Lecturer: Miguel Angel Santos

Economic Growth and Development: Theory and Policy  
Version updated: January 31st 2021

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<tr>
<th>Lecturer</th>
<th>Miguel Angel Santos</th>
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<tbody>
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<tr>
<td>Office hours</td>
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<tr>
<th>Class hours:</th>
<th>Mondays 910AM – 1030AM</th>
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<td>Email:</td>
<td><a href="mailto:gabysaade@uchicago.edu">gabysaade@uchicago.edu</a></td>
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Course description

Almost everybody agrees about the need for accelerating growth and development in certain regions of the world, but there is considerable disagreement as to what is meant by development, how to think about it, and how to get there. This course has been designed to get students acquainted with theoretical frameworks, analytical tools and perspectives necessary to think critically about growth and development challenges, and to design effective interventions aimed at overcoming them.

The class will draw on empirical research, case studies, and real world-data, to evaluates these frameworks and tools in terms of capacity to diagnose root causes and inform development policy. This class is meant to be a capstone course that enables students to deploy a variety of analytical tools to process and interpret the data and formulate a coherent diagnostic narrative that can make sense of simultaneous observations about growth and social outcomes within a particular context.

Audience and Prerequisites

This course is designed for master students interested in international development, government and public policy, that have undertaken previous courses in macroeconomics, statistics or econometrics, are comfortable handling large datasets and coding in a language of their choosing (Stata, R or Python). Undergrads with interests in development are welcome in the class but will require permission from the instructor. They need to submit an email to the instructor describing how their previous coursework comply with the prerequisites (please send it to both the instructor and the TA).

Grading

- 15% Individual problem set
- 25% Two group problem sets (12.5% each)
- 40% Final Country Report: Students will group in teams and choose a country at the beginning of the class. They will then go on and develop the concepts learnt in class to their particular country. More specific guidelines on the content of the report will be provided in class.
- 20% Class participation: Recorded by Course Assistants using Teachly, which will help us make the most out of students’ backgrounds and promote a more inclusive class.
Reading Material

The course does not have a main textbook. It is based mostly on a collection of papers and readings available online, and book chapters that have been placed on reserve. Each class will have a number of assigned readings, that are not expected to add up – on average – to more than 50 pages per class. Beside these readings, the teaching team will indicate videos and podcasts chosen to complement the learning experience and to provide alternative learning platforms and vehicles within the context of online teaching.

Aside from these, there are a few books that I consider must-reads for students interested in development economics and might be a great travel companion during your development work:

LECTURES AND READINGS
(* marks signal a mandatory reading; listed in order of importance – all other readings are recommended)

Lecture 1 – Introduction to Economic Growth and Development Economics

- * De Long, B. (undetermined). Berkeley Faculty Lunch Talk: Main Themes of Twentieth Century Economic History.

Lecture 2 – From Malthusian Stagnation to Modern Economic Growth


Lecture 3 – Modern Economic Growth: Convergence, Divergence, and Poverty Traps

- For those without previous exposure to the Solow model - or those that had some exposure but would like to refresh - I recommend reading:
    - Chapter 10, section 10.4 onwards (pp. 217 – 221)
    - Chapter 11, sections 11.1 – 11.3
    - Chapter 12, section 12.1
  - I will also upload some teaching notes to help you navigate through the basic insights of the Solow model.

Lecture 4 – Introduction to Economic Complexity: Policy Implications

Lecture 5 – How do places diversify? Using the product space to identify opportunities for productive diversification

- * The Atlas of Economic Complexity (site)

Lecture 6 – Case Study – The Chiapas puzzle (A)


Lecture 7 – Growth Diagnostics


Lecture 8 – Principles of Differential Diagnosis


Lecture 9 – Testing for Human Capital as a Binding Constraint

Lecture 10 – Testing for Finance as a Binding Constraint


Lecture 11 – Macro Diagnostic: National Accounts Workshop and Volatility


Lecture 12 – Macro Diagnostic: Balance of Payments

• * Dornbusch, R., (1980). Open Economy Macroeconomics. (Chapter 6).

Lecture 13 – Macro Diagnostic: Fiscal Policy

• * IMF Latest Article IV for the country of students’ choosing for the final Growth Diagnostic Report.
Lecture 14 – Examples of Growth Diagnostics (national and sub-national)


Lecture 15 – Inequality and inclusion

  - Read: Abstract, Introduction (pp. 2-8), Concluding remarks (pp. 25-28).
- Obama, B. (2013). Remarks by the President on Economic Mobility.

Lecture 16 – Formulating Productive Development Policies (PDPs)


Lecture 17 – Getting Things Done in Development Contexts


Lecture 18 – Bringing the Pieces Together: Looking Back and Looking Forward

• Chapter 5: The Contriving of Reform (pages 251-275).
## Schedule

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<th>Lecture</th>
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<td>Introduction to Economic Growth and Development Economics</td>
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<td>From Malthusian Stagnation to Modern Economic Growth</td>
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<td>3</td>
<td>Modern Economic Growth: Convergence, Divergence, and Poverty Traps</td>
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<td>4</td>
<td>Introduction to Economic Complexity: Policy Implications (Guest Lecturer: Ricardo Hausmann)</td>
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<td>How do places diversify? Using the product space to identify opportunities for productive diversification</td>
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<td>Case Study: The Chiapas puzzle</td>
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<td>Growth Diagnostics</td>
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<td>18</td>
<td>Bringing the Pieces Together: Looking Back and Looking Forward</td>
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<td>Final Student Presentations</td>
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