Masters’ Course in
Macroeconomic Policy for Developing Countries
This course is on Blackboard: www.bb.rdg.ac.uk

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Office Hours: Monday (10-12) and Wednesday (9-10)

Aim of the course: the course aims at providing an understanding of macroeconomic issues in developing countries, in particular growth. The lectures aim to provide the theoretical tools to critically assess the causes and consequences of growth in developing countries. The lectures are supported by empirical evidence presented in seminars based on group work. Students are expected to do the general background readings for all the topics covered, and to complement them with additional ones for the topics they choose to analyse in more depth. Moreover, they are also expected to acquire knowledge of examples from specific developing countries that will provide empirical support for the theoretical arguments.

Lectures (ECM160, IDM063 and EC342)
Thursday, 9-11 in Meteorology GU01.
There will be 9 weeks of lectures. Each week, I will lecture for around one and a half hours and will then throw the topic open for discussion. To focus the discussion, students will be assigned certain readings for each week. Thus, in the first lecture, I will set each student (or group of students) one journal paper to read. They will be assigned a date on which they will be asked to present a summary of the reading for about 10 minutes (see attached notes regarding what to address in these presentations).

Assessment: Economics students: coursework 40% weight (1 test at the end of term – counting for 50% of coursework- and a 3000-words essay to be handed in by Wednesday, 19 February 2014 – counting for the other 50% of coursework-) and final exam 60% weight. IRDD students: 1 test at the end of term –counting for 50% of overall mark- and a 3000-words essay to be handed in by Wednesday, 19 February 2014 – counting for the other 50% of overall mark.
Lecture programme

<table>
<thead>
<tr>
<th>Lecture</th>
<th>Date</th>
<th>Topic</th>
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<tbody>
<tr>
<td>1</td>
<td>16 January 2014</td>
<td>Macro and Development</td>
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<td>2</td>
<td>23 January</td>
<td>Growth theory I: Harrod-Domar and Solow</td>
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<td>3</td>
<td>30 January</td>
<td>Growth Theory II – Endogenous Growth</td>
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<td>4</td>
<td>6 February</td>
<td>Growth and Inequality</td>
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<td>5</td>
<td>13 February</td>
<td>Growth and Institutions</td>
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<td>6</td>
<td>20 February</td>
<td>Growth and Sustainability(essay to be handed in by Wednesday, 19 February)</td>
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<td>7</td>
<td>27 February</td>
<td>Development and Well-being</td>
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<td>8</td>
<td>6 March</td>
<td>Test</td>
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<td>9</td>
<td>13 March</td>
<td>Class Presentation*</td>
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<td>10</td>
<td>20 March</td>
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Note: * these lectures are subject to change depending upon how quickly we manage to get through the material.

In addition, there will be one session on Markets for the Poor (24 February 2014, 2-4 p.m.) which will be taken by Dr. Raji Rajan of Coffey International, a multinational development consultancy. This is an excellent opportunity to get to know how the world of development practice actually works.

Basic Readings List

Further readings might be provided during the course, and copies of most of the recommended readings will be available on the BB site or in the University Library.

Week 1 Introduction and basic concepts


Week 2 Growth Theory: Harrod-Domar and Solow


Weeks 3 Growth Theory: Endogenous Growth


**Week 4 Growth and Inequality**

**Week 5 Growth and Institutions**

**Week 6 Growth and Sustainability**
Stern, N., 2006, The Stern Report, [http://www.hm-treasury.gov.uk/independent_reviews/stern_review_economics_climate_change/stern_review_report.cfm](http://www.hm-treasury.gov.uk/independent_reviews/stern_review_economics_climate_change/stern_review_report.cfm)

**Week 7: Well-being**

**Week 8 Trade: Comparative Advantage, ISI and Export Promotion**


Krugman Nobel Prize Lecture, Economics Network Site

http://www.economicsnetwork.ac.uk/teaching/Lecture%20Slides/Economic%20Growth

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**Background Readings**

**Economic development:**


**Macroeconomics:** Any undergraduate textbook in open economy macroeconomics.


**Important general overview publications**


Also: *World development indicators*. Published by: World Bank, Washington DC.


**United Nations Development Programme:** *Human Development Report*

**Main Development Journals in the Library and JSTOR:**

*Journal of development economics*

*The Journal of development studies*

*Economic development and cultural change*

*Journal of international development*

*World development*

*IMF Staff Papers*
Some useful development related websites
(for both academic information and general events)

**International Institutions:**
UNCTAD: [http://www.unctad.org](http://www.unctad.org)

**Academic reference:**
Links from the Development Studies Association [http://www.bham.ac.uk/DSA/links.htm](http://www.bham.ac.uk/DSA/links.htm)
World Institute for Development Economics Research (United Nations) [http://www.wider.unu.edu/](http://www.wider.unu.edu/)
Dani Rodrick's papers (very good on growth, trade, and globalisation):
[http://ksghome.harvard.edu/~drodrik/academic.ksg/papers.html](http://ksghome.harvard.edu/~drodrik/academic.ksg/papers.html)

**NGOs and watchdogs:**
One World Network [http://www.oneworld.net/](http://www.oneworld.net/)
Reading International Solidarity Centre (RISC): is a development Education Centre based in Reading, organises events and has a good bookshop (and cafe’): [www.risc.org.uk](http://www.risc.org.uk)

**Readings for Macroeconomics for Developing Countries**

It is compulsory for EVERY student to sign up to do a reading and a presentation at some point during the term. There are readings for each week and you will need to choose in the first lecture of the term. This does NOT mean that you do not read for the other weeks. The journal articles that are recommended for each
lecture are COMPULSORY reading for everyone, whether or not they are presenting. The presenters, however, have to ensure that they have a 10-minute presentation wherein they address the following questions:

1. What is the paper about? Its basic rationale.
2. What research questions/hypotheses does it set up?
3. What methodology does it use?
   (a) Theoretical paper
   (b) Empirical paper - econometric or statistical paper
   (c) Review paper
4. What data does it use?
5. What model does it set up?
6. What are its main findings?
7. Do you think there are any shortcomings in the paper?

After the presentation is over, we will discuss the paper in detail and at this point any student in the lecture may be called upon to comment on the paper that they have been asked to read.

Essay Assignment (Spring 2013)

Write one 3000 word essay (2000 words for EC342 students). The essay should be submitted by Wednesday, 19 February 2014.

1. ‘Institutions are important to economic growth.’ Discuss, with evidence.

2. Analyse the relationship between growth and poverty levels for any two countries of your choice. Use data from the World Bank and other such sources as a basis for your argument.

The essay is worth 15% for ECM160; 50% for IDM063; 20% for EC342.