POL-GA.3400.006

**The Political Economy of Developing Countries**

Spring 2013

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Class Meets Tuesdays 2-4 pm

Class Location 19 West 4th Street, Rm 217

Office Hours 12-2pm

‘Development’ has been the often unstated but obvious goal of most developing countries, even if the policies their governments pursued led them quite far from that goal. Nevertheless, a minority of countries in the world are developed while the rest are developing. The Great Recession that has slowed growth in the United States and the European Union has encouraged scholars to think more reflectively about what development means for already developed and, possibly de-developing, countries. At the same time, the Chinese economy is the world’s second largest though the country is very clearly still a developing country.

This course aims to look at the notion of development by using analysis based in the subfield of political economy. We will consider how development is understood and employed as a tool of analysis and theoretical interpretation of otherness. We then look at a range of explanations for why certain countries/regions developed more quickly than others before turning our attention to recent analysis of political and institutional factors that contribute to development focusing particularly on cases in Sub-Saharan Africa, Asia, and Latin America.

*What will we learn?*

We will try to cover the content above so that students are conversant in the language and theories surrounding classical and contemporary debates in development studies. We will also continue to hone the analytical lenses with which we understand and analyze politics, policies, and development.

*What will we be reading?*

Nancy Birdsall and Francis Fukuyama Ed., *New Ideas on Development after the Financial Crisis*, Baltimore: Johns Hopkins University Press, 2011.

Acemoglu, Daron and James Robinson, *Why Nations Fail*: *The Origins of Power, Prosperity, and Poverty,* London:Profile Books, 2012.

Huang, Yasheng, *Capitalism with Chinese Characteristics: Entrepreneurship and the State,* New York: Cambridge University Press, 2008.

# Avner Grief, *Institutions and the Path to the Modern Economy: Lessons from Medieval Trade*, Cambridge University Press, 2006.

Francisco Panizza. *Contemporary Latin America: Development and Democracy Beyond the Washington Consensus.* New York: Zed Books. 2009.

Englebert, Pierre, *Africa: Unity, Sovereignty, and Sorrow,* Boulder: Lynne Rienner, 2009.

*How will your learning be assessed?*

This class is highly interactive and requires active participation. Students will be required to answer six response papers. These papers should be seven hundred and fifty to one thousand words in length. Half of these papers will be handed to a peer for comments before they are turned into me, while the other half will be directly submitted to me.

Students will participate in two presentations. The first is a reflective book review in week five. Students will have roughly five to ten minutes (depending on class size) to synthesize and critically reflect on the argument and data of one of a select group of important works in the field of political and economic development. In these reviews, students should address clearly: a) what is the context? what question/puzzle is being addressed, how does this respond to the literature (which literature)?; b) what is the argument?; c) how is the argument made? What methods are used? How are data/cases selected and analyzed?; d) is the argument credible? What sort of contribution does the work make? During presentations, students are expected to take notes and, in week six, students will give comments to each other.

Students will also participate in one group presentation during week ten. Each group will consist of three to five members (depending on the size of the class). The group will be responsible for jointly researching a question in scholarly literature, for selecting cases that will be useful for proving an argument, and for analyzing those cases. The first person will present the introduction, argument, case selection to the class; the second person will present the literature review and methodology used; and the remaining people will analyze cases.

Finally, students will complete a research paper of seven to ten thousand words (including sources and notations). While the paper may be inspired by earlier student presentations, the cases selected by the student must be distinct. The final paper will account for forty percent of student grades, while the response papers and the two presentations will each account for twenty percent.

**Please NOTE**: In order to cut down on paper (but still preserve my eyesight), I listed above the number of words expected for each assignment (rather than pages). Please print your papers in 14 point Times New Roman font, print ‘two sheets to a page,’ and print on both sides of the page. This will allow something that looks like book format (so you should have two columns of text on each side of the paper).

**Course Outline:**

Week One- Defining Development

*God grew tired of us: the story of the Lost Boys of Sudan,* 2007.

Stiglitz, Joseph, Amartya Sen and Jean-Paul Fitoussi. “Report of the Commission on the Measurement of Economic Performance and Social Progress” <http://www.stiglitz-sen-fitoussi.fr/documents/rapport_anglais.pdf>

Escobar, Arturo, *Encountering Development: The Making and Unmaking of the Third World (new edition)*, Princeton: Princeton University Press, 2011.

