



DEVELOPMENT MACROECONOMICS

Cours-séminaire de Luiz de MELLO et Mario GUTIERREZ

Professors:

- Dr. Mario Gutiérrez, mario.gutierrez@sciences-po.fr
- Dr. Luiz de Mello (OECD Economics Department), luiz.demello@oecd.org

Schedule: Wednesdays, 19:15-21:15

The course will be taught in English.

Prof. Gutiérrez will conduct the first 7 sessions and Dr. de Mello the remainder of the course.

Session 1 (February 28th): Aggregate Supply and Demand

References:

- Agénor, Pierre-Richard and Peter J. Montiel (1999), "Development Macroeconomics" Second Edition, Chapter 3
- Blanchard, Olivier: "Macroeconomics" Fourth Edition. Chapter 7.
- Dornbusch, Rudiger and Stanley and Fischer: "Macroeconomics" Ninth Edition, Chapter 5

Session 2 (March 7th): Aggregate Supply and Demand: Fluctuations and Policies

- Agénor, Pierre-Richard and Peter J. Montiel (1999), "Development Macroeconomics" Second Edition, Chapter 4
- Blanchard, Olivier: "Macroeconomics" Fourth Edition. Chapter 8.
- Dornbusch, Rudiger and Stanley Fischer: "Macroeconomics" Ninth Edition, Chapters 6 and 8.

Session 3 (March 14th): Consumption and Savings

References:

- Agénor, Pierre-Richard and Peter J. Montiel (1999), "Development Macroeconomics" Second Edition, Chapter 3
- Blanchard, Olivier: "Macroeconomics" Fourth Edition. Chapters 11 and 16.
- Dornbusch Rudiger and Stanley Fischer: "Macroeconomics" Ninth Edition, Chapters 13 and 14
- Schmidt-Hebbel, K. and L. Servén, (1999), The Economics of Saving and Growth: Theory, Evidence, and Implications for Policy, Cambridge: Cambridge University Press.

Session 4 (March 21st): Investment and Policy

References:

- Blanchard, Olivier: "Macroeconomics" Fourth Edition. Chapters 11 and 16.
- Dornbusch, Rudiger and Stanley Fischer: "Macroeconomics" Ninth Edition, Chapter 14
- Solimano Andrés and Mario Gutiérrez: "Savings, Investment, and Growth in the global age: analytical and policy issues" Development Macroeconomic Series No. 53, 2006. Economic Commission for Latin America (Eclac), United Nations.

Session 5 (March 28th): Exchange Rates and Policy

References:

- Agénor, Pierre-Richard and Peter J. Montiel (1999), "Development Macroeconomics" Second Edition, Chapters 18 and 19.
- Blanchard, Olivier: "Macroeconomics" Fourth Edition. Chapter 20.
- Dornbusch, Rudiger and Stanley Fischer: "Macroeconomics" Ninth Edition, Chapter 12.

Session 6 (April 4th): External Adjustment and Policy

- Agénor, Pierre-Richard and Peter J. Montiel (1999), "Development Macroeconomics" Second Edition, Chapters 18.
- Blanchard, Olivier: "Macroeconomics" Fourth Edition. Chapter 21.
- Dornbusch, Rudiger and Stanley Fischer: "Macroeconomics" Ninth Edition, Chapter 19.

N.B. Please note that there will be no class on April 11th

Session 7 (April 18th): Stabilization and Restrictions on Development Macroeconomics Policies

References:

- Agénor, Pierre-Richard and Peter J. Montiel (1999), "Development Macroeconomics" Second Edition, Chapters 10, and 13.
- Blanchard, Olivier: "Macroeconomics" Fourth Edition. Chapter 25.
- Stiglitz, Joseph: "Making Globalization Works" WW Norton 2006.

Session 8 (April 25th): Fiscal Deficits, Public Solvency, and the Macroeconomy

References:

- Agénor, Pierre-Richard and Peter J. Montiel (1999), "Development Macroeconomics" Second Edition, Chapter 5

Additional reading:

- Rosen, Harvey (2005), *Public Finance*, McGraw Hill, (7th ed.). (for background)
- de Mello, Luiz and Erwin Tiongson (2006), "Income Inequality and Redistributive Government Spending", *Public Finance Review*, forthcoming.
- International Monetary Fund (September 2003), *World Economic Outlook*, Chapter III ("Public Debt in Emerging Markets: Is It Too High?"), available at: <http://www.imf.org/External/Pubs/FT/weo/2003/02/pdf/chapter3.pdf>.

