Political Science 451
Comparative Political Economy of Developing Countries

Northwestern University
Department of Political Science
Winter 2015
Thur. 9:00-11:50 AM, Scott Hall 107 (Burdick Room)

1/5/15

Instructor: Jordan Gans-Morse
Office Hours: Tues. 9:00-11:00 AM and by appointment
Location: Scott Hall #203
Email: jordan.gans-morse@northwestern.edu

COURSE SUMMARY

This graduate seminar explores key factors that shape the development trajectory of nations, drawing on work from political science, economics, and sociology. We will examine various aspects of development, with a particular focus on economic growth. A primary area of inquiry is how political institutions influence development outcomes. Topics covered include the relationship between democracy and development, the role of the state, consequences of natural resources and corruption, and the impact of foreign aid. Throughout the course, there is also a focus on methodological debates concerning the pros and cons of quantitative vs. qualitative analysis, macro vs. micro-level data, and observational vs. experimental research.

The course is designed for graduate students preparing for the comprehensive examination in comparative politics or designing a dissertation prospectus for study of the developing world, but students from other sub-disciplines are welcomed and encouraged to enroll.

COURSE REQUIREMENTS

Participation

Students are expected to complete all readings prior to each session, attend every seminar, and actively contribute to the weekly discussions. Seminar participation will count for 30% of students’ overall grade.

Assignments

(1) Short essays: During some weeks, students will be asked to prepare a brief essay on a particular reading. Additional information about the content of these essays will be provided later in the quarter. The essays should be no more than two single-spaced pages and should be distributed by email to all seminar participants no later than noon on the day before the seminar meets. The aim of these essays is to introduce the rest of the group to as broad of range of

* Syllabus prepared in collaboration with Simeon Nichter of UCSD
material as possible while keeping the mandatory reading at a reasonable level. Students should be prepared to discuss and answer questions regarding their essay during seminar. The short essay assignments will count for 20% of the overall grade.

With respect to the seminar’s primary assignment, students will have two options:

(2a) Writing assignment option: The writing assignment may consist of a critical literature review, a research proposal, a conference paper, or a data analysis. My primary aim is that the assignment facilitates students’ preparation for the field exam(s), dissertation prospectus, and/or publication of a journal article. With this in mind, I am willing to tailor the assignment to individual students’ goals. Please come discuss your project with me no later than the fifth week of the quarter, and preferably sooner. The writing assignment will count for 50% of the overall grade.

(2b) Exam/journal review option: In place of the writing assignment, students may elect to write two mock journal reviews on readings of their choice from the syllabus and take a written exam. The exam will be designed to simulate field exam questions. The reviews will count for 15% and the exam for 35% of the overall grade. Reviews must be submitted prior to the meeting in which we discuss the particular reading, and the two reviews cannot be done for the same week of readings.

Deadlines: The exam will be held on Thursday, March 12th at 9:00 AM and the paper will be due via email on Tuesday, March 17th at noon.

LEARNING OBJECTIVES

By the end of the course, the aim is that students will:

- Possess comprehensive knowledge of debates concerning political economy of development.
- Be prepared to develop research on the sources or effects of development.
- Be familiar with the latest methodological approaches to the study of development.

COURSE MATERIALS

The course draws on a wide range of sources, and there are no books that we will read in their entirety. Many of the readings are journal articles that are available in electronic form through the Northwestern library. For excerpts from books, I will make copies available via the course website on Blackboard.

That said, I encourage you to purchase the following books:


If you are unfamiliar with some of the econometric techniques in the readings, the following, PDFs of which can be found online for free, might be good resources:


For additional background on development debates, see the following:

• Paul Collier, *The Bottom Billion: Why the Poorest Countries are Failing and What Can Be Done About It* (Oxford University Press, 2007)
COURSE OVERVIEW

Week 1: Defining Development
Thursday, January 8

Key questions:

- How should development be defined?
- How should development be measured?
- How is growth related to inequality, poverty, and other development indicators?
- What are the key development trends in recent years?

Readings:

  - Pages: 27-31, 44-48, 125-130
- Optional: Paul Collier, The Bottom Billion: Why the Poorest Countries are Failing and What Can Be Done About It (Oxford University Press, 2007)
  - Chapter 1
  - Chapter 1
  - Chapters 1-2

Recommended:

For those who are not familiar with or would like a review of various types of inequality and their measurements, see:

  - Chapters 1-3
Further Background Reading:

*Alternative Indicators to GDP*


*Overviews of Development Trends*


*What are Markets?*

Week 2: Traditional Economic Approaches to Development
Thursday, January 15

Key questions:

- What are the sources of economic growth?
- How have theories of growth evolved over time?
- How should growth be studied?