Week Two Development after the Great Recession, Response Paper #1 to peer

Response question: *The Birdsall and Fukuyama book analyzes how we got here and how to move forward from a variety of perspectives. Identify one failed policy strategy/vision and one successful policy vision/strategy and explain why each encountered the results that it did.*

Nancy Birdsall and Francis Fukuyama Ed., *New Ideas on Development after the Financial Crisis*, Baltimore: Johns Hopkins University Press, 2011.

*Supplemental-* Walt W. Rostow, *The Stages of Economic Growth*,Cambridge University Press, 1991.

Przeworski, Adam and Fernando Limongi. “Modernization: Theories and Facts.” *World Politics*. 49 (2). January 1997. P. 155-183.

Prezworski, Adam and Fernando Limongi. “Political Regimes and Economic Growth.” *Journal of Economic Perspectives*. 7 (3). Summer 1993. P, 51-69.

Ronald Inglehart, Christian Welzel. “[How Development Leads to Democracy](http://proquest.umi.com/pqdweb?index=0&did=1652714771&SrchMode=2&sid=12&Fmt=3&VInst=PROD&VType=PQD&RQT=309&VName=PQD&TS=1241196289&clientId=8606).” *Foreign Affairs.* New York: Mar/Apr 2009. Vol. 88.

Ronald Inglehart, Wayne E Baker. “[Modernization's challenge to traditional values: Who's afraid of Ronald McDonald?](http://proquest.umi.com/pqdweb?index=7&did=68976098&SrchMode=2&sid=12&Fmt=4&VInst=PROD&VType=PQD&RQT=309&VName=PQD&TS=1241196289&clientId=8606).” *The Futurist.* Washington: Mar/Apr 2001. Vol. 35, Iss. 2;

Fukuyama, Francis. “Liberalism Versus State-Building,” *Journal of Democracy*18. 3 (Jul 2007): 10-13.

Fukuyama, Francis. “Transitions to the Rule of Law,” *Journal of Democracy*21. 1 (Jan 2010): 33-44.

Calhoun and Derlugian. *Aftermath: A New Global Economic Order.* New York: New York University Press. 2011.

Week Three- Historical Perspectives on Development- Class exercises- the parts of a research essay, Response paper #2 (and #1 with comments) turned into me

Response question: *How valuable are the elements that Greif identifies in understanding the shaping of political and economic order in the Mediterranean in contemporary discussions of development?*

Spanakos “How to Write for Political Science,” see Spanakos.org

# Avner Greif, *Institutions and the Path to the Modern Economy: Lessons from Medieval Trade*, Cambridge University Press, 2006.

*Supplemental-* (begin readings from Week Four)

Week Four- Development in Dialogue- Collaborative work (your texts vis-à-vis Acemoglu and Robinson and others)

Acemoglu, Daron and James Robinson, *Why Nations Fail*: *The Origins of Power, Prosperity, and Poverty,* London:Profile Books, 2012.

*Select one of the following texts for your reflective book review but do skim some of the others as well.*

Kenneth Pomeranz, *The Great Divergence: China Europe, and the Making of the Modern Economy*, Princeton University Press, 2001.

# Frank, Andre Gunder. *Capitalism and Underdevelopment in Latin America: Historical Studies of Chile and Brazil.* Boston: Monthly Review Press. 1967.

Gerschenkron, Alexander, *Economic Backwardness in Historical Perspective*, Belknap Press, 1962.

Polanyi, Karl, *The Great Transformation: The Political and Economic Origins of Our Times,* Beacon Press, 2001.

de Soto, Hernando, *The Mystery of Capital: Why Capitalism Triumphed in the West and Failed Everywhere Else,* Basic Books, 2003.

Ferguson, Niall, *Civilization: The West and the Rest*, Penguin, 2011.

Ferguson, Niall, *The Ascent of Money: A Financial History of the World,* New York: Penguin Books, 2009.

Lin, Justin Yifu, *The Quest for Prosperity: How Developing Economies Can Take Off*, Princeton: Princeton University Press, 2012.

Easterly*,* William, *The Elusive Quest for Growth: Economists’ Adventures and Misadventures in the Tropics,* The MIT Press, 2002.

Collier, Paul *The Bottom Billion: Why the Poorest Countries are Falling Apart and What Can be Done About It*, Oxford, 2008.

North, Douglass C., John Joseph Wallis and Barry R. Weingast, [*Violence and Social Orders: A Conceptual Framework for Interpreting Recorded Human History*](http://www.amazon.com/Violence-Social-Orders-Conceptual-Interpreting/dp/0521761735/ref=sr_1_1?s=books&ie=UTF8&qid=1320412111&sr=1-1)*,* Cambridge University Press, 2009.

