

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 August 1 to August 8, 2021.

Office Hours:	Dr. Jonathan Pincus	6.00 p.m – 7.00 p.m, at appointment.
	Vu Thuy Vinh	6.00 p.m – 7.00 p.m

Course Description

Development Policy is an economic development survey course that addresses some of the critical policy choices facing government and communities. We cover topics largely through the lens of Vietnam's recent experience and that of other large Southeast Asian countries. While all these countries are much richer than they were 50 years ago, they pursued different growth trajectories, with different results in terms of living standards, inequality and human development. Understanding the causes of these divergent outcomes gives us a window on the role of policy and other factors affecting the pace and direction of development.

The course emphasizes the use of evidence—data quality, modeling and presentation. Formulating sound policies requires careful and unbiased use of evidence and a willingness to suspend judgement until the facts are all in. This does not always—or even generally—mean sophisticated statistical techniques. Often a well-constructed table using reliable indicators is more convincing than a complicated econometric model, especially in policy circles and for the media and public.

A second major theme is balance between market allocation and government control. Neither markets nor regulators provide the right answer in every situation. Deciding on the appropriate mix of instruments requires attention to context and careful assessment of how and when markets and governments interact.

Course Requirements

Students are expected to have read the assigned materials before coming to class. Classes will consist of a lecture and discussion. Participation will be assessed. In addition to class participation, students will complete a project **consisting of a policy memo** that makes the case

for a change in policy in Vietnam. The final exam will ask students to choose three questions from a list of five or six and answer them in class. The final grade will reflect the following weights:

Class participation	20%
Project	40%
Final exam	40%

More details on assessment are provided below.

Required and Supplementary Reading

There is no textbook for the course. One required reading, available in English and Vietnamese, is assigned for each class. Supplementary readings are also listed for each class, but most of these will only be available in English. However, to the extent possible they will be made available in electronic form, so non-English speakers can use Google translate or other translation services to get the main points.

Code of Conduct / Academic Integrity

Please refer to the university's Student Handbook for more information about the code of conduct. Plagiarism, defined as 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 suggested readings are drawn from the following books. They will be made available to you in electronic form. These are the instructor's personal copies, which you may borrow for your personal use if 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

Title	Author	Publisher	Year
Global Inequality	Branko Milanovic	Harvard University Press	2016
Asian Transformations	Deepak Nayyar	Oxford University Press	2019
The Palgrave Handbook of Development Economics: Critical Reflections on Globalization and Development	Machiko Nissanke and Jose Antonio Ocampo	Palgrave	2019
African Economic Development	John Sender, Christopher Cramer and Arkebe Oqubay	Oxford University Press	2020
What's Wrong with Economics?	Robert Skidelsky	Yale University Press	
The Nature of Economic Growth	Anthony Thirlwall	Edward Elgar	2002
The Routledge Handbook of Industry and Development	John Weiss and Michael Tribe, eds.	Routledge	2016

Course Schedule and Readings

<p>Class 1</p> <p>(AM 8.30–10.00, 1 Aug)</p>	<p>Introduction: What is Development?</p> <p>Required Reading: Alex Cobham, <i>The Uncounted</i>, Chapter 1, “Development’s Data Problem”</p> <p>Suggested Readings:</p> <p>Tony Atkinson, <i>Measuring Poverty Around the World</i>, Chapter 4, “The Key Role of Data”</p>
<p>Class 2</p> <p>(AM 10.15–11.45, 1 Aug)</p>	<p>Structural and demographic change</p> <p>Required Reading: Andy Sumner, “Is the Lewis Model of Economic Development Still Relevant to Developing Countries?” https://gpid.univie.ac.at/wp-content/uploads/2018/04/Brief_12.pdf</p> <p>Suggested Readings:</p> <p>Brian McCaig and Nina Pavcnik, “Moving Out of Agriculture: Structural Change in Vietnam”</p> <p>Charles Hirschman and Sabrina Bonaparte, “Population and Society in Southeast Asia: A Historical Perspective”</p>
<p>Class 3</p> <p>(AM 8.30–10.00, 2 Aug)</p>	<p>Agriculture and economic development</p> <p>Required Reading: “Massoud Karshenas, Agriculture and economic development in sub-Saharan Africa and Asia”</p> <p>Suggested Reading: Rob Vos, <i>Asian Transformations</i>, “Agriculture, the Rural Sector and Development”</p>

