

**Fulbright Economics Teaching Program  
Masters in Public Policy  
Spring Term**

**SYLLABUS  
Development Policy**

**Teaching Team**

Co-Instructors: James Riedel, Chau Van Thanh, and Quan Vu Le  
Guest Lecturer: Tran Tien Khai  
Tutor: Tran Dang Nhan  
Interpreter: Huynh Trung Dung

**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 25 lectures and 10 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.

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, David Lindauer, and Steven A. Block, *Economics of Development* (Seventh Edition), New York: WW Norton and Company, 2013 (hereafter referred to as Perkins et al. 2013).

### ***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. 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 **four 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.

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-23	March-08	
Memo 2	March-08	March-22	
Memo 3	April-19	May-10	
Memo 4	May-10	May-24	
<i>Midterm exam</i>			April-05
Policy paper proposal)	February-19	March-18	
Policy paper (outline)		April-22	
Policy paper (draft)		May-13	
Policy paper (final)		May-27	
<i>Final Exam</i>			June-03

## Class Schedule

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### WEEK 1: INTRODUCTION (February 15-19, 2016)

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#### Lecture 1: Patterns of Development and Issues of Development Policy

**Chau Van Thanh**

*Required Readings:*

Perkins et al. 2006/2013. Chapter 1.

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

*Suggested Readings:*

Michael P. Todaro and Stephen C. Smith, *Economic Development*, Chapter 1: Introducing Economic Development: A Global Perspective (12<sup>th</sup> Edition), London: Pearson Education, 2014.

Francis Fukuyama (2016), Exporting the Chinese Model. At <https://www.project-syndicate.org/commentary/china-one-belt-one-road-strategy-by-francis-fukuyama-2016-01#rAqAAAGCwVJZI3Hy.99>

#### Lecture 2: Measuring Economic Growth and Development

**Chau Van Thanh**

*Required Readings:*

Perkins et al. 2006/2013. Chapter 2.

*Suggested Readings:*

Human Development Report (2010), *The Real Wealth of Nations: Pathways to Human Development*. 20<sup>th</sup> 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](http://hdr.undp.org/en/media/HDR_2010_VT_Summary.pdf).

Bộ Kế hoạch Đầu tư, Báo cáo Quốc gia - Kết quả 15 năm thực hiện các Mục tiêu Phát triển Thiên Niên Kỷ của Việt Nam, 2015 .  
<http://www.mpi.gov.vn/Pages/tinbai.aspx?idTin=29119&idcm=142>

**Friday: Review 1**  
**Chau Van Thanh**

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## **WEEK 2: GROWTH THEORY AND EMPIRICS (February 22-26, 2016)**

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**Lecture 3: Growth Theory: Harrod-Domar, Solow, Endogenous, Technology Catch-up**  
**James Riedel**

*Required Readings:*  
Perkins et al. 2006/2013. Chapter 4

*Suggested Readings:*  
Easterly, William, "The Ghost of Financing Gap: How the Harrod-Domar Model Still Haunts Development Economics," *Journal of Development Economics*, 60 (2), December, 1999, 423-438.

Lucas, Robert E, Jr., "Trade and the Diffusion of the Industrial Revolution," *American Economic Journal: Macroeconomics*, 2009, 1/1, 1-25.

**Lecture 4: Growth Accounting**  
**James Riedel**

*Required Readings:*  
Perkins et al. 2006/2013. Chapter 3

Riedel, James, et. al., *How China Grows: Investment, Finance, and Reform* (Princeton University Press, 2007), Chapter 2.

*Suggested Readings:*  
Young, Alwyn, "The Tyranny of Numbers: Confronting the Statistical Realities of the East Asian Growth Experience," *Quarterly Journal of Economics*, Volume 110 (3), August 1995, 641-680.

**Friday: Review**  
**Chau Van Thanh**

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## **WEEK 3: GROWTH THEORY AND EMPIRICS, con't (February 29-March 04, 2016)**

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**Lecture 5: Growth Empirics: Cross-Country Evidence**  
**James Riedel**

*Required Readings:*  
Perkins et al. 2006/2013, Chapter 3

Mankiw, N. G., D. Romer, and D. Weil. "A Contribution to the Empirics of Economic Growth." *Quarterly Journal of Economics* 107 (1992): 401-437.

*Suggested Readings:*

Jones, Charles and Paul Romer, "The New Kaldor Facts: Ideas, Institutions, Population and Human Capital, *American Economic Journal: Macroeconomics* 2010, 2:1 224-245

## **Lecture 6: Geography and Institutions**

**James Riedel**

*Required Readings:*

Acemogul, Daron and James Robinson, "Why Nations Fail" *Milken Institute Review*, Third Quarter

*Suggested Readings:*

Acemoglu, Daron, Simon Johnson and James Robinson, "Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution," *Quarterly Journal of Economics*, 117, no. 4 (November 2002) 1231-1294.

