



B.E. International Program

Faculty of Economics, Thammasat University



Course Outline

EE 462 Development Macroeconomics

Semester 1/2019 (August 13 – December 16, 2019)

Number of credits: 3 credits

Lecture Time: Wednesdays and Fridays, 9:30 – 11:00 a.m.

Lecture Venue: Room 303, Faculty of Economics

Instructor: Asst. Prof. Dr. Phatta Kirdruang

Office: Room 15 (60th anniversary annex),
Faculty of Economics
E-mail: phatta@econ.tu.ac.th
Office hours: By appointment

Course Description

The analysis of development economics issues that are important and related to the macro economy of developing countries, such as concepts explaining economic growth, development policies of various countries, the analysis of monetary policies, exchange rates, balance of payments, flow of capital, financial crisis, international aids affecting economic growth, the effects of international trade and foreign direct investments on economic development, the relationship between economic growth and the level of poverty and income distribution, etc.

Course Objectives

- (a) Students will learn about macroeconomic development concepts and theories.
- (b) Students will be able to apply the theoretical concepts to understand the process of economic growth and the developmental policies of developing countries.

Prerequisite: EE312 **Moodle Code:** 2378

Required Textbooks and Readings

- Perkin, D. H., Radelet, S., Lindauer, D. L., & Block, S. A. (2013). *Economics of Development*. Seventh Edition. W.W. Norton & Company. (The book is on reserve in the library.)
- Jones, C. I. (2002). *Introduction to Economic Growth*. Second Edition. W. W. Norton & Company.
- Todaro, M., & Smith, S. (2011). *Economic Development*. Eleventh Edition. Prentice Hall.
- Journal articles as specified in the lecture schedule.

Complementary Textbooks:

- de Janvry, A., & Sadoulet, E. (2016). *Development Economics: Theory and Practice*. Routledge.
- Van den Berg, H. (2001). *Economic Growth and Development: An Analysis of Our Greatest Economic Achievements and Our Most Exciting Challenges*. Boston: McGraw-Hill.
- Ray, Debraj. (1998). *Development Economics*. Princeton University Press.
- Agenor, Pierre-Richard and Montiel, Perter J. (2012). *Development Macroeconomics*. Second Edition. Princeton University Press.

Expected Learning Outcomes:

1. Morality and Ethics

Applicability	Learning Goals	Expected Learning Outcomes
●	1.1 Students demonstrate integrity.	Students do not cheat on exams or engage in plagiarism.
●	1.2 Students prioritize social and public benefits over personal ones.	Students study hard and seek good jobs.
●	1.3 Students are punctual and comply with the code of conduct of the institution and society at large.	Students come to class on time.
●	1.4 Students are responsible and accountable to society, the nation, and the subject of economics.	Students study hard and know that they should be responsible.
○	1.5 Students realize the cultural and environmental value of the sustainable society.	

2. Knowledge

Applicability	Learning Goals	Expected Learning Outcomes
●	2.1 Students know and understand modern economics principles and theories, and are up to date with new developments.	Students know about the process of economic development.
●	2.2 Students know and understand Thai and global economic structure, and the importance of major international economic events.	Students know about macroeconomic development processes in Thailand and its relation to the global environment.
○	2.3 Students know and understand instruments of economic analysis.	
●	2.4 Students know and understand applied fields in economics, including monetary, public, international, business, natural resource and environmental, industrial, agricultural, cooperative, political, developmental, and entrepreneurial economics as well as agribusiness.	Students know about applied macroeconomics related to developing countries such as Thailand.
○	2.5 Students are informed about related fields including sociology, business administration, education, law policy, and science.	

3. Intellectual Development

Applicability	Learning Goals	Expected Learning Outcomes
●	3.1 Students have developed individual critical thinking.	Student can think critically as developed through their course work.
●	3.2 Students are sufficiently trained in research skills.	Students research their research papers.
●	3.3 Students demonstrate an ability to analyze and synthesize data, as well as appropriately integrate economics concepts to understand causes of current economic problems in Thailand. Based on analysis and synthesis, students demonstrate an ability to propose policy guidelines to resolve problems.	Through their essay assignment and exams students know how to analyze data and apply concepts of macroeconomics.

4. Interpersonal Skills and Responsibilities

Applicability	Learning Goals	Expected Learning Outcomes
●	4.1 Students are responsible for assigned tasks and work in groups effectively.	Students work in groups each week and undertake a joint essay project.
●	4.2 Students have problem-solving skills.	Students do problem solving in the course.
○	4.3 Students show leadership skills and team spirit.	
●	4.4 Students are always improving themselves.	Students are evaluated on their course work and can use that as a benchmark to improve themselves.
○	4.5 Students have good interpersonal skills, adapting and working under different conditions.	

