

# **EC428: Development and Growth**

## **Syllabus**

Professor Maitreesh Ghatak

London School of Economics, Autumn Term 2025

Last edited: October 1, 2025

### **Course Outline**

In the first half of this term, we will cover theoretical and empirical analysis of economic growth at the macro or aggregate level. In the second half we move from the macro to the micro level to study different markets and institutions at the micro-level.

In Topic 1, we motivate the course by looking at some conceptual issues concerning the notion of ‘development’ and then look at some stylized facts at the macro level as well as micro level, the latter being based on household surveys from a set of developing countries looking at the lives of the poor. In Topic 2, we cover some basic growth models and their quantitative or empirical implications. In Topic 3, we cover models where economic fundamentals are not sufficient for outcomes. We look at dynamic models that have multiple steady states – also known as models of poverty traps, that unlike neoclassical growth models, do not predict convergence and where initial conditions matter. In Topic 4, we discuss empirical evidence looking at the implications of the models we cover in Topics 2 and 3. In Topics 5 – 9, we take a micro or sectoral view and study credit markets, microfinance, property rights, and land markets. If time permits, we will cover the additional topic (Topic 10) of direct transfer policies for the poor.

While topics and lectures will hopefully have a rough correspondence (i.e., topic  $t$  will be covered at least partly in week  $t$ ), it will not be exact. Some topics will certainly spill over to week  $t+1$ .

## Reading List

*Papers are listed in reverse chronological order:*

### Topic 1: Introduction & Some Stylized Facts

We discuss some concepts relating to development and how it relates to economic growth. We then look at some stylized facts, both at the aggregate (country) level as well as from household surveys that tell us how the poor live, with special focus on their consumption and income generation.

Required readings (marked by \*):

\* Lecture Slides

\* Jones, Charles I. (2016): [The Facts of Economic Growth](#), *Handbook of Macroeconomics*, 2016, Vol. 2A, pp. 3-69.

\* Acemoglu, Daron (2009): Chapter 1 in *Introduction to Modern Economic Growth*, Princeton University Press.

\* Banerjee, Abhijit V. and Esther Duflo (2006) [The Economic Lives of the Poor](#), April 2006, *Journal of Economic Perspectives*, Vol. 21(1), pp. 141-167. See this Working Paper [version](#) for tables.

Further readings (not required):

Mayoral, Laura, Debraj Ray, and Garance Genicot (2025): "The Great Gatsby Curve: Upward Mobility, Persistence and Inequality," NBER Working Paper No. 34144, August 2025.

Gollin, D., & Rogerson, R. (2025). [Structural change and macro development: beyond the one-sector growth model](#). *Oxford Review of Economic Policy*, forthcoming.

Ghatak, Maitreesh and Linchuan Xu (2025): [Inequality of Growth and Growth of Inequality](#), Work in Progress, London School of Economics.

Ghatak, Maitreesh and Rishabh Kumar (2025): [Reassessing India's Poverty Decline over the Missing Decade: 2011-12 to 2022-23](#), CEPR Discussion Paper DP19909, February 2025.

Karabarbounis, Loukas (2024): "Perspectives on the Labor Share", *Journal of Economic Perspectives*, 38(2), 107-136, Spring 2024.

Auten, Gerald, & Splinter, David. (2024). Income Inequality in the United States: Using Tax Data to Measure Long-Term Trends. *Journal of Political Economy*, 132(7), 2179-2227.

Piketty, Thomas, Emmanuel Saez, and Gabriel Zucman (2024): Income Inequality in the United States: A Comment, <https://gabriel-zucman.eu/files/PSZ2024.pdf>.

Ghatak, Maitreesh and Rishabh Kumar (2024): [Determining how many Indians are poor today](#), [Ideas for India](#), May 29, 2024.

Ghatak, Maitreesh and Rishabh Kumar (2024): [Poverty in India Over the Last Decade: Data, Debates, and Doubts](#), [The India Forum](#), April 10, 2024.

