

POL 3477 POLITICAL ECONOMY OF DEVELOPMENT

Summer 2018

Instructor:	Thomas R Vargas	Time:	T TH 5:30 PM – 8:00 PM
Email:	varga081@umn.edu	Place:	Blegen Hall 430
Office:	Social Sciences 756	Office Hours:	T TH 4:00 PM – 5:30 PM

What This Class is About:

Why are some countries wealthy while others remain poor? In this class we take a political economy approach to this question. This means that we examine how collective and individual economic outcomes are determined in part by political choices, arrangements, and institutions. While this class privileges the connections between political science and economics, it also draws from other disciplines, such as sociology, anthropology, and geography.

The overarching goal of this class is to prepare you to think critically about global issues by drawing on the insights and lenses afforded by the social sciences. To do so, we examine poverty and development from a comparative perspective. This means that we draw on the development experiences of countries across the globe, although we focus most of our attention on the developing world. We cover four key topics. We begin by defining concepts, such as *poverty* and *development*. We then consider competing explanations for why some countries are poor and others rich. Next, we navigate the intellectual history of development thinking from the vantage point of donors and international development agencies. We conclude the class by discussing contemporary topics in development practice. Along the way, we will debate whether and how lessons from poor countries can inform policy in other countries, whether rich or poor.

Most classes will contain lecture components and small-group discussions. Lectures and discussions will clarify and build-on lessons from the readings. For this reason, it is imperative that you come prepared to class. In addition, we will do a couple of in-class simulations and exercises. The purpose of these activities is to apply the concepts learned in class to real-world problems, and to help you think through contemporary development issues in a team setting.

Class Outline:

- I. Introduction and Key Concepts
- II. Social, Political, and Economic Institutions
- III. Pillars of Development Thinking
- IV. Current Issues

Objectives: By the end of this course, students will be able to:

- Weigh the advantages and disadvantages of existent measures of poverty and inequality,
- Discuss the ways in which geographical and historical legacies constrain the political and economic development of countries,
- Critically assess major theories of economic development and trace their development over time,
- Make explicit connections between development challenges faced in rich and poor countries.

Assignments:

- *Participation and Attendance:* You are expected to do the readings before class and show up ready to discuss them. Your participation grade will reflect the degree to which you ask or answer questions, and engage in group activities. The rest of your grade will be determined by attendance to class.
- *Short Papers (3):* These assignments will be handed out in class. This means you need to come to class to find out what they are about and when they are due. Assignments will be no longer than 2 pages. These assignments will ask you to apply concepts and theories from class to analyze a particular developmental issue.
- *Group Presentation:* Students will be divided into small groups for this presentation. Students in the group will play the role of international development experts tasked with providing recommendations to policymakers (the rest of the class) on a specific policy problem in a particular country. They will give a 20 minute presentation on the issue and their recommendations. Aside from the presentation, the groups will prepare a summary paper (2 pages max) outlining the issue and proposed solutions to hand out to the class. Following the presentation, the class will discuss the policy alternatives and vote on a course of action. Groups will be expected to do outside research. We will go over topics, countries, group size, and other details on the second day of class. The purpose of these presentations is to give you time to reflect on the problems of other countries and to offer solutions to them, given the material we have covered.
- *Take-Home Final:* I require an 8-page final paper instead of an in-class final. The paper will be in response to a prompt, and will be open-note and open-book. However, you may not consult with your classmates. Prompts will be distributed in class on July 19. I will offer two prompts. You will select one. The finished product is due **August 2nd by 11:59pm**. The purpose of this exam is to give you an opportunity to reflect on major issues in development. Outstanding exams will draw meaningful connections from across the topics and units covered in class. As such, no additional reading beyond what is in this syllabus is required.

Grade Breakdown:

Participation and Attendance	20%
Short Papers (3*10 each)	30%
Group Presentation	20%
Take-Home Final	30%

Grading Criteria for Presentations, Short Papers, and Exams:

- **A Range:** Reflects careful reading of and reflection on the readings and lectures. The work must be factually accurate, clearly written, free of grammar and spelling errors, and (most importantly) offer an original and persuasive argument.
- **B Range:** Reflects an understanding of the readings and lectures. The work is factually accurate and generally well-written, but lacks originality or is unpersuasive.
- **C Range:** Reflects a competent if superficial reading of the readings and lectures but lacks reflection and insight, lacks clarity, makes an unconvincing argument, and/or contains numerous spelling, grammar, and style errors.
- **D Range:** Reflects a minimal effort put into reading of assigned materials and/or writing of the assignment.
- **F:** Fails to meet any of the above criteria, is late, or violates any section of the University's student conduct code.

References: Readings will be posted on Moodle or otherwise found online. Students interested in thinking more deeply about the political economy of development might want to consider purchasing these books:

- Baker, Andy. 2013. *Shaping the Developing World: The West, the South, and the Natural World*. CQ Press. (General reference book.)
- Bates, Robert H. 2009. *Prosperity and Violence: The Political Economy of Development*. 2 edition. New York: W. W. Norton and Company.
- Scott, James C. 1976. *The Moral Economy of the Peasant*. Yale University Press.

