

Course: Development Economics – Macro and Finance (MA)

Part I Introduction and Basics (5 Sessions)

- 29.11.22 1. Catching-Up Process in an Open Economy
- 01.12.22 2. Integration into the World Economy
- 06.12.22 3. Original Sin and External Indebtedness
- 08.12.22 4. Exchange Rates: Fixed, Flexible or None at All?
- 13.12.22 5. The Role of Central Banks

Part II Macro and Development (5 Sessions)

- 15.12.22 6. Credit Allocation and Financial Repression & exam
- 20.12.22 No session due to closure of BSEL
- 03.01.23 7. Hyperinflation, Indexation and Dollarisation (online – lecture only)
- 05.01.23 8. Sovereign Debt Crises and Debt Restructuring (online – lecture only)
- 10.01.23 7. + 8. Group Work Assignments
- 12.01.23 9. Banking Crises and Balance Sheet Effects
- 17.01.23 10. Currency Crises and Contagion

Part III Finance and Development (5 Sessions)

- 19.01.23 11. Volatile Capital Flows and Capital Account Regulations
- 24.01.23 12. National and International Banking Regulation
- 26.01.23 13. Development of Regional Financial Markets
- 31.01.23 14. National and International Public Financial Institutions
- 02.02.23 15. The Role of the State in the Developmental Process & Presentation of Seminar Paper Topics

Office Hours

Individual consultations are on **Tuesdays between 4-5 pm**, room no. B.430 beginning with 29 November 2022 or by appointment. Online consultations are available only upon request.

Our Course Website on Moodle

On Moodle, you will find all course-related documents, specifically,

- All documents related to the Course Organisation (e.g. module description, outline, reading list, course requirements and grading, grading scheme for term papers, grades).
- All documents related to the Sessions 1-15 (professor's PPTs, background papers, required papers, group work assignments, other recommended academic papers and further readings).
- The Moodle course website is structured in a way, which can easily be grasped. There is the folder "Course organisation" and then the folders "Session 1", "Session 2",until "Session 15". I will allocate all information and material, which is related to one specific session only, to the specific folder of the session. You find all other material and information in the folder "Course Organisation".
- **Students should make themselves familiar with the course website. It is important to be able to find all information there.**

Readings

You find a detailed reading list, PPTs from the professor and papers uploaded to our course website on Moodle.

Interesting Textbooks

Agénor, P.-R., Montiel, P.J. (2015), *Development Macroeconomics*, Princeton: Princeton University Press, fourth edition

Cypher, J.M., Dietz, J.L., 2008. *The Process of Economic Development* 3rd. Edition. Routledge.

Feenstra, R.C., Taylor, A.M. (2014), *International Economics*. New York: Worth Macmillan, third edition.

Fry, M.J. (1995), *Money, Interest, and Banking in Economic Development*. Baltimore and London: The Johns Hopkins University Press, second edition.

Meier, G.M., Rauch, J.E. (2005), *Leading Issues in Economic Development*. Oxford: OUP, eighth edition.

Mitchell, W., Wray, L.R, Watts, M. (2019), *Macroeconomics*, London: Red Globe Press / Macmillan International Higher Education, 1st edition.
http://hwr.ciando.com.ezproxy.hwr-berlin.de/book/index.cfm?bok_id=2128959

Rodrick, D., Rosenzweig, M. (eds.) (2009), *Handbook of Development Economics Vol. 5, Books in Economics*, Amsterdam: North Holland (Elsevier).

Valdez, S., Molyneux, P. (2013), An Introduction to Global Financial Markets. Houndsmill, Basingstoke / New York: Palgrave Macmillan, seventh edition. The library provides us with the e-book version:

<https://ebookcentral.proquest.com/lib/hwr/detail.action?docID=4763196>

Aim of the Course

This course aims to provide students with a critical understanding of the principal theoretical approaches, historical developments and current policy debates in the field of development economics with the specialisation of macro and finance. Students will become familiar with the features, functioning and risks of financial systems in countries of the Global South in contrast to financial systems in advanced countries. Students will examine causes, channels and impacts to financial-sector related crises, which compromise development efforts. In addition, students will analyse policy responses and prevailing financial sector regulation in terms of their contribution to the stabilisation of financial systems and the advancement of development and growth. Finally, they will discuss how financial sector development processes might be organised on a unilateral, regional or global level and which role financial governance might play. Finally, invited external speakers will deliver lectures on related fields.

Teaching (12:00-1:30 pm and 2:15-3:45pm)

The **class meetings in presence** should be as interactive as possible. Every session there will be a lecture by the professor providing an overview of the basics and stylized facts of the corresponding topic followed by a discussion within class on the required paper.

Each class or session consists of **2 parts à 90 min.** With the lecture in the **first part**, I will introduce the topic of the session based on a **background paper** and a formerly uploaded **PPT**; in addition, you will have opportunities for a Q+A during which you may put forward all your questions.

During the **second part** of the session, we will share and discuss responses to the **group work assignments** in form of eight (8) questions. The assignments refer to the **required paper**; accordingly, **the required paper is a must-read**. Together with the PPT of the session, I will upload the group work assignments onto Moodle latest one week before the session to which the assignment refers. The required reading is already available on the Moodle website. Students will have to prepare their responses in a written form and upload their responses to Moodle latest **before the beginning of the second part of the respective session**.

After class, I will upload **sample responses for all questions of the group work assignments**. This ensures that students are able to compare their own solutions with the sample solution.

The **questions of the group work assignment** follow the idea of **guided reading** in order to deepen your understanding of the subject and individual topics. They also serve to **acquire more easily major concepts** and approaches in development economics. In addition, they should **prepare you to write the exam and your term paper**.

For **online teaching** (e.g. session 7), we will use BigBlueButton. It is absolute essential for you to be able to handle BBB. Digital literacy is required for the digital teaching.

- Students please make yourself familiar with BigBlueButton here:
<https://www.youtube.com/watch?v=uYYnryIM0Uw>
- You are able to enter the course room using the link (<https://meet.hwr-berlin.de/b/met-liq-ieb>) plus the key 443917. You find the link to our BBB room on Moodle in the folder Course Organisation, too.
- Please mind, the session might be recorded.
- During the lecture, we might also use the chat on BBB. However, I will not safe this chat; accordingly, students have no access to the BBB chat anymore after individual sessions.