

# Syllabus: Political Economy of Development Fall 2015

*Last updated: November 17, 2015*

---

## Course information

- Course title: Political Economy of Development
- Course number: POLSC-AD 134
- Credits: 4
- Term: Fall 2015 (14 weeks)
- Lecture Location: Building C2, Room E047
- Lecture Hours: Monday and Wednesday: 1245-200pm
- Office Hours: Wednesday 3-4pm. And by appointment

## Instructor information

- Instructor: Dr. Peter van der Windt
- Email: [petervanderwindt@nyu.edu](mailto:petervanderwindt@nyu.edu)
- Website: [www.petervanderwindt.com](http://www.petervanderwindt.com)
- Office: Building A5, Office 147

## Course description

This course tackles the big questions and theories in development. Why are some countries poor? Why is there violence in some countries? Etc. This course is “political” in two senses. First, we explore the politics in economic development — the role of leaders, political systems, and institutions. Second, we look at political development as an end in itself. In this course we look at both historical and structural reasons (e.g. geography) and current day reasons (such as corruption and foreign aid) to explain outcomes in development. In addition to politics and economics we will also dabble in geography, sociology and anthropology.

## Course Setup

Each week we will have two classes of one hour and fifteen minutes. The Monday classes will be more me lecturing and a focus on the book chapters assigned, while the Wednesday classes will be more discussion and a focus on the articles assigned. Each week we discuss a different topic:

1. Introduction. Global patterns of development
2. Theories of growth and development
3. Contemporary models of growth and development
4. Historical legacies
5. State and order
6. Government, corruption and democratization
7. Review and midterm exam

8. Inequality, poverty and development
9. Human resources, education and health
10. Population growth and migration
11. Conflict and development
12. Aid and development
13. Ethnic identity
14. Natural resources
15. Culture, geography or institutions
16. Conclusion and reflections

### Course material

The following books provide the background for the main topics of the course. Some are required (R), while others are optional (O) for those who want to go beyond the minimal reading requirement:

- (R) Todaro, M. P. and Smith, S. C. (2015). *Development Economics*. Addison-Wesley, New York City, 12th edition
- (R) Roland, G. (2014). *Development Economics*. Addison-Wesley, New York City
- (R) Sen, A. (1999). *Development as Freedom*. Oxford University Press, New York City
- (R) Easterly, W. (2002b). *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics*. MIT Press, Boston
- (O) Banerjee, A. V., Benabou, R., and Mookherjee, D. (2006). *Understanding Poverty*. Oxford University Press, New York City
- (O) Kuran, T. (2010). *The Long Divergence: How Islamic Law Held Back the Middle East*. Princeton University Press, Princeton

### Requirements and evaluation

- Attendance and class participation (10%): I expect everybody to attend the class and will keep track of this. If you are not able to attend a class for a good reason, please send me an email. You will be expected to have done the required readings before class to the point where you can be called on to critique or defend the reading. During the class, please question me and the material. If something does not make sense to you then stop the class and say so (it probably doesn't make sense to others either).
- Midterm (20%): The midterm takes place in class. The questions will refer to the material covered in the weeks prior to the midterm: weeks 1-6.
- Assignment A (20%): You will need to write an assignment. The assignment requires you to use, analyze, critique, or synthesize the readings and lecture material of a week, in 2 single-spaced pages. I want to see that you can think critically about the material. Therefore do not summarize the reading. To receive a good grade, the assignment should display knowledge from multiple readings. There is no need to use additional material beyond the (R) and (O) readings listed for that week. Which week you want to write your essay about is up to you. How you organize your essay is up to you, but the best strategy is probably to have three to five clear, persuasive points or ideas, backed up with arguments and evidence. Hand in the assignment to me — via email — at the latest the Sunday of that week.

- Assignment B (30%): You will need to write a second assignment on