<p>Class 4</p> <p>(AM 10.15–11.45, 2 Aug)</p>	<p>Poverty and poverty alleviation</p> <p>Required Reading: Tony Atkinson, <i>Measuring Poverty Around the World</i>, “Clarifying Concepts”</p> <p>Suggested Readings:</p> <p>John Sender, Chris Cramer and Arkebe Oqubay, <i>African Economic Development</i>, Chapter 8, “Working Out the Solution to Rural Poverty”</p> <p>Anirudh Krishna, “Escaping Poverty and Becoming Poor: Who Gains, Who Loses, and Why?”</p>
<p>Class 5</p> <p>(AM 8.30–10.00, 3 Aug)</p>	<p>Within-country inequality</p> <p>Required Reading: Tony Atkinson, <i>Inequality: What Can Be Done?</i>, Chapter 3, “The Economics of Inequality”</p> <p>Suggested Reading: Gabriel Palma, “Homogeneous Middles vs. Heterogeneous Tails, and the End of the ‘Inverted-U’: It’s All About the Share of the Rich” <i>Development and Change</i>, 2011</p>
<p>Class 6</p> <p>(AM 10.15–11.45, 3 Aug)</p>	<p>Human development: Education and health</p> <p>Required Reading: Angus Deaton, <i>The Great Escape</i>, Chapter 3, “Escaping Death in the Tropics”</p> <p>Suggested Readings: Sudipto Mundle, <i>Asian Transformations</i>, “Education and Health”</p> <p>UNDP, <i>Human Development Report, 2019</i>, “Beyond Income, Beyond Averages, Beyond Today: Inequalities in Human Development in the 21st Century” http://hdr.undp.org/en/content/human-development-report-2019</p>
<p>Class 7</p> <p>(AM 8.30–10.00, 4 Aug)</p>	<p>The theory of economic growth</p> <p>Required Reading: A.P. Thirlwall, <i>The Nature of Economic Growth</i>, Neoclassical and New Growth Theory: A Critique</p> <p>Suggested Reading: Robert Skidelsky, <i>What’s Wrong with Economics?</i>, “Economic Growth”</p>
<p>Class 8</p> <p>(AM 10.15–11.45, 4 Aug)</p>	<p>Convergence and global income inequality</p> <p>Required Reading: Lant Pritchett, “Divergence, Big Time”</p> <p>Suggested Reading: Branko Milanovic, <i>Global Inequality</i>, “Globalization is Making the World More Equal”</p>
<p>Class 9</p> <p>(AM 8.30–10.00, 5 Aug)</p>	<p>Manufacturing and economic growth</p> <p>Required Reading: A.P. Thirlwall, <i>The Nature of Economic Growth</i>, “Manufacturing Industry as the Engine of Economic Growth”</p> <p>Suggested Readings: UNDP Vietnam, <i>Economic Recovery and Progress Toward the SDGs: Vietnam in Multiple Transformations</i> https://www.vn.undp.org/content/vietnam/en/home/library/EcoRecovery.html</p> <p>Hajoon Chang and Kiryl Zach, <i>Asian Transformations</i>, “Industrialization and Development”</p>

<p>Class 10</p> <p>(AM 10.15–11.45, 5 Aug)</p>	<p>Trade and economic growth</p> <p>Required Reading: A.P. Thirlwall, <i>The Nature of Economic Growth</i>, “A Demand-Oriented Approach to Economic Growth”</p> <p>Suggested Reading: A.P. Thirlwall, <i>The Nature of Economic Growth</i>, “Balance of Payments Constrained Growth: Theory and Evidence”</p>
<p>Class 11</p> <p>(AM 8.30–10.00, 6 Aug)</p>	<p>Institutions and development</p> <p>Required Reading: Mushtaq Khan, <i>Asian Transformations</i>, Chapter 13, “Institutions and Development”</p> <p>Suggested Reading: Robert Skidelsky, <i>What’s Wrong with Economics?</i> Chapter 8, “Institutional Economics”</p>
<p>Class 12</p> <p>(AM 10.15–11.45, 6 Aug)</p>	<p>Technology and innovation</p> <p>Required Reading: Dan Breznitz, <i>Innovation in Real Places</i>, Chapter 5, “Four Are Better than One—But First Let Us Plan It Strategically”</p> <p>Suggested Reading: 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”</p>
<p>Class 13</p> <p>(AM 8.30–10.00, 7 Aug)</p>	<p>Financing Development</p> <p>Required Reading: Fernando Cardim de Carvalho et al., <i>The Palgrave Handbook of Development Economics</i>, Chapter 14, “Development Finance: Theory and Practice”</p> <p>Suggested Reading: Jonathan Pincus, “Financing Development”</p>
<p>Class 14</p> <p>(AM 10.15–11.45, 7 Aug)</p>	<p>Natural resources and the resource curse</p> <p>Required reading: Anthony J. Venables, “Using Natural Resources for Development: Why Has It Proven So Difficult?”</p> <p>Suggested Readings: Jonathan Di John, “Is There Really a Resource Curse?”</p> <p>Antonio Savoia and Kunal Sen, “The Political Economy of the Resource Curse: A Development Perspective”</p>
<p>Class 15</p> <p>(AM 8.30–10.00, 8 Aug)</p>	<p>Climate change and sustainable development</p> <p>Required Reading: Frank Incropera, <i>Climate Change: A Wicked Problem</i>, Chapter 7, “Public Policy Options”</p> <p>Suggested Reading: Nicholas Stern, <i>Measuring Poverty Around the World</i>, Afterword, “Poverty and Climate Change”</p>
<p>Class 16</p> <p>(AM 10.15–11.45, 8 Aug)</p>	<p>Final Exam</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. Besides, participation is assessed through discussion sessions in class. Students are required to work as a group

of 2-3 people, each group will be appointed to give a 5-min presentation to settle the questions in Discussion Questions below, followed by 15-min Q&A.

