

# 6088 - Development Policy

Academic Year 2009-2010

CLEA – CLAPI – CLEFIN – CLELI- CLEACC – DES – CLEMIT – DIEM – CL

*Martina Björkman*

[martina.bjorkman@unibocconi.it](mailto:martina.bjorkman@unibocconi.it)

<http://mypage.unibocconi.eu/martinabjorkman/>

*Tommy E. Murphy*

[tommy.murphy@unibocconi.it](mailto:tommy.murphy@unibocconi.it)

<http://mypage.unibocconi.eu/tomasericmurphy/>

## Course Objectives

This course will examine major current issues in less developed countries and provides an introduction to the study of development economics. More specifically, the course will examine the major debates in the problems of development economics and integrate economic theory and empirical analysis to answer questions pertinent to economic policy in developing economies.

## General textbooks

The reference books for this course are:

- **Easterly, W. [2002];** *The Elusive Quest for Growth* (MIT Press)
- ✓ **Ray, D. [1998];** *Development Economics* (Princeton Univ. Press)
- ✓ **Todaro, M. P., and S. C. Smith [2009];** *Economic Development –10<sup>th</sup> Edition-* (Addison-Wesley)

Where compulsory readings identified with a “bullet” (•) and recommended ones with a “tick” (✓). Other *compulsory readings* (i.e. bulleted) and material for the topics covered in the class (which are described below, in the detailed syllabuses) will be put together in two compendiums, each available to purchase at the beginning of each part of the course.

## Exam

Parts I and II of the course account each for 50% of the grade. Students have two options:

- The first option is that they may take the exam in two written parts: 1st partial exam and a 2nd partial exam and each part accounts for 50% of the grade. If the student passes the 1st partial exam, he will not have the choice to take the general exam in January but will have to take the 2nd partial exam.
- The second option is that the students take a general exam covering the entire course material.

For further information and teaching material please check the homepages of M. Bjorkman and T. Murphy
---

## Detailed Syllabus - Part I

Instructor: Martina BJÖRKMAN  
Office hours: Mondays, 10.00-11.00  
Crafton Building (Via Röntgen, 1), 5<sup>th</sup> Floor - Office D1-14

### This Part's Objectives

Topics covered in the first part of the course include: geography and institutions in developing countries, human capital (education and health); gender and development; public goods provision; corruption. This part of the course will also emphasize the application of econometric program evaluation methods in development economics.

### Program and reading list

Quick review. Elementary statistical methods

- **Ray [1998];** *Appendix 2* (pp. 778-804)

Topic I. Introduction: Growth and poverty

- **Deaton, A. [2006];** "Measuring poverty," in A. Banerjee, R. Benabou, and D. Mookerjee (eds.), *Understanding Poverty* (Oxford University Press), chapter 2
- **Ray [1998],** chapter 2

Topic II. Theories of economic growth

- **Acemoglu, D., S. Johnson and J. A. Robinson [2001];** "The Colonial Origins of Comparative Development: An Empirical Investigation," *The American Economic Review*, Vol. 91(5), pp. 1369-1401
- **Bloom, D. and J. Sachs [1998];** "Geography, Demography, and Economic Growth in Africa," *Brookings Papers on Economic Activity*, Vol. 2, pp. 207-295
- **Jones, C. [2002];** *Introduction to Economic Growth (Second Edition)* (W.W. Norton and Company: New York), Chapters 1-2
- **Ray [1998],** chapter 3

Topic III. Human capital: Education

- Lecture notes on theoretical model

- **Kremer, M. and P. Glewwe [2004]**; “Schools, teachers, and education outcomes in developing countries,” in E. A. Hanushek and F. Welch (eds.) [2006]; *Handbook on the Economics of Education* (New York, Elsevier), Vol. 2, pp. 945-1017
- **Schultz, T. P. [2004]**; “School subsidies for the poor: evaluating the Mexican Progresa poverty program”, *Journal of Development Economics*, Vol. 74, No.1, pp. 199-250.

