

## DEVELOPMENT POLICY

### Teaching Team

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### Class Meetings & Office Hours

Time: 8:30-10:00 a.m.; 10:15-11:45 a.m.; from June 25 to July 02, 2023.

Office Hours:	Dr. Jonathan Pincus	5.00 p.m – 6.00 p.m, at appointment.
	Vu Thuy Vinh	7.30 a.m – 8.30 a.m

### Course Description

Development Policy is an economic development survey course that explores policy choices facing governments, businesses and communities. The course cover topics through the lens of Vietnam's recent experience and that of other Southeast Asian countries. While all are richer than 50 years ago, results have varied owing to differences in initial conditions, policy choices and external factors. Understanding these divergent outcomes provides a window on the role of policy and other factors in the development process.

The course emphasizes the careful use of evidence—data collection, quality, modeling and presentation. Formulating sound policies requires rigorous and impartial use of statistics and a willingness to suspend judgement until the facts are known. This does not always—or even generally—mean sophisticated techniques. Often a simple, well-constructed table of data from reliable sources is more useful than a complicated econometric model, especially in policy circles and for the media and general public.

A second major theme is the appropriate balance between markets and government. Finding the right mix of instruments requires attention to context and careful assessment of how markets and governments interact, and managing the risks associated with market failure and government failure.

### Course Requirements

Students are expected to have read the assigned materials and to participate in class discussions. Assessment will take the form of a group project and open book final exam. Students' class participation will also be assessed. The final grade will reflect the following weights:

Class participation	20%
Project	50%

More details on assessment are provided below.

## Required and Supplementary Reading

There is no textbook for the course. One required reading is assigned for each class. Supplementary readings are also listed. Videos are available on Notion page for most weeks.

## Code of Conduct / Academic Integrity

Please refer to the School's **Student Handbook** for more information about the code of conduct. Plagiarism, or submitting work that is not one's own, is strictly prohibited and if detected will result in expulsion from the course. Plagiarism includes copying the work of a fellow student and using the words or ideas of published work without proper acknowledgement using an appropriate bibliographic attribution.

## Books

Many of the required and supplementary readings are drawn from the following books. These are the instructor's personal copies, which you may borrow for your personal use as long as you do not distribute them.

Title	Author	Publisher	Year
Inequality: What Can Be Done?	Tony Atkinson	Harvard University Press	2015
Measuring Poverty Around the World	Tony Atkinson	Princeton University Press	2019
Innovation in Real Places	Dan Breznitz	Oxford University Press	2021
Run of the Red Queen: Government, Innovation and Economic Growth in China	Dan Breznitz and Michael Murphree	Yale University Press	2011
The Uncounted	Alex Cobham	Polity	2020
The Great Escape: Health, Wealth and the Origins of Inequality	Angus Deaton	Princeton University Press	2013
Climate Change: A Wicked Problem	Frank Incropera	Cambridge University Press	2015
Global Inequality	Branko Milanovic	Harvard University Press	2016
Asian Transformations	Deepak Nayar	Oxford University Press	2019
The Palgrave Handbook of Development Economics: Critical Reflections on Globalization and Development	Machiko Nissanke and Jose Antonio Ocampo	Palgrave	2019

Title	Author	Publisher	Year
African Economic Development	John Sender, Christopher Cramer and Arkebe Oqubay	Oxford University Press	2020
What's Wrong with Economics? A Primer for the Perplexed	Robert Skidelsky	Yale University Press	2020
The Nature of Economic Growth	Anthony Thirlwall	Edward Elgar	2002
The Great Upheaval: Resetting Development Policy and Institutions for the Decade of Action in Asia and the Pacific	Kanni Wignaraja and Swarnim Wagle	Cambridge University Press	2022
The Spirit Level	Richard Wilkinson and Kate Pickett	Bloomsbury	2010