Gomez, Matthieu (2023): "Decomposing the Growth of Top Wealth Shares." *Econometrica*, 91 (4): 983–1026.

Fan, Tianyu, Michael Peters, and Fabrizio Zilibotti (2023): "Growing Like India—The Unequal Effects of Service-Led Growth." *Econometrica*, 91 (4): 1457-1494

Braun, Sebastian Till, & Stuhler, Jan. (2018). The transmission of inequality across multiple generations: testing recent theories with evidence from Germany, *The Economic Journal*, 128(609), 576–611.

Derenoncourt, Ellora, Chi Hyun Kim, Moritz Kuhn, and Moritz Schularick (2022): Wealth of Two Nations: The U.S. Racial Wealth Gap, 1860-2020, CEPR Discussion Paper No. DP17328.

Chowdhury, Shyamal, Sutter, Matthias, & Zimmermann, Klaus F. (2022). Economic preferences within families: Large-scale experimental evidence from Bangladesh. *Journal of Political Economy*, 130(9), 2367-2410.

Ray, Debraj, and Garance Genicot. 2023. "Measuring Upward Mobility." *American Economic Review*, 113 (11): 3044–89.

Genicot, Garance, Debraj Ray, and Carolina Concha-Arriagada. 2024. "Upward Mobility in Developing Countries." NBER Working Paper 32391.

Jones, Charles I. 2022. "The End of Economic Growth? Unintended Consequences of a Declining Population." *American Economic Review*, 112 (11): 3490–3528.

Weide, Roy van der, Christoph Lakner, Daniel Gerszon Mahler, Ambar Narayan, and Rakesh Gupta (2023): "Intergenerational mobility around the world: A new database", *Journal of Development Economics*, Volume 166, to be published in 2024.

Durlauf, S. N., Kourtellos, A., & Tan, C. M. (2022). The Great Gatsby Curve. *Annual Review of Economics*, 14(1), 571-605.

Martínez, Lui (2022): "How Much Should We Trust the Dictator's GDP Growth Estimates?", *Journal of Political Economy*, 130 (10), pp 2731-2769.

Ravallion, Martin (2022): "Growth Elasticities of Poverty Reduction," NBER Working Paper No. 30401, August.

Ghatak, Maitreesh, Ramya Raghavan, and Linchuan Xu (2022): [Trends in Economic Inequality in India](#), *The India Forum*, September 19, 2022. (click [here](#) for pdf version).

Angrist, Noam, Pinelopi Koujianou Goldberg, and Dean Jolliffe (2021): [Why Is Growth in Developing Countries So Hard to Measure?](#), *Journal of Economic Perspectives*, 35 (3), Summer 2021, pp 215–242.

Jácome, Elisa, Ilyana Kuziemko, and Suresh Naidu (2021): "[Mobility for All: Representative Intergenerational Mobility Estimates over the 20th Century](#)", NBER Working Paper No. 29289.

Ghatak, Maitreesh (2021): [India's Inequality Problem](#), *The India Forum*, July 2, 2021.

Ravallion, Martin (2020): [On the Origins of the Idea of Ending Poverty](#), NBER Working Paper No. 27808, September 2020.

Raj Chetty et al (2017): [The fading American dream: Trends in absolute income mobility since 1940](#), *SCIENCE*, 28 APR 2017 : 398-406.

Alvaredo, F., Chancel, L., Piketty, T., Saez, E., & Zucman, G. (2018): "The elephant curve of global inequality and growth", *AEA Papers and Proceedings* (Vol. 108, pp. 103-108).

World Bank (2018): [Fair Progress? : Economic Mobility Across Generations Around the World](#).

Dylan Matthews (2018): [The global top 1 percent earned twice as much as the bottom 50 percent in recent years](#), Vox.com.

Richard V. Reeves and Eleanor Krause (2018): [Raj Chetty in 14 charts: Big findings on opportunity and mobility we should all know](#), Brookings Social Mobility Memos, January 11, 2018.