Diamond, Jared, *Guns, Germs and Steel: The Fates of Human Societies* (WW Norton, 1999)

## **Friday: Review**

**Chau Van Thanh**

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## **WEEK 4: GROWTH AND INEQUALITY (March 07-11, 2016)**

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### **Lecture 7: Growth and Distribution**

**Quan Vu Le**

*Required Readings:*

David N. Weil (2008), *Economic Growth*, 3<sup>rd</sup> edition, Pearson Addison-Wesley. Chapter 13: "Income Inequality."

*Suggested Readings:*

Banerjee, Abhijit; Duflo, Esther, (2000), "Inequality and Growth: What Can the Data Say?" National Bureau of Economic Research, *Working Paper 7793*, <http://www.nber.org/papers/w7793>.

### **Lecture 8: Does Inequality Matter for Development?**

**Quan Vu Le**

*Required Readings:*

David N. Weil (2008), *Economic Growth*, 3<sup>rd</sup> edition, Pearson Addison-Wesley. Chapter 13: "Income Inequality."

*Suggested Readings:*

Does Inequality Matter? *The Economist* (June 2011).

Robert J. Barro, (2000), "Inequality and Growth in a Panel of Countries." Harvard University Working Paper, [http://scholar.harvard.edu/files/barro/files/inequality\\_growth\\_1999.pdf](http://scholar.harvard.edu/files/barro/files/inequality_growth_1999.pdf)

**Friday: Review**  
**Chau Van Thanh**

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## **WEEK 5: GROWTH AND POVERTY (March 14-18, 2016)**

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### **Lecture 9: Is Growth Good for Poverty?**

**Chau Van Thanh**

*Required Readings:*

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

Bộ Kế hoạch Đầu tư, Báo cáo Quốc gia - Kết quả 15 năm thực hiện các Mục tiêu Phát triển Thiên Niên Kỷ của Việt Nam, 2015, trang 43-54 và 133-136.

<http://www.mpi.gov.vn/Pages/tinbai.aspx?idTin=29119&idcm=142>

*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](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**

**Chau Van Thanh**

*Required Readings:*

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

Bộ Kế hoạch Đầu tư, Báo cáo Quốc gia - Kết quả 15 năm thực hiện các Mục tiêu Phát triển Thiên Niên Kỷ của Việt Nam, 2015, trang 43-54 và 133-136.

<http://www.mpi.gov.vn/Pages/tinbai.aspx?idTin=29119&idcm=142>

*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](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1247342).

**Friday: Review**  
**Chau Van Thanh**

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## **WEEK 6: INDUSTRIALIZATION STRATEGIES (March 21-25, 2016)**

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### **Lecture 11: Lewis Model of a Surplus Labor Economy**

**James Riedel**

*Required Readings:*

Perkins, et al. 2006/2013, Chapter 4

*Suggested Reading:*

Lewis, W. Arthur (1954) "Economic Development with Unlimited Supplies of Labor," *The Manchester School*, 22:2, 139-191,

**Lecture 12: Import-substitution verses Export-oriented industrialization**

**James Riedel**

*Required Readings:*

Perkins, et al. 2006/2013, Chapters 18 and 19

*Suggested Readings:*

Kravis, Irving, "Trade as the Handmaiden of Growth: Similarities between the Nineteenth and Twentieth Centuries," *Economic Journal*, 80, Dec. 1970, 850-872.

**Friday: Review**

**Chau Van Thanh**

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**WEEK 7: INDUSTRIALIZATION STRATEGY, con't. (March 28-April 01, 2016)**

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**Lecture 13: Current Issues and Debates**

**James Riedel**

*Required Readings:*

Baldwin, Richard, "Global Supply Chains: Why they Emerged, Why They Matter and Where They are Going," Fung Global Institute, Working Paper, 2012

Pham, Thi Thu Tra and James Riedel, "An empirical assessment of comparative advantage dynamics"

*Suggested Readings*

Hausmann, Ricardo, Jason Hwang, and Dani Rodrik, "What You Export Matters," *Journal of Economic Growth*, 2007

**Lecture 14: Vietnam Perspective**

**James Riedel**

CIEM, *Vietnam Competitiveness Report 2010*

Riedel, James, "On the National Competitiveness of Vietnam" 2011

Pham, Thi Thu Tra, "Should supporting industries be supported?" *Vietnam Economic Management Review*, Special Issue "Promoting Industrial Cluster Development in Vietnam".