Policies:

- *Formatting Your Work*. Assignments must be formatted with Times New Roman 12-size font, and 1-inch margins all around. Either PDF files or Word documents are fine.
- *Turning In Assignments*. No hard copies! Turn in everything through Canvas. If Canvas is down, or in case of any other eventuality, email the paper to me. *If I can't open the file, then you didn't turn it in.*
- *Absences, late assignments, and incompletes*. I will not accept late work unless when in accordance to UMN policy (i.e., due to “religious holidays; verifiable illness or medical emergency; subpoenas; jury duty; military service, and participation in university-sponsored activities, such as athletics.”) Even in these cases, speak to me in person about an upcoming absence to make arrangements. I will give no incompletes unless in case of documented long-term illness *and* you have talked to me about it.
- *Academic Dishonesty*. I take this very seriously. I expect you to know what academic dishonesty means. See [here](#).
- *Classroom Behavior*. Many of the topics we will discuss are complex. This means both that there might be no wrong answers and that entertaining certain arguments might make you uncomfortable. That's OK!—we are adults and this is an institution of higher learning. At the same time, I expect everyone to 1) be respectful to each other, 2) debate ideas not people, and 3) make arguments on the basis of credible evidence and not pure conjecture. Also, please turn off/put away your phone/laptop/tablet!

Schedule and Readings: Most readings are academic journal articles but I have added some news stories and op-eds. Read *all* equally carefully. They can all be found on Canvas.

I. Introduction and Key Concepts

Day 1. Introduction and Some Statistical Tools.

Guiding Questions: Where are rich countries located, where are poor countries located? What's in between? Are rich countries evenly wealthy, are poor countries evenly poor?

Readings:

- Long, Abby. “10 Things to Know About Reading a Regression Table.” Available [here](#).

Day 2. Defining Poverty.

Guiding Questions: What is poverty? What is freedom? How are these concepts related to each other and to the concept of development? How do we measure poverty at the individual level? What are income and wealth inequality, how are they measured, and what do they tell us that poverty rates do not?

Readings:

- Duflo, Esther. “Human Values and the Design of the Fight Against Poverty.” Read Lecture 1.
- Sen, Amartya. *Development as Freedom*. Read Introduction.

Day 3. The Well-Being of Countries and Theories of Growth.

Guiding Questions: How do we decide whether a country is poor or rich? How is this related to individual wealth and prosperity? How did rich countries get rich? What sorts of other “good things” are correlated with wealth?

Readings:

- Acemoglu, Daron and James Robinson. *Why Nations Fail*. Read Chapter 1.
- Pritchett, Lant. 1997. “Divergence, Big Time.” *The Journal of Economic Perspectives*. 11 (3):3-17.

Day 4. Poverty Counts

In-class exercise: I will lecture on estimating poverty counts and measuring inequality. Following the lecture, we will be calculating poverty counts, deciding on the best measure of wealth across several contexts, and discussing the implications of these measures for policy practice.

II. Social, Political, and Economic Institutions

Day 5. Geographical and Social Endowments

Guiding Questions: How well can geography explain why some countries are rich and poor? How does it account for inequality in wealth within countries? What does it miss? What is social capital, and how is it related to politics and development?

Readings:

- Diamond, Jared. “What Makes Countries Rich or Poor?” *The New York Review of Books*. Available [here](#).
- Karl, Terry Lynn. “Understanding the Resource Curse.” Available [here](#).
- Putnam, Robert with Robert Leonardi and Raffaella Y. Nanetti. *Making Democracy Work: Civic Traditions in Modern Italy*. Princeton University Press. Read Chapter 4.

Day 6. Colonial Origins.

Guiding Questions: What are political institutions? Where do they come from? How do they affect economic development? How might a colonial past affect development trajectories?

Readings:

- Khohli, Atul. “The Colonial Origins of a Modern Political Economy: The Japanese Lineage of Korea’s Cohesive-Capitalist State.” in *State-Directed Development: Political Power and Industrialization in the Global Periphery*.
- Acemoglu, Daron, Simon Johnson, and James A. Robinson. 2001. “The Colonial Origins of Comparative Development: An Empirical Investigation.” *American Economic Review* 91(5): 1369-1401.

Day 7. Political Regimes I: Democracy and Development.

Guiding Questions: What is the relationship between democracy and development? How can we distinguish between two competing arguments: 1) that democracy causes development, 2) that development causes democracy?

Readings:

- Przeworski, Adam, Michael E. Alvarez, Jose Antonio Cheibub, and Fernando Limongi. 2000. *Democracy and Development: Political Institutions and Well-Being in the World, 1950- 1990*. Read Chapter 2.
- Bermeo, Nancy. 2009. "Does Electoral Democracy Boost Economic Equality?" *Journal of Democracy* (October):21-35.

Day 8. Political Regimes II: State Capacity.

Guiding Questions: Under what conditions can states direct economic development? Are there any exceptions to the rule?

