**Solutions Manual for**

**Development Economics: Theory, Empirical Research, and Policy Analysis**

Julie Schaffner

The Fletcher School, Tufts University

December 2013

This solutions manual provides answers for selected discussion questions and for all problems in the text. Please do not post these answers on websites available to the general public.

Please send comments, questions and suggestions regarding the text, solutions manual, or PowerPoint presentations to [Julie.Schaffner@tufts.edu](mailto:Julie.Schaffner@tufts.edu). I welcome your feedback!

**Chapter 1: Introduction**

**Discussion Question 1**: Many development actors have rallied around the United Nations’ Millennium Development Goals (MDGs), which are listed in Table 1.4 (see text).

1. What do the MDGs indicate about the relative emphasis placed by supporters on the following:

* Income versus nonincome indicators of well-being
* Well-being improvements for the poor versus the nonpoor
* Immediate versus longer-term improvements

1. What might explain the emphasis in the MDGs on defining measureable targets?
2. The MDGs have little to say about the process or policies through which the targets might be achieved. What are the potential benefits of remaining silent about the processes that will deliver MDG success and the policies development actors should employ in their efforts to achieve the MDGs? Do you see any potential costs? See Collier and Dercon (2006).

[Discussion of the MDGs may be used to get students thinking about the many dimensions of development performance that development objectives might emphasize, and the difference between development objectives (i.e. values and priorities) and development methods (i.e. policies and approaches that might be used to achieve the objectives).]

a. The MDGs seems to place strong emphasis on income, education and health as important for well-being, and to place strong emphasis on improvements for people living on less than $1.25/day relative to people who are less poor (but still very poor by developed country standards) and the non-poor. The goals seemed to emphasize short- and medium-run improvements over longer-term improvement, because they set targets for 2015.

b. An emphasis on measurable targets might have several purposes. It might help focus efforts on successful outputs rather than on quantities of “inputs” to development efforts, thereby increasing interest in monitoring, evaluation, effectiveness, midcourse corrections, and re-design. It might also help focus diverse actors’ attention on similar objectives, possibly aiding cooperation.

c. Focusing primarily on objectives rather than methods has the advantage of leaving the development community free to search for the best ways to achieve the objectives (perhaps acknowledging that there is no consensus about how best to do this). A possible cost of saying little about methods, pointed out by Collier and Dercon (2006), is that it might lead some development actors to pursue the objectives in the most direct and obvious ways, which need not, ultimately, be the most effective ways. For example, development actors might attempt to achieve the first goal only in the most direct way – by giving cash to poor households – instead of also trying to raise the incomes of the poor indirectly by, for example, strengthening property rights (thereby possibly encouraging investment and increasing the demand for low-skill labor in a long-lasting way).

Notice also that the quantitative targets (right column of Table 1.4) are neither pure statements of objective nor precise and complete statements about policy. For example, the third target is to ensure that all boys and girls complete a full course of primary education. This reflects the value that everyone should have a real opportunity for primary education, and perhaps the belief that education is useful for sustained improvements in income and well-being, but it also implies the belief that policymakers should work toward the goal of expanding education by concentrating on efforts to get all children into school and to get them to remain in school through the official number of years of primary school. Unfortunately, the experience of the last 15 years is that even great success in getting all kids into and through primary school doesn’t mean they obtain real primary education. The quality of teaching and learning has plummeted and many children leave primary school without even becoming literate.

The Collier and Dercon (2006) piece raises other provocative discussion questions, such as: Does the international community’s push to focus on absolute poverty reduction in developing countries have normative justification, given that it seems to override the social choices of democratically elected governments in developing countries?