

NS 4053: POLITICAL ECONOMY OF DEVELOPMENT

SUMMER 2013

NAVAL POSTGRADUATE SCHOOL
DEPARTMENT OF NATIONAL SECURITY AFFAIRS

Professor Naazneen Barma

Office: Glasgow 355

Email: nhbarma@nps.edu

Phone: 831-656-6250

Class hours and location:

Monday & Wednesday, 1–3pm, GL133

Office hours:

Monday & Wednesday by appointment

COURSE DESCRIPTION

This seminar is a survey of core issues in the political economy of development. The main goal of the course is to build a multi-faceted understanding of why some nations are so poor and what could be done to help them succeed. Through several lenses on the political economy of development, the course will deliver a theoretical and empirical understanding of the range of political economic experiences in the developing world.

We will begin with an overview of how development economics has been approached over the past fifty years, examining both interventionist and market-based approaches to industrialization and economic growth. Next, we will take a very brief tour of the contemporary experiences of several developing country regions, comparing and contrasting their development strategies as well as the nature of the political-economic obstacles they face. We will then examine different disciplinary perspectives on development, with a particular emphasis on the challenges of constructing development-enhancing political order and institutional capacity. Next, we will focus on the development and aid business, looking at what the World Bank does, the successes and failures of traditional approaches to aid, and the new thinking in development. Finally, we will delve more deeply into a handful of contemporary development challenges, including the natural resource curse and the challenges of building institutional capacity in fragile and conflict-affected developing countries.

COURSE REQUIREMENTS

Active class participation:

25% of course grade

This course will be conducted as an advanced graduate seminar with a significant discussion component and requirement. Each session will constitute a mix of lecture and guided discussion, with the balance oriented toward the latter. It is incumbent upon you to read the assigned materials thoroughly and thoughtfully, so that we can together have an intelligent discussion of the material. Your participation will be graded on the quality of your comments and your overall engagement in discussion with your classmates. Class absences will affect your participation grade.

Successful participation will require familiarity with current events—so please make an effort to keep up with the news by regularly reading at least one quality newspaper (recommended: the *New York Times*, the *Financial Times*, the *Wall Street Journal*) and one news magazine (recommended: the *Economist*). Also have a look at the Project Syndicate Economists' Club for opinions on contemporary economic issues (<http://www.project-syndicate.org/economists-club>); as well as the numerous lively blogs that

cover political economy issues (e.g., Chris Blattman, *Marginal Revolution*, Matthew Yglesias, Brad DeLong, Dan Drezner). I will often distribute news clips for discussion; and I encourage you to point me to any you think are worthwhile. Class absences will affect your participation grade.

Discussion facilitation and reading memo, 1500 words (~5 pages): **15% of course grade**

Each of you will be responsible (either individually or in partnership with one other classmate) for helping me to lead one class discussion. That is, you (and your discussion partner) will prepare a 10-minute introduction to the class that is a thoughtful analysis of the reading material. This brief introduction should cover—what is the reading about (with a minimum of summary), how compelling are the arguments and empirical evidence, and how does it fit with other material and what else we know. You should also prepare 3–5 questions to spark discussion. See the *Tips for Critical Reading* handout to help structure your discussion notes.

For the class session you help to facilitate, you are also responsible (individually) for writing a reading memo (~1500 words, about 5 pages) on the assigned readings. This memo is due in hard copy at the beginning of the class session for which the readings are assigned. The goal of this assignment is to help focus and organize your thoughts on the readings. The key with these mini-essays is that they should be analytical—you should minimize summary of the reading and focus on writing an essay that delivers your own analytical argument about the reading. To do that, pick one or more readings and briefly outline their core arguments; then examine how they relate to other course material, or how they shed light on contemporary issues you may be reading about. A few options for delivering a good essay:

- Provide a reasoned critique of a reading, using empirical evidence to make your case;
- Pose a question raised by a reading and attempt to answer it;
- Compare and contrast how two or more readings treat a particular subject and discuss which you find most compelling; and/or
- Identify how insights from the readings help us understand a real-world puzzle or phenomenon.

For further advice on writing these essays, refer to the handout on tips for critical reading and the writing resources listed below. An example essay is posted on Sakai.

Country case study paper, 3000–3500 words (~10–12 pages): **60% of course grade**

The goal of this assignment is to have you focus intensively on a particular developing country of your choice and write a diagnostic case study that describes and assesses the country’s development trajectory. In other words, you will apply the concepts we cover over the course to a specific country. The case study paper should provide:

- An overview of the country’s contemporary development experience and the particular challenges and obstacles (political, social, and economic) it has faced over time;
- An analysis of the successes and failures of the strategies employed—by domestic governments as well as the international aid community—to initiate and sustain industrialization, growth, and economic development;
- Recommendations for enhancing the country’s development prospects—with an emphasis on what you consider to be the most important challenges that need to be addressed and a reasoned set of suggestions for so doing.

This is not a traditional research paper but, in order to successfully complete this assignment, you will need to conduct a focused research probe into the political economy of the country of your choice. In most cases, two or three good research sources will suffice.

