

**Fulbright Economics Teaching Program
Masters in Public Policy
Academic Year 2012-2013
Spring Term**

**SYLLABUS
Development Policy**

Teaching Team

Co-Instructors:	Jonathan Pincus	(Email: jonathan.pincus@fetp.vnn.vn)
	Chau Van Thanh	(Email: thanhev@fetp.vnn.vn)
	Tran Tien Khai	(Email: khaitt@fetp.vnn.vn)
Tutor:	Ngo Hoang Thao Trang	(Email: trangnht@ueh.edu.vn)
Translator:	Nguyen Quy Tam	(Email: quytam@fetp.vnn.vn)

Office Hours

The instructors and tutor are available for consultation by appointment. Please email in advance to set up a time to meet.

Objective

The objective of the course is to familiarize students with the main themes of development economics and to discuss the policy implications for Vietnam and other countries of contemporary development theory. The course introduces a wide range of topics and also extends beyond economics narrowly defined to address issues relating to social policy and environmental sustainability. The course emphasizes the complexity of the development process and seeks to provide students with the analytical tools needed to make sense of economic development and social change. Our aim is to encourage students to think critically about the development process, and in doing so to shed some common misperceptions about economic development.

Course Description

The course consists of 24 lectures and six review classes. A new topic is introduced each week and typically covered in two lectures. Review classes will be held periodically to discuss written assignments and to help prepare students for midterm and final exams.

The main theme of the course is that development policy should be *evidence based*. All theoretical propositions and assumptions should be subjected to rigorous empirical analysis. Students will learn to formulate testable hypotheses and objectively assess the evidence before accepting or rejecting development theories. This is essential preparation for writing a master's thesis in the second year of the MPP program.

Readings

Required readings are listed for each lecture in the course outline below. Students are expected to come to the lecture having read the required reading. Supplemental or suggested readings (some in English and some in Vietnamese) may be read in conjunction with written

assignments or in preparation for examinations. These are often not translated into Vietnamese and will be made available to students in the library. Some are available for downloading at <https://sites.google.com/site/jrpincus/>.

The lectures will identify influential contributions to the development literature for each topic. Students who would like to arrive at a deeper understanding of the material are encouraged to read these important articles and books. Feel free to contact the lecturers for assistance if you are having trouble finding these key readings.

Main Textbook

Perkins, Dwight, Steven Radelet and David Lindauer, *Economics of Development* (Sixth Edition), New York: WW Norton and Company, 2006 (hereafter referred to as Perkins et al. 2006).

Useful Websites

Asian Development Bank: <http://www.adb.org/>

Center for Global Development: <http://www.cgdev.org/>

ELDIS: <http://www.eldis.org/>

IDEAs: <http://www.ideaswebsite.org/>

International Monetary Fund: <http://www.imf.org/>

National Bureau of Economic Research: <http://www.nber.org/>

Vietnamese language website of UNDP: <http://www.undp.org.vn/>

Vietnamese language website of the World Bank: <http://www.worldbank.org.vn/>

World Development Indicators: <http://data.worldbank.org/data-catalog/world-development-indicators>

Review Classes

Review classes will be held at 8:30 a.m. on the following days:

- March 1
- March 15
- March 29
- April 26
- May 10
- May 24

Review classes will provide an opportunity for students to discuss lectures, readings and written assignments with instructors. Review classes are mandatory and attendance will be taken.

Requirements

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

Student Assessment

To complete the course, students are required to submit three short memos, one longer policy paper, and to take one midterm and one final exam. *Active class participation accounts*

for one fifth of the total grade. Exams will be based on information presented in all lectures, required readings, and group discussions. No materials or books are allowed in exam rooms.

Short memos: Students will answer open questions that are designed to deepen their knowledge of the issues and topics covered in class. Participants must read the required readings and draw from the suggested readings and material from the library and the internet as needed.

Policy papers: Each paper will consist of no more than five typed pages of A4 paper. The policy paper is a group assignment prepared by pre-selected groups of three students. The group will decide on a topic relating to the course lectures and submit a proposal for approval by the co-instructors. The paper will take the form of an official report, analyzing the issue in question and putting forth practical and coherent policy recommendations. *The two best papers* will be posted on the program's website.

