Spring Semester, 2008
GOVERNMENT 339:
THE POLITICAL ECONOMY OF DEVELOPMENT

Mondays, Wednesdays, 8:40 – 9:55
Goldwyn Smith, 142

Professor Nicolas van de Walle
Office: 170 Uris Hall
Telephone: 255-8927
email: nv38@cornell.edu
Office Hours: Wednesdays 3-5 and by appointment.

COURSE OBJECTIVES

This class will survey both the major policy issues in the developing world today, and the political economy literature. The class seeks to inform students of the historical and contemporary dynamics of economic development, with a focus on political issues. The developing countries are undergoing a period of heightened change, which intensifies distributional tensions because of the uncertainty change engenders and because the growth process is rarely spread evenly across ethnic group, region and class. One of the course's organizing premise is that all economic policies have distributional consequences and that the winners and losers' ability to mobilize for and against policies largely determine the success or failure of the policies. The other is that state structures play a critical role in the process of development.

GRADE DISTRIBUTION AND REQUIREMENTS

Grades will be based on:
1. An in-class midterm on March 12 (20% of the grade)
2. A final exam on May 15, 9-11:30 AM (35%).
3. A short (8-10 pages) paper (25%)
4. Two short written assignments (10%)
5. Class participation (10%)

I will ask you to specialize in a single developing country, which will be the focus of the assignments (to be posted on Blackboard), as well as of the paper. More information to come.

REQUIRED TEXTS

The following texts are required reading and have been ordered from the University store:

2. Paul Collier, The Bottom Billion: Why the Poorest Countries Are Failing and What can be Done about it.
(Oxford University Press, 2007)

Other readings will be assigned from a variety of on-line journals and book chapters.

**COURSE READINGS AND OUTLINE**

Tentative dates for lectures:

1. **General Introduction**

   (January 21)

2. **Defining Development**

   (January 23)
   What do we mean by development? How well do the standard economic measures capture the process of development? How good are alternative measures? Do people in low income countries behave in the same manner as people in developed countries, or do we need a distinct analytical apparatus to understand them?

   [http://www.sciencedirect.com/science?_ob=PublicationURL&_tockey=%23TOC%232324600%231988%232399989999%2323565710%23FLP%23%24_type=HE%24_auth=y%24_acct=C000022719%24_version=1%24_urlVersion=0%24_userid=492137%24_md5=f180965f1d7848980fe995b59a538045](http://www.sciencedirect.com/science?_ob=PublicationURL&_tockey=%23TOC%232324600%231988%232399989999%2323565710%23FLP%23%24_type=HE%24_auth=y%24_acct=C000022719%24_version=1%24_urlVersion=0%24_userid=492137%24_md5=f180965f1d7848980fe995b59a538045).

   UNDP, Human Development Report, 2005. Chapter 1. (pp. 15-48) available on line at:

   [http://www.sciencedirect.com/science?_ob=PublicationURL&_tockey=%23TOC%23235946%231997%2323999749994%232312571%23FLP%23%24_type=J%24_view=c%24_auth=y%24_acct=C000022719%24_version=1%24_urlVersion=0%24_userid=492137%24_md5=b9e6eb62ad205313e9fa561c37ec2d](http://www.sciencedirect.com/science?_ob=PublicationURL&_tockey=%23TOC%23235946%231997%2323999749994%232312571%23FLP%23%24_type=J%24_view=c%24_auth=y%24_acct=C000022719%24_version=1%24_urlVersion=0%24_userid=492137%24_md5=b9e6eb62ad205313e9fa561c37ec2d)

   Collier, chapter 1 (pp. 3-16)

3. **Defining Poverty and Inequality**

   (January 28, 30)

   [http://wbro.oxfordjournals.org/cgi/reprint/19/2/141](http://wbro.oxfordjournals.org/cgi/reprint/19/2/141)

   Lant Pritchett. "Divergence, Big Time" in Journal of Economic Perspectives. Vol. 11, no. 3 (Summer, 1997), pp. 3-17. available at:
   [http://www.jstor.org/view/08953309/di980592/98p0034h/0?frame=noframe&userID=84ec95a5@cornell.edu/01cc9933140](http://www.jstor.org/view/08953309/di980592/98p0034h/0?frame=noframe&userID=84ec95a5@cornell.edu/01cc9933140)
PART 2: THE HISTORICAL EXPERIENCE

4. Theories of Growth. Capital, Geography and Institutions  (February 4, 6)

Easterly, *the Elusive Quest for Growth*. Chapter 2,3,8,9 (pp. 21-70; 145-195)


Dani Rodrik, Arvind Subramanian, “The Primacy of Institutions (and what this does and does not mean)”, in *Finance & Development*. Jun 2003. Vol. 40, No. 2; p. 31-35. available at:
http://proquest.umi.com/pqdweb?index=24&did=356112641&SrchMode=3&sid=1&Fmt=6&VInst=PROD&VType=PQD&ROT=309&VName=PQD&TS=1169223591&clientId=8424&aid=3


5. The Emergence of the Modern State: Taxes and War  (February 11)
Positive theories of the origin of states. State leaders as mafiosi. The critical role of war in “state-making”.