In order to ensure you are on the right track, there is one interim milestone for completing this paper: you must turn in a 1–2 page outline of your country case study, listing 2–4 specific research sources, before or on August 14 (in class).

The final country case study paper is due no later than Monday September 23 at 1700; you may turn it in earlier if you wish. Email your paper to me (this will serve as your time-stamp), and place a hard copy in the box outside my office, Glasgow 355. Late papers will be docked one-third of a grade for each day they are late unless you have made prior arrangements with me.

WRITING GUIDELINES

- The NSA department’s policies on grading of research papers will give you guidance as to what constitutes good writing for the assignments in this course:
<http://www.nps.edu/Academics/SIGS/NSA/teaching/grading.html>

Please also read the article by Henry Farrell on “Good Writing in Political Science” on Sakai.

An excellent writing style guide is William Strunk Jr. and E. B. White, *The Elements of Style* (Boston, Allyn and Bacon, 2000); I refer to it often and suggest that you have a look as well.

- You are required to cite all works you quote, paraphrase, or draw ideas from (including Internet sources). For citation style, use the Chicago Manual of Style, guidelines for which can be found on Sakai and at: http://www.chicagomanualofstyle.org/tools_citationguide.html
- You will be marked down for sloppy writing—so please check your spelling and grammar, and proofread your assignments before submitting them.

ACADEMIC INTEGRITY

The work you submit must be your own, and you must acknowledge the ideas that you have drawn from other people’s work in creating your own.

Plagiarism, cheating, and other forms of academic dishonesty violate the NPS honor code and, in accordance with university and department policy, I will not tolerate any of these violations. Assignments with any instance of plagiarism will be given a failing grade; and you may be subject to more extensive disciplinary penalties, as prescribed by NPS and the NSA department.

Please read, carefully, the NSA departmental guidelines on what constitutes plagiarism and violations of academic integrity: <http://www.nps.edu/Academics/SIGS/NSA/teaching/integrity.html>

If you have questions at all regarding academic integrity, don’t hesitate to contact me. I will be happy help you work through how best to acknowledge other ideas and work in the course of creating your own.

READING MATERIALS

The reading load for this class is typically around 150–200 pages per week—less in weeks with challenging readings, and more in weeks with easier readings. In order to get the most that you can from this class, make an effort to read the assigned materials with careful, analytical attention.

Look at the practical tips for critical reading handout, which is available on the class Sakai site. At the end of each class period, I will raise some specific questions for you to consider over the next set of readings.

I have assigned a handful of materials that are more for reference than for close reading—these are marked in the reading assignments below as “(SKIM).” You are still responsible for knowing the content of these pieces, but they require less analytical attention.

Required Books

The following four books will be used quite extensively for the course. They are available for purchase at the bookstore or online, and are also on reserve at Knox Library:

- Abhijit V. Banerjee and Esther Duflo, *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*. New York: Public Affairs, 2011.
- Robert H. Bates, *Prosperity & Violence: The Political Economy of Development* (2nd edition). New York: W.W. Norton & Company, 2010.
- William Easterly, *The Elusive Quest for Growth: Economists’ Adventures and Misadventures in the Tropics*. Cambridge: MIT Press, 2001.
- John Rapley, *Understanding Development: Theory and Practice in the Third World* (3rd edition). Boulder: Lynne Rienner, 2007.

Recommended Books

The following books are an excellent reference on comparative economic systems and the economics of growth and development, and are complementary to the required books. A few chapters of each are assigned readings available on Sakai.

- Jessica Cohen and William Easterly, *What Works in Development: Thinking Big and Thinking Small*. Washington DC: Brookings, 2009.
- Dean Karlan and Jacob Appel, *More Than Good Intentions: How A New Economics is Helping to Solve Global Poverty*. New York: Dutton, 2011.
- Dwight H. Perkins, Steven Radelet, David L. Lindauer, and Steven A. Block. *Economics of Development* (7th edition). New York: W.W. Norton & Company, 2013.

SCHEDULE OF CLASSES AND READING ASSIGNMENTS

PART I—WHAT IS DEVELOPMENT?

July 8—No class—Instructor away

- ❖ 1-hr documentary viewing assignment—*Poor Us: An Animated History*.

1. July 10—Introduction to class

- Rapley: 1-12 (Introduction)
- Amartya Sen, *Development as Freedom* (1999), 3–34

2. July 15—Understanding Development: Poverty, Industrialization, Growth

- Easterly: xi–69 (Prologue, Intro to Part I, chs. 1–3)
- Dwight H. Perkins, Steven Radelet, David L. Lindauer, and Steven A. Block, *Economics of Development* (2013), chs. 2 & 6 (*SKIM for reference*)

3. July 17—State-Led Development Versus The Neoclassical Turn

- Rapley: 13-133 (chs. 2–6)

4. July 22—The New Development Orthodoxy

- Easterly: 101–169 (chs. 6–8)
- Rapley: 135–184 (chs. 6–7)

PART II—A (VERY) BRIEF TOUR OF THE DEVELOPING WORLD

5. July 24—East Asia and Latin America

- Stephan Haggard, *Pathways from the Periphery: The Politics of Growth in the Newly Industrializing Countries* (1990), 1–48
- *The Growth Report: Strategies for Sustained Growth and Inclusive Development* (2008), 17–31