Grading structure:

Short memos	20%
Class Participation	20%
Policy paper	20%
Midterm exam	20%
Final exam	20%

<i>Assignments</i>	<i>Distribution date</i>	<i>Due date</i>	<i>Exam Date</i>
Memo 1	February 26	March 12	
Memo 2	March 12	April 02	
Memo 3	April 23	May 21	
<i>Midterm exam</i>			April 8
Policy paper (proposal)		March 07	
Policy paper (outline)		March 21	
Policy paper (draft)		April 25	
Policy paper (final)		May 16	
<i>Final Exam</i>			June 5

Class Schedule

WEEK 1: INTRODUCTION (February 18-22, 2013)

Lecture 1: Patterns of Development and Issues of Development Policy

Chau Van Thanh

Required Readings: Perkins et al. 2006. Chapter 1.

Suggested Readings:

Dani Rodrik and Mark R. Rosenzweig (2009) *Development Policy and Development Economics: An Introduction*.

Michael P. Todaro and Stephen C. Smith, *Economic Development*, Chapter 1: Economics, Institutions, and Development: A Global Perspective (10th Edition), London: Pearson Education, 2009.

Lecture 2: Measuring Economic Growth and Development

Chau Van Thanh

Required Readings: Perkins et al. 2006. Chapter 2.

Suggested Readings:

Human Development Report 2010, *The Real Wealth of Nations: Pathways to Human Development*. 20th Anniversary Edition. Available online in English at <http://hdr.undp.org/en/>. A Vietnamese language summary is available at http://hdr.undp.org/en/media/HDR_2010_VT_Summary.pdf.

WEEK 2: DEVELOPMENT IN THE VERY LONG RUN (February 25-March 1, 2013)

Lecture 3: Geography and Development

Jonathan Pincus

Required Readings:

Transcript of the program “Guns Germs and Steel,” at least through Episode 1. You can download and watch the full series from the FETP server (with Vietnamese subtitles).

Suggested Readings:

Diamond, Jared (1999) *Guns, Germs and Steel: The Fates of Human Societies*, New York: W.W. Norton and Company, especially the “Prologue”.

Sachs, Jeffrey D. (2003) “Institutions Matter, But Not for Everything,” *Finance and Development*, June.

Lecture 4: Development and Inclusive Institutions

Jonathan Pincus

Required Readings:

Acemoglu, Daron and James A. Robinson (2012) “Why Nations Fail,” *Milken Institute Review*, Third Quarter.

Suggested Readings:

Khan, Mushtaq (2007) “Governance, Economic Growth and Development Since the 1960s,” United Nations DESA Working Paper No. 54, http://eprints.soas.ac.uk/9921/1/DESA_Governance_Economic_Growth_and_Development_since_1960s.pdf.

WEEK 3: INDUSTRIALIZATION (March 4-March 8, 2013)

Lecture 5: The Lewis Model

Jonathan Pincus

Required Readings:

Perkins, et al. 2006, Chapter 4, especially the section “Two-Sector Models.”

Suggested Readings:

Knight, John (2007) “China, South Africa and the Lewis model, Research Paper,” UNU-WIDER Research Paper 82, <http://hdl.handle.net/10419/63386>.

Lewis, W. Arthur (1954) “Economic Development with Unlimited Supplies of Labor,” *The Manchester School*, 22:2, 139-191, <https://webspace.utexas.edu/hcleaver/www/368/368lewistable.pdf>.

Lecture 6: Manufacturing as the Engine of Growth

Jonathan Pincus

Required Readings:

Perkins, et al. 2006, Chapter 18.

Suggested Readings:

Dasgupta, Sukti and Ajit Singh (2006) "Manufacturing, Services and Premature Deindustrialization in Developing Countries," UNU WIDER Research Paper NO. 49, May.

Fagerberg, Jan, Martin Srholec and Mark Knell (2007) "The Competitiveness of Nations: Why Some Countries Prosper While Others Fall Behind," *World Development*, 35:10, p. 1595-1620.

WEEK 4: INDUSTRIALIZATION, CONTINUED (March 11-March 15, 2013)

Lecture 7: The Global Business Revolution

Jonathan Pincus

Required Readings:

Peter Nolan, Jin Zhang and Chunhang Liu (2008) "The Global Business Revolution, the Cascade Effect, and the Challenge for Firms from Developing Countries," *Cambridge Journal of Economics*, 32, p. 29-47.