Readings:

  - Chapters 2-4
  - Introduction

**Short Essay #1:** “Endogenous” Growth Theory

  - Chapter 4

**Recommended:**

For those who are encountering the Solow model for the first time, I encourage you to watch Tyler Cowen and Alex Tabarrok’s short online overview here:

- [http://mruniversity.com/solow-model-1-%E2%80%93-introduction](http://mruniversity.com/solow-model-1-%E2%80%93-introduction)

Further Background Readings:

**On Methodological Approaches**

  - Chp 1: The Fall and Rise of Development Economics
On Economic Theories of Growth


Empirical Work on Growth


Geography, Trade, and Economic Growth

Week 3: The Rise of Institutional Economics
Thursday, January 22

Key questions:

- What are institutions?
- How do institutions affect development?
- How can institutions be studied?

Readings:

  - Chapter 1
- James Mahoney, *Colonialism and Postcolonial Development: Spanish America in Comparative Perspective* (Cambridge University Press, 2010)
  - Chapter 1 and Conclusion

Short Essay #2: Institutions vs. Human Capital


Short Essay #3: Debate Over “Colonial Origins” Instrument


Recommended:

For those not familiar with instrumental variables or who need a review, see:

Further Background Readings:

*Debate Over Effects of Institutions*


*General Work on Institutions and Development*

- Avner Greif, *Institutions and the Path to the Modern Economy* (Cambridge University Press, 2006)
Week 4: Democracy, Dictatorship, and Development

Thursday, January 29

Key questions:

- Does development cause democracy?
- Does democracy cause development?

Readings:

  - Chapter 2
  - Chapters 1 and 7
  - pp. 517-524
  - pp. 15-27

Short Essay #4: Bureaucratic Authoritarianism


Further Background Readings:

Development’s Effect on Regime

Regime Effect on Development


Regime Effect on Development

- Daron Acemoglu, Suresh Naidu, Pascual Restrepo, and James Robinson, “Democracy Does Cause Growth,” unpublished manuscript
• Mancur Olson, “Democracy, Dictatorship, and Development,” American Political Science Review 87,3 (1993)

Regime Type and Public Policy

• Torsten Persson and Guido Tabellini, The Economic Effects of Constitutions (The MIT Press, 2003)
Week 5: Rule of Law, Property Rights, and Development

Thursday, February 5

Key Questions:

- What is the role of law and property rights in development?
- What specific institutional arrangements are conducive to economic growth?
- How do we account for growth in countries with poor institutions?

Readings:

- David Trubek, “Law and Development: 40 Years after Scholars in Self Estrangement,” University of Wisconsin Legal Studies Research Paper No. 1255 (May 2014)
  - Sections 1-3.1 (pp. 285-298), 4.1-4.3 (pp. 303-309), 7-7.2 (pp. 315-321), and 9 (pp. 326-327)

**Short Essay #5:** Debate over “Constitutions and Commitment”


Further Background Readings:

**General Readings on the Rule of Law in Developing Countries**

• Peter Murrell, ed., Assessing the Value of Law in Transition Economies (University of Michigan Press, 2001)
• Rebecca Bill Chavez, The Rule of Law in Nascent Democracies: Judicial Politics in Argentina (Stanford University Press, 2004)

On property rights and credible commitment:

• Stephen Haber, Armando Razo, and Noel Maurer, The Politics of Property Rights: Political instability, Credible commitments and Economic Growth in Mexico, 1876-1929 (Cambridge University Press, 2003)

On the East Asia “puzzle” of growth with poor institutions:


Additional micro-level empirical works:

• Timothy Besley, “Property Rights and Investment Incentives: Theory and Evidence

**On the “legal origins” debate:**


**On Origins of Property Rights**

Week 6: States and Development

*Thursday, February 12*

Key Questions:

- Can the state promote development? Under what circumstances?
- What is the “Developmental State”? How useful is the concept?
- What is governance? What is its role in development?