Ghatak, Maitreesh (2018): [Measures of Development—Concepts, Causality, and Context](#), in P. Ray, R. Sarkar, and A. Sen (ed.s) *Economics, Management and Sustainability - Essays in Honour of Anup Sinha*, Singapore: Springer, 2018.

Piketty, T. and E. Saez (2014): Inequality in the long run, *Science*, Special Section on the Science of Inequality, 23 May 2014, Vol 344, Issue 6186.

Herrendorf, Berthold, Richard Rogerson, and Akos Valentinyi (2014): Growth and Structural Transformation, *Handbook of Economic Growth*, Chapter 6, Volume 2, Edited by Philippe Aghion and Steven N. Durlauf, Pages 1-1070.

Jones, Charles I., and Paul M. Romer. 2010. The New Kaldor Facts: Ideas, Institutions, Population, and Human Capital. *American Economic Journal: Macroeconomics*, 2(1): 224-45.

Easterly, W. and R. Levine (2001): It's Not Factor Accumulation: Stylized Facts and Growth Models, *World Bank Economic Review*, Vol 15, No. 2, 177-219.

Corak, Miles (2013): [Income Inequality, Equality of Opportunity, and Intergenerational Mobility](#). *Journal of Economic Perspectives*, 27 (3): 79-102.

Sen, Amartya (1988): The Concept of Development, Chapter 1, Handbook of Development Economics, Volume L Edited by H. Chenery and T.N. Srinivasan, Elsevier Science Publishers B.V., 1988.

## **Topic 2: Economic Growth**

In this topic we review the Solow and Neoclassical models, carry out some simple calibration exercises, and apply the framework on recent debates about inequality and growth in response to the work of Piketty.

### Required readings (marked by \*):

\*Lecture Slides

\*Maitreesh Ghatak (2015): [Theories of Poverty Traps and Anti-Poverty Policies](#), World Bank Economic Review, Papers and Proceedings of the ABCDE, Vol 29 (Supplement 1): S77-S105. (All my published papers on Development/Growth, including this one, can be accessed at this link: <http://personal.lse.ac.uk/ghatak/dev.html>)

\* Acemoglu, Daron (2007): Chapters 2 and 3 in [Introduction to Modern Economic Growth](#), Manuscript posted on IGC website

### Further readings (not required):

Martínez, Lui (2022): "[How Much Should We Trust the Dictator's GDP Growth Estimates?](#)", Journal of Political Economy, 130 (10), pp 2731-2769.

Ravallion, Martin (2022): "Growth Elasticities of Poverty Reduction," NBER Working Paper No. 30401, August.

Spiro, Daniel (2021): "[An Open-Economy Ramsey-Cass-Koopmans Model in Reduced Form](#)", CESifo Working Paper No. 9293.

Paul Johnson and Chris Papageorgiou (2020): [What Remains of Cross-Country Convergence?](#), *Journal of Economic Literature*, 58(1), 129–175

Krusell, Per, and Anthony A. Smith (2015): Is Piketty's Second Law of Capitalism Fundamental?, *Journal of Political Economy*, Vol. 123, No. 4, pp. 725-748

Acemoglu, Daron and James A. Robinson (2014): The Rise and Decline of General Laws of Capitalism, NBER Working Paper No. 20766.

Acemoglu, Daron, Simon Johnson, and James A. Robinson (2009), Institutions as a Fundamental Cause of Long-Run Growth, Chapter 6, in D. Rodrik and M. Rosenzweig (ed.s) *Handbook of Development Economics V*, North Holland, 2009.

Daron Acemoglu, Simon Johnson, James A. Robinson (2005) : Sections 2,3, and 4 of Institutions as a Fundamental Cause of Long-Run Growth, Editor(s): Philippe Aghion, Steven N. Durlauf, *Handbook of Economic Growth*, Elsevier, Volume 1A.

Jones, L. and R. Manuelli (2005), Sections 2.1, 2.2, and 2.3: Neoclassical Models of Endogenous Growth: The Effects of Fiscal Policy, Innovation and Fluctuations, Volume 1A, *Handbook of Economic Growth*, Edited by Philippe Aghion and Steven N. Durlauf.

