

Fulbright School of Public Policy and Management

Spring 2018, Master in Public Policy Program

Syllabus

DEVELOPMENT POLICY

(4 credits)

Teaching Team

Instructor: Bae Yooil, yooil.bae@fuv.edu.vn
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Class Meetings & Office Hours

The course is scheduled to meet for three hours (8:30-10:00 a.m.) and Friday review sessions each week except Week 6 (reading week), Week 8 (Scheduled Field Trip), and Week 14 (Reading Week). There will be 20 sessions on Tuesday and Thursday and 6 Review sessions on Friday.

Office Hours:

	Thứ 2	Thứ 3	Thứ 4	Thứ 5	Thứ 6
Bae Yooil		10:15-11:45		10:15-11:45	
James Riedel					
Vu Thi Mai Tram	18:30-20:00		18:30-20:00		

Members of the teaching team are also available at other time by appointment

Course Overview, Objectives, and Learning Outcomes:

In today's globalized and technologically advanced world, more than eight million people are still malnourished, more than one billion people live on less than a dollar per day and poverty and inequality have proven to be stubbornly resilient against attempts to reduce them over the last decades. This course explores sources of economic growth, inequality, poverty, and other aspects of development. It first examines various approaches to the study of development, drawing on a work from economics, political science, sociology, etc. It then explores key areas of debate within the study of development, including varieties of capitalist system, the role of the state, the effects of globalization and international trade, and their impacts on growth, inequality and poverty. Finally, the course touches specific challenges relating to education, public health, sustainable development, and so forth. Throughout the course, we will seek policy implications for Vietnam and the other developing countries.

This course is built on lectures and students' contribution to class discussions and case studies. The objective of this course is for students to gain an overview of both issues and practices related to the study of development.

Upon completion of this course, students are expected to:

- Clearly understand key debates and issues on development and development policy.
- Formulate important development agenda and strategies for Vietnam
- Possess proper comparative methods to learn from the best practices and to build development policy.
- Better aware of sustainable development goals (SDGs) and 'grand challenges' we face suggested by international society.
- Possess analytical tools needed to make sense of economic development and reform, and social change.

Course Requirements:

To avoid possible misunderstanding, the course policies are stated here, even though some of policies are obvious. Students are expected to have read assigned materials and to have participated in discussions and review sessions. Through the readings and class discussions students will recognize the opportunities and challenges, strengths and weaknesses for the country's development, and finally to give suggestions on appropriate improvements and renovations. Grades will be given based on class participation, weekly reading response paper, case presentation, and team research project.

Class participation	15%
Weekly Response Papers	20%
Team Project (I) Presentation	15%
Team Project (II) White Paper	20%
Final Exam	30%

- **Class Participation:** This component is not simply checking your attendance. Your visibility and active contribution to the class will be evaluated (e.g. raising important issues or asking critical questions, responding to instructor's questions faithfully, discussing with classmates, etc.).
- **Bi-Weekly Response Paper:** We have 10 weeks except Week 1, 6-7, 14-15. Each student is required to submit five weekly reflection papers discussing issues raised in the required readings (**Max 300 words**). During the first week, instructor will circulate sign-up sheet and students are required to choose five weekly topics. The papers are not simple summaries of the required readings. One or two critics or research questions about the readings and cases that provide new insight to the instructor and peer students are likely

to considerably elevate your grade. You are required to submit papers **before 8.20 a.m. on due date**. Penalties will be imposed for late submission.

- **Team Project (Presentation & “Policy Challenge Paper”)**: There two types of Team Project. (a) First, by Week 7, your team is supposed to design a comparative development research. Choose a country or countries to compare with Vietnam and seek possible lessons. (b) In Week 14, you and your group are required to submit a “Policy Challenge Paper.” Group members have to brainstorm on policy problems and challenges that require immediate or mid-term government attention. The purpose of this paper is to inform the top government leader of policy challenge and let him (her) rank top priorities for the coming fiscal years. In your view, what is the most challenging policy problem in the field of development? (e.g. Vietnam’s education and brain drain problem, air pollution and increase of cancer, or anything relevant from your views. You must justify why your chosen topic can be critical now or in near future and how to deal with it from a policy consultant’s viewpoint. Submit a ***Policy Challenge Paper*** on the selected topic (Need to be concise, max 15 pages, Time New Roman font, size 12, double-spaced, including references). You are encouraged to discuss your ideas with the instructor and tutor.
- **Final Exam**: There is a final exam during Week 15 and you are required to prepare for it.