## Course Schedule and Readings

<p><b>Class 1</b> (AM 8.30–10.00, 25 Jun)</p>	<p><b>Introduction: What is Development?</b></p> <p>Required Reading:</p> <ul style="list-style-type: none"> <li>- Alex Cobham, <i>The Uncounted</i>, Chapter 1, “Development’s Data Problem”</li> </ul> <p>Suggested Readings:</p> <ul style="list-style-type: none"> <li>- Tony Atkinson, <i>Measuring Poverty Around the World</i>, Chapter 4, “The Key Role of Data”</li> <li>- Geoff Mann, “Reversing the Freight Train: The case for Degrowth”</li> </ul> <p>Video:</p> <ul style="list-style-type: none"> <li>- Joseph Stiglitz: Measuring What Counts for Economic Development and Social Performance</li> <li>- Asia GDP 1960-2020 (watch China from 2020)</li> </ul>
<p><b>Class 2</b> (AM 10.15–11.45, 25 Jun)</p>	<p><b>Structural and demographic change</b></p> <p>Required Reading:</p> <ul style="list-style-type: none"> <li>- Andy Sumner, “Is the Lewis Model of Economic Development Still Relevant to Developing Countries?”</li> </ul> <p>Suggested Readings:</p> <ul style="list-style-type: none"> <li>- Brian McCaig and Nina Pavcnik, “Moving Out of Agriculture: Structural Change in Vietnam”</li> <li>- Charles Hirschman and Sabrina Bonaparte, “Population and Society in Southeast Asia: A Historical Perspective”</li> </ul> <p>Video:</p>

	<ul style="list-style-type: none"> <li>- Peter Timmer: How to Achieve Structural Transformation in Developing Economies</li> </ul>
<p><b>Class 3</b> (AM 8.30–10.00, 26 Jun)</p>	<p><b>Agriculture and economic development</b></p> <p>Required Reading:</p> <ul style="list-style-type: none"> <li>- Massoud Karshenas, “Agriculture and economic development in sub-Saharan Africa and Asia”</li> </ul> <p>Suggested Reading:</p> <ul style="list-style-type: none"> <li>- Rob Vos, <i>Asian Transformations</i>, “Agriculture, the Rural Sector and Development”</li> </ul> <p>Video:</p> <ul style="list-style-type: none"> <li>- IR8 and the Green Revolution in Rice</li> <li>- The Truth About Chickens</li> <li>- Singapore's Bold Plan to Build the Farms of the Future</li> </ul>
<p><b>Class 4</b> (AM 10.15–11.45, 26 Jun)</p>	<p>Poverty</p> <p>Required Reading:</p> <ul style="list-style-type: none"> <li>- Tony Atkinson, <i>Measuring Poverty Around the World</i>, “Clarifying Concepts”, Chapter 3 in <i>Measuring Poverty</i>.</li> </ul> <p>Suggested Readings:</p> <ul style="list-style-type: none"> <li>- John Sender, Chris Cramer and Arkebe Oqubay, <i>African Economic Development</i>, Chapter 8, “Working Out the Solution to Rural Poverty”</li> <li>- Anirudh Krishna, “Escaping Poverty and Becoming Poor: Who Gains, Who Loses, and Why?”</li> </ul> <p>Video:</p> <ul style="list-style-type: none"> <li>- Why is there still poverty in America?</li> <li>- How is Poverty Measured?</li> </ul>
<p><b>Class 5</b> (AM 8.30–10.00, 27 Jun)</p>	<p><b>Within-country inequality</b></p> <p>Required Reading:</p> <ul style="list-style-type: none"> <li>- Rolph van der Hoeven, <i>The Palgrave Handbook of Development Economics, Critical Reflections on Globalisation and Development</i>, Chapter 10, “Income Inequality in Developing Countries, Past and Present”</li> </ul> <p>Suggested Reading:</p> <ul style="list-style-type: none"> <li>- UNDP, <i>2019 Human Development Report</i>, Chapter 3, “Measuring Inequality in Income and Wealth”</li> <li>- J.G. Palma, “Homogeneous Middles vs. Heterogeneous Tails, and the End of the ‘Inverted-U’: It’s All About the Share of the Rich”</li> </ul> <p>Video:</p> <ul style="list-style-type: none"> <li>- Its Getting Harder to Get Rich If You Are Born Poor</li> <li>- Branko Milanovic: What is Happening Now?</li> </ul>