Huntington, Samuel P. *Political Order in Changing Societies.* New Haven: Yale University Press, 2006, forward by Francis Fukuyama.

Acemoglu, Daron and James A. Robinson. *Economic Origins of Dictatorship and Democracy*. Cambridge: Cambridge University Press. 2005.

Yusuf, Shahid et al, *Development Economics Through the Decades: A Critical Look at Thirty Years of the World Development Report*, Washington D.C.: World Bank Book, 2009.

Stiglitz, Joseph E., *Making Globalization Work,* New York: W.W. Norton & Company, 2007.

Rodrik, Dani, *One Economics, Many Recipes: Globalization, Institutions, and Economic Growth,* Princeton:Princeton University Press, 2008.

Rodrik, Dani, *The Globalization Paradox: Democracy and the Future of the World Economy,* New York: W.W. Norton & Company, 2012.

Fukuyama, Francis, *The Origins of Political Order*: *From Prehuman Times to the French Revolution,* New York: Farrar, Straus and Giroux, 2012.

Week Five- Presentation of reflective book reviews

Students should present a reflective book review of one of the books listed for week four. If you would like to choose a book that is not on the list, please clear it with me in advance. Please be aware of time constraints as all students will present their reviews within the course of this week’s class.

Reflective book reviews: a) what is the context? what question/puzzle is being addressed, how does this respond to the literature (which literature)?; b) what is the argument?; c) how is the argument made? What methods are used? How are data/cases selected and analyzed?; d) is the argument credible? What sort of contribution does the work make?

Week Six- Credible Commitments and Monetary Policy, Response Paper #3 to peer

Response Paper: *What makes policy statemetns and/or commitments credible?*

Keefer, Philip and David Stasavage. “Checks and Balances, Private Information, and the Credibility of Monetary Commitments.” *International Organization*. 56 (4). P. 751-774. 2002.

Leblang, David and Shanker Satyanath. “Institutions, Expectations, and Currency Crises.” *International Organization*. 60 (1). P. 245-262.

Freeman, John R. “Competing Commitments: Technocracy and Democracy in the Design of Monetary Institutions.” *International Organization* 56 (4). P. 889-910.

Bernard, William, J. Lawrence Broz and William Roberts Clark. “The Political Economy of Monetary Institutions.” *International Orgnaization*. 56 (4). P. 693-723.

Bernhard, William and David Leblang. “Political Parties and Monetary Commitments.” *International Organization*. 56 (40) 2002. P. 803-830.

Bernard, William and David Leblang. “Democratic institutions and Exchange-rate Commitments.” *International Organization*. 53 (1). 1999. P. 71-97.

Mukharjee, Bumba and Davis Singer. “Monetary Institutions, partisanship, and Inflation Targeting.” *International Organization*. 62 (2). 2008. P. 323-358.

Week Seven- Latin America: ISI-WC-and beyond, Response Paper #4 (and #3 with comments) to instructor

Response Paper: *How does Panizza explain the shift from import substitution industrialization to the Washington Consensus?*

Panizza, Francisco. *Contemporary Latin America: Development and Democracy Beyond the Washington Consensus.* New York: Zed Books. 2009.

*Supplemental:*

Nancy Birdsall, Augusto de la Torre, and Felipe Valencia Caicedo, “The Washington Consensus: Assessing a Damaged Brand,” *Working Paper 213,* Washington D.C.: Center for Global Development, May 2010. <http://www.cgdev.org/content/publications/detail/1424155> (get pdf)

Panizza, Francisco, “Unarmed Utopia Revisited: The Resurgence of Left-of-Centre Politics in Latin America.” *Political Studies* 53,2005. pp. *716–734.*

Birdsall, Nancy, Nora Lustig and Darryl McLeod, “Declining Inequality in Latin America: Some Economics, Some Politics,” *Working Paper 251*, Washington D.C.: Center for Global Development, May 2011. <http://www.cgdev.org/content/publications/detail/1425092> (get pdf)

Week Eight- Chinese Development Response Paper # 5 to peer

Response Question: *Were the development strategies of the 1980s preferable to those that followed? How possible is a return to such strategies?*

Huang, Yasheng, *Capitalism with Chinese Characteristics: Entrepreneurship and the State,* New York: Cambridge University Press, 2008.

*Supplemental:*

Chang, Ha-Joon *The East Asian Development Experience: The Miracle, the Crisis and the Future,* Zed Books, 2007.

The World Bank, *The East Asian Miracle: Economic Growth and Public Policy*, Washington D.C.: The World Bank, 1993.

Lin, Justin Yifu, *Demystifying the Chinese Economy*, New York: Cambridge, 2011.