5. Quantitative Analysis, Communication and Information Technology

Applicability	Learning Goals	Expected Learning Outcomes
○	5.1 Students select and apply appropriate statistical and mathematical methods for data processing, interpretation, conclusions, and recommendations to resolve problems.	
○	5.2 Students communicate effectively and select appropriate presentation methods.	
○	5.3 Students use information and communication technologies appropriately to gather data as well as process, interpret, and present results.	

Note: ● Primary expected outcome ○ Secondary expected outcome

Data/Information Sources:

Websites

- World Bank <http://www.worldbank.org/>
- International Monetary Fund <http://www.imf.org/>
- Center for Global Development <http://www.cgdev.org/>
- Center for Economic Policy Research <http://www.cepr.net/>
- Peterson Institute for International Economics <http://www.iie.com/>
- Asian Development Bank www.adb.org
- World Trade Organization www.wto.org
- National Bureau of Economic Research <http://www.nber.org/>

Data and Reports

- World Development Indicators <http://data.worldbank.org/data-catalog/world-development-indicators>
- [World Development Reports](#)
- World Factbook <https://www.cia.gov/library/publications/the-world-factbook/>
- International Financial Statistics <http://elibrary-data.imf.org/finddatareports.aspx?d=33061&e=169393>
- Penn World Tables <http://www.ggdnc.net/pwt>

Lecture Schedule - 2019

Week	Topics and Readings	Discussion Session
1 (Aug 14, 16)	Introduction to Economic Development *Perkins et al., chapters 1-2 Schrager, A. 2015. Why India keep growing faster than China? Bloomberg Deaton, A. (2008). Income, health and well-being around the world: Evidence from the Gallup World Poll. <i>Journal of Economic Perspectives</i> , 22(2), 53-72.	
2 (Aug 21, 23)	Patterns and Concepts of Growth and Development *Perkins et al., chapter 3 *Bosworth, B., & Collins, S. M. (2008). Accounting for growth: Comparing China and India. <i>Journal of Economic Perspectives</i> , 22(1), 45-66.	Bosworth & Collins (2008), pp. 45-66
3 (Aug 28, 30)	Growth Theory: Basic Growth Model and Neoclassical (Solow) Growth Model *Perkins et al., ch. 4 Jones, chapter 2 *Mankiw, N. G., Romer, D., & Weil, D. N. (1992). A contribution to the empirics of economic growth. <i>The Quarterly Journal of Economics</i> , 107(2), 407-437. Lee, J.-W. and K. Hong. 2012. Economic growth in Asia: Determinants and Prospects. <i>Japan and the World Economy</i> , vol. 24, pp. 101-113	*Mankiw, Romer, & Weil (1992) pp. 407-437
4 (Sept 4, 6)	Endogenous Growth Models *Jones, chapter 5, 8 *Balart, P., M. Oosterveen and N. Webbink. 2018. Test scores, noncognitive skills and economic growth. <i>Economics of Education Review</i> , vol. 63, pp. 134-153	Balart et al. (2018) pp. 134-153
5 (Sept 11, 13)	Human Capital and Growth *Perkins et al, chapters 7, 8, 9 *Cruz, M. and S.A. Ahmed. 2018. On the impact of demographic change on economic growth and poverty. <i>World Development</i> , 105. Pp. 95-106	Cruz & Ahmed (2018) pp. 95-106
6	Inequality and Poverty *Perkins et al., chapter 6	TBA

(Sept 18, 20)		
7 (Sept 25, 27)	Big Push and Middle-Income Trap *Todaro M. and S. Smith, <i>Economic Development</i> , 12 th ed. ch. 4 (read sections on big push and growth diagnostic) *Sussangkarn, C. and D. Nikomborirak. 2016. Thailand's Long-Term Growth: Aspiration, reality and challenges. <i>Asian Economic Papers</i> 15(2), 23-33 ADB (2014). <i>Cambodia: Diversifying Beyond Garments and Tourism</i> Country Diagnostic Study	Sussangkarn & Nikomborirak (2016) pp. 23-33
8	MIDTERM: Wednesday, October 2, 2019, 09.00 - 11.00 hrs.	
9 (Oct 9, 11)	Investment and Savings *Perkins et al., ch. 10 *P-C. Athukorala and S. Wagle. 2011. Foreign direct investment in Southeast Asia: Is Malaysia falling behind? <i>ASEAN Economic Bulletin</i> 28.2, pp. 115-133	Athukorala & Wagle (2011) pp. 115-131
10 (Oct 16, 18)	Financial Development and Inflation *Perkins et al., ch. 12 *Jongwanich, J. and D. Park. 2011. Inflation in developing Asia: pass-through from global food and oil price shocks. <i>Asian-Pacific Economic Literature</i> , pp. 79-92	Jongwanich & Park (2011) pp. 79-92
11 (Oct 25)	Foreign Debt and Financial Crises *Perkins et al., ch.13 *J. Charonenseang and P. Manakit. 2002. Financial crisis and restructuring in Thailand. <i>Journal of Asian Economics</i> . vol. 13, pp. 597-613 Radelet, D., & Sachs, J. (1998). The East Asian financial crisis: Diagnosis, remedies, prospects. <i>Brookings Papers on Economic Activity</i> 1, 1-90. (Downloadable from http://www.brookings.edu/~media/Projects/BPEA/1998%201/1998a_bpea_radelet_sachs_cooper_bosworth.PDF)	Charonenseang & Manakit (2002), pp. 597-613
12 (Oct 30, Nov 1)	Foreign aid *Perkins et al., ch. 14	Young & Sheehan (2014)