Readings:

  - Chapter 1
  - Introduction and Chapters 1 and 2
- Alice Amsden, *Asia’s Next Giant: South Korea and Late Industrialization* (Oxford University Press, 1989)
  - Chapters 1 and 6
  - Chapters 1-3

**Short Essay #6: Industrial Policy**


Further Background Readings:

**Some Classics**

- Samuel Huntington, *Political Order in Changing Societies* (Yale University Press, 1968)
- Chalmers Johnson, *MITI and the Japanese Miracle* (Stanford University Press, 1982)
More on the Developmental State

- Meredith Woo-Cumings, ed., *The Developmental State* (Cornell University Press, 1999)

On Rent-Seeking


On Governance


On Industrial Policy

Week 7: Corruption and Development
Thursday, February 19

Key questions:

• What is corruption? What forms does it take? How are distinct types of corruption related?
• How does corruption affect economic development?
• How does economic development affect corruption?
• How can illicit behavior, such as corruption, be studied?

Readings:

• Daniel Treisman, “What Have We Learned About the Causes of Corruption from Ten Years of Cross-National Empirical Research?” Annual Review of Political Science 10 (2007): 211-244
• Samuel Huntington, Political Order in Changing Societies (Yale University Press, 1968)
  o Read pp. 59-72
• David Kang, Crony Capitalism: Corruption and Development in South Korea and the Philippines (Cambridge University Press, 2002)
  o Chapter 1

Short Essay #7: Industrial Organization of Corruption


Short Essay #8: Methodological Approaches to the Study of Corruption
(Note: All students should read Kaufman et al. and at least one other of the following articles)


Field Experiments and Natural Experiments


**Laboratory Experiments**


**Innovative Measurement Approaches**


• Maxim Mironov and Ekaterina Zhuravskaya, “Corruption in Procurement and Shadow Campaign Financing: Evidence from Russia,” unpublished manuscript


**Further Background Reading:**

**Some Classics**


• Susan Rose-Ackerman, *Corruption and Government: Causes, Consequences, and Reform* (Cambridge University Press, 1999)

• Robert Klitgaard, *Controlling corruption* (University of California Press, 1988)

Additional Overviews of Corruption

• Michael Johnston, Syndromes of Corruption: Wealth, Power and Democracy (Cambridge University Press, 2005) (see Chapter 1)

Additional Empirical Work on Corruption

Week 8: Natural resources
Thursday, February 26

Key Questions:

• What are the effects of natural resources on economic development?
• What are the effects of natural resources on regime type?
• What types of institutional arrangements mediate these relationships?

Readings:

  o Chapters 1-3 and 6
• Thad Dunning, Crude Democracy: Natural Resource Wealth and Political Regimes (Cambridge University Press, 2008)
  o Chapter 1

Short Essay #9: New Perspectives on the Resource Curse

• Victor Menaldo, From Institutions Curse to Resource Blessing, unpublished book manuscript
  o Chapters TBA

Further Background Readings:

• Michael Ross, “Does Oil Hinder Democracy?” World Politics 53 (2001)
• Pauline Jones Luong and Erika Weinthal, *Oil is Not a Curse: Ownership Structure and Institutions in the Soviet Successor States* (Cambridge University Press, 2010)
• Terry Lynn Karl, *The Paradox of Plenty: Oil Booms and Petro-States* (University of California Press, 1997)
• Kiren Chaudhry, *The Price of Wealth: Economies and Institutions in the Middle East* (Cornell University Press, 1997)
• Daniel Treisman, “Is Russia Cursed by Oil?” *Journal for International Affairs* (2010)
• M. Steven Fish, *Democracy Derailed in Russia: The Failure of Open Politics* (Cambridge University Press, 2005) (Chapter 5)
Week 9: Aid, Trade, and Foreign Investment

Thursday, March 5

Key Questions:

- As a sub-discipline, how does International Political Economy differ from Comparative Political Economy? How are the two similar?
- How do domestic political factors affect aid, trade, and foreign investment?
- How do aid, trade, and foreign investment affect domestic politics?

Readings:

  - Chapter 11

Further Background Readings:

Overviews of IPE

  - Chapters 1 and 4

Globalization and Development


• Dani Rodrik, “The Global Governance of Trade,” UNDP Background Paper (October 2001)


• Paul Collier, *The Bottom Billion: Why the Poorest Countries are Failing and What Can Be Done About It* (Oxford University Press, 2007) (Chapter 6)

*Foreign Aid and Development*


• Roger Riddell, *Does Foreign Aid Really Work?* (Oxford University Press, 2007)


Globalization, Aid, and Democracy


Foreign Direct Investment

- Rachel Wellhausen, The Shield of Nationality: When Governments Break Contracts with Foreign Firms (Cambridge University Press, forthcoming)
- Jeffry Frieden, “International Investment and Colonial Control: A New Interpretation,”