

**Fulbright Economics Teaching Program
Master in Public Policy
Academic Year 2013-2014
Fall Term**

**SYLLABUS
Introduction to Public Policy and Institutional Analysis**

Class Times

Tuesday and Thursday: 8:30 – 10:00, October 1 – November 21, 2013

Teaching Team

Instructor: Đinh Vũ Trang Ngân (ndinh@fetc.edu.vn)
Teaching Assistant: Nguyễn Thị Sinh (m5.SinhNT@fetc.edu.vn)

Office Hours: Tuesday and Thursday: 1:30- 4:30

Course Objective

The objective of this course is to introduce students to some key concepts in the study of public policy and relate them to concrete policy issues. Our aim is to demonstrate to students how the theories and techniques that they will study in greater depth in other classes can be applied to important economic and social problems.

Course Description

The course consists of 14 classes held over seven weeks (half of the academic term). A new topic will be introduced each week and covered over two sessions. Most classes will take the form of discussions of specific policy issues rather than lectures. Students are encouraged to participate in discussions and draw out policy and theoretical implications as a group. The course introduces the study of public policy in a market economy, and addresses key concepts including market failure and the role of the state, rationality and history in the functioning of economic institutions. We will also discuss problems in policy implementation and questions about values.

Readings

There is no textbook for the course. Required and suggested readings are given in the class schedule below. Required readings are provided in Vietnamese and suggested readings may only be available in English. Students must read the required readings before coming to class, and must be ready to demonstrate that they have read and understand the required readings.

Requirements

Students are expected to attend every class, to read the assigned readings before class, to participate actively in class discussions and to complete all course requirements. Participants are encouraged to meet with teaching team members to discuss any aspect of the course.

At the end of the course, the class will complete two main “products”: a “policy journal” publication and a documentary movie series. The policy journal is a MPP6 solely owned

publication, which consists of each student's best pieces of writing during the course on several policy topics. The documentary movie series are group projects, completed at the end of the term on a policy issue that comes from "inside Vietnam."

Students' grades will be based on:

MPP6 Policy Journal	50%
"Inside Vietnam" Film	40%
Team work	10%

MPP6's "Policy Journal"

There are seven main areas for the class's Policy Journal:

1. Macroeconomic policy
2. Industrial policy
3. Agriculture policy
4. Social policy
5. Regional development policy
6. Globalization and international relations
7. Institutions and development

Each week, each student will choose a topic among the above seven policy areas to write. Over 5 weeks (week 2-6), each student produces 5 pieces of writing, submitted by 16:00 every Friday. Each piece of writing should be at the minimum 450 words, optimally 1000 words, and maximum 2000 words. At the end of the term, students can choose their best three pieces of writing to submit for grading. These best pieces of writing will go into the final *MPP6 Policy Journal* publication, similar to an edition of *The Economist*, but dedicated to economic, political and social policy issues in Vietnam. If technology allows, all writings will be visible to the entire class for constructive comments and editing on a team blog. Each piece of writing should demonstrate that the student is reading the assigned material and creatively applying this knowledge to current issues in Vietnamese public policy. We would like to see evidence that you are engaged in current policy discussions in Vietnam and that you are using what you have learned in class to gain a deeper understanding of these issues.

"Inside Vietnam" Project

During the first week of class, students will be divided into separate groups. Each group will work together throughout the term to produce a short video clip no longer than 15 minutes. The short film should document a current policy issue in Vietnam, the controversies and debates surrounding it, and the authors/producers' points of view. At the end of the term, each group will present their short film to the class, with a 15 minute "Conversation" with the audience. The short film will be voted by the audience and the faculty for its policy relevance, timeliness, creativity and persuasion.

Team work

At the end of the term, each student will write a brief review of how he/she and each member of his team have performed during the making process of the documentary movie. This is a chance for students to get to know each other, and prepare for the many opportunities to work together in teams in the next two years at FETP.