Jeffrey Herbst, "War and the State in Africa", in *International Security*. 14:4: (Spring 1990) 117-139. available at:
http://www.jstor.org/view/01622889/di008130/00p0029g/0

http://proquest.umi.com/pqdweb?index=0&did=1516210&SrchMode=1&sid=1&Fmt=6&VInst=PROD&VType=PQD&RQT=309&VName=PQD&TS=119948046&clientId=8424

6. Development in the West  (February 13, 18)
How did development occur in the west? General historical patterns. Structural transformation. The role of technology. The role of trade and public institutions. What are the lessons from early western experience for today’s LDCs?

pp. 941-980. available in library at: http://www.jstor.org/journals/00220515.html


Collier, The Bottom Billion. Chapter 10 (pp. 157-75)


8. Human Capital, Social Capital (February 27)
The current state of health, demographic and education in the developing world. Regional patterns. Link to growth. What is human capital? What is social capital? Where does social capital come from? Link to institutions.

Easterly, The Elusive quest for Growth. Chapter 4,5 (pp. 71-101).


9. Explaining the East Asian Miracle: (March 3)
Why has East Asia been the most successful region of the developing world? Historical factors (the role of colonialism),
cultural factors. The role of the state, the ambiguous role of economic policies


http://www.jstor.org/cgi-bin/jstor/printpage/00208183/dm980245/98p0028k/0.pdf?backcontext=page&dowhat=Acrobat&config=jstor&userID=84ec95a5@cornell.edu/01c0a8346500501cfd6b0&0.pdf

http://www.sciencedirect.com/science?_ob=ArticleURL&_udi=B6VC6-45DNN2F-2&_user=492137&_rdc=1&_fmt=&_orig=search&_sort=d&view=c&_acct=C000022719&_version=1&_urlVersion=0&userid=492137&md5=6050a74f3b4b4a05e452eb6526268490

PART 3: CURRENT ISSUES

10. The State and Development: Policy Perspectives (March 5, 10 )
The growth of state institutions, The critique of government and the emergence of the “Washington Consensus”. Are large states compatible with growth? Are states in the Third World too big or too small?

http://www.jstor.org/view/08953309/di960531/96p0004c/0?frame=noframe&userID=84ec95a5@cornell.edu/01c0a8346500501cfd6b0&0.pdf


Dani Rodrik “Institutions for high-quality growth: What they are and how to acquire them” Studies in Comparative International Development. New Brunswick: Fall 2000. Vol. 35, Iss. 3; pg. 3-32

Easterly, chapter 11, pp. 217-39

MID TERM EXAM IN CLASS: March 12

Spring Break: March 15 - 23
11. Democracy and Development (March 24, 26)
The relationship between political regime and economic performance. Democratization and level of economic wealth, wealth and political stability; the economic impact of political regime changes


van de Walle, African Economies and the Politics of Permanent Crisis, chapter 6.


12. Governance and Corruption (March 31)
Why are some states better at promoting development than others? Why are some governments so bad at it? The special case of African states. The origins of rent seeking and corruption, its institutional manifestations, and its economic and political impact

van de Walle, African Economies and the Politics of Permanent Crisis, Chapter 3-4.


Easterly, Chapter 12,13, pp. 241-284

13. The Resource Curse: Natural Resources and State Performance (April 2, 7)
The impact of natural resources on economic growth. Natural resources and corruption. Impact on political stability. Greed vs grievance in civil wars.


14. Failed States and Conflict  
(April 9, 14)

Collier, chapters 2-5 (pp. 17-78), 8, 9 (pp. 124-56)

Thomas Bierschenk, and Jean Pierre Olivier de Sardan, “Local powers and a distant state in rural Central African Republic”, in Journal of Modern African Studies Vol. 35, 03, 1997, p. 441. http://www.jstor.org/cgi-bin/jstor/printpage/0022278x/ap010138/01a00040/0?frame=noframe&userID=84ec95a5@cornell.edu/01c0a8346500501cfdb0&dpi=3&backcontext=page&backurl=/cgi-bin/jstor/viewitem/0022278x/ap010138/01a00040/0%3fframe%3dnoframe%26dpi%3d326userID%3d84ec95a5@cornell.edu/01c0a8346500501cfdb0%26config%3d%26PAGE%3d0&config=istor

15. Foreign Aid and Conditionality  
(April 16, 21)

Can Foreign aid promote economic growth? Has it? Can there be too much aid? Donor conditionality: should donors attempt to force governments to follow certain policies? Can this work?

van de Walle, African Economies and the Politics of Permanent Crisis, Chapter 5.


Easterly, chapters 6,7 (pp. 101-40),

Collier, chapter 7 (pp. 99 – 123)

at: http://muse.jhu.edu/journals/world_politics/v051/51.2er_karl.html
16. The Politics of Economic Crisis and Structural Adjustment: (April 23, 28)
Why do developing countries face economic crisis? The different origins of the debt crisis. Why is policy reform difficult? Under what circumstances will low income governments undertake economic policy reform? The role of capacity and autonomy.


17. Review (April 30)

**FINAL: May 15, 9:00 – 11:30 AM**