Course Description
This course focuses on the macroeconomics of economic development, covering theoretical, empirical and policy aspects of the field. It is designed as somewhat of a survey course, to give students a sense of current debates, methodologies, and areas for new research. In devising this syllabus we have presumed that students taking the course have completed the graduate-level macro course sequence, and therefore have a solid foundation in growth theory and empirics, and have already taken ECON 760, the microeconomics of development.

Course Requirements
This course will be conducted primarily as a seminar. Students are expected to complete the reading assignments by the day on which they are assigned to ensure productive and interesting discussions, as well as to pace themselves as there is quite a lot of reading.

1. Paper (18-20 pages), due the first day of finals week. Please email us your proposed topic and a short bibliography by the week of Sept. 12. Presentations of final papers will take the last two weeks of classes. (40%)
2. Writing weekly posts on at least one of the assigned readings for that week, sent by email to the class Monday by 5 starting the second week; one “free” miss. These posts should not be a restatement or summary of the readings, but rather some critical comments or questions – just a paragraph or two. (5%)
3. Class participation & presentations. (15%)
   a. Each student will lead discussion during two seminars, which consists of developing questions and “envisioning” how the discussion will go, including incorporating points made by various folks in the weekly written posts. Participation in discussion in general will also be included here. (5%)
   b. Development policy book presentation (for more info on what this is, see the Readings Part IV). (10%)
4. Final Exam. I think we should have one final exam at the end during finals week, but no mid-term. (40%)

Readings (asterisks indicate required readings)

Books for your reference (not required)

I. **Introduction (1.5 weeks)**


* Qureshi, Zia. 2008. “In Sight But Not Yet Within Reach.” *Finance and Development* 45(2): 50-52. (Talks about MDGs)


II. **Development Experiences (1 week)**


III. **Growth theory, models & empirics**

A. **Growth and Development: Theories and Models (2 Weeks)**


B. Institutions (1 Week)

C. Poverty, Inequality & Growth (1 Week)

D. Gender inequality (1 Week)

Overlappping Generations Models

IV. Special Topics

A. Industrial Strategy and Structural Change (1 week)
Ocampo, Jose Antonio and Codrina Rada and Lance Taylor (2009), Growth and Policy in Developing Countries, Columbia University Press. chapter 3


B. Finance & Development (1 week)

Readings on Real Exchange rate as a tool of Development Policy
*Frenkel, Roberto and Lance Taylor Real Exchange Rate, Monetary Policy and Employment: Economic Development in a Garden of Forking Paths


Ros, J. and P. Skott.1998. Dynamic effects of trade liberalization and currency overvaluation under conditions of increasing returns. The Manchester School of Economic and Social Studies 66 (4), 466-89.


P. Skott Arslan Razmi and Martin Rapetti. 2009. The Real Exchange Rate as an Instrument of Development Policy. Working Paper, University of Massachusetts Amherst

Readings on the impact of financial volatility on growth and investment:


**Capital Management Techniques**

C. **Trade and Development (1/2 week)**

**General readings on trade and development**


**Terms of Trade and Unequal Exchange**


**Perspectives on Current Policy Debates**
D. Debates about Foreign Aid (1/2 week)


E. Fiscal & Monetary Policy (1 week)

Monetary Policy


Taylor, L. Income Distribution and Inflation and Growth. Ch. 4

Fiscal Policy


Willoughby, Christopher. 2004. How Important is Infrastructure for Pro-Poor Growth. Paris: OECD.


V. Development Policy: Some Representative Perspectives (2 weeks)
Students will split up into groups of two, and each group will pick one of the books below and run one seminar based on that book. Only the students running the seminar are required to read the book they choose, so everyone will end up reading just one of the books.

*Poor economics* (2011) by Bannerjee & Duflo
*The Bottom Billion* (2007) by Paul Collier
*The Elusive Quest for Growth* (2002) by William Easterly
*The End of Poverty* (2006) by Jeffrey Sachs

UNRISD Flagship Report on Poverty, published in 2010 (great overview of the inter-relationships among macro, the state and other institutions, and poverty reduction).