on the final grade.

**Bibliographie, lectures recommandées :**

**Course readings**

**2. The Economics of Farm Household**

**To be read:**

Janvry, A. D., Fafchamps, M., & Sadoulet, E. (1991). Peasant household behaviour with missing markets: some paradoxes explained. *The economic journal*, 101(409), 1400-1417 (\*\*)

Feder, G., & Noronha, R. (1987). Land rights systems and agricultural development in sub-Saharan Africa. *The World Bank Research Observer*, 2(2), 143-169.

**3. Risk and Insurance**

**To be read:**

Dercon, S. (2008). Fate and fear: Risk and its consequences in Africa. *Journal of African Economies*, 17(suppl\_2), ii97-ii127 (\*\*)

**4. Credit and Microfinance**

**To be read:**

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.

Karlan, D., & Zinman, J. (2009). Observing unobservables: Identifying information asymmetries with a consumer credit field experiment. *Econometrica*, 77(6), 1993-2008 (\*\*)

**5. Urban-Rural inequalities and Mobility**

**To be read:**

Lagakos, D. (2020). Urban-rural gaps in the developing world: Does internal migration offer opportunities? *Journal of Economic perspectives*, 34(3), 174-192. (\*\*)

Rosenzweig, M. R., & Stark, O. (1989). Consumption smoothing, migration, and marriage: Evidence from rural India. *Journal of political Economy*, 97(4), 905-926.

**6. Social norms Concept and Measurement**

**To be read:**

Burke, M. A., & Young, H. P. (2010). Social norms: in The Handbook of Social Economics, edited by Alberto Bisin, Jess Benhabib, and Matthew Jackson. Amsterdam: North-Holland.”.

## **7. Social norms and public policies**

### **To be read:**

Mackie, G. (1996). Ending footbinding and infibulation: A convention account. *American sociological review*, 999-1017.

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**Université Paris Dauphine - PSL** - Place du Maréchal de Lattre de Tassigny - 75775 PARIS Cedex 16