	*Young, A. and L. Sheehan. 2014. Foreign aid, institutional quality and growth. <i>European Journal of Political Economy</i>, no. 36, pp. 195-208 Clemens, M. A., Radelet, S., Bhavnani, R. R., & Bazzi, S. (2012). Counting Chickens when they Hatch: Timing and the Effects of Aid on Growth. <i>The Economic Journal</i>, 122(561), 590-617.	pp. 195-208
13 (Nov 6, 8)	Trade and Development *Perkins et al., chapter 18 *Chang, H. J. (2003). Kicking away the ladder: Infant industry promotion in historical perspective. <i>Oxford Development Studies</i>, 31(1), 21-32	Chang (2003), 21-32
14 (Nov 13, 15)	Managing Short-Run Crisis in an Open Economy *Perkins et al. ch. 15 *Wiboonchutikula, P. et al. 2011. An analysis of Thailand's net capital inflows surges after the 1997 crises. <i>ASEAN Economic Bulletin</i> 28(3), pp 281-314 Sangsubhan, K. and M. C. Basri. 2012. Global financial crisis and ASEAN: Fiscal policy response in the case of Thailand and Indonesia. <i>Asian Economic Policy Review</i>. 7, pp. 248-269	Wiboonchutikula (2011). pp. 281-314
15 (Nov 20, 22)	Student Presentations	None
16 (Nov 27, 29)	Student Presentations and Exam Final Review	None
	FINAL EXAM: Thursday, December 12, 2019, 09.00 – 12.00 hrs.	

Assessment

Class participation (and attendance)	10 %
Joint paper and presentation	25 %
Mid-term exam	30 %
Final exam	35 %

Class Participation (and attendance)

Friday will be a discussion class based on assigned readings. Students should read before class and should bring a copy of the reading to the class. Students are encouraged to actively participate in the discussion by contributing answers, comments and questions. Attendance will be taken on Friday, but not on Wednesday. No marks are given for attendance but if a student is absent from 4 or more Friday classes, marks will be deducted from her or his participation mark.

Joint Paper and Presentation

Each group will consist of 2 students. Each group will research a topic and give a presentation of findings in November. After receiving comments from the instructor and classmates, the group will revise and finalize the paper and submit it 2 weeks after your presentation. Details about the topics and the format of the paper will be provided.

Remarks:

- ♦ **Mid-Term Examination** (Wednesday, October 2, 2019, 09.00 - 11.00 hrs.)
- ♦ **Final Examination** (Thursday, December 12, 2019, 09.00 – 12.00 hrs.)



ACADEMIC CALENDAR SEMESTER 1/2019

Event	Semester 1 (August - December 2019)
Pre-Registration period (BE Portal)	July 8 - 10, 2019
Course Registration (Reg TU)	July 23 - 26, 2019
Payment	July 23 - 29, 2019
Classes Begin	August 13, 2019
Adding and Dropping Courses W/O Record	August 13 - 26, 2019
Payment	August 13 - 27, 2019
Mid-term Examination Period	September 30 - October 5, 2019
<i>His Majesty the late King Bhumibol Adulyadej Memorial Day*</i>	<i>October 13, 2019</i>
<i>Substitution for His Majesty the late King Bhumibol Adulyadej Memorial Day*</i>	<i>October 14, 2019</i>
Course Withdrawal With "W"	October 16 - 21, 2019
<i>King Chulalongkorn Memorial Day*</i>	<i>October 23, 2019</i>
Last Day of Classes	December 1, 2019
Final Examination Period	December 2-4, 6-9, 11-16, 2019
<i>The birthday of His Majesty the late King Bhumibol Adulyadej*</i>	<i>December 5, 2019</i>
<i>Constitution Day*</i>	<i>December 10, 2019</i>

Remark:

* Holiday, No classes during this period