Session 9 (May 2nd): Fiscal Deficits, Public Solvency, and the Macroeconomy (Cont'd)

References:

- Agénor, Pierre-Richard and Peter J. Montiel (1999), "Development Macroeconomics" Second Edition, Chapter 5

Additional reading:

- Rosen, Harvey (2005), *Public Finance*, McGraw Hill, (7th ed.). (for background)
- de Mello, Luiz and Erwin Tiongson (2006), "Income Inequality and Redistributive Government Spending", *Public Finance Review*, forthcoming.
- International Monetary Fund (September 2003), *World Economic Outlook*, Chapter III ("Public Debt in Emerging Markets: Is It Too High?"), available at: <http://www.imf.org/External/Pubs/FT/weo/2003/02/pdf/chapter3.pdf>.

Session 10 (May 9th): Financial Markets, Capital Mobility, and Monetary Policy

References:

- Agénor, Pierre-Richard and Peter J. Montiel (1999), "Development Macroeconomics" Second Edition, Chapter 6
- Romer, David, *Advanced Macroeconomics*, McGraw Hill, 1996 edition, Chapter 9 ("Inflation and Monetary Policy", pp. 388-438).
- Rivera-Batiz, Luis and Rivera-Batiz, Francisco, *International Finance and Open Economy Macroeconomics*, Macmillan, 2nd edition, Chapter 17 ("Prices, Output and Economic Adjustment under Flexible Exchange Rates", pp. 487-512).

Additional reading:

- de Mello, Luiz and Khaled Hussein, "International Capital Mobility in Developing Countries: Theory and Evidence", *Journal of International Money and Finance*, Vol. 18 (1999), No. 3, pp. 367-81.
- International Monetary Fund (September 2005), *World Economic Outlook*, Chapter II ("Global Imbalances: A Saving and Investment Perspective"), available at :
<http://www.imf.org/external/pubs/ft/weo/2005/02/index.htm>.

Session 11 (May 16th): Financial Markets, Capital Mobility, and Monetary Policy (cont'd)

References:

- Agénor, Pierre-Richard and Peter J. Montiel (1999), "Development Macroeconomics" Second Edition, Chapter 6
- Romer, David, *Advanced Macroeconomics*, McGraw Hill, 1996 edition, Chapter 9 ("Inflation and Monetary Policy", pp. 388-438).
- Rivera-Batiz, Luis and Rivera-Batiz, Francisco, *International Finance and Open Economy Macroeconomics*, Macmillan, 2nd edition, Chapter 17 ("Prices, Output and Economic Adjustment under Flexible Exchange Rates", pp. 487-512).

Additional reading:

- de Mello, Luiz and Khaled Hussein, "International Capital Mobility in Developing Countries: Theory and Evidence", *Journal of International Money and Finance*, Vol. 18 (1999), No. 3, pp. 367-81.
- International Monetary Fund (September 2005), *World Economic Outlook*, Chapter II ("Global Imbalances: A Saving and Investment Perspective"), available at :
<http://www.imf.org/external/pubs/ft/weo/2005/02/index.htm>.

Session 12 (May 23rd): Inflation and Short-Run Dynamics

References:

- Agénor, Pierre-Richard and Peter J. Montiel (1999), "Development Macroeconomics" Second Edition, Chapter 11

Additional Reading:

- International Monetary Fund (September 2005), *World Economic Outlook*, Chapter IV ("Does Inflation Targeting Work in Emerging Markets?"), available at: <http://www.imf.org/external/pubs/ft/weo/2005/02/index.htm>.

Session 13 (May 30th): Inflation and Short-Run Dynamics (cont'd)

N.B. Please note that Sessions 13 and 14 will be taught on May 30th

References:

- Agénor, Pierre-Richard and Peter J. Montiel (1999), "Development Macroeconomics" Second Edition, Chapter 11

Additional Reading:

- International Monetary Fund (September 2005), *World Economic Outlook*, Chapter IV ("Does Inflation Targeting Work in Emerging Markets?"), available at: <http://www.imf.org/external/pubs/ft/weo/2005/02/index.htm>.

Session 14 (May 30th): Analytical Issues in Disinflation Programs

References:

- Agénor, Pierre-Richard and Peter J. Montiel (1999), "Development Macroeconomics" Second Edition, Chapter 12

Additional Reading

- de Mello, Luiz and Khaled Hussein, "Is Foreign Debt Portfolio Management Efficient in Emerging Economies?," *Journal of Development Economics*, Vol. 66(2001), pp. 317-35.
- International Monetary Fund (May 2001), *World Economic Outlook*, Chapter IV ("The Decline of Inflation in Emerging Markets: Can It Be Maintained?"), available at: <http://www.imf.org/External/Pubs/FT/weo/2001/01/pdf/Chapter4.pdf>.