Suggested Readings:

Florida, Richard (2005) "The World is Spiky," *The Atlantic*, October.

Friedman, Thomas (2005) *The World Is Flat: A Brief History of the Twenty-First Century*, New York: Picador.

Lecture 8: Institutions and Policies for Industrialization

Jonathan Pincus

Required Readings:

Cimoli, Mario, Giovanni Dosi, Richard Nelson and Joseph E. Stiglize (2009) "Institutions and Policies Shaping Industrial Development: An Introductory Note," in Mario Cimoli, Giovanni Dosi and Joseph E. Stiglitz, eds., *Industrial Policy and Development: The Political Economy of Capabilities Accumulation*, Oxford University Press.

Suggested Readings:

Shahid Yusuf and Kaoru Nabeshima (2009) *Tiger Economies Under Threat: A Comparative Analysis of Malaysia's Industrial Prospects and Policy Options*, World Bank, especially Chapters 1 and 7.

WEEK 5: GROWTH AND POVERTY REDUCTION (March 18-22, 2013)

Lecture 9: Is growth good for the poor?

Jonathan Pincus

Required Readings:

Wuyts, Marc (2011) "Growth, Employment and the Productivity-Wage Gap: Revisiting the Growth-Poverty Nexus," *Development and Change*, 42:1, 437-447.

Suggested Readings:

Dollar, David and Aart Kraay (2002) "Growth IS Good for the Poor," http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2001/05/11/000094946_01042806383524/Rendered/PDF/multi0page.pdf

Foster, James and Miguel Szekely (2008) "Is Income Growth Good for the Poor? Tracking Low Incomes Using General Means," *International Economic Review*, 49:4, p. 1143-1172.

Lecture 10: Escaping Poverty

Jonathan Pincus

Required Readings:

Krishna, Anirudh (2004) "Escaping Poverty and Becoming Poor: Who Gains, Who Loses and Why?" *World Development*, 32:1, p. 121-136.

Suggested Readings:

Cecchini, Simone and Andras Uthoff (2008) "Poverty and Employment in Latin America, 1990-2005," *CEPAL Review*, http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1247342.

WEEK 6: GROWTH AND INEQUALITY (March 25-29, 2013)

Lecture 11: Growth and Distribution

Jonathan Pincus

Required Readings:

Bowman, Kirk (1997) "Should the Kuznets Curve Be Relied on to Produce Equalizing Growth? Evidence from Post-1950 Development," *World Development*, 25:1, pp. 127-143.

Suggested Readings:

Miguel Szekely and Marianne Hilgert (1999) "What's Behind the Inequality We Measure: An Investigation Using Latin American Data," Inter-American Development Bank, Research Department Working Paper No. 409, (December), <http://www.iadb.org/res/publications/pubfiles/pubWP-409.pdf>

Lecture 12: Does Inequality Matter for Development?

Jonathan Pincus

Required Readings:

Wade, Robert (2011) "Global Trends in Income Inequality: What is Happening and Should We Worry?" *Challenge*, September-October, p. 54-75.

Suggested Readings

Birdsall, Nancy (2010) "The (Indispensable) Middle Class in Developing Countries," in Ravi Kanbur and Michael Spence, eds., *Equity and Growth in a Globalizing World*, World Bank.

Asian Development Bank (2012) *Asian Development Outlook: Confronting Rising Inequality in Asia*, <http://www.adb.org/sites/default/files/pub/2012/ado2012.pdf>, Chapter 2.

WEEK 7: EDUCATION AND HEALTH (April 1-5, 2013)

Lecture 13: Education and Development
Jonathan Pincus*Required Readings:*

Abhijit Banerjee and Esther Duflo (2011), *Poor Economics, A Radical Rethinking of the Way to Fight Global Poverty*, Public Affairs. Chapter 4: "Top of the Class."

Suggested Readings:

Richard Wilkinson and Kate Pickett (2010), *The Spirit Level, Why Equality is Better for Everyone*," Chapter 8, "Education Performance," Penguin Books

Paul Glewwe and Michael Kremer (2006), "Schools, Teachers, and Education Outcomes in Developing Countries,"

http://www.hks.harvard.edu/var/ezp_site/storage/fckeditor/file/pdfs/centers-programs/centers/cid/publications/faculty/wp/122.pdf.

