



APPLIES TO ACADEMIC YEAR 2009/2010

## GRA 5923 Development Studies; Trade, Aid and Microfinance

### Programme

Master of Science in Business and Economics (Strategy), Master of Science in International Marketing and Management, Master of Science in Political Economy, Specialization Course

### Responsible for the course

### Department

### Term

According to study plan

### ECTS Credits

6

### Language of instruction

English

### Introduction

The dynamics of development and knowledge of what affects it, is becoming crucial for handling an increasingly complex environment in an ever more globalized world. This course presents central topics in development studies in a theoretical framework, combined with practical case studies at home and abroad.

### Learning outcome

This course provides an overview of central topics in international development. It will provide students with theoretical frameworks for analyzing multi-level development issues as well as practical knowledge of the actual challenges and opportunities. The course attempts to answer, among others, the following questions:

- Why are some countries rich and some are poor?
- How does one define development and what affects it?
- What is the relative comparative impact of different types of interactions between poor and rich countries in the form of remittance, trade, aid, foreign direct investments and microfinance?
- What is the role of business in international development?
- How do different channels of aid and transfers differ in nature and impact?
- What is the role of political systems, institutions, resources and geography on development?
- What is the role of competence in development aid and international business in relation to development?

The course is designed to enhance the students' ability to critically assess political, economic and management issues surrounding international development. In order to address the practical aspects of this, one or more of the sessions will be held during a voluntary excursion to a developing country. In these sessions the students are expected to do case studies and presentations related to the content of the programme for the trip. Students can also do the same sessions and case studies at the school.

### Prerequisites

Microeconomics (GRA6031 or GRA6037 or eq.), foundation courses in strategy and/or political economy or eq.

### Compulsory reading

#### Books:

Armendariz de Aghion, Beatriz and Jonathan Morduch. 2005. The economics of microfinance. Cambridge, Mass.: MIT Press. Ch 10: Managing Microfinance  
Collier, Paul. 2007. The bottom billion : why the poorest countries are failing and what can be done about it. Oxford : Oxford University Press  
Easterly, William. 2006. The white man's burden : why the West's efforts to aid the rest have done so much ill and so little good. New York : Penguin Press. Chapter 2:

#### Articles:

Argenti, John. 1997. Stakeholders : the case against. Long Range Planning. 30 (3). s. 442-445  
Burgess, Robert and Vikram Haksar. 2005. Migration and foreign remittances in the Philippines. IMF Working Paper. Washington: IMF.

- <http://www.imf.org/external/pubs/ft/wp/2005/wp05111.pdf>  
 Campbell, Andrew. 1997. Stakeholders : the case in favour. Long Range Planning. 30 (3). s. 446-449
- Gore, Charles. 2000. The Rise and Fall of the Washington Consensus as a Paradigm for Developing Countries. World Development. 28 (5). s. 789-804.
- Huemer, Lars., M Cox. 2007. Interactions between Multinational Corporations and Indigenous Peoples: Value(s) Crashes or Value(s) Creation?. Finance, Marketing & Production, the Business Review of Università Bocconi. XXV (1). s. 59-70
- Lipset, Seymour Martin. 1959. Some Social Requisites of Democracy : Economic Development and Political Legitimacy. The American Political Science Review. 53 (1). s. 69-105
- Morduch, Jonathan. 1999. The Microfinance Promise. Journal of Economic Literature. 37 (4). s. 1569-1614.
- Olson, Mancur. 1993. Dictatorship, Development and Democracy. American Political Science Review. 87 (3). s. 567-576
- Perkins, Dwight H., David L. Lindauer and Steven Radelet. 2006. Development aid. I: Economics of development. 6th ed. New York : W.W. Norton & Co. Ch 14: Development Aid
- Prahalad, Coimbatore K. 2005. The market at the bottom of the pyramid. I: The fortune at the bottom of the pyramid. River, N.J. : Wharton School publishing. Chapter 1: The Market at the Bottom of the Pyramid
- Ratha, Dilip. 2003. Workers' Remittances: An Important and Stable Source of External Development Finance. Global Development Finance Report. Washington: World Bank. <http://rojasdatabank.info/gdf2003/ch07.pdf>
- Ray, Debraj. 1998. Trade policy. I: Development economics. Princeton, N.J. : Princeton University Press. Ch 17: Trade Policy
- Sachs, Jeffrey D. 2005. Myths and magic bullets. I: The end of poverty: economic possibilities for our time. New York : Penguin Press. Ch 16: Myths and Magic bullets
- Stiglitz, Joseph E. 2006. Making trade fair. I: Making globalization work. New York : W.W. Norton. Ch 3: Making Trade Fair

#### **Collection of articles:**

A compendium of articles

#### **Other:**

-During the course there may be hand-outs and other material on additional topics relevant for the course and the examination.