6. July 29—Africa: Crisis, Stagnation, and Emergence

- Nicolas van de Walle, *African Economies and the Politics of Permanent Crisis, 1979-1999* (2001); 1–63
- Robert H. Bates, *When Things Fell Apart: State Failure in Late-Century Africa* (2008), 3–29
- Steven Radelet, *Emerging Africa: How 17 Countries Are Leading the Way* (Center for Global Development Brief, 2010)

7. July 31—India

- Atul Kohli, “Politics of Economic Growth in India, 1980–2005” Part I & Part II, *Economic and Political Weekly* (2006)

- Rahul Mukherji, “The Political Economy of India’s Economic Reforms” *Asian Economic Policy Review* 3:2 (2008), 315–331
- World Bank, “Overview of India’s Development Progress and Pressing Challenges,” Chapter 1 in *India Development Policy Review—Inclusive Growth and Service Delivery: Building on India’s Success* (2006), 1-28 (SKIM)

PART III—PERSPECTIVES ON THE POLITICAL ECONOMY OF DEVELOPMENT

8. August 5—Geography, History, Culture

- Jared Diamond, *Guns, Germs, and Steel: The Fates of Human Societies* (1999), 13–32
- David Landes, *The Wealth and Poverty of Nations: Why Some Are So Rich and Some So Poor* (1998), xvii–28
- Daron Acemoglu and James A. Robinson, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty* (2012), 45–69
- Pranab Bardhan, *Scarcity, Conflicts, and Cooperation: Essays in the Political and Institutional Economics of Development*, 1–19 (SKIM)

9. August 7—Political Order and Economic Development

- Bates: 1–98 (The whole book!)

10. August 12—Political Regimes and Economic Growth

- Peter B. Evans, “Predatory, Developmental, and Other Apparatuses: A Comparative Political Economy Perspective on the Third World State” *Sociological Forum* 4:4 (1989): 561–587
- Adam Przeworski and Fernando Limongi, “Political Regimes and Economic Growth” *Journal of Economic Perspectives* 7:3 (1993), 51–69
- Mancur Olson, “Dictatorship, Democracy, and Development” *American Political Science Review* 87:3 (1993), 567–576

11. August 14—Institutions and Economic Outcomes

- Daron Acemoglu and James A. Robinson, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty* (2012), 70–95 and 302–403
- ❖ 1–2 page outline of country case study paper due

August 19—No class—Instructor away

PART IV—THE DEVELOPMENT BUSINESS

12. August 21—The World Bank

- Ngaire Woods, *The Globalizers: The IMF, The World Bank, and Their Borrowers* (2006), 1–64
- Sebastian Mallaby, *The World’s Banker: A Story of Failed States, Financial Crises, and the Wealth and Poverty of Nations* (2004), 1–40 (SKIM)

13. August 26—Rethinking the Fight Against Poverty: From Macro to Micro

- Banerjee and Duflo: 1–70, 183–234 (chs. 1–3, 8–9)

14. August 28—More on the Empirical and Behavioral Approach to Poverty

- Dean Karlan and Jacob Appel, *More Than Good Intentions: How A New Economics is Helping to Solve Global Poverty* (2001), 1–21, 167–222, 269–276
- Timothy Besley, “Poor Choices: Poverty From the Ground Level” *Foreign Affairs* 91:1 (2012), 160–167

September 2—No class—Labor Day holiday

15. September 4—What Works in Development

- Jessica Cohen and William Easterly, “Introduction: Thinking Big Versus Thinking Small” in Jessica Cohen and William Easterly (eds.) *What Works in Development: Thinking Big and Thinking Small* (2009), 1–23
- Dani Rodrik, “The New Development Economics: We Shall Experiment, but How Shall We Learn?” in Jessica Cohen and William Easterly (eds.) *What Works in Development: Thinking Big and Thinking Small* (2009), 24–54
- Banerjee and Duflo: 235–273 (ch. 10–Conclusion)

PART V—CONTEMPORARY DEVELOPMENT CHALLENGES

16. September 9—The Natural Resource Curse

- Michael L. Ross, “The Political Economy of the Resource Curse” *World Politics* 51 (1999), 297–322
- Naazneen H. Barma, Kai Kaiser, Tuan Minh Le, and Lorena Viñuela, *Rents to Riches: The Political Economy of Natural Resource-Led Development* (2012), 1–37

17. September 11—Building Institutional Capacity in Developing Countries

- Timothy Besley and Torsten Persson, *Pillars of Prosperity: The Political Economies of Development Clusters* (2011), 1–39
- Peter B. Evans and James E. Rauch, “Bureaucracy and Growth: A Cross-National Analysis of the Effects of “Weberian” State Structures on Economic Growth” *American Sociological Review* 64:5 (1999), 748–765
- James Scott, *Seeing Like a State: How Certain Schemes to Improve the Human Condition Have Failed* (1999), 1–8, 342–357

18. September 16—Review

FINAL PAPER DUE no later than Monday September 23