Project: Students will 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 TEN** double-spaced pages in the 12-point font **in English or Vietnamese (about 5000 – 6000 words) of your choice. The Project is a teamwork assignment with each group from 3-4 members. Group members and topic of their project should be submitted to the teaching team before 8.20 a.m. 8 Aug (Sunday). The project outline should be submitted before 8.20 a.m. Friday, 13 Aug and the final paper before 8.20 a.m. Friday, 20 Aug via Teams. The students are advised, but not limited, to choose one of the 15 development policy areas which are introduced in the class for their project topic.**

Final exam: The final session of class will consist of a final exam. Students will be given five to six questions and will be required to answer three in essay form. Students will write their answers long hand and books and notes will not be allowed. In case the classes are conducted online, students will take an online examination and submit their work in word file via Teams at the end of the exam (11.45 a.m, August 8th).

Grading

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

Criteria	Points
Structure and organization: The answer begins with an introduction stating the key arguments, and ends with a conclusion restating the arguments.	20
Use of evidence: The main arguments should be supported by reliable evidence, with the source of evidence clearly cited.	20
Use of theories and arguments from the readings: The main arguments should cite theories and claims from the assigned readings, providing support for or criticism of these theories and claims.	20
Use of theories and arguments from the lectures and classes: The main arguments should cite theories and claims from the lectures and classes, providing support for or criticism of these theories and claims.	20
Originality: Presenting an original point of view or interpretation of the theories, claims or evidence is the difference between a good and an excellent essay or exam answer.	20

Discussion Questions

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

Class 1	Introduction: What is Development? <ol style="list-style-type: none"> 1. Is Gross Domestic Product a good indicator of development? Why or why not? 2. Is it possible to achieve prosperity on the basis of millions of small farms and small enterprises? Why or why not?
Class 2	Structural and demographic change <ol style="list-style-type: none"> 1. In what ways are developing countries fundamentally different from advanced countries? 2. Did demographic change drive development in Southeast Asia or the other way round?
Class 3	Agriculture and economic development <ol style="list-style-type: none"> 1. What role does agriculture play in economic development that cannot be performed by industry and services? 2. What is the role of government in agricultural development?
Class 4	Poverty and poverty alleviation <ol style="list-style-type: none"> 1. Discuss the problems with static measures of poverty and the policy implications of shifting to dynamic measures of poverty. 2. Discuss the role of labor markets in poverty reduction.
Class 5	Within-country inequality <ol style="list-style-type: none"> 1. Discuss the difference between the gini coefficient and the Palma ratio. Which do you think is a better measure of inequality? 2. Discuss the role of globalization in increasing or reducing within-country inequality.
Class 6	Human development: Education and health <ol style="list-style-type: none"> 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? 2. Discuss the relationship between education, economic growth and economic inequality.
Class 7	The theory of economic growth <ol style="list-style-type: none"> 1. Are the assumptions of the neoclassical growth model realistic? Does it matter or does the model give us a useful perspective on the growth process? 2. Does the introduction of increasing returns to scale resolve the problems of the neoclassical growth model? Why or why not?
Class 8	Convergence and global income inequality <ol style="list-style-type: none"> 1. The world is becoming more equal on average but income levels continue to diverge “big time.” How can both statements be possible? 2. Discuss the role of trade and the fragmentation of production to the global distribution of income.

Class 9	Manufacturing and economic growth <ol style="list-style-type: none"> 1. Why is productivity growth strongly associated with the rate of growth of manufactured exports? 2. Will “reshoring” make it more difficult for developing countries to develop their manufacturing sectors?
Class 10	Trade and economic growth <ol style="list-style-type: none"> 1. Discuss the balance of payments constraint on growth and the implications for trade policy. 2. Contrast supply-side and demand-side explanations for the growth of exports.
Class 11	Institutions and development <ol style="list-style-type: none"> 1. Are “inclusive institutions” necessary for rapid growth? Why or why not? 2. Do the World Bank’s governance indicators explain differences in growth and development outcomes in Southeast Asia?
Class 12	Technology and innovation <ol style="list-style-type: none"> 1. How did China transform so quickly from a consumer to producer of new technology? 2. Discuss the different forms that innovation can take and how governments can promote forms of innovation that are right for their country.
Class 13	Financing Development <ol style="list-style-type: none"> 1. What makes financial system fragile? 2. What have we learned from the East Asian financial crisis and the Global Financial Crisis about financial liberalization and financial stability?
Class 14	Natural resources and the resource curse <ol style="list-style-type: none"> 1. Are natural resources a blessing or a curse? Why? 2. Give examples of countries that have used abundant natural resource to achieve sustainable increases in income.
Class 15	Climate change and sustainable development <ol style="list-style-type: none"> 1. Why is Vietnam still building coal fired power plants? 2. Define sustainability and discuss the implications of your definition for development policy.