Francesco Caselli (2005): Accounting for Cross-Country Income Differences, Editor(s): Philippe Aghion, Steven N. Durlauf, *Handbook of Economic Growth*, Elsevier, Volume 1A.

Easterly, W. and R. Levine (2001), Section II: It's Not Factor Accumulation: Stylized Facts and Growth Models, *World Bank Economic Review*, Vol 15, No. 2, 177-219.

Islam, Nazrul (1995): Growth Empirics: A Panel Data Approach, *The Quarterly Journal of Economics*, Vol 110, No 4, 1127-1170.

Mankiw, N. Gregory, David Romer and David N. Weil. 1992. A Contribution to the Empirics of Economic Growth. *Quarterly Journal of Economics*, 107 (2): 407-437.

### Topic 3: Poverty Traps – Theory

We examine some mechanisms of the vicious cycle of poverty. In the presence of transactions costs leading to financial market imperfections, an economy may fail to converge to the efficient steady state, and remain trapped in poverty. The initial wealth distribution may play a crucial role in governing the future trajectory of the economy.

#### Required readings (marked by \*):

\* Lecture Slides

\* Maitreesh Ghatak (2015): [Theories of Poverty Traps and Anti-Poverty Policies](#), World Bank Economic Review, Papers and Proceedings of the ABCDE, Vol 29 (Supplement 1): S77-S105.

\* Maitreesh Ghatak and Nien-Huei Jiang (2002): A Simple Model of Inequality, Occupational Choice and Development. Journal of Development Economics, Vol. 69, No. 1, October. (Available: <http://personal.lse.ac.uk/ghatak/pub.html>)

#### Further readings (not required):

Maitreesh Ghatak and Andrew F. Newman (2025): [Inequality Traps](#), Working Paper, LSE and Boston University.

Banerjee, B. and E. Duflo (2004): [Growth Theory through the Lens of Development Economics](#) The Handbook of Development Economics. (Sections 1-3)

Banerjee, A. (2002), Section 4: [Contracting Constraints, Credit Markets and Economic Development](#), MIT Dept. of Economics Working Paper No. 02-17.

Azariadis, Costas (1996): [The Economics of Poverty Traps Part One: Complete Markets](#), Journal of Economic Growth, Vol. 1, No. 4, p. 449-486.

### Topic 4: Poverty Traps – Evidence

We look at evidence on poverty traps from two large scale randomized asset transfer programmes



Required readings (marked by \*):

\* Lecture Slides

\* Clare Balboni, Oriana Bandiera, Robin Burgess, Maitreesh Ghatak and Anton Heil (2021) "[Why do people stay poor?](#)" Forthcoming, *Quarterly Journal of Economics*.

\* Banerjee, Abhijit, Esther Duflo, and Garima Sharma (2020): [Long-term Effects of the Targeting the Ultra Poor Program](#), *American Economic Review: Insights*, 3 (4): 471-86.

\* Oriana Bandiera, Robin Burgess, Narayan Das, Selim Gulesci, Imran Rasul and Munshi Sulaiman (2016): [Labor Markets and Poverty in Village Economies](#), *Quarterly Journal of Economics*, Volume 132, Issue 2, May 2017, Pages 811–870.

Further readings (not required):

Kaur, S., Mullainathan, S., Oh, S., & Schilbach, F. (2025). Do financial concerns make workers less productive? *The Quarterly Journal of Economics*, 140(1), 635-689.

Kaboski, Joseph P., Molly Lipscomb, Virgiliu Midrigan & Carolyn Pelnik (2024): [How Important are Investment Indivisibilities for Development? Experimental Evidence from Uganda](#), Working Paper, Notre Dame University.

Barron, Daniel, Yingni Guo, and Bryony Reich (2023): "Wealth Dynamics in Communities", *Review of Economic Studies* (2023) 90, 1642–1668

Kondylis, Florence and John Ashton Loeser (2021): "[Intervention Size and Persistence](#)", World Bank Policy Research Working Paper 9769.

