14.772 Development Economics: Macroeconomic Issues  
Spring 2014

Lectures: Tuesdays and Thursdays 2:30 - 4:00 (E51-361)

Recitations: Thursdays 12:00-1:00 (E51-151)

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Teaching Assistant: Stefanie Stantcheva. stefanie@mit.edu

Website: https://stellar.mit.edu/S/course/14/sp14/14.772/

Prerequisites:  
This class contributes to the fulfillment of requirements for the Development field for Economics Ph.D. students at MIT. People other than Economics Ph.D. students should consult with the instructors before enrolling. Students should have taken or be concurrently taking Ph.D. level macroeconomics, microeconomics, and econometrics.

Requirements:  
The grade will be based on a final exam, class participation, and a combination of problem sets and referee reports.

Readings:  
Most readings can be reached through the stellar website. Please inform the TA of any broken links. You may need to be on campus to access links to copy-written materials (e.g. NBER working papers, JSTOR).

Links to the macro course:  
The class has been designed to emphasize the links that exist between development/macro and macro theory. Each Tuesday and Thursday, a macro class is taught right before the development class, in the same room and on the same topic. Students are encouraged to attend both lectures.

Development/Macro Seminar:  
Everyone is encouraged to attend the Development Seminar, which meets on Wednesdays, 2:30 - 4:00 p.m. When there is an out-of-town speaker, we normally take the speaker out to dinner, and we will try to save a couple of spots for graduate students each time. Let us know if you are interested. You are also encouraged to go to the Macro Seminar, which meets Tuesdays, 4 - 5:30 at MIT in the Freeman Room. Usually, there are 3 or 4 graduate students taking the speaker for lunch on Tuesdays. Again, let us know if you are interested.

Development/Macro Lunch:  
Everyone is also encouraged to attend the Development or the Macro Lunches. Unfortunately both lunches meet at the same time, namely Mondays from 12:00PM to 1:00PM. The development lunch meets in E51-376, the macro lunch in E19-758.
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(1) April 1 – Introduction

- Workshop on Financial Deepening, Macro-Stability, and Growth in Developing Countries (IMF September 2012)
  http://www.imf.org/external/np/seminars/eng/2012/spr/

(2) April 3 - Tests of full risk-sharing


(3) April 8 – Micro and Labor Supply

(4) April 10 – Limited information: first-order approach

(5) April 15 – Moral Hazard, Adverse Selection and Offered Contracts: Theory/empirics with limited information
• Karlan and Zinman, "Observing Unobservables: Identifying Information Asymmetries with a Consumer Credit Field Experiment" (Econometrica 2009)

(6) April 17 – Limited commitment: theory/empirics

(7) April 24 – Development and Financial Frictions
• Coeurdacier, Guibaud and Jin (2012), “Credit Constraints and Growth in a Global Economy
• ask Yan Ji for paper written for IMF

(8) April 29 – Micro/macro modeling in Emerging Markets with Financial Frictions
• Benjamin Moll, Rob Townsend and Victor Zhorin, “Finance and Development: Limited Commitment vs. Moral Hazard”

(9) May 1 – Platforms, e-money
• Jain and Townsend (2014) "The Economics of Platforms in a Walrasian Framework", working paper.
no. 4: 644-671


(10) May 6 – Incomplete markets and consumption


(11) May 8 – Bubbles: empirics


(12) May 13 – Cash Management, E-money, and Payments