Lecture 14: Health Policies**Jonathan Pincus***Required Readings:*

Abhijit Banerjee and Esther Duflo (2011), *Poor Economics, A Radical Rethinking of the Way to Fight Global Poverty*, Public Affairs. Chapter 3: "Low-hanging fruit for better (global) health."

*Suggested**Readings:*

Eddy van Doorslaer, *et al.* (2006) "Effect of Payments for Health Care on Poverty Estimates in 11 Countries in Asia: An Analysis of Household Survey Data, *Lancet*, 368, 1357-64.

Hsiao *et al.* (2007), "Social Health Insurance for Developing Nations," *WBI Development Studies*, The World Bank, Washington, D.C. http://harvardschoolofpublichealth.com/health-care-financing/files/hsiao_and_shaw_2007_-_shi_for_developing_nations.pdf.

WEEK 8: Midterm Exam

Midterm Examination April 8, 2013

WEEK 9: RURAL TRANSFORMATION (April 15-19, 2013)

Lecture 15: Role of Agriculture in Economic Development**Tran Tien Khai**

Bruce F. Johnston and John W. Mellor (1961) "The Role of Agriculture in Economic Development," *American Economic Review*, 51:4, p. 566-593.

Suggested Readings:

Massoud Karshenas (2001) "Agriculture and Economic Development in Sub-Saharan Africa and Asia," *Cambridge Journal of Economics*, 25, 315-342.

Gerdien Meijerink and Pim Roza (2007) “The role of agriculture in economic development” Markets, Chains and Sustainable Development Strategy and Policy Paper, no. 5. Stichting DLO: Wageningen. Available at: <http://www.boci.wur.nl/UK/Publications/>

Development Policy/Regional Development Field Trip, April 17-18, 2013

WEEK 10: RURAL TRANSFORMATION I (April 22-26, 2013)

Lecture 16: Role of the State in Rural Development

Tran Tien Khai

Required Readings:

Timmer, Peter C (1999) “The Role of the State in Agricultural Development,” in C. Peter Timmer (ed.). *Agriculture and the State*. Ithaca, NY: Cornell University Press.

Suggested Readings:

Colin MacAndrews, Alex Brillantes, and Ammar Siamwalla (2001) “[Devolution and Decentralization](#)” in [Ammar Siamwalla](#) (ed.), *The Evolving Roles of the State, Private, and Local Actors in Rural Asia, Study of Rural Asia: Volume 5*, Oxford University Press.

Dorward, Andrew, Jonathann Kydd, Jamie Morrision and Ian Urey (2004) “A Policy Agenda for Pro – Poor Agricultural Growth.” *World Development*, 32:1, 73 – 89.

Lecture 17: Land Tenure and Rural Development

Tran Tien Khai

Required Readings

Deininger, Klaus (2003) “Executive Summary.” In Klaus Deininger (ed.). *Land Policies for Growth and Poverty Reduction*, World Bank.

Suggested Readings

Quan, Julian (1998) “Land Tenure and Sustainable Rural Livelihoods,” in Diana Carney, ed., *Sustainable Rural Livelihoods: What Contribution Can We Make?* UK: Department for International Development Press.

Feder, Gershon and David Feeny (1991) “Land Tenure and Property Rights: Theory and Implications for Development Policy,” *The World Bank Economic Review*, 5:1, 135 – 153.

Feder, Gershon and Akihiko Nishio (1999) “The Benefits of Land Registration and Titling: Economic and Social Perspectives,” *Land Use Policy*, 15:1, 25-43.

Hue Le (2008) “Economic Reforms and Mangrove Forests in Central Vietnam,” *Society & Natural Resources*, 21:2, 106-119.

Quy-Toan Do and Lakshmi Iyer (2008) “Land Titling and Rural Transition in Vietnam,” *Economic Development and Cultural Change*, 56:3, 531-579.

