Development Economics III

Macro Development

Lecturers: Tessa Bold (IIES), Konrad Burchardi (IIES), Hannes Malmberg (Minnesota), Andreas Madestam (SU), Sampreet Singh Goraya (SSE), Jakob Svensson (IIES)

Course Coordinator: Tessa Bold (IIES)

Course Objectives: The objective of the course is to introduce you to the tools and literature of macro development. The course is inspired by the STEG (Structural Transformation and Economic Growth) "Key concepts in macro development" course. It will consist of ten 3-hour lectures. Below you can find the topics and readings.

Topics

1. Development accounting

Hall, Robert E., and Charles I. Jones. "Why do some countries produce so much more output per worker than others?." The quarterly journal of economics 114.1 (1999): 83-116.
Jones, Charles I. "The facts of economic growth." *Handbook of macroeconomics*. Vol. 2. Elsevier, 2016. 3-69.

2. Structural transformation

Herrendorf, Rogerson and Valentiniyi (2014), "Growth and Structural Transformation", in Handbook of Economic Growth, Volume 2B

3. Agriculture

Gollin, Douglas, Stephen L Parente, and Richard Rogerson, "The food problem and the evolution of international lincome levels," Journal of Monetary Economics, 2007, 54 (4), 1230–1255.
Adamopoulos, Tasso and Diego Restuccia (2014) "The Size Distribution of Farms and International Productivity Differences," American Economic Review
Gollin, Douglas, Casper Worm Hansen, and Asger Wingender, "Two blades of grass: The impact of the green revolution,"129(8), Journal of Political Economy, 2021.

4. Credit

Breza, Emily, and Cynthia Kinnan. "Measuring the Equilibrium Impacts of Credit: Evidence from the Indian Microfinance Crisis." The Quarterly Journal of Economics 136, no. 3 (2021): 1447–1497.
Buera, Francisco J., Jorge P. Kaboski, and Yongseok Shin. "Finance and Development: A Tale of Two Sectors." American Economic Review 101, no. 5 (2011): 1964–2002.
Moll, Benjamin. "Productivity Losses from Financial Frictions: Can Self-Financing Undo Capital Misallocation?" American Economic Review 104, no. 10 (2014): 3186–3221.
Rajan, Raghuram G., and Luigi Zingales. "Financial Dependence and Growth." American Economic Review 88, no. 3 (1998): 559–586.

5. Trade I

Eaton, Jonathan and Kortum, Samuel (2002). “Technology, Geography, and Trade.” Econometrica, 70(5), 1741-1779

6. Trade II

Melitz, M. J. (2003), “The Impact of Trade on Intra-Industry Reallocations and Aggregate Industry Productivity”, Econometrica, 71, 1695–1725.

7. Spatial Misallocation

Bryan, Gharad, Shyamal Chowdhury, and A. Mushfiq Mobarak. "Underinvestment in a Profitable Technology: The Case of Seasonal Migration in Bangladesh." Econometrica 82:5 (2014): 1671 - 1748.
Henderson, J. Vernon, Tim Squires, Adam Storeygard, and David Weil. "The Global Distribution of Economic Activity: Nature, History, and the Role of Trade." The Quarterly Journal of Economics 133:1 (2018): 357–406.
Hamory, Joan, Marieke Kleemans, Nicholas Y Li, and Edward Miguel. "Reevaluating Agricultural Productivity Gaps with Longitudinal Microdata." Journal of the European Economic Association 19:3 (202): 1522–1555.

8. Human Capital

Bold, T., Filmer, D., Martin, G., Molina, E., Stacy, B., Svensson, J., Wane, W. “Enrollment Without Learning: Teacher Effort, Knowledge, and Skill in Primary Schools in Africa", *Journal of Economic Perspectives*, 2017, Volume 31 (4): 185-204
Engbom, N., Malmberg, H., Porzio, T., Rossi, F., & Schoellman, T. (2024). *Economic Development According to Chandler*. Mimeo, (Link)
Hjort, J., Malmberg, H., & Schoellman, T. (2022). *The missing middle managers: Labor costs, firm structure, and developmen.* (Link to latest version)
Caselli, F., & Ciccone, A. (2013). The contribution of schooling in development accounting: Results from a nonparametric upper bound. *Journal of Development Economics*, *104*, 199-211.
Hanushek, E. A., & Woessmann, L. (2008). The role of cognitive skills in economic development. *Journal of economic literature*, *46*(3), 607-668.
Le Nestour, A., Moscoviz, L., & Sandefur, J. (2022). *The long-run decline of education quality in the developing world* (No. 608). Center for Global Development. (Link)
Eble, A., Frost, C., Camara, A., Bouy, B., Bah, M., Sivaraman, M., ... & Elbourne, D. (2021). How much can we remedy very low learning levels in rural parts of low-income countries? Impact and generalizability of a multi-pronged para-teacher intervention from a cluster-randomized trial in The Gambia. *Journal of development economics*, *148*, 102539.

9. Big Push and Industrial Policy

Juhász, R. (2018). Temporary Protection and Technology Adoption: Evidence from the Napoleonic Blockade. *American Economic Review*, 108(11), 3339–3376.
Juhász, R., & Lane, N. (2024). The political economy of industrial policy. *Journal of Economic Perspectives*, 38(4), 27–54.
Juhász, R., Lane, N., Oehlsen, E., & Pérez, V. C. (2024). Measuring Industrial Policy: A Text-Based Approach. *Working Paper*.
Lane, N. (2025). Manufacturing Revolutions: Industrial Policy and Industrialisation in South Korea. *Quarterly Journal of Economics*. Forthcoming.

Mitrunen, M. (2025). War Reparations, Structural Change, and Intergenerational Mobility. *The Quarterly Journal ofEconomics*, 140(1), 521–584.
Matsuyams,K. (1992). "The market size, entrepreneurship, and the big push." *Journal of The Japanese and International Economies* 6(4): 347-364.
Murphy, Kevin M, Andrei Shleifer, and Robert W Vishny. 1989. "Industrialization and the Big Push." *Journal of Political Economy* 97 (5): 1003-1026.

10. Climate

Nath (2021), "Climate Change, The Food Problem, and the Challenge of Adaptation through Sectoral Reallocation", forthcoming Journal of Political Economy
Costinot, Donaldson, Smith (2016), "Evolving Comparative Advantage and the Impact of Climate Change in Agricultural Markets: Evidence from 1. Million Fields around the World", Journal of Political Economy