

# Williams College - MA Program in Policy Economics: Curriculum 2017-2018

## **ORIENTATION:** Mid-August through early September.

The orientation course includes a review of economic principles, math skills, probability and statistics with two or more lectures daily, assignments, and tests.

## **FIRST SEMESTER:** September through December. Four courses required.

### **DEVELOPMENT ECONOMICS I** (required course)

This course examines concepts, tools, and models in contemporary economic theory that are relevant to development problems and their application in economic policymaking. Topics include growth processes and structural change; investment and sources of saving; capital, labor, and technological progress; policies for public, private, and foreign enterprises; policymaking and negotiation in governments; and policies for reducing poverty and inequality. (Prof. Ashraf)

### **ECONOMETRICS** (required course – two sections)

These courses focus on methods of bringing economic theory and data together to provide empirical guidance for policy formulation, including the use of computers in econometric analysis. There will be two sections of the course to accommodate participants with different amounts of prior training in this field. (Profs. Watson & Shore-Sheppard)

### **PUBLIC ECONOMICS** (required course)

This course considers the efficiency of market economies and rationales for government intervention in the market, such as public goods, externalities, information-based market failures, and equity. Applications to developing country situations will include environmental policy, education, health care, aid to the poor, and social security, as well as questions of how to make government work better. (Prof. Bakija)

### **DEVELOPING COUNTRY MACROECONOMICS I**(required course-two sections)

These courses examine the relationship between macro-economic policies and economic growth in developing countries.

The first section focuses on a model suitable for analyzing macroeconomic issues, including the requirements of fiscal solvency and the contribution that fiscal policy can make to macroeconomic stability. It also analyzes central banking, focusing on central bank independence, time consistency of monetary policy, and the design of monetary policy rules in small open economies. (Prof. Montiel)

The second section covers the basic principles of macro-economics, with an emphasis on the issues facing developing, transition, and emerging market economies. An overview of core macro concepts and definitions is followed by a look at sectors and institutions that play major roles in the economy: households, businesses, the external sector, the fiscal authority, and the central bank. (Prof. Kuttner)

## **JANUARY TERM:** One course required.

### **MICRO-SIMULATION FOR EX ANTE POLICY ANALYSIS**

Micro-simulation modeling provides one of the most powerful tools for ex ante evidence-based analysis of economic and social policy interventions. Students will use a micro-simulation model to analyze public policies and interpret the findings. The course examines measurement issues, analytical tools, and their application to household survey data for a range of developing countries. The course also links the outcomes of analysis with the challenges of policy implementation. (Prof. Samson)

## **PROGRAM EVALUATION FOR INTERNATIONAL DEVELOPMENT**

Development organizations face strict competition for scarce resources. Organizations are under increasing pressure to use program evaluation to justify funding for their programs and design more effective programs. This course introduces evaluation methodology and the tools available to development practitioners. It covers the advantages and disadvantages of evaluation techniques. You will learn to be a critical reader of evaluations, and develop skills needed to participate in planning and implementing an evaluation. (Prof. Bakija)

### **GROWTH DIAGNOSTICS**

This course will serve as a primer on “growth diagnostics,” an empirically-driven analytical framework for identifying the most binding constraints to growth in a given country at a specific point in time, thereby allowing policymakers to develop well-targeted reforms for relaxing these constraints while being cognizant of the country’s prevailing economic, political, and social context. The course will employ a range of country-specific case studies. (Prof. Ashraf)

### **INDEPENDENT RESEARCH**

For those pursuing a second semester independent research project, it is required to begin that work during Winter Study (see 2nd semester for complete description).

## **SECOND SEMESTER:** February through May.

Each student must complete one writing-intensive course and three elective courses.

## WRITING INTENSIVE COURSES

**Tutorial format:** Pairs of tutorial participants meet weekly with a faculty member. Each week, one student prepares a policy paper, presents an argument, evidence, and conclusions. The other student provides a detailed written critique of the paper. The professor leads the discussion with questions that highlight critical points.

