

Williams College - MA Program in Policy Economics: Curriculum 2018-2019

ORIENTATION: 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

Econ 501 - 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)

Econ 502 & 503 - 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)

Econ 504 - 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)

505 & 506 - 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. Edison)

JANUARY TERM: One course required

Econ 52 - MICRO-SIMULATION FOR EX ANTE POLICY ANALYSIS

Micro-simulation modeling provides a powerful tool for ex ante evidence-based analysis of economic and social policy interventions. We 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, and will link the outcomes of analysis with the challenges of policy implementation. (Prof. Samson)

Econ 54 - FINANCIAL CRISES AND MACROECONOMIC POLICY

Financial crises are a common feature of emerging and developing economies. Frictions in the financial sector can amplify aggregate fluctuations originating in other sectors of the economy or the financial sector can be its own source of macroeconomic instability. This course studies both dimensions, examining the build-up and aftermath of financial crises. We will study empirical regularities across currency, sovereign debt, and banking crises, and provide a theoretical framework to think about the transmission mechanism of shocks. We will discuss policy responses like exchange rate policies, interest rate policies and capital controls. (Prof. Cuba- Borda)

Econ 58 - 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)

Econ 540 - 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.

Econ 532 - 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)

Econ 534 - 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)

Econ 536 - FINANCIAL CRISES: CAUSES AND CURES

Financial crises have been with us for as long as banking has existed. Why are crises such a regular fixture of societies, and what can be done to prevent them, or at least reduce their cost? Topics include bubbles and swindles, especially when these spillover to the broader macro-economy; the role of information in banking in normal times and in bank runs; boom-bust cycles in asset markets; international contagion; crisis resolution techniques; and the history of attempts to improve regulation so as to reduce the frequency and cost of crises. Crises in developing and developed economies from the South Sea Bubble to the Euro Crisis will be examined, and the role of political economy factors in their run-up and resolution will be featured. (Prof Caprio)

Econ 537 - DEVELOPING MONEY AND CAPITAL MARKETS

This tutorial explores ways to create or enhance money and capital markets so they can perform their roles better in channeling savings to the most productive uses, including serving as transmission mechanisms for monetary policy. We will focus on government bond markets, money markets, and corporate bond markets, but will also consider stock markets, currency markets and derivatives markets. We will discuss the roles of central banks, securities commissions and other regulatory authorities. (Prof. Remolona)

Econ 540 - INDEPENDENT RESEARCH

(Continuation of January Independent Research)

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

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

Econ 510 - 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)

Econ 514 - 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 include how economic principles can be applied to 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 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)

Econ 515 - 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)

Econ 516 - INTERNATIONAL TRADE AND DEVELOPMENT

This course will examine the causes and consequences of international trade and its implications for less developed countries. We will discuss various models of international trade and the empirical relevance of these theories. The course will provide analytical tools that will be useful in answering important questions such as: Why do countries trade? Who benefits from trade? How does trade affect economic growth and development? (Prof. Olney)

Econ 523 - PROGRAM EVALUATION FOR INTERNATIONAL DEVELOPMENT

Development organizations face strict competition for scarce resources. Both public and private organizations are under increasing pressure to use rigorous program evaluation in order to justify funding and to design more effective programs. This course is an introduction to evaluation methodology and the tools available to development practitioners, drawing on examples from developing countries. It will cover a wide range of evaluation techniques and discuss the advantages and disadvantages of each. The course is a mix of applied econometrics and practical applications covering implementation, analysis, and interpretation. Students will learn to be a critical reader of evaluations, and to develop their own plan to evaluate an existing program. (Prof. Godlonton)

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