Lecture Schedule

Week/Date	Lecture	Topic
Week 1		INTRODUCTION
1/10	1	A fair start
3/10	2	Public policy and critical thinking
Week 2-3		INCENTIVES, RATIONALITY AND UNCERTAINTY
8/10	3	Self-interest and the division of labor
10/10	4	Rationality and uncertainty
15/10	5	Guest lecture: The case of helmet regulation in Vietnam
17/10	6	Irrationality? Human behavior and policy considerations
Week 4		MARKETS AND THE STATE
22/10	7	The power of markets and the role of government
24/10	8	Guest lecture: The case of electricity power trading company
Week 5		INSTITUTIONS
29/10	9	Why nations fail?
31/10	10	Guest lecture: Institution fragmentation - The case of Ho Chi Minh City Sea Ports
Week 6		VALUES AND JUSTICE
5/11	11	What is the right thing to do?
7/11	12	Who deserves what - Distribution, freedom and equality
Week 7		“DOING” PUBLIC POLICY
12/11	13	Evidence-based public policy
14/11	14	Challenges and opportunities of public policy
Week 8		‘INSIDE VIETNAM’ – A FILM FESTIVAL
19/11		Team 1 – 5
21/11		Team 6 – 10

Reading list

WEEK 1: INTRODUCTION

Lecture 1: A fair start

Malcolm Gladwell (2008) *Outliers: The Story of Success*, Chapter 1, “The Matthew Effect,” New York: Little, Brown and Company.

Lecture 2: Public policy and critical thinking

Jonathan Pincus (2010) “Policy Case Study: Milk Price Registration and Regulations in Vietnam: Will it Lower Milk Prices?” Fulbright School, September.

Vietnamnet series on milk pricing, “Người tiêu dùng Việt Nam đang 'đốt' tiền mua sữa,” Articles 1-5.

WEEK 2-3: INCENTIVES, RATIONALITY AND UNCERTAINTY

Lecture 3: Self-interest and the division of labor

Adam Smith, Self-interest vs. benevolence as incentives: [a selection from *An Inquiry into the Nature and Causes of the Wealth of Nations*](http://www.econlib.org/library/Smith/smWN1.html), Book I chapter II. Edwin Cannan, ed. 1904. Library of Economics and Liberty. <<http://www.econlib.org/library/Smith/smWN1.html>>

Suggested reading:

Joseph Stiglitz (1998) Distinguished lecture on Economics in Government: “The Private Uses of Public Interests: Incentives and Institutions,” *Journal of Economic Perspectives*, Spring, 3-22.

Lecture 4: Rationality and uncertainty

John Maynard Keynes (1936), *The General Theory of Employment, Interest and Money*, London: Macmillan (reprinted 2007), Chapter 12: “The State of Long-term Expectation,” also available on:

http://ebooks.adelaide.edu.au/k/keynes/john_maynard/k44g/chapter12.html#chapter12

Suggested reading:

Amartya K. Sen (1977) Rational Fools: A Critique of the Behavioral Foundations of Economic Theory, *Philosophy & Public Affairs*, Vol. 6, No. 4 (Summer, 1977), pp. 317-344

Steven Levitt and Stephen Dubner (2011), *Superfreakonomics*. Chapter 3: “Unbelievable stories about apathy and altruism,” Harper Perennial.

Steven Landsburg (1993) *Armchair Economist: Economics and Everyday Life*, Free Press. Chapter 16 - 18: “Why Popcorn Costs More at the Movies and Why the Obvious Answer Is Wrong,” “Courtship and Collusion: The Mating Game,” “Cursed Winners and Glum Losers: Why Life Is Full of Disappointments”

Lecture 5: Guest lecture: *The case of helmet regulation in Vietnam*
Nguyen Xuan Thanh

Vũ Thành Tự Anh và Nguyễn Hoàng Phương, Tình huống mũ bảo hiểm xe máy ở Việt Nam, 1/2013

<http://www.fetp.edu.vn/vn/tinh-huong/mu-bao-hiem-xe-may-o-viet-nam/>

Lecture 6: Heuristics and biases: human behaviors and policy considerations

Dan Ariely (2008) *Predictably Irrational: The Hidden Forces that Shape Our Decisions*, Chapter 7, “The High Price of Ownership: Why We Overvalue What We Have,” New York: Harper Collins.