Abhijit Banerjee, Emily Breza, Esther Duflo, and Cynthia Kinnan (2019): [Can Microfinance Unlock a Poverty Trap for some Entrepreneurs?](#), Working paper, MIT.

## Topic 5: Coordination Failure, Sorting, and Multiple Equilibria

We briefly discuss some mechanisms by which history can matter. In the presence of externalities and complementarities in actions of individuals, there can be multiple equilibria. Two identical economies can end up at very different levels of development depending on initial conditions.

### Required readings (marked by \*):

\* Debraj Ray (1998): History, Expectations and Development, Chapter 5, Development Economics, Princeton University Press, 1998.

\* Basu, Kaushik and Van, Pham Hoang (1998): The Economics of Child Labor. American Economic Review, June 1998, 88(3), pp. 412-27

### Further reading (not required):

Bakhtiar, M. M., Guiteras, R. P., Levinsohn, J., & Mobarak, A. M. (2023). *Social and financial incentives for overcoming a collective action problem*. Journal of Development Economics, 162, 103072.

Davide Cantoni, David Y Yang, Noam Yuchtman, and Y Jane Zhang (2019): [Protests as Strategic Games: Experimental Evidence from Hong Kong's Antiauthoritarian Movement](#), The Quarterly Journal of Economics, Volume 134, Issue 2, May 2019, Pages 1021–1077.

Guiteras, R., Levinsohn, J., & Mobarak, A. M. (2015). *Encouraging sanitation investment in the developing world: A cluster-randomized trial*. Science, 348(6237), 903–906.

Bowles, S., Sethi, R., & Loury, G. C. (2014): Group Inequality, *Journal of the European Economic Association*, 12(1), 129–152.  
<http://www.jstor.org/stable/24538820>.

Nathan Nunn (2009): The Importance of History for Economic Development, Annual Review of Economics, Vol. 1, No. 1, September 2009, pp. 65-92.

Donald Davis and David Weinstein (2002): Bones, Bombs, and Break Points: The Geography of Economic Activity, American Economic Review, 92(5).

M. Kremer (1993): The O-Ring Theory of Economic Development, Quarterly Journal of Economics, August.

Murphy, K., A. Shleifer and R. Vishny (1989): Industrialization and the Big Push Journal of Political Economy, pp. 1003-1026.

## **Topic 6: Credit Markets in Developing Countries I: Theory and Evidence on Credit Market Imperfections**

Financial markets play a crucial role in economic development by allowing those who have talents and skills but not money, to undertake investments by using the surplus savings of others. If this market is subject to frictions, then worthwhile projects may not be undertaken for lack of money, thereby depressing national income below its potential. We study theoretical models of frictions in financial markets, and empirical evidence on their importance.

### Required readings (marked by \*):

\* Lecture Slides

\* Abhijit Banerjee, Ester Duflo (2014): Do Firms Want to Borrow More? Testing Credit Constraints Using a Directed Lending Program Review of Economic Studies, 81.

\* Karlan, D. and J. Zinman (2009): [Observing Unobservables: Identifying Information Asymmetries with a Consumer Credit Field Experiment](#) , Econometrica, 77(6).

\* Suresh de Mel, David McKenzie and Christopher Woodruff (2008): [Returns to Capital in Microenterprises: Evidence from a field experiment](#), Quarterly Journal of Economics, Vol 123, Issue

\* Raghuram Rajan and Luigi Zingales (1998): Financial Dependence and Growth, *American Economic Review*, 88(3).