CGAP. 2003. Donor Collaboration and Transparency: Standardized Donor Reporting in Uganda.

[http://www.cgap.org/portal/binary/com.epicentric.contentmanagement.servlet.ContentDeliveryServlet/Documents/CaseStudy\\_07.pdf](http://www.cgap.org/portal/binary/com.epicentric.contentmanagement.servlet.ContentDeliveryServlet/Documents/CaseStudy_07.pdf)

CGAP. 2004. UGANDA Microfinance Sector Effectiveness Review.

[http://www.cgap.org/portal/binary/com.epicentric.contentmanagement.servlet.ContentDeliveryServlet/Documents/clear\\_uganda\\_report.pdf](http://www.cgap.org/portal/binary/com.epicentric.contentmanagement.servlet.ContentDeliveryServlet/Documents/clear_uganda_report.pdf)

Country Watch. 2007. Country Review - Uganda. Country Review. Houston CountryWatch.

<http://web.ebscohost.com/bsi/results?vid=7&hid=4&sid=bba515a8-3ae0-4d9f-aa10-8b461d6497df%40sessionmgr2>. Note: Similar reports through EBSCO Business Source Complete.

Dowla, Asif. 2007. Helping hand instead of handouts: Social safety net provision by Grameen Bank. Poverty and Capital Conference. Manchester: University of Manchester

The articles and book chapters will be available in a compendium. The list of articles can be adjusted prior to coursestart. A list of compulsory readings will be provided on Blackboard or in class.

#### **Recommended reading**

##### **Books:**

Castells, Manuel. 2000-2004. The information age : economy, society and culture. 2nd ed. Oxford: Blackwell. All Three Volumes

Counts, Alex. 2008. Small loans, big dreams : how Nobel peace prize winner Muhammad Yunus and microfinance are changing the world. New ed. Hoboken, N.J. : John Wiley & Sons. Tidligere utg. med tittel: Give us credit.

Daley-Harris, Sam and Anna Awimbo, eds.. 2006. More pathways out of poverty. Bloomfield, Conn. : Kumarian Press

Dowla, Asif and Dipal Barua. 2006. The poor always pay back : the Grameen II story. Bloomfield: Kumarian Press

Drake, Deborah and Elisabeth Rhyne, eds. 2002. The Commercialization of microfinance : balancing business and development. Bloomfield, Conn.: Kumarian Press

Przeworski, A ... et al. 2000. Democracy and development : political institutions and well-being

in the in the world, 1950 – 1990. Cambridge : Cambridge University Press  
Sen, Amartya. 1999. Development as freedom. Oxford : Oxford University Press

#### **Articles:**

- Alesina, Alberto, and David Dollar. 2000. Who gives foreign aid to whom and why?. *Journal of Economic Growth*. 5 (1). s. 33-63
- Bardhab, Pranab. 1997. Corruption and development : a review of issues. *Journal of Economic Literature*. XXXV. s. 1320-1346
- Berg, Erlend. 2006. Mikrofinans : Hva vet vi?. *Dagens Næringsliv*. 07.12.2006.
- Carnoy, Martin. 2004. Education for all and the quality of education : a reanalysis. *The Quality Imperative*. Geneva: UNESCO. <http://unesdoc.unesco.org/images/0014/001466/146633e.pdf>
- Dahlgaard, Carl-Johan, Henrik Hansen, and Finn Tarp. 2003. On Empirics on Foreign Aid and Growth. EBRU Working Paper. Copenhagen: University of Copenhagen..  
<http://www.econ.ku.dk/ftarp/workingpapers/Docs/On%20the%20Empirics%20of%20Foreign%20Aid%20and%20Growth.pdf>
- Gulli, Hege. 2006. Mikrofinans - et av flere tiltak. *Bergens Tidende*. 17.10.2006
- Knack, Stephen. 2001. Aid Dependence and the Quality of Governance: Cross-Country Empirical Tests. *Southern Economic Journal*. 68 (2). s. 310
- Morduch, Jonathan. 1998. Does Microfinance Really Help the Poor? New Evidence from Flagship Programs in Bangladesh. Working Papers. 198. Cambridge: Harvard University. <http://ideas.repec.org/p/pri/rpdevs/198.html>
- Morduch, Jonathan. 2000. The Microfinance Schism. *World Development*. 28 (4). s. 617-629.
- Perkins, Dwight H., David L. Lindauer and Steven Radelet. 2006. Development policymaking and the roles of market, state and civil society. I: *Economics of development*. 6th ed. New York : W.W. Norton & Co. Ch 11: Development Policymaking and the Roles of Market, State and Civil Society
- Ray, Debraj. 1998. Credit. I: *Development economics*. Princeton, N.J. : Princeton University Press. Ch 14: Credit
- Ray, Debraj. 1998. International trade. I: *Development economics*. Princeton, N.J. : Princeton University Press. Ch 16: International Trade
- Stiglitz, Joseph E. 1986. The New Development Economics. *World Development*. 14 (2). s. 257-265
- Stiglitz, Joseph E. 2002. The promise of global institutions. I: *Globalization and its discontents*. New York : W.W. Norton & Co. Chapter 1: The Promise of Global Institutions
- Welle-Strand, Anne, and Lars Molden. 2007. Grameenphone and Telenor Affecting Bangladeshi Socio-Cultural Development. *Studies in Development Management*. No. 1, MICRO. Oslo: BI Norwegian School of Management