	<ul style="list-style-type: none"> <li>- Tony Atkinson: Inequality—What Can Be Done?</li> </ul>
<p><b>Class 6</b> (AM 10.15–11.45, 27 Jun)</p>	<p><b>Human development: Education and health</b></p> <p>Required Reading:</p> <ul style="list-style-type: none"> <li>- Sudipto Mundle, <i>Asian Transformations</i>, “Education and Health”</li> </ul> <p>Suggested Readings:</p> <ul style="list-style-type: none"> <li>- Angus Deaton, <i>The Great Escape</i>, Chapter 3, “Escaping Death in the Tropics”</li> <li>- UNDP, <i>Human Development Report 2019</i>, Chapter 1, “Inequalities in Human Development in the 21<sup>st</sup> Century”</li> </ul> <p>Video:</p> <ul style="list-style-type: none"> <li>- Angus Deaton: Health, wealth and the origins of inequality</li> <li>- Human Development Report 2019 Overview</li> </ul>
<p><b>Class 7</b> (AM 8.30–10.00, 28 Jun)</p>	<p><b>The theory of economic growth</b></p> <p>Required Reading:</p> <ul style="list-style-type: none"> <li>- A.P. Thirlwall, <i>The Nature of Economic Growth</i>, Neoclassical and New Growth Theory: A Critique</li> </ul> <p>Suggested Reading:</p> <ul style="list-style-type: none"> <li>- Robert Skidelsky, <i>What’s Wrong with Economics?</i>, “Economic Growth”</li> <li>- Geoff Mann, “Reversing the Freight Train: The case for Degrowth”</li> </ul> <p>Video:</p> <ul style="list-style-type: none"> <li>- Robert Skidelsky: Economic Growth</li> </ul>
<p><b>Class 8</b> (AM 10.15–11.45, 28 Jun)</p>	<p><b>Convergence in income</b></p> <p>Required Reading:</p> <ul style="list-style-type: none"> <li>- Angus Deaton, <i>The Great Escape</i>, Chapter 6, “Globalization and the Greatest Escape”</li> </ul> <p>Suggested Reading:</p> <ul style="list-style-type: none"> <li>- Branko Milanovic, <i>Global Inequality</i>, “Globalization is Making the World More Equal”</li> <li>- Lant Pritchett, “Divergence, Big Time”</li> </ul> <p>Video:</p> <ul style="list-style-type: none"> <li>- Why Are Some Countries So Rich and Other Countries So Poor?</li> <li>- Can Covid reduce global inequality?</li> </ul>
<p><b>Class 9</b> (AM 8.30–10.00, 29 Jun)</p>	<p><b>Manufacturing and economic growth</b></p> <p>Required Reading:</p> <ul style="list-style-type: none"> <li>- J.G. Palma and Jonathan Pincus, “Is Southeast Asia Falling Into a Latin American-style Middle Income Trap?”</li> </ul> <p>Suggested Readings:</p>

	<ul style="list-style-type: none"> <li>- Nguyen Thang and Jonathan Pincus, “Economic Recovery and Progress Toward the SDGs”</li> <li>- A.P. Thirlwall, <i>The Nature of Economic Growth</i>, “Chapter 3: Manufacturing industry as the engine of growth”.</li> </ul> <p>Video:</p> <ul style="list-style-type: none"> <li>- Your Iphone Is Made in China and Likely to Stay That Way</li> <li>- What Samsung’s Return to U.S. Chip Manufacturing Means For the Economy   WSJ</li> </ul>
<p><b>Class 10</b> (AM 10.15–11.45, 29 Jun)</p>	<p><b>Trade and economic growth</b></p> <p>Required Reading:</p> <ul style="list-style-type: none"> <li>- A.P. Thirlwall, <i>The Nature of Economic Growth</i>, “A Demand-Oriented Approach to Economic Growth”</li> </ul> <p>Suggested Reading:</p> <ul style="list-style-type: none"> <li>- A.P. Thirlwall, <i>The Nature of Economic Growth</i>, “Balance of Payments Constrained Growth: Theory and Evidence”</li> </ul> <p>Video:</p> <ul style="list-style-type: none"> <li>- Andrew Sheng: Making Sense of Globalization in the 21st Century</li> <li>- Federal Reserve Bank of San Francisco: Evolving Trends in Trade and Growth in Southeast Asia</li> <li>- Globalization: Can it survive Covid?</li> </ul>
<p><b>Class 11</b> (AM 8.30–10.00, 30 Jun)</p>	<p><b>Institutions and development</b></p> <p>Required Reading:</p> <ul style="list-style-type: none"> <li>- Mushtaq Khan, <i>Asian Transformations</i>, Chapter 13, “Institutions and Development”</li> </ul> <p>Suggested Reading:</p> <ul style="list-style-type: none"> <li>- Robert Skidelsky, <i>What’s Wrong with Economics?</i> Chapter 8, “Institutional Economics”</li> </ul> <p>Video:</p> <ul style="list-style-type: none"> <li>- James Robinson: Why Nations Fail</li> <li>- Guns, Germs and Steel: Why Europeans Came to Dominate the World in 7 Minutes</li> <li>- Does democracy equate to economic growth ?</li> </ul>
<p><b>Class 12</b> (AM 10.15–11.45, 30 Jun)</p>	<p><b>Technology and innovation</b></p> <p>Required Reading:</p> <ul style="list-style-type: none"> <li>- Dan Breznitz, <i>Innovation in Real Places</i>, Chapter 5, “Four Are Better than One—But First Let Us Plan It Strategically</li> </ul> <p>Suggested Reading:</p>