Further readings (not required):

Gertler, P., Green, B., & Wolfram, C. (2024). Digital collateral. *Quarterly Journal of Economics*, 139(4), 1713-1766. <https://doi.org/10.1093/qje/qjad003>

Herkenhoff, K., Phillips, G., & Cohen-Cole, E. (2024). How credit constraints impact job finding rates, sorting, and aggregate output. *Review of Economic Studies*, 91(5), 2832–2877. <https://doi.org/10.1093/restud/rdad104>

Van Doornik, B., Gomes, A., Schoenherr, D., & Skrastins, J. (2024). Financial access and labor market outcomes: Evidence from credit lotteries. *American Economic Review*, 114(6), 1855–1881. <https://doi.org/10.1257/aer.20230585>

Jack, W., Kremer, M., De Laat, J., & Suri, T. (2023). Credit access, selection, and incentives in a market for asset-collateralized loans: Evidence from Kenya. *Review of Economic Studies*, 0, 1–33. <https://doi.org/10.1093/restud/rdad026>

Carney, Kevin , Michael Kremer, Xinyue Lin & Gautam Rao (2022): [The Endowment Effect and Collateralized Loans](#), NBER Working Paper 30073.

Breza, Emily and Cynthia Kinnan (2021): “[Measuring the Equilibrium Impacts of Credit: Evidence from the Indian Microfinance Crisis](#)”, *The Quarterly Journal of Economics*, Volume 136, Issue 3, August 2021, Pages 1447–1497.

Brune, Lasse, Eric Chyn, and Jason Kerwin (2021): “[Pay Me Later: Savings Constraints and the Demand for Deferred Payments](#)”, *American Economic Review*, 111 (7), pp. 2179-2212.

Fink, Günther, B. Kelsey Jack, and Felix Masiye (2020): “[Seasonal Liquidity, Rural Labor Markets, and Agricultural Production](#)”, *American Economic Review*, 110(11): 3351–3392.

Marshall Burke, Lauren Falcao Bergquist, and Edward Miguel (2019): [Sell Low and Buy High: Arbitrage and Local Price Effects in Kenyan Markets](#), The Quarterly Journal of Economics, Volume 134, Issue 2, May 2019, Pages 785–842.

Pascaline Dupas and Jonathan Robinson (2013): [Savings Constraints and Microenterprise Development: Evidence from a Field Experiment in Kenya](#), American Economic Journal: Applied Economics, 5(1): 163–192.

Robin Burgess and Rohini Pande (2005): Do Rural Banks Matter? Evidence from the Indian Social Banking Experiment, American Economic Review, 95(3).

Abhijit Banerjee, Esther Duflo and Kaivan Munshi (2003): [The \(mis\)-allocation of capital](#) Journal of the European Economic Association, Papers and Proceedings.

Banerjee, A. (2002), Sections 2, 3: Contracting Constraints, Credit Markets and Economic Development, MIT Dept. of Economics Working Paper No. 02-17.

Parikshit Ghosh, Dilip Mookherjee and Debraj Ray (2000): Credit Rationing in Developing Countries: An Overview of the Theory, by, Chapter 11 in Readings in the Theory of Economic Development, edited by D. Mookherjee and D. Ray, London: Blackwell, pages 383--301.

## **Topic 7: Micro Finance**

Microfinance has been a popular instrument of development policy. We look at theoretical models of how microfinance works as a mechanism, and empirical studies of its impact.

Required readings (marked by \*):

\* Lecture Slides

\* Abhijit Banerjee, Esther Duflo, Rachel Glennerster, and Cynthia Kinnan (2015): The Miracle of Microfinance? Evidence from a Randomized Evaluation, American Economic Journal: Applied Economics, vol. 7, no. 1, pp. 22-53.

\* Xavier Giné and Dean Karlan (2014) Group versus Individual Liability: Short and Long Term Evidence from Philippine Microcredit Lending Groups (March 2014), *Journal of Development Economics* 107, pp. 65-83.

\* Ghatak, Maitreesh and Timothy W. Guinnane: The Economics of Lending with Joint Liability: Theory and Practice *Journal of Development Economics*, Vol.60, No.1, October 1999. (Available at: <http://personal.lse.ac.uk/ghatak/pub.html>)

Further readings (not required):

Bari, F., Malik, K., Meki, M., & Quinn, S. (2024). Asset-based microfinance for microenterprises: Evidence from Pakistan. *American Economic Review*, 114(2), 534-574. <https://doi.org/10.1257/aer.20210169>.