**Friday: Review**

**Chau Van Thanh**

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## **WEEK 8: Midterm Exam**

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*Midterm Examination April-05<sup>h</sup>, 2016*

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## **WEEK 9: RURAL TRANSFORMATION (April 11-15, 2016)**

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### **Lecture 15: Role of Agriculture**

#### **Guest Lecture - Tran Tien Khai**

##### *Required Readings:*

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/>

**Regional Development Field Trip**, April 14-15, 2016

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## **WEEK 10: RURAL TRANSFORMATION con't. (April 18-22, 2016)**

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### **Lecture 16: Role of the State in Rural Development**

#### **Guest Lecture - 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 Morrisison 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**

#### **Guest Lecture - 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.

**Friday: Review**  
**Tran Tien Khai**

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## **WEEK 11: Development Policy Class off**

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## **WEEK 12: EDUCATION AND HEALTH (May 02-06, 2016)**

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### **Lecture 18: Education and Development**

**Quan Vu Le**

*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:*

David N. Weil (2008), *Economic Growth*, 3<sup>rd</sup> edition, Pearson Addison-Wesley. Chapter 6: “Human Capital.”

Lucas, Robert E. (1990) “Why Doesn’t Capital Flow from Rich to Poor Countries?” *American Economic Review Papers and Proceedings* 80(2): 92-96.

### **Lecture 19: Health Policies**

**Quan Vu Le**

*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:*

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.

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## **WEEK 13: ENTREPRENEURSHIP DEVELOPMENT AND POLICY (May 09-13, 2016)**

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### **Lecture 20: Entrepreneurship Development and Policy**

#### **Quan Vu Le**

##### *Required Readings:*

Abhijit Banerjee and Esther Duflo (2011), *Poor Economics, A Radical Rethinking of the Way to Fight Global Poverty*, Public Affairs. Chapter 7: “The Men from Kabul and the Eunuchs of India: The (Not So) Simple Economics of Lending to the Poor”

Abhijit Banerjee and Esther Duflo (2011), *Poor Economics, A Radical Rethinking of the Way to Fight Global Poverty*, Public Affairs. Chapter 9: “Reluctant Entrepreneurs”

##### *Suggested Readings:*

Mendez-Picazo, M-T., M-A Galindo-Martin, D. Ribeiro-Soriano (2012), “Governance, entrepreneurship and economic growth”, *Entrepreneurship & Regional Development* 24: no. 9-10: 865-877

Naude, W. (2010), “Entrepreneurship, developing countries, and development economics: New approaches and insights”, *Small Business Economics* 34: 1-12.

### **Lecture 21: Microcredit and Entrepreneurship**

#### **Quan Vu Le**

##### *Required Readings:*

Global Entrepreneurship Monitor: Vietnam Report 2014, VCCI.

Raven, Peter, and Quan Le (2015) “Teaching Business Skills to Women: Impact of Business Training on Women’s Microenterprise Owners in Vietnam”, *International Journal of Entrepreneurial Behaviour & Research*, 21(4): 622-641.

### **Friday: Review**

#### **Chau Van Thanh**

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## **WEEK 14: FINANCING DEVELOPMENT AND MACROECONOMIC MANAGEMENT (May 16-20, 2016)**

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### **Lecture 22: Private Saving**

#### **James Riedel**

##### *Required Readings:*

Perkins et al. 7<sup>th</sup> ed. 2013, Chapter 10

##### *Suggested Readings:*

Aart Kraay, “Household Saving in China,” *World Bank Economic Review*, 2000

## **Lecture 23: Public Saving**

**James Riedel**

### *Suggested Reading*

Lant Pritchett, "The Tyranny of Concepts: CUDIE (Cumulated, Depreciated Investment Effort) is *Not* Capital," *Journal of Economic Growth*, 2000, 361-384.

## **Friday: Review**

**Chau Van Thanh**

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## **Week 15: FINANCING DEVELOPMENT (May 23-27, 2016)**

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## **Lecture 24: Foreign Saving**

**James Riedel**

### *Required Readings:*

Perkins et al. 6<sup>th</sup> 2006/ 7<sup>th</sup> ed., 2013, Chapter 14

### *Suggested Readings:*

Obstfeld, Maurice. 2008. "International finance and growth in developing countries: What have we learned." *Commission on Growth and Development*, Working Paper No. 34

Burnside, C. and D. Dollar, "Aid, Policies and Growth," *American Economic Review* 90 (2000) 847-68 2000.

## **Lecture 25: Financial Development and Growth**

**James Riedel**

### *Required Readings:*

Perkins et al. 7<sup>th</sup> ed., 2013, Chapter 12

### *Suggested Readings:*

Levine, Ross, "Finance and Growth: Theory, Evidence and Mechanisms," March 2003.

Riedel, James, et. al., *How China Grows: Investment, Finance, and Reform* (Princeton University Press, 2007), Chapter 4

## **Friday: Review**

**Chau Van Thanh**

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## **Week 16: FINAL EXAM**

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*Final Examination June 03, 2016*