#### **Other:**

- Carnoy, Martin. 1999. *Globalization and Educational Reform: What Planners Need to Know*: Martin Carnoy; UNESCO: International Institute for Educational Planning. *Fundamentals in Educational Planning*. Paris. Paris: UNESCO.  
<http://unesdoc.unesco.org/images/0012/001202/120274e.pdf>
- UNCTAD. 2006. *Trade and Development Report 2006*. Geneva: UNCTAD.  
<http://www.unctad.org/Templates/webflyer.asp?docid=7183&intItemID=2508&lang=1&mode=downloads>
- Welle-Strand, Anne. 1998. *Educational Evaluation in Norwegian Development Aid*. Stockholm: University of Stockholm

#### **Course outline**

1. Development: How is it defined and what affects it. Historical, philosophical, economic and political explanations for the division between the rich and poor countries.
2. Foreign Direct Investments: How can it enhance development, what is its limitations and challenges, how should it be managed and what are critical criteria for success?
3. Political and economic systems: How are they related to a nation's development?
4. Trade: Is it a positive-sum game or an exploitative mechanism? Liberal, realist and Marxist perspectives on trade and exploration of empirical evidence of its impact on development.
5. Aid: Historical overview and an exploration of the positive and negative effects of traditional development aid with an emphasis on the Norwegian case. Have we succeeded?
6. Microfinance: What kind of institutions and other preconditions must be in place to develop the concept of microfinance further and is it really helping the poor?
7. Evaluation and measurement: What methodological concerns will one encounter when studying and evaluating development aid? What is the rationale behind evaluation of the field? Education as development.

#### **Computer-based tools**

World Bank – The World Development Index  
IMF – World Economic Outlook

Freedom House  
World Competitiveness Report  
Harvard Business School – Cluster profiles  
Blackboard/homepage

### **Learning process and workload**

The course will contain a total of 36 hours lectures. 27 hours will be held in class and 9 hours during the excursion. The destination will be decided at a later stage, but will be a country where the interactions between business, government and civil society is clearly visible and to where MICRO and BI have good connections to government, organizations, corporations and educational institutions. Possible destinations are Uganda, Kenya or Bangladesh.

Please note that while attendance is not compulsory in all courses, it is the student's own responsibility to obtain any information provided in class that is not included on the course homepage/Blackboard or text book.

### **Examination**

Your course grade will be based on the following activities and weights:

60 % of the grade will be based on a term paper (written by one or two students)

20% of the grade will be based on in-class participation, presentations and discussions

20% of the grade will be based on a case study conducted on a study trip or at the school (written by one or two students)

All parts of the evaluation must be passed in order to obtain a grade in the course.

Specific information regarding student evaluation beyond the information given in the course description will be provided in class. This information may be relevant for requirements for term papers or other hand-ins, and/or where class participation can be one of several elements of the overall evaluation.

### **Exam code(s)**

GRA59231 counts for 100% of the final grade GRA 5923.

### **Examination support materials**

Exam aids at written examinations are explained under exam information in our web-based Student handbook. Please note use of calculator and dictionary.

<http://www.bi.edu/studenthandbook/examaids>

### **Re-sit examination**

Re-takes are only possible at the next time a course will be held. When the course evaluation has a separate exam code for each part of the evaluation it is possible to retake parts of the evaluation. Otherwise, the whole course must be re-evaluated when a student wants to retake an exam. Retake examinations entail an extra examination fee.

### **Additional information**

#### **Honor Code**

Academic honesty and trust are important to all of us as individuals, and represent values that are encouraged and promoted by the honor code system. This is a most significant university tradition. Students are responsible for familiarizing themselves with the ideals of the honor code system, to which the faculty are also deeply committed.

Any violation of the honor code will be dealt with in accordance with BI's procedures for cheating. These issues are a serious matter to everyone associated with the programs at BI and are at the heart of the honor code and academic integrity. If you have any questions about your responsibilities under the honor code, please ask.