Topic IV. Human capital: Health

- **Ray [1998]**, Chapter 8 (especially 8.3-8.4).
- **Björkman, M. and J. Svensson [2009]**; “Power to the People: Evidence from a Randomized Field Experiment on Community-Based Monitoring in Uganda,” *Quarterly Journal of Economics*, Vol 124, No. 2
- **Miguel, E. and M. Kremer [2004]**; “Worms: Identifying Impacts on Education and Health in the Presence of Treatment Externalities”, *Econometrica*, Vol. 72, No. 1, pp. 159-217

Topic V. Gender and development

- Lectures notes on theoretical model
- **Ray [1998]**, Chapter 8: pp. 279-288
- **Duflo, E. [2005]**; “Gender Equality in Development”, *BREAD Policy Paper* No. 011
- **Sen, A. [1990]**; *More than 100 Million Women are Missing*, The New York Review of Books, Vol. 30, No. 20. (<http://ucatlas.ucsc.edu/gender/Sen100M.html>)

## Detailed Syllabus - Part II

Instructor: Tommy E. MURPHY

Office hours: Wednesdays, 11.00-12.00, by previous appointment  
Crafton Building (Via Röntgen, 1), 3<sup>rd</sup> Floor - Office A2-07

### This Part's Objectives

The objective of the second part of the course is to provide a better understanding of the complex nature of policymaking by looking at persistent problems in the formulation and implementation of policies in development countries. On the one hand, we will discuss some examples of program failures and successes, with special emphasis on the different roles played by the market, the State, and the actual society. On the other, we will also put some attention on the interaction between development policy and other areas of – potentially conflicting– concern for policymakers such as social polarisation, globalization, or the sustainability of the environment. With constant reference to recent theoretical and empirical work in economics, this part of the course will then address questions like: How effective have development policies been so far? Do some societies need to be taken out of 'poverty traps'? Is privatisation good or bad for the poor? Does ethnic conflict inhibit development? Is inequality an inevitable consequence of economic growth? Does globalization benefit only the rich? Are development policies bad for the environment?

### Program and reading list

Following a brief introduction, this part of the course is divided in eleven topics –one per lesson- roughly following the themes discussed in Easterly [2002] (a corollary of this: *make sure you get a copy of the book!*). A series of academic articles are to complement that reading, and they will be included in the second compendium which, along with a complete, detailed, definitive and up-to-date reading list, will be available at the *beginning of November*. The draft of the program below, however, should provide an idea of the basic themes to be discussed in this part of the course.

#### Intro. Policy implementation and the poor

- **Rodrik, D. [1996];** "Understanding Economic Policy Reform," *Journal of Economic Literature*, Vol. 34, No. 1, pp. 9-41

#### Topic 1. Achievements and disappointments of development policy

- **Easterly [2002];** *The Elusive...*, Ch. 2 to 6

#### Topic 2. Poverty traps and the Big Push

- **Easterly [2002];** *The Elusive...*, Ch. 8
- [Further readings to be assigned]

Topic 3. Foreign aid: a blessing or a curse?

- [Readings to be assigned]

Topic 4. The dynamics of technological change

- **Easterly [2002]; *The Elusive...*, Ch. 9**
- [Further readings to be assigned]

Topic 5. The legacy of history: Institutions, culture, and path dependency

- [Readings to be assigned]

Topic 6. Democracies, dictatorships, and the governments as sand in the wheel of growth

- **Easterly [2002]; *The Elusive...*, Ch. 11**
- [Further readings to be assigned]

Topic 7. The problem with corruption

- **Easterly [2002]; *The Elusive...*, Ch. 12**
- [Further readings to be assigned]

Topic 8. Equality and growth: do they go hand in hand?

- [Readings to be assigned]

Topic 9. Trust, distrust, polarisation and conflict

- **Easterly [2002]; *The Elusive...*, Ch. 13**
- [Further readings to be assigned]

Topic 10. How bad is globalisation for the poor?

- [Readings to be assigned]

Topic 11. Poverty and environment: Shall we go green?

- [Readings to be assigned]