Suggested reading:

Kahneman, D., Slovic, P., & Tversky, A. (1982) *Judgment Under Uncertainty: Heuristics and Biases*. New York: Cambridge University Press.

WEEK 4: MARKETS AND THE STATE

Lecture 7: The Power of the market and the role of government

Peter Nolan (2004) *China at the Crossroads*, Cambridge: Polity. Selection from Chapter 3, “Adam Smith and the contradictions of the free market economy,” pp. 145-173.

Suggested reading:

Milton and Rose Friedman (1980) *Free to Choose, A Personal Statement*, New York: Hartcourt Books. Introduction and Chapter 1: “The Power of the Market”. Also see: *Free to Choose* (1990), A TV Series by PBS, Vol. 1, [The Power of the Market](#).

John Cassidy (2009) *How Markets Fail*, New York: Farrar, Straus and Girous. Chapter 12, “Hidden Information and the Market for Lemons”

Lecture 8: Guest lecture: *The case of a single buyer: electricity power trading company*
Nguyen Xuan Thanh

Nguyễn Xuân Thành (2007), The case of a single buyer: electricity power trading company, FETP Case Study.

<http://www.fetp.edu.vn/vn/tinh-huong/cong-ty-co-phan-mua-ban-dien-46/>

WEEK 5: INSTITUTIONS

Lecture 9: Why nations fail?

Daron Acemoglu and James A. Robinson (2012). *Why nations fail: the origins of power, prosperity and poverty*, New York: Random House. Chapter 15: “Understanding prosperity and poverty.”

Lecture 10: Guest lecture: *Institution fragmentation - The case of Ho Chi Minh City Sea*

Ports

Nguyen Xuan Thanh

Nguyễn Xuân Thành and Jonathan Pincus (2011), Di dời cảng biển Thành phố Hồ Chí Minh: Tình huống nghiên cứu về sự phân mảnh thể chế, FETP Policy Paper.

<http://www.fetp.edu.vn/vn/bao-cao-chinh-sach/nghien-cuu-chinh-sach/di-doi-cang-bien-thanh-pho-ho-chi-minh-tinh-huong-nghien-cuu-ve-su-phan-mang-the-che/>

WEEK 6: VALUES AND JUSTICE

Lecture 11: What is the right thing to do?

Michael Sandel (2009) *Justice: What's the Right Thing to Do?* New York: Farrar, Straus and Giroux. Chapter 1: "Doing the right thing."

Phạm Duy Nghĩa, "The poor, the dogs and the rich" Tuổi Trẻ News 30/01/2010, news series on Hoàng Khương.

Lecture 12: Who deserves what? Distribution, freedom and equality

Michael Sandel (2009) *Justice: What's the Right Thing to Do?* New York: Farrar, Straus and Giroux. Chapter 8: "Who deserves what?"

Vũ Thành Tự Anh, "Inequality in raising electricity price," Saigon Times 03/03/2011.

WEEK 7: "DOING" PUBLIC POLICY

Lecture 13: Evidenced-based Public Policy

Mark Henderson (2013) "Using the Tools of Science to Improve Social Policy," *The Observer*, May 2013

Further reference: Evidence-based Public Policy, The World Bank
<http://www.worldbank.org/en/topic/evidencebasedpublicpolicy>

Lecture 14: Challenges and opportunities of public policy

William J. Fulbright (1967), *The Arrogance of Power*. New York: Random House. Selection from Part I, "The Higher Patriotism," Section 1, "The Citizen and the University."

Vũ Khoan (2011) "Lại bàn về đầu tư công," *Saigon Economic Times*, August 12, <http://www.thesaigontimes.vn/Home/diendan/ykien/59005/Lai-ban-ve-dau-tu-cong.html>.

WEEK 8: FILM FESTIVAL

No reading ☺