Required Reading:

The required textbook for this course is

Textbook: Dwight Perkins, et.al. 2013. *Economics of Development*, Seventh Edition, WW Norton & Co. (hereafter denoted **Perkins**).

Additional readings and cases will be made available in the form of e-journals, URL links, and e-book chapters. Readings are in both Vietnamese and English.

Code of Conduct / Academic Integrity

Please refer to our university’s **Student Handbook**. Plagiarism is usually defined as using ideas, data, or language of another without specific or proper acknowledgement. This includes the use of research conducted by others (including copying your own previous work) without attribution.

Serious penalty will be imposed for cases of plagiarism.

Weekly Topics:

WEEK 1 Introduction: What is Development?

In the introductory sessions, we will go through the course outline, course objectives, assignments, and expectations. We will also discuss how you can best prepare for papers and group projects together and start forming your teams for the rest of the semester. In session 1, we will review course requirements, expectations and assessment. Key questions of the session 2 are: how should development be defined? How should development be measured? What are the key development trends in recent years?

Session 1 (February 27) Introduction and Organizational Meeting

- United Nations General Assembly. 2015. “Transforming our world: the 2030 Agenda for Sustainable Development,
http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E.

Session 2 (March 1) Measuring and Defining ‘Development’

- Ravallion, Martin. 1997. “Good and Bad Growth: The Human Development Reports.” *World Development* 25(5): 631-638.
<https://www.sciencedirect.com/science/article/pii/S0305750X96001416>.
- Take a look: United Nations Development Programme, Human Development Index (HDI), <http://hdr.undp.org/en/content/human-development-index-hdi>.
- **[Recommended]** (alternative indicators to GDP), Stiglitz, J., Amartya Sen, and Jean-Paul Fitoussi. 2009. *Report by the Commission on the Measurement of Economic Performance and Social Progress*.
<http://ec.europa.eu/eurostat/documents/118025/118123/Fitoussi+Commission+report> (It’s optional, but recommend skimming p.11-18, ‘Executive Summary’ part).

Friday (March 2) Review

WEEK 2

The literature on development has evolved from various perspective and we will particularly pay attention to these questions: What are the sources of economic growth? How have theories of growth evolved over time? How has market economic system been shaped in the world? This week, we will review the historical path of modernization and development and identify its consequences: state, market formation, varieties of capitalist development.

Session 3 (March 6) Historical Legacy: Modernization and Development

- Sachs, Jeffrey. 2006. "Chapter 2. The Spread of Economic Prosperity." *The End of Poverty: Economic Possibilities for Our Time*. New York: Penguin (also, strongly recommend reading, Chapter 3).
- **[Recommended]** Lindauer, D. and Lance Pritchett. 2002. "What's the Big Idea? The Third Generation of Policies for Economic Growth." *Economia* (Fall). Skim p.4-17 <http://academics.wellesley.edu/Economics/Lindauer/Documents/lindauer.pdf>.

Session 4 (March 8) State, Market and Capitalist Development

- Hall, Peter A. and David Soskice. 2001. "Ch 1. Introduction." *Varieties of Capitalism: Institutional Foundations of Comparative Advantage*. Oxford: Oxford University Press, available at Peter Hall's website, <http://www.people.fas.harvard.edu/~phall/VofCIntro.pdf>
- **[Recommended]** Rodrik, Dani. 2007. "Chapter 1. Fifty Years of Growth (and Lack of Thereof)." *One Economics, Many Recipes: Globalization, Institutions, and Economic Growth*. Princeton: Princeton University Press.
- **[Recommended]** Williamson, John. 1993. "Democracy and the 'Washington Consensus,'" *World Development* 21(8): 1329-36. <https://www.sciencedirect.com/science/article/pii/0305750X9390046C>

WEEK 3

What is so special about East Asia? There have been a lot of debates with regard to the role and limitations of state and economic interests in East Asia's 'abnormal' success. Compared to the Western development model, what has been the role state in East Asian Miracle? What have been the strategies of East Asian Tigers? We compare contrasting viewpoints on these issues.

