Public Policy 290-14 and ARE 298  
Fall 2001  

International Economic Development Policy:  
Theory, methods, and case studies  

Course outline (28 sessions)  

Introduction (1 session)  

1. Concepts of development and emerging issues (one session)  

Part I. Economics of international development (13 sessions)  


3. Household income strategies and welfare (Case study: household survey data for Mexico and the impact of rural development programs). Two sessions.  

4. Cost-Benefit analysis for project appraisal (Case study: World Bank tractor project in Pakistan). Two sessions.  

5. Transactions costs and agrarian institutions (Case study: microfinance institutions; the Grameen Bank). Two sessions.  


7. Miscellaneous topics: regulation and public economics. One session  

Part II. Trade and development (6 sessions)  

8. Stabilization and adjustment policies (Case study: debt and currency crises in Latin America and South East Asia). Roles of the IMF and the World Bank. One session.  


10. Trade liberalization and trade agreements (Case study: multifiber agreement; accession of China to the WTO). One session.  

11. Exchange rate policy (Case study: Pakistan industrial policy). Two sessions.  

Part III. Environmental economics and development (7 sessions)  

12. Property rights and externalities (Case study: water markets in California, Chile, and Israel). Two sessions.  

13. Welfare analysis of regulation. (Case study: Pest control- Methyl bromide- regulation (phase out) and use in California and Mexico.) Two sessions.  

14. International agreements on climate change (Case study: International agreement for emission reduction and CO2 sequestration. Purchasing funds for environmental amenities.). Two sessions  

Part IV. Conclusions (1 session)

16. Development economics as a profession: useful tips to find your way into the profession and survive.
One session
Detailed Outline for Introduction and Part I

1. Concepts of development and emerging issues (1 session)
   • Dominant issues in development today.
   • Indicators of development

Part I. Economics of international development

2. Poverty and inequality (3 sessions)
   • Indicators of poverty, vulnerability, and inequality
   • Analyses of the determinants of poverty, vulnerability, and inequality
   • The controversy on growth and the quality of growth
   • Policies to reduce poverty, vulnerability, and inequality: types of programs, targeting of interventions.
   • Current approaches: The country poverty assessment reports. Highly Indebted Poor Countries initiative and the development of Poverty Reduction Strategy Papers.


3. Household income strategies and welfare (2 sessions)
   • The theory of household behavior.
   • Responses to market failures: transactions costs of product and factor markets, insurance market failure, credit market failure.
   • Empirical analyses of household income strategies: on-farm and off-farm activities
   • Implications for rural poverty reduction strategies: responses to programs.
   • New approaches to rural development: the World Bank’s “Rural Development: From Vision to Action”, and “Land Administration: Lessons Learned”.

4. Cost-Benefit analysis for project appraisal (1 session)
   • Criteria for project appraisal: economic, financial, and social
   • Examples of project appraisal: tractor project in Pakistan, infrastructure investments (World Bank Development Report, 1994)

5. Impact analysis of social projects (2 sessions)
   • The methodology of impact assessment: experimental design and quantitative analysis.
   • Examples in education: Progresa in Mexico, Praf in Honduras
   • Examples in health: health and school performance in Kenya
   • Examples in social security: pensions in Brazil and South Africa
   • Social funds: what they do and why they are controversial

   Case study 2: Impact analysis of Progresa in Mexico

6. Transactions costs and agrarian institutions (2 sessions)
   • New institutional economics and the role of institutions in development
   • The economics of imperfect information: moral hazards and adverse selection
   • Approaches to microfinance and its potential for poverty reduction: roscas, group lending, village banks
   • Impact analysis: the Grameen Bank, Catholic Relief Service in Thailand.
7. Miscellaneous topics (1 session)
   - Regulation of competition
   - Public economics: tax reforms and decentralization
   - Holding corruption in check