	<ul style="list-style-type: none"> <li>- Dan Breznitz and Michael Murphree, <i>Run of the Red Queen</i>, Chapter 1, “The White Knight Avoided: Economic Reforms and Innovation for Growth in China”</li> </ul> <p>Video:</p> <ul style="list-style-type: none"> <li>- Dan Breznitz on Innovation Policy</li> <li>- Should we be worried about technology?   The Economist</li> </ul>
<p><b>Class 13</b> (AM 8.30–10.00, 1 Jul)</p>	<p><b>Financing Development</b></p> <p>Required Reading:</p> <ul style="list-style-type: none"> <li>- Jonathan Pincus, “Financing Development”</li> </ul> <p>Suggested Reading:</p> <ul style="list-style-type: none"> <li>- Fernando Cardim de Carvalho et al., <i>The Palgrave Handbook of Development Economics</i>, Chapter 14, “Development Finance: Theory and Practice”</li> </ul> <p>Video:</p> <ul style="list-style-type: none"> <li>- Hyman Minsky in Colombia, November 1987</li> <li>- Financial Instability: A Mini Documentary</li> <li>- Mazzucato and Wray: Making Finance Work for Innovation</li> </ul>
<p><b>Class 14</b> (AM 10.15–11.45, 1 Jul)</p>	<p><b>Climate change and sustainability</b></p> <p>Required Reading:</p> <ul style="list-style-type: none"> <li>- Frank Incropera, <i>Climate Change: A Wicked Problem</i>, Chapter 7, “Public Policy Options”</li> </ul> <p>Suggested Reading:</p> <ul style="list-style-type: none"> <li>- Nicholas Stern, <i>Measuring Poverty Around the World</i>, Afterword, “Poverty and Climate Change”</li> </ul> <p>Video:</p> <ul style="list-style-type: none"> <li>- See What 3 Degrees of Global Warming Looks Like</li> <li>- <a href="#">Koo Neefjes</a>: Vietnam and Climate Change</li> <li>- The Displaced: Climate Change in Vietnam</li> <li>- Net Zero Won’t Change the Way We Live</li> </ul>
<p><b>Class 15</b> (AM 8.30–11.45, 2 Jul)</p>	<p><b>Final Exam</b></p>

## Assessment

**Class Participation:** Students’ *constructive* participation in class will be assessed by the instructor. Evidence of familiarity with the required and supplementary readings, and comments and questions that raise important points and or helpful to fellow students, will earn a higher score.

**Project:** Students will divide into groups and prepare a policy memo on a topic of their choice. The memo should be addressed to the prime minister, minister or provincial leaders and should support a

specific policy innovation in Viet Nam or a specific province. The memo will present evidence in favor of the policy innovation and assess costs and benefits. The project will be NO MORE THAN SIX double-spaced pages in the 12-point font in English (about 3000 words) of your choice. The Project is a teamwork assignment with each group from 3-4 members. The list of group members and the title of the project topic must be submitted to the teaching team before 8.20 a.m. June 28, 2023 (Wednesday). Groups should schedule a meeting with the instructor before finalizing the topic.

**Final exam:** The final session of class will consist of an open-book final exam. Students will be given five to eight questions and will be required to answer three in essay form. Students will write their answers long hand, but may use their computers to refer to class notes and readings or to access data and other information. Students must be careful to answer questions in their own words as any copied text that is not enclosed in quotation marks and accompanied by an appropriate bibliographic citation will be regarded as plagiarism resulting in a zero mark. Students will receive point for citing the readings and lectures (so ChatGPT will not help you).

## Grading

The grading rubric for the project and final exam is given below.

Criteria	Points
Structure and organization: Every answer should have a thesis statement summarizing the main argument and its components. The body of the answer makes the argument and the final section concludes.	20
Use of evidence: The main arguments should use evidence from the region, clearly stating sources and the relevance of the information provided.	20
Use of theories and arguments from the readings: A good answer will demonstrate command of the material presented in the readings.	20
Reference to material from the lectures and discussions: A good answer will refer to the material from the lectures and discussion. This does not mean that you have to agree with the point of view of the lecturer, and good answers can critique these ideas. But the answer should show evidence that the students has thought about the material.	20
Originality: Good answers are original and creative. Presenting a new angle on a theory or idea, especially if well-supported by evidence, is the difference between a good and great essay.	20

## Discussion Questions

Students should come to each class prepared to answer the discussion questions for each session.