Meager, R. (2022). Aggregating distributional treatment effects: A Bayesian hierarchical analysis of the microcredit literature. *American Economic Review*, 112(6), 1818-1847.

Hussam, R., Rigol, N., & Roth, B. N. (2022). Targeting high ability entrepreneurs using community information: Mechanism design in the field. *American Economic Review*, 112(3), 861-898.

Bandiera, Oriana, Robin Burgess, Erika Deserranno, Ricardo Morel, Imran Rasul, Munshi Sulaiman & Jack Thiemel (2022): [Microfinance and Diversification](#), *Economica*, Volume 89, Issue S1, Supplement: Centenary Issue: 1921 – 2021

Emily Breza and Cynthia Kinnan (2021): [Measuring the Equilibrium Impacts of Credit: Evidence from the Indian Microfinance Crisis](#), *The Quarterly Journal of Economics*, Volume 136, Issue 3, August 2021, Pages 1447–1497

Jing Cai, Muhammad Meki, Simon Quinn, Erica Field, Cynthia Kinnan, Jonathan Morduch, Jonathan de Quidt, and Farah Said (2021): [Microfinance](#), *VoxDevLit*, 3(1), May 2021

Abhijit Banerjee, Emily Breza, Esther Duflo, and Cynthia Kinnan (2019): [Can Microfinance Unlock a Poverty Trap for some Entrepreneurs?](#), Working paper, MIT.

De Quidt, J., Fetzer, T., & Ghatak, M. (2018). Market structure and borrower welfare in microfinance. *The Economic Journal*, 128(610), 1019-1046.

De Quidt, J., Fetzer, T., & Ghatak, M. (2018). Commercialization and the decline of joint liability microcredit. *Journal of Development Economics*, 134, 209-225.

De Quidt, J., Fetzer, T., & Ghatak, M. (2016). Group lending without joint liability. *Journal of Development Economics*, 121, 217-236.

Abhijit Banerjee, Dean Karlan, and Jonathan Zinman (2015): [Six Randomized Evaluations of Microcredit: Introduction and Further Steps](#), American Economic Journal: Applied Economics, vol. 7, no. 1, pp. 1-21.

Erica Field, Rohini Pande, John Papp and Natalia Rigol (2013): Does the Classic Microfinance Model Discourage Entrepreneurship among the Poor? Experimental Evidence from India, *American Economic Review*, October 2013, 103(6): 2196-2226.

Erica Field, Rohini Pande and Benjamin Feigenberg (2013): The Economic Returns to Social Interaction: Experimental Evidence from Microfinance, *Review of Economic Studies*, October 2013, 80(4): 1459-1483.

Banerjee, A. V. (2012, September). Microcredit Under the Microscope: What Have We Learned in the Past Two Decades, and What Do We Need to Know? *Annual Review of Economics* 5 (1).

Morduch, Jonathan (1998): [Does Microfinance Really Help the Poor? New Evidence from Flagship Programs in Bangladesh](#), Working Paper, NYU.

## **Topic 8: Land, Property Rights, & Agricultural Productivity - Theory**

Property rights are at the heart of a market economy and some trace the problem of underdevelopment as a problem of imperfect property rights. In this topic we examine various mechanisms through which property rights affect economic efficiency.

Required readings (marked by \*):

\*Lecture Slides

\* Besley, T. and M. Ghatak (2009) (Sections 1 and 2): Property Rights and Economic Development, in D. Rodrik and M. Rosenzweig (ed.s) Handbook of Development Economics V, North Holland, 2009. (Available at: <http://personal.lse.ac.uk/ghatak/pub.html>)

\* Banerjee, A.V., P. Gertler and M. Ghatak (2002) : Empowerment and Efficiency - Tenancy Reform in West Bengal, Journal of Political Economy. (Available at: <http://personal.lse.ac.uk/ghatak/pub.html>)

Further readings (not required):

Ghatak, Maitreesh and Dilip Mookherjee (2024): "[Misallocation Implications of Security and Collateral Value of Land](#)". Working Paper.