Klaus Deininger, Clarissa Augustinus, Stig Enemark and Paul Munro-Faure (2010) “Innovation in land rights recognition, administration and governance”. *Joint Organizational Discussion Paper—Issue 2*, The World Bank, GLTN, FIG and FAO

WEEK 11: RURAL TRANSFORMATION (April 29-May 3, 2013)

Lecture 18. Value Chain Approach in Agri-business

Tran Tien Khai

Required Readings:

Markets4Poor (2008) “Để chuỗi giá trị hiệu quả hơn cho người nghèo: Sổ tay thực hành phân tích chuỗi giá trị,” http://www.markets4poor.org/sites/default/files/file/Publications/M4P1/VC%20toolbook_vns.pdf.

Suggested Readings

Raphael Kaplinsky and Mike Morris (2001) “A Handbook for Value Chain Research,” <http://www.inti.gob.ar/cadenasdevalor/manualparainvestigacion.pdf>

GTZ ValueLinks Manual: The Methodology of Value Chain Promotion, <http://www.value-links.de/manual/distributor.html>.

WEEK 12: NATURAL RESOURCES AND DEVELOPMENT (May 6-10, 2013)

Lecture 19: Sustainable Development

Chau Van Thanh

Required Readings: Perkins et al. 2006. Chapter 20

Suggested Readings:

Howarth, Richard B. (2007) “Towards an operational sustainability criterion,” *Ecological Economics*, 63, pp. 656–663.

View Scientific American’s interactive web article “How Much is Left? The Limits of Earth’s Resources,” <http://www.scientificamerican.com/article.cfm?id=interactive-how-much-is-left>.

Lecture 20: Natural Resources: Blessing or Curse?

Chau Van Thanh

Required Readings:

Wright, Gavin and Jesse Czelusta (2004) “The Myth of the Resource Curse,” *Challenge*, 47:2, 6-38.

Suggested Readings:

Van der Ploeg, Frederick (2011) “Natural Resources: Curse or Blessing? *Journal of Economic Literature*, XLIX(2): 366-420.

Andrew Williams (2011) “Shining a Light on the Resource Curse: An Empirical Analysis of the Relationship Between Natural Resources, Transparency and Economic Growth,” *World Development*, 39:4, 490-505.

WEEK 13: TRADE AND GROWTH (April 13-17, 2012)

Lecture 21: Trade, Growth and Poverty Reduction

Chau Van Thanh

Required Readings: Perkins et al. 2006. Chapter 19.

Suggested Readings:

Daniel W. Drezner (2006), "The Race to the Bottom Hypothesis – An Empirical and Theoretical Review".

Hal Hill and Juthathip Jongwanich (2011), Asia Rising: Emerging East Asian Economies as Foreign Investors, *Trade and Development*, Working Paper No. 2011/07

Lecture 22: Policies Supporting Outward Orientation

Chau Van Thanh

Required Readings: Perkins et al. 2006. Chapter 19.

Suggested Readings:

John Weiss (2005), "Export Growth and Industrial Policy: Lessons from the East Asian Miracle experience", ADB Institute Discussion Paper No. 26.

IDE-JETRO and World Trade Organization (2011), *Trade patterns and global value chains in East Asia: From trade in goods to trade in tasks*.

David Dapice (2009), Trade in the Real World, What Policies Make Sense for a Developing Economy (lecture notes).

WEEK 14: MANAGING AN OPEN ECONOMY (May 20-24, 2012)

Lecture 23: Equilibrium in a Small Open Economy: EB-IB Model

Chau Van Thanh

Required Readings: Perkins et al. 2006. Chapters 19 & 21.

Suggested Readings:

Michael P. Todaro and Stephen C. Smith, *Economic Development*, Chapter 13: Balance of Payments, Developing-Country Debt, and the Macroeconomic Stabilization Controversy (10th Edition), London: Pearson Education, 2009.

Lecture 24: Stabilization Policies

Chau Van Thanh

Required Readings:

Jeffrey Frankel (2011), How Can Commodity Exporters Make Fiscal and Monetary Policy Less Procyclical?, *Natural Resources, Finance and Development*, International Monetary Fund.

W. Max Corden (2012), The Dutch Disease in Australia: Policy Options for a Three-Speed Economy, Melbourne Institute Working Paper Series, Working Paper No. 5/12.

FINAL EXAM

Final Examination June 5, 2013