<p><b>Class 1</b></p>	<p><b>Introduction: What is Development?</b></p> <ol style="list-style-type: none"> <li>1. Is Gross Domestic Product a good indicator of development? Why or why not? What do we miss about the development process in Vietnam if we focus on GDP?</li> <li>2. Are you a development optimist or pessimist? What are some of the factors that make you optimistic or pessimistic about Vietnam’s development?</li> </ol>
<p><b>Class 2</b></p>	<p><b>Structural and demographic change</b></p> <ol style="list-style-type: none"> <li>1. Explain the relationship between surplus labor and the accumulation of capital for investment. What are some of the factors that could disturb this relationship?</li> <li>2. Describe the transition in Southeast Asia from land surplus to labor surplus economies? What will happen when and if the labor surplus is exhausted in Vietnam?</li> </ol>
<p><b>Class 3</b></p>	<p><b>Agriculture and economic development</b></p> <ol style="list-style-type: none"> <li>1. Why was the Green Revolution in rice so important to economic development in East Asian countries?</li> <li>2. What are the implications for Vietnam’s economic development of rising seas level resulting from climate change?</li> </ol>
<p><b>Class 4</b></p>	<p><b>Poverty</b></p> <ol style="list-style-type: none"> <li>1. Discuss the shortcomings of the the headcount rate of poverty as a measure of economic well-being.</li> <li>2. Given what we know about agriculture and poverty, what policies are most likely to result in a sustained reduction in the incidence of rural poverty.</li> </ol>
<p><b>Class 5</b></p>	<p><b>Within-country inequality</b></p> <ol style="list-style-type: none"> <li>1. Discuss the difference between the gini coefficient and the Palma ratio. Which do you think is a better measure of inequality?</li> <li>2. Discuss the role of globalization in increasing or reducing within-country inequality.</li> </ol>
<p><b>Class 6</b></p>	<p><b>Human development: Education and health</b></p> <ol style="list-style-type: none"> <li>1. What does the covid-19 pandemic tell us about the role of government and the role of the international community in improving human health?</li> <li>2. Discuss the relationship between education, economic growth and economic inequality.</li> </ol>
<p><b>Class 7</b></p>	<p><b>The theory of economic growth</b></p> <ol style="list-style-type: none"> <li>1. What are the assumptions of the neoclassical growth model? Are they relevant to economic growth in Vietnam?</li> <li>2. What are the factors relevant to economic growth that are not addressed in the Solow Model or “new” growth theory?</li> </ol>

<b>Class 8</b>	<b>Convergence in incomes</b> <ol style="list-style-type: none"> <li>1. The gap between rich and poor countries continues to grow, but on average we have entered a new era of income convergence. How can both of these statements be true?</li> <li>2. How has globalization affected income convergence/divergence?</li> </ol>
<b>Class 9</b>	<b>Manufacturing and economic growth</b> <ol style="list-style-type: none"> <li>1. Do Kaldor's three growth laws apply to conditions in Vietnam?</li> <li>2. What policies are needed to ensure that Vietnam can continue to achieve high rate of growth in the manufacturing sector?</li> </ol>
<b>Class 10</b>	<b>Trade and economic growth</b> <ol style="list-style-type: none"> <li>1. Discuss the balance of payments constraint on growth and the implications for trade policy.</li> <li>2. How can countries achieve a high rate of export growth and lower income elasticity of demand for imports?</li> </ol>
<b>Class 11</b>	<b>Institutions and development</b> <ol style="list-style-type: none"> <li>1. Are "inclusive institutions" necessary for rapid growth? Why or why not?</li> <li>2. Do the World Bank's governance indicators explain differences in growth and development outcomes in Southeast Asia?</li> </ol>
<b>Class 12</b>	<b>Technology and innovation</b> <ol style="list-style-type: none"> <li>1. Has fragmentation of production reached its limits? Are we moving from globalization to "slowbalization"? (Paul Krugman)</li> <li>2. Discuss the different forms that innovation can take and which form you think is most appropriate for Vietnam.</li> </ol>
<b>Class 13</b>	<b>Financing Development</b> <ol style="list-style-type: none"> <li>1. Why do credit markets behave differently from markets for normal goods and services?</li> <li>2. What are the main lessons from the East Asian financial crisis that are relevant to current conditions?</li> </ol>
<b>Class 14</b>	<b>Climate change and sustainability</b> <ol style="list-style-type: none"> <li>1. Define sustainability and discuss the implications of your definition for development policy.</li> </ol>