Ghatak, Maitreesh and Dilip Mookherjee (2023a): "[Acquiring Land from Traditional Communities: Bottlenecks, Misallocation, and Second-Best Considerations](#)," *Oxford Open Economics*, 2023, 2, 1–5.

Ghatak, Maitreesh and Dilip Mookherjee (2023b): "[Revisiting the Eswaran-Kotwal Model of Tenancy](#)," Working Paper, Last Revised September 2023.

Besley, T., K. Burchardi, and M. Ghatak (2012): Incentives and the de Soto Effect, *Quarterly Journal of Economics* (Available at: <http://personal.lse.ac.uk/ghatak/pub.html>)

Ghatak, Maitreesh (2021): "[Property Rights and Productivity of Resource Allocation in Developing Countries](#)". In Kaushik Basu, Maitreesh Ghatak, Kenneth Kletzer, Sudipto Mundle and Eric Verhoogen (ed.s) *Development, Distribution, and Markets - Essays in Honour of Pranab Bardhan*, Oxford University Press, 2021.

de Janvry, Alain, Kyle Emerick, Marco Gonzalez-Navarro and Elisabeth Sadoulet. (2015). Delinking Land Rights from Land Use: Certification and Migration in Mexico. *American Economic Review*, 105(10): 3125-49.

De Soto, Hernando, (2001), *The Mystery of Capital, Finance and Development*, IMF, available at: <http://www.imf.org/external/pubs/ft/fandd/2001/03/desoto.htm>.



Field, Erica and Maximo Torero, (2006), [Do Property Titles Increase Credit Access Among the Urban Poor? Evidence from a Nationwide Titling Program](#), Mimeo. Harvard.

S. Galiani and E. Schargrodsky (2010): [Property Rights for the Poor: Effects of Land Titling](#), Journal of Public Economics.

## **Topic 9: Land, Property Rights, & Agricultural Productivity - Evidence**

Agriculture occupies a central place in less developed economies. We study the effect of changes in property rights on productivity.

Required readings (marked by \*):

\* Lecture Slides

\* Markus Goldstein, Kenneth Hounghbedji, Florence Kondylis, Michael O'Sullivan, and Harris Selod (2018): [Formalization without certification? Experimental evidence on property rights and investment](#), Journal of Development Economics, Volume 132, 2018, Pages 57-74.

\*Banerjee, A.V., P. Gertler and M. Ghatak (2002) : Empowerment and Efficiency - Tenancy Reform in West Bengal, Journal of Political Economy. (Available at: <http://personal.lse.ac.uk/ghatak/pub.html>)

\* Konrad Burchardi, Selim Gulesci, Benedetta Lerva, and Munshi Sulaiman (2018): [Moral Hazard: Experimental Evidence from Tenancy Contracts](#), The Quarterly Journal of Economics, Volume 134, Issue 1, February 2019, Pages 281–347, <https://doi.org/10.1093/qje/qjy02>

Further readings (not required):

Acampora, M., Casaburi, L., & Willis, J. (2025): “Land rental markets: Experimental evidence from Kenya”. *American Economic Review*, 115(3), 727-771.

Vasilenok, N. (2025): "[Peasant commune and the demand for land titling in Imperial Russia](#)", Working Paper, Stanford University.

Le Rossignol, E., Lowes, S., & Montero, E. (2024). Fallow lengths and the structure of property rights (No. 32226). National Bureau of Economic Research. <https://doi.org/10.3386/w32226>

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## **Topic 10: Transfer Policies Aimed at the Poor**

In this section we discuss the issues involved in designing transfer programmes directed at the poor in the context of a developing country. Some of the questions we will study are as follows: should these be conditional or unconditional cash transfers or in-kind transfers? How much should one worry about bureaucratic costs of targeting vs empowering the poor to decide what do they want to do with the transfers? We will also discuss issues on the supply side (namely, implementation through bureaucracy) of delivery of these programmes.

### Required readings (marked by \*):

\* Lecture Slides

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