Haggard, Stephan. “Institutions and Growth in East Asia.” *Studies in Comparative International Development.* 38 (4) 2004. P. 53-81.

Cummings, Bruce. “Political Consequences of Industrial Change: The Origins and Development of the Northeast Asian Political Economy: Industrial Sectors, Product Cycles, and Political Consequences.” *International Organization* 38 (1). Winter 1984. P. 1-40.

Kohli, Atul. “Where do high growth political economies come from?:The Japanese lineage of Korea’s development stat.” *World Development*. 22 (9). 1994. P. 1269.

Robert Wade, *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization*, Princeton: Princeton University Press, 2003.

Week Nine- Sovereignty and Development in Sub-Saharan Africa, Response Paper #6 (and #5 with comments) due to instructor

Response Question: *How do weak states contribute to poor governance and development in Sub-Saharan Africa?*

Englebert, Pierre, *Africa: Unity, Sovereignty, and Sorrow,* Boulder: Lynne Rienner, 2009.

*Supplemental:*

Hagmann, Tobias and Didier Péclard Ed, *Negotiating Statehood: Dynamics of Power and Domination in Africa*, Malden: Wiley-Blackwell, 2011.

[Nicolas](http://www.amazon.com/s/ref=ntt_athr_dp_sr_1?_encoding=UTF8&sort=relevancerank&search-alias=books&field-author=Nicolas%20van%20de%20Walle) van de Walle, *African Economies and the Politics of Permanent Crisis, 1979-1999.* New York: Cambridge University Press. 2001

Herbst, Jeffry. “War and the State in Africa.” *International Security*. 14 (4). Spring 1990. P 117-139.

Brautigum, Deboran A. and Stephen Knack. “Foreign Aid, Institutions, and Governance in Sub-Saharan Africa.” *Economic Development and Cultural Change*. 52. 2004. P. 225-285.

Easterly, William. *The White Man’s Burden: Why the West’s Efforts to Aid the Rest Have Done So Much Ill and So Much Little Good*, (New York: Penguin, 2007).

Week Ten- Group Presentations

Each group will present during the class period. Person 1- introduction, argument, case selection, Person 2-literature review, methodology, Person 3- Analysis of case #1, Person 4- Analysis of case #2

Week Eleven- Social Capital, Corruption, and Governance

Woolcock, Michael and Deepa Narayan. “Social Capital: Implications for Development Theory, Research, and Policy.” *The World Bank Observer.* 15 (2) p. 225-249.

Wade, Robert. “The Market for Public Office.” *World Development.* 13 (4). 1985. p. 467-497.

David C. Kang, *Crony Capitalism: Corruption and Development in South Korea and the Philippines,* Cambridge University Press, 2002.

Judith Tendler, *Good Government in the Tropics*, Baltimore: the Johns Hopkins University Press, 1998.

Week Twelve- Resource Curses?

Haber, Stephen and Victor Menaldo, “Do Natural Resources Fuel Authoritarianism? A Reappraisal of the Resource Curse,” *American Political Science Review,* 105 (1), Feberuary 2011, p. 1-26.

Humphreys, Macartan; Sachs, Jeffrey D.; [Stiglitz, Joseph E.](http://en.wikipedia.org/wiki/Joseph_E._Stiglitz), eds. (2007). *Escaping the Resource Curse*. New York: Columbia University Press.

Friedman, Thomas. “[The First Law of Petropolitics](http://proquest.umi.com/pqdweb?index=0&did=1029406421&SrchMode=2&sid=39&Fmt=4&VInst=PROD&VType=PQD&RQT=309&VName=PQD&TS=1241199701&clientId=8606).”*Foreign Policy*. Washington: May/Jun 2006.

Mehlum, Halvor, Karl Moene and Ragnar Torvik. “Cursed by Resources of Institutions?” *The World Economy.* 2006. pp. 1117-1131.

Di John, Jonathan. “Oil abundance and violent political conflict: A critical assessment.” *Journal of Development Studies*. 43 (6). August 2007. 961-986.

Krueger, Anne O. “Government Failures in Development.” *Journal of Economic Perspectives*. 4. 1990. P. 9-25.

Rodrik, Dani. “Institutions for high-quality growth: What they are and how to acquire them.” *Studies in Comparative International Development.* 35 (3). Fall 2000. P. 3-32.

Week Thirteen- Belindia Revisisted

Nancy Birdsall and Francis Fukuyama Ed., *New Ideas on Development after the Financial Crisis*, Baltimore: Johns Hopkins University Press, 2011.