Session 5 (March 13) State-led Development (I): on 'East Asian Miracle'

- Robert Wade. 1992. "East Asia's Economic Success: Conflicting Perspectives, Partial Insights, Shaky Evidence." *World Development* 44(2): 270-320.
- **[Recommended]** The World Bank. 1993. "Overview." *The East Asian Miracle: Economic Growth and Public Policy*. New York: Oxford University Press <http://documents.worldbank.org/curated/en/975081468244550798/pdf/multi-page.pdf> (recommend skimming, p.8-26).

**Session 6 (March 15) State-led Development (II): Bureaucrats, Trade,
Macroeconomic Stability, and Embedded Autonomy**

- Gill, Indermit and H. Kharas. 2007. "Chapter 2. Trade." *An East Asian Renaissance: Ideas for Economic Growth*. New York: The World Bank, p.81-122, available at http://siteresources.worldbank.org/INTEASTASIAPACIFIC/Resources/226262-1158536715202/EA_Renaissance_full.pdf.
- **[Recommended]** Kang, David C. 2002. "Bad Loans to Good Friends: Money Politics and the Developmental State in South Korea." *International Organization* 56(1): 177-207. https://www.jstor.org/stable/3078674?seq=1#page_scan_tab_contents.
- **[Recommended]** Tejada, Carlos. 2017. "Money, Power, Family: Inside South Korea's Chaebol." *New York Times*, February 17 (if your interested in Chaebol's inside) <http://www.nytimes.com/2017/02/17/business/south-korea-chaebol-samsung.html>.
- **[Recommended]** Krueger, Ann. 1990. "Government Failures in Development," *Journal of Economic Perspectives* 4: 9-25. <https://www.jstor.org/stable/1942926>.

Friday (March 16) Review

WEEK 4

It has been known that the East Asian miracle is largely attributed, among other things, to the region is sustained levels of investment in human capital over a long period. How has East Asia benefited from rather a high level of human resource development focusing on scientists and engineers?

Session 7 (March 20) Education and Development

- Banerjee A. and Esther Duflo. 2011. "Chapter 4. Top of the Class." *Poor Economics, A Radical Thinking of the Way to Fight Global Poverty*. New York: Public Affairs.
- **[Recommended]** Tilak, Jandhyala B. G. 2002. *Building Human Capital in East Asia: What Others Can Learn*. New York: The World Bank. <https://siteresources.worldbank.org/WBI/Resources/wbi37166.pdf>.
- **[Recommended]** Chaudhury, Nazmul, Jeffrey Hammer, Michael Kremer, Karthik Muralidharan, and F. Halsey Rogers. 2006. "Missing in Action: Teacher and Health Worker Absence in Developing Countries." *The Journal of Economic Perspectives* 20(1): 91-116, available at <http://siteresources.worldbank.org/INTPUBSERV/Resources/477250-1187034401048/ChaudhuryandothersMIA.pdf>.

There has been substantial progress in public health condition of developing countries as a result of continuous foreign aid, better governance and improved policy measures. What has been done to improve public health and sanitation and what can be done further to meet the Millennium Development Goals (MDGs) and Sustainable Development Goals (SDGs) which contain several targets for health condition in developing countries?

Session 8 (March 22) Health and Social Care

- Banerjee, A. and Esther Duflo. 2011. “Chapter 3. Low-Hanging Fruit for Better Health.” *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*. New York: Public Affairs.
- **[Recommended]** Lewis, Maureen. 2006. “Governance and Corruption in Public Healthcare Systems.” Center for Global Development Working Paper 78, available at http://www1.worldbank.org/publicsector/anticorrupt/Corruption%20WP_78.pdf.
- **[Recommended]** Huyen Thanh Dao, Hugh Waters, and Quan Vu Le. 2008. “User Fees and Health Service Utilization in Vietnam: How to Protect the Poor?” *Public Health* 122(10): 1068-1078.

WEEK 5

Investment in science and technology has affected the economy through direct job creation, contribution to GDP growth, creation of new services and industries, workforce transformation and business innovation. Also, use of technology has been linked to marketplace transformation, improved living standards and more robust international trade. What is the causal link between science and technology and economic growth? How have developed economies promoted domestic industry with incentives? How do science and technology eventually affect sustainable development? What is the concept of science (research) park (cluster)?

