

Syllabus

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Course: Macro Applied to Brazil

Professor:

2018 FIRST SEMESTER

PROGRAM

This course discusses recent research topics in economic growth and economic development emphasising the role of institutions and financial development.

BIBLIOGRAPHY

1. The problem of economic development and misallocation.

_ *Acemoglu, D., S. Johnson and J. A. Robinson (2001). "The Colonial Origins of Comparative Development: An Empirical Investigation", *American Economic Review* 91: 1369-1401.

_ Acemoglu, D. and S. Johnson (2005). "Unbundling Institutions", *Journal of Political Economy* 113 (5): 949-995.

_ Caselli, F (2005). "Accounting for Cross-Country Income Differences", *Handbook of Economic Growth*.

_ *Hsieh and Klenow (2009). "Misallocation and Manufacturing TFP in China and India," *Quarterly Journal of Economics*, 124: 1403-1448.

_ *Restuccia and Rogerson (2008). "Policy Distortions and Aggregate Productivity with Heterogeneous Plants", *Review of Economic Dynamics*, 11(4): 707-720.

2. Microfoundation of borrowing constraint;

_ Aleem, I. (1990). "Imperfect Information, Screening, and the Costs of Informal Lending: A Study of Rural Credit Market in Pakistan", *The World Bank Economic Review*, 4 (3): 329-349.

_ *Banerjee, A. (2002): "Contracting Constraints, Credit Markets and Economic Development", In: *Advances in Economics and Econometrics: Theory and Applications*, Edited by M. Dewatripont, L. P. Hansen and S. J. Turnovsky, Cambridge University Press.

_ *Banerjee, A. and E. Duflo (2010). "Giving Credit Where it is Due", *Journal of Economic Perspectives*, 24(3): 61-80.

_ Ghosh, P., D. Mookherjee and D. Ray (2000): "Credit Rationing in Developing Countries: An Overview of the Theory", Chapter 11 in *Readings in the Theory of Economic Development*, edited by D. Mookherjee and D. Ray, London: Blackwell.

3. Micro-evidence on borrowing constraints:

_ *Banerjee and Duflo (2014). "Do Firms Want to Borrow More? Testing Credit Constraints Using a Directed Lending Program", *Review of Economic Studies*, 81 (2): 572-607.

_ *de Mel, S., McKenzie, D. and C. Woodruff (2008). "Returns to Capital in Microenterprises: Evidence from a Field Experiment", *Quarterly Journal of Economics* 123 (4): 1329-1372.

_ *Karlan, D. and J. Zinman (2009). "Observing Unobservables: Identifying Information Asymmetries With a Consumer Credit Field Experiment," *Econometrica*, 77 (6): 1993-2008.

_ Raghuram, G. R. and L. Zingales (1998). "Financial Dependence and Growth", *American Economic Review*, 88 (3): 559-586.

4. Aggregate effects of financial frictions: Theory and Evidence

_ *Antunes, A., T. Cavalcanti and A. Villamil (2008). "The Effects of Financial Repression & Enforcement on Entrepreneurship and Development, *Journal of Monetary Economics*, 55 (2): 278-297.

_ *Banerjee and Moll (2010). "Why do Misallocation Persist?" *American Economic Journal: Macroeconomics*, 2(1): 189-206.

_ *Buera, Kaboski and Shin (2011). "Finance and Development: A Tale of Two Sectors" *American Economic Review*, 101(5): 1964-2002.

_ Castro, R., G. L. Clementi and G. MacDonald (2004). "Investor Protection, Optimal Incentives, and Economic Growth, *Quarterly Journal of Economics*, 119 (3).

_ *Demirguc-Kunt, A. and R. Levine (2008). "Finance, Financial Sector Policies, and Long-Run Growth", Commission on Growth and Development, Working Paper No. 11, TheWorld Bank.

_ *Galor, O. and J. Zeira (1993). "Income Distribution and Macroeconomics", *Review of Economics Dynamics*, 60 (1): 35-52.

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_ *Levine, R (2005). "Finance and Growth: Theory and Evidence," *Handbook of Economic Growth*.

_ *Midrigan and Xu (2014). "Finance and Misallocation: Evidence from Plant-Level Data," *American Economic Review*, 104(2): 422-458.

5. The role of the government in the credit market.

_ Antunes, A., T. Cavalcanti and A. Villamil (2011). "The Effects of Credit Subsidies on Development", *Forthcoming Economic Theory*.

_ *Stiglitz, J. (1994). "The Role of the State in Financial Markets", *Proceedings of the World Bank Annual Conference on Development Economics 1993*.

_ *Sapienza, P. (2004). "The Effects of Government Ownership on Bank Lending", *Journal of Financial Economics* 72: 357-384.

_ La Porta, R., F. Lopez-De-Silanes and A. Shleifer (2002). "Government Ownership of Banks", *Journal of Finance*, LVII (1): 265-301.

6. Misallocation of Talents

_ *Cavalcanti and dos Santos (2015). "(Mis)Allocation of an Overpaid Public Sector", *Working Paper*.

_ Cavalcanti and Tavares (2015). "The Output Costs of Gender Discrimination: A Model Based Macroeconomic Estimate." *Forthcoming Economic Journal*.

_ *Hsieh, Hurst, Jones and Klenow (2014). "The Allocation of Talent and U.S. Economic Growth" *Working Paper*.

GRADING

Students will be required to write a project and a referee report on a paper studying some questions covered during lectures.

PROFESSOR - EMAILS

DETAILED PROGRAM

1.		The problem of economic development and misallocation		
2		Microfoundation of borrowing constraint;		
3		Micro-evidence on borrowing constraints:		
4		Aggregate effects of financial frictions: Theory and Evidence		
5		The role of the government in the credit market.		
6		Misallocation of Talents		