### **Tutorial 1: INTERNATIONAL FINANCIAL INSTITUTIONS**

This tutorial will explore the role of official international financial institutions in the global economic and financial system, their relations with members, proposals for how they might be reformed, and issues that they face. The focus will be principally on the International Monetary Fund, and to a lesser extent the World Bank, the Bank for International Settlements and Financial Stability Board. (Prof. Truman)

### **Tutorial 2: LONG TERM FISCAL CHALLENGES**

This course addresses conceptual and theoretical issues that are likely to emerge over the coming years with important budgetary implications. Students will be exposed to long-term challenges that have important budgetary implications and the ways in which they are addressed by different industrial and emerging market countries. Topics include aging populations, health care, climate change, energy and infrastructure, and water. (Prof. Heller)

### **Tutorial 3: ROLE OF SOCIAL SAFETY NETS**

This tutorial will offer students the opportunity to explore the role of social safety nets in promoting inclusive economic growth, drawing on case studies from Africa, Asia, Latin America and Eastern Europe. Social safety nets provide a pro-poor policy instrument that can balance trade and labor market reform, fiscal adjustments (such as reduced general subsidies), and other economic policies aimed at enabling better market performance. (Prof. Samson)

## **INDEPENDENT RESEARCH**

### **(Continuation of January Independent Research)**

Project topic requires consent of an instructor and of the MA program Chair. This course will involve the individual preparation and presentation of a major research paper.

**SECOND SEMESTER ELECTIVE COURSES** - *Three elective courses are chosen from many offerings:*

## **FINANCIAL DEVELOPMENT AND REGULATION**

This course focuses on the financial system and its role in economic development. We explore the functions of finance, how it contributes to growth, and review different models of financial sector development and their influence on how governments viewed the sector. We will examine experiences with financial sector repression and subsequent liberalization, and investigate the causes and impact of financial crises. Then we will study how to make finance effective and how to prevent or minimize crises, analyzing government's role as regulator, supervisor, standard setter, contract enforcer, and owner. We will also address the role of institutions (laws, norms, culture) and incentives in financial sector development. (Prof. Caprio)

## **TAX POLICY IN EMERGING MARKETS**

This class provides an in-depth exploration of tax policy, with an emphasis on the challenges and issues most relevant in emerging markets. Topics addressed include how economic principles can be applied to help think about the efficiency and equity consequences of tax policies; how personal income taxes, corporate income taxes, and value-added taxes are designed and administered and how they influence the economy; implications of global capital flows and corporate tax avoidance for the design of tax policy; tax holidays and other special tax incentives for investment; case studies of efforts to reform tax administration and reduce tax evasion and corruption; the "unofficial" economy and its implications for tax policy; and tax policy towards natural resources. (Prof. Bakija)

## **EMPIRICAL METHODS IN MACROECONOMICS**

Macroeconomics and related fields in international finance and development have evolved specialized empirical techniques, known generally as macroeconometrics, which are designed to meet the practical challenges that the data and the empirical questions pose in these fields. The course will introduce the theory and application of these techniques, and students will learn how to implement these techniques using real world data to address practical questions drawn from the fields of macro, international finance and development. Topics to which these techniques will be applied include business cycle analysis, sources of exchange rate volatility and determinants of long run economic growth. (Prof. Pedroni)

## **DEVELOPING COUNTRY MACRO-ECONOMICS II**

This course examines the types of macroeconomic institutions and policy regimes that can help developing countries withstand shocks and sustain economic growth. We will examine central bank independence, the design of monetary and exchange rate regimes, capital account regimes, and various types of fiscal policy institutions and policy regimes, including fiscal rules. (Prof. Montiel)

## **POPULATION ECONOMICS**

This course is an introduction to the economic analysis of demographic behavior and the economic consequences of demographic change. An important aim is to familiarize students with historical and contemporary trends in fertility, mortality, migration, and family composition, and the implications of these trends for the economy. The course demonstrates the application of microeconomic theory to demographic behavior, including fertility, marriage, and migration. Students are introduced to basic techniques of demographic measurement and mathematical demography. Selected topics include the economic consequences of population growth in developing countries, the economics of fertility and female labor force participation, the effects of an older age structure on the social security system, and the relationship between population growth and natural resources. (Prof. Schmidt)

## **INCENTIVES AND DEVELOPMENT POLICY**

The course studies how limited enforcement and asymmetric information constrain development, and about innovative development designs that attempt to overcome these constraints. The course readings will be a mix of field studies, empirical evidence and theoretical tools from game theory. Incentive and corruption problems in health, education, the regulation of banks and natural monopolies, privatization, budgeting, debt forgiveness, foreign aid, microfinance, climate treaties and ethnic violence will be studied using a unified framework. (Prof. Rai)

The Center for Development Economics,  
Williams College  
<http://cde.williams.edu>  
E-mail: [cdeadmissions@williams.edu](mailto:cdeadmissions@williams.edu)