Readings:

- Geddes, Barbara. *Politician's Dilemma: Building State Capacity in Latin America*. University of California Press. Read Chapter 1.
- Evans, Peter. *Embedded Autonomy: States and Industrial Transformation*. Princeton University Press. Read Chapters 1 and 10.

III. Pillars of Development Thinking

Day 9. Modernization Theory.

Guiding Questions: What is the difference between a traditional and a modern society? How does the rise of urbanization, public education, and mass media affect and change societies? What are the implications of such changes on political and economic developments?

Readings:

- Lerner, Daniel. 1958. "The Grocer and the Chief: A Parable." In *The Passing of Traditional Society Modernizing the Middle East*. London: Glencoe Collier Macmillan.
- Lipset, Seymour Martin. "Economic Development and Democracy" in *Political Man: the Social Bases of Politics*. Read pages 45-68.
- Bellin, Eva. "The Robustness of Authoritarianism in the Middle East: Exceptionalism in Comparative Perspective." *Comparative Politics*.

Day 10. Globalization, Dependency, and Critics.

Guiding Questions: What are the international determinants of development? More specifically, what role does international politics play in determining the ability and speed with which countries achieve economic development?

Readings:

- Cardoso, Fernando Enrique. "Dependency and Development in Latin America" in *The Globalization and Development Reader: Perspectives on Development and Global Change*.
- Krugman, Paul. "Is Free Trade Passe."

Day 11. Neoliberalism, Foreign Aid, and Their Critics.

Guiding Questions: What is neoliberalism? What are its intellectual origins and what was it seeking to address? As an ideology or movement what are its shortcomings? What role should rich countries play in helping poor countries develop? What about the role of other poor countries? What are the political and economic consequences of aid?

Readings:

- Williamson, John. “The Washington Consensus as Policy Prescription for Development.” [Here](#).
- Birdsall, Nancy, Augusto de la Torre, and Felipe Valencia Caicedo. “The Washington Consensus: Assessing a Damaged Brand.” Washington, DC. Read pages 1-15.
- Easterly, Bill. “The West Can’t Save Africa” In *The New York Times*.

Day 12. Micro-Approaches to Development: Future or Fad?

In-class simulation: Many prominent scholars and international development experts now advocate for evidence-based policy-making. Typically, they equate high-quality evidence with randomized controlled trials (RCTs). Following a lecture on RCTs, we will perform a small simulation exercise. We will follow the simulation with a discussion of what this micro-turn in development means for development practice moving forward.

Readings:

- Duflo, Esther. “Policies, Politics: Can Evidence Play a Role in the Fight against Poverty?” Available [here](#).
- J-PAL. “Introduction to Evaluations.” Available [here](#). Skim.

I IV. Current Issues

Day 13. Welfare Regimes: Social Protection and Services.

Guiding Questions: What is a welfare regime? What explains variations in welfare regimes? What are the differences in welfare regimes between the developed and developing world? Is the choice of regime meaningful for development outcomes?

Readings:

- Esping-Andersen, Gøsta. *Three Worlds of Welfare Capitalism*. Read Chapter 3.
- Rudra, Nita. “Globalization and the Decline of the Welfare State in Less-Developed Countries.” *World Politics*.

Day 14. Provision of Social Goods.

Guiding Questions: Who provides social goods to the poor in developing countries? Under what incentives are governments likely to target the poor for public service delivery?

Readings:

- Garay, Candelaria. *Social Policy Expansion in Latin America*. Chapter 1.
- Cammett, Melani and Sukriti Issar. “Bricks and Mortar Clientelism: Sectarianism and the Logics of Welfare Allocation in Lebanon.” *World Politics*.

Day 15. The Politics of Adjustment.

Guiding Questions: What do we mean by “adjustment”? When do countries need to adjust? What are the politics of such reforms? Who is likely to support/oppose adjustment reforms and why?

Readings:

- Haggard, Stephen and Robert Kaufman. “The Politics of Stabilization and Structural Adjustment.” in *Developing Country Debt and the World Economy*.
- Walter, Stephanie. “Crisis Politics in Europe: Why Austerity Is Easier to Implement in Some Countries Than in Others.” *Comparative Political Studies*.

- Stallings, Barbara. “International Influence on Economic Policy: Debt, Stabilization, and Structural Reform” in *The Politics of Economic Adjustment*, eds. Haggard and Kaufman, pp. 41-89.

Day 16. Corruption.

In-class simulation: Corruption is rampant in the developing world. Some scholars believe that corruption adversely affects development. We will be playing a corruption simulation to examine the political and economic logic of corruption, and to reflect on its effects on developmental outcomes. You will need to prepare for this class in advance. I will hand out instructions on Day 15.

Readings:

- Stokes, Susan, Thad Dunning, Marcelo Nazareno, and Valeria Brusco. *Brokers, Voters, and Clientelism: The Puzzle of Distributive Politics*. Read Chapter 1.
- Paler, Laura. “Keeping the Public Purse: An Experiment in Windfalls, Taxes, and the Incentives to Restrain Government.” *American Political Science Review*.