The growing economic might of China and India and their increasing integration into global trade and finance have put them firmly on the center stage of the world economy. In this course, we will undertake a comparative analysis of the growth experiences of these countries through the twin lenses of international finance and development economics. We will examine the roles of trade and financial openness, institutions, government policies, and labor markets in determining the trajectory of growth. In particular, we will focus on the roles of domestic financial sector development and international financial integration, and the interaction between them, in the process of economic development. This will essentially serve as a guided tour through key concepts in international trade and finance. Finally, we will discuss growth prospects for China and India, the myriad domestic and external challenges that they face in sustaining high growth, and the implications for the world at large.
Course Schedule

Week 1, September 2
Week 2, September 9

Topic: Determinants and Implications of Growth Patterns in China and India


In addition to this material, we will have guest presentations about data resources available at Cornell to work on China and India, and also to generate comparative perspectives with other emerging market economies. Some data issues (and potential pitfalls) will also be discussed.

Week 3, September 16

Topic: Balance of Payments, Exchange Rates


Week 4, September 23

**Topic: Capital Controls, Capital Account Liberalization**


Week 5, September 30

**Topic: Exchange Rate Regimes, Monetary Policy**


**Week 6, October 7**

**Topic: Trade Liberalization, Composition of International Trade**


Week 7, October 14

Topic: Finance and its Role in Growth


Week 8, October 21

Topic: Macroeconomic Policies and Growth in India

*Guest Lecture by Dr. Kalpana Kochhar, IMF*

*Before class, read the latest IMF Staff Report on India (for 2008), available online at:*
  http://www.imf.org/external/pubs/cat/longres.cfm?sk=23025.0

There are also some interesting analytical chapters in the IMF’s Selected Issues Paper:
  http://www.imf.org/external/pubs/cat/longres.cfm?sk=23022.0
Week 9, October 28

Topic: Sustainability of Growth, Domestic and External Risks, Comparative Perspectives on Long-Term Growth Prospects


Week 10, November 4

Topic: Policies and Growth Prospects in China and the Asian Region

Guest Lecture by Dr. Joshua Felman, IMF

Before class, read the latest IMF Staff Report on China (for 2006), available online at: http://www.imf.org/external/pubs/cat/longres.cfm?sk=20060.0

Week 11, November 11

Guest Lecture by Dr. Indermit Gill, Chief Economist, Europe and Central Asia Region and Director of the World Development Report 2009, World Bank.

World Development Report, 2009

Week 12, November 18

Topic: Different Approaches to Reform, Socio-Political Considerations


Week 13, November 25

Review Session
**Week 14, December 2**

**Topic: Implications of China’s and India’s Emergence and Future Growth for World Economy**


BACKGROUND READINGS & REFERENCE MATERIALS


COURSE ASSIGNMENTS AND REQUIREMENTS

Common Points about Formatting, Submission of Assignments

1. All text should be double-spaced (except footnotes and references, which can be single-spaced).
2. Use 12-point font (important: do not use smaller font size), at least 1” margins on all sides.
3. Put on the subject line “4540: Assignment I” or whatever the relevant document is.
4. Email the documents in pdf format to Rahul Anand (ra254) and Carol Thomson (cmt8).
5. Put your name at the top right corner of each assignment.

Assignment I
Growth Data
(due Friday, September 11 @ noon)

Assignment II
Trade Balance and Exchange Rates
(due Friday, September 25 @ noon)

Assignment III
Data Note
(due Monday, October 5 @ noon)

Structure: This assignment involves original research work. At least one table or figure (more is fine) that you have created yourself, along with at most one page of double-spaced text describing the data and what’s interesting about it. You can replicate existing work with new data or using data for a different country but should not directly reproduce existing tables or figures from anyone else’s work.

Sample data notes from private sector analysts are on the course blackboard site.

Assignment IV
Research Note
(due Friday, October 16 @ noon)

Structure: This assignment involves original research work—it can be (but does not have to be) related to your work for the previous assignment, but needs to be much more substantive and original. More original work (rather than a derivative of someone else’s work) will receive a higher grade. One lead-in paragraph (200 words at most) summarizing highlights of your findings and their implications. Then analyze the data, with supporting charts and/or tables, and discuss implications. You do not need to extensively cite previous literature, but you should acknowledge explicitly (at least in a footnote) if your work is building on or is an extension of someone else’s work. [See next page for format]
Format: Maximum of three pages of double-spaced text. Tables and figures do not count towards 3-page limit.

Assignment V
Paper Proposal
(due Monday, October 26 @ noon)

Structure: Brief summary of question you plan to address, why it is interesting (from analytical and policy angles), how you plan to address it, how it builds upon and differs from existing work, what data and methodology you plan to use, and preliminary results or at least some plots/tables showing your data. It can be (but does not have to be) related to the topic(s) of the two previous assignments.

Format: Maximum of 3 pages of double-spaced text. References, tables, figures do not count towards 3-page limit.

Assignment VI
Preliminary Draft of Paper
(due Monday, November 16 @ noon)

Same structure and format as final draft (see below). I do not expect a full and polished paper but you should have made significant progress on your paper relative to your proposal, including at least a few key charts and tables. This is also an opportunity to get detailed feedback on your paper before handing in your final version.

Assignment VII
Final Draft of Paper
(due Monday, December 7 @ noon)

Structure: Introduction should state the main problem, motivate why it is interesting and summarize the key findings of your paper. Paper should contain clear descriptions of data and methodology; literature review (if relevant, but keep this to 1-2 pages at most); main results and their implications; and a brief concluding section that discusses implications of your analysis/results and could also mention ideas for extending the analysis.

Format: Maximum 20 pages of text, including references and appendixes but excluding figures and tables (which can be at the end of the paper). Proofread paper carefully before submitting.

Send final draft of paper by email to me (eswar.prasad), with cc to Rahul Anand (ra254) and Carol Thomson (cmt8). Put “4540: Final Paper” in the subject line of the email. Paper must be received by deadline, or you will receive an incomplete on the course and your eventual final grade will be reduced. No exceptions.
### Indicative Grade Allocation

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<tr>
<th>Assignment</th>
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<tr>
<td>Assignment I</td>
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<td>Assignment IV</td>
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<td>Assignments V-VII</td>
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