Session 9 (March 27) Innovation, Science & Technology

- UN System Task Team on the Post-2015 UN Development Agenda. 2013. “Science, Technology and Innovation for Sustainable Development.” Available at http://www.un.org/en/development/desa/policy/untaskteam_undf/thinkpieces/28_thinkpiece_science.pdf.
- **[Recommended]** Castells, Manuel and Peter Hall. 1994. *Technopoles of the World: The Making of Twenty-First-Century Industrial Complexes*. New York: Routledge University Press.
- **[Recommended]** West, Darrell M. 2011. Technology and the Innovation Economy. Center for Technology Innovation at Brookings Institute (October 19), available at http://www.brookings.edu/wp-content/uploads/2016/06/1019_technology_innovation_west.pdf.

The principle of equal treatment, procedural fairness, judicial independence, and checks on state executive have been central to the discussion of prosperous economy. What is the correlation between the rule of law and economic development? How can the violation of equal treatment and procedural fairness through corruption have an adverse effect on economic activity?

Session 10 (March 29) Rule of Law, Clientelism and Corruption

- Hutchcroft. Paul D. 1997. "The Politics of Privilege: Assessing the Impact of Rents, Corruption, and Clientelism on Third World Development." *Political Studies* 45(3): 639-58. <http://onlinelibrary.wiley.com/doi/10.1111/1467-9248.00100/abstract>
- **[Recommended]** Haggard, Stephan, Andrew MacIntyre, and Lydia Tiede. 2008. "The Rule of Law and Economic Development," Annual Review of Political Science 11: 205-234, available at <https://law.utexas.edu/conferences/measuring/The%20Papers/ruleoflawconference.Haggard&Tiede.Rule%20of%20Law.March13.2010.pdf>.
- **[Recommended]** Svensson, Jakob. 2005. "Eight Questions about Corruption." *The Journal of Economic Perspective*. 19(3): 19-42. <http://kie.vse.cz/wp-content/uploads/Svensson-2005.pdf>.

Friday (March 30) Review & Discussion

- Please read before class, *The Straits Times*, "Fighting Against Corruption: Singapore's Experience," available at <http://www.straitstimes.com/opinion/fight-against-corruption-singapores-experience>.

WEEK 6 Reading Week (April 2 – April 8)

*** A Study Guide for Midterm Exam will be given.

WEEK 7 Presentation

*** Group Project Presentation

*** *The second part of the course will be taught by Prof. James Riedel (International Fellow).*

WEEK 8

Session 11 (Tue, April 17)

Capital Accumulation and Growth: Harrod-Domar and Solow Models

- Perkins, Chapter 4 and/or Weil, D. *Economic Growth*, Addison-Wesley, 2005, Chapter 3, or better yet: Weil, D. *Economic Growth*, Chapter 3, or still even better: Jones, C. *Introduction to Economic Growth*, Chapter 2.
- Riedel, J. Notes on Growth Theory and Evidence, mimeo.
- **[Recommended]** Easterly, William. 1999. "The Ghost of the Financing Gap: How the Harrod-Domar Model Still Haunts Development Economics, *Journal of Development Economics*, 12: 423-438.

WEEK 9

Session 12 (Tue, April 24): Testing the Solow Model and its application to Growth Accounting

- Perkins, Chapters 1 - 3
- **[Recommended]** Mankiw, N. et.al. 1999. "A Contribution to the Empirics of Economic Growth," *Quarterly Journal of Economics*, 1999. 401-437.
- **[Recommended]** Riedel, J. 2007. *How China Grows: Investment Finance and Reform*, Princeton U. Press, Chapter 2.
- **[Recommended]** Young, A. 1995. "The Tyranny of Numbers: Confronting the Statistical Reality of East Asian Growth Experience," *Quarterly Journal of Economics*, 641-680.

Session 13 (Thu, April 26): Technology Change and Growth – Endogenous Economic Growth

- Perkins, Chapter 4
- Riedel, J. Notes on Endogenous Growth Models. mimeo
- **[Recommended]** Lucas, R. 2009. "Trade and the Diffusion of the Industrial Revolution," *American Economic Journal: Macroeconomics*, 1-15.
- Riedel, J. 2016. "Growth Slowdown and the Middle-Income Trap in Asia," in H. Hill and J. Menon, eds., *Managing Globalization in Asia*, Singapore: ISEAS

Friday, April 27: Review

WEEK 10

Session 14 (Thu, May 3) The Big Debate—Policy versus Geography versus Institutions

- Acemoglu, D and J Robinson. 2012. *Why Nations Fail*. Milken Institute Review.
<http://assets1b.milkeninstitute.org/assets/Publication/MIRReview/PDF/75-89MR55.pdf>.
- Sachs, J. 2012. “Government, Geography, and Growth: The True Drivers of Economic Development” *Foreign Affairs*, September-October, 142-150.
- **[Recommended]** Diamond, J. 1999. *Guns, Germs and Steel: The Fates of Human Societies*. New York: WW Norton & Company.
- **[Recommended]** Acemoglu, D et. al. 2002. “Reversal of Fortune: Geography and Institutions in the Making of the Modern World, *Quarterly Journal of Economics*, Nov, 1231-1294.

WEEK 11

Session 15 (Tue, May 8) Private Saving, Financial Development and Growth

- Perkins, Chapter 10
- Riedel, J. Notes on Determinants of Private Saving: Theory and Empirical Evidence
- Riedel, J. Notes on Financial Development and Growth
- Levine, Ross. 2003. “Finance and Growth: Theory, Evidence and Mechanisms,” In Philippe Aghion and Steven N. Durlauf (eds.), *Handbook of Economic Growth*, Vol 14.

Session 16 (Thu, May 10) Foreign Saving (FDI and ODA) and Growth

- Perkins, Chapter 14.
- **[Recommended]** Obstfeld, Maurice. 2008. “International finance and growth in developing countries: What have we learned.” Commission on Growth and Development, Working Paper No. 34.
- **[Recommended]** Burnside, C. and D. Dollar. 2000. “Aid, Policies and Growth,” *American Economic Review* 90: 847-68 2000.

Friday, May 11: Review

WEEK 12

Session 17 (Tue, May 15) Public Saving, Investment and Growth

- Riedel, J. Lecture notes on Public Investment and Growth
- Pritchett, Lant. 2000. "The Tyranny of Concepts: CUDIE (Cumulated Depreciated Investment Effort) is NOT Capital, *Journal of Economic Growth*, December: 361-384.
- Berg, Andrew, et.al. 2016. "Public Investment Efficiency and Growth" *VOX* January.

Session 18 (Thu, May 17) Development with Surplus Labor—The Lewis Model

- Perkins, Chapter 4
- **[Recommended]** Lewis, A.W. 1954. "Economic Development with Unlimited Supplies of Labor," *The Manchester School*. 1954 139-191. 201 (recommended)
- **[Recommended]** Das, M and P N'Diaye. 2013. "Chronicle of a Decline Foretold: Has China Reached the Lewis Turning Point?" IMF Working Paper, WP/13/26.

WEEK 13

Session 19 (Tue, May 22): Import-substitution versus Export-oriented Industrialization Strategies

- Perkins Chapters 18 and 19
- Bhagwati, J. and T.N. Srinivasan. 1999. "Outward-Orientation and Development: Are the Skeptics Right? *Yale Growth Center Discussion Paper* no. 806.
- **[Recommended]** Kravis, I. 1970. "Trade as the Handmaiden of Growth: Similarities between the Nineteenth and Twentieth Centuries" *Economic Journal*. December: 850-872.
- **[Recommended]** Riedel, J. 1984. "Trade as the Engine of Growth in Developing Countries, Revisited", *Economic Journal*, Vol. 94, No. 373 (March): 56-73.

Session 20 (Thu, May 24) Industrialization in Vietnam

- Riedel, J. 1993. "Viet Nam: On the Trail of the Tigers," *The World Economy*, vol. 16, no. 4, July: 401-422.
- Riedel, J. and T. Pham. 2014. "Vietnam: Trapped on the Trail of the Tigers," Premachandra Athukorala, Arianto Pantura and Budy Resosudarmo, *Trade, Industry and Development in East Asia*, Institute of South East Asian Studies and Alan & Unwin.

Friday, May 25: Review

WEEK 14

Reading Week

****** You and your group members are required to submit Policy Challenge Paper***

WEEK 15

Final Exam (Thursday, June 7 8:30)