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Winter Term 2019/2020

Course: Development Economics – Macro and Finance (MA)

Part I Introduction and Basics (5 Sessions)

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| 28.11.19 | 1. Catching-Up Process in an Open Economy |
| 03.12.19 | 2. Integration into the World Economy |
| 05.12.19 | 3. Original Sin and External Indebtedness |
| 10.12.19 | 4. Exchange Rates: Fixed, Flexible or None at All? |
| 12.12.19 | 5. The Role of Central Banks and Regulatory Authorities |

Part II Macro and Development (5 Sessions)

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| 17.12.19 | 6. Credit Allocation and Financial Repression |
| 19.12.19 | 7. Hyperinflation, Indexation and Dollarisation |
| 07.01.20 | 8. Sovereign Debt Crises and Debt Restructuring |
| 09.01.20 | 9. Banking Crises and Balance Sheet Effects |
| 14.01.20 | 10. Currency Crises and Contagion |

Part III Finance and Development (5 Sessions)

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| 16.01.20 | 11. Volatile Capital Flows and Capital Account Regulations |
| 21.01.20 | 12. Financial Remittances, Digital Financial Services and Financial Inclusion |
| 23.01.20 | 13. Development of Regional Financial Markets |
| 28.01.20 | 14. National and International Public Financial Institutions |
| 30.01.20 | 15. Wrap-up and Outlook; presentation of seminar paper topics; review mid-term exam and presentation |

Office Hours

Thursdays, 4:15-5:00 pm, room no. B 4.30

Readings

Supplementary readings and PPTs from the professor will also be available on the course website on Moodle.

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

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.

Valdez, S. and P. Molyneux (2013), An Introduction to Global Financial Markets. Houndsmill, Basingstoke / New York: Palgrave Macmillan, seventh edition.

Detailed reading list for part I-3 will be available on the course website on Moodle.

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. Invited external speakers will deliver lectures on related fields.

Teaching

The weekly class meetings (4 x 45min) should be as interactive as possible. Every week there will be an input by the professor plus Q +A. In addition students will present the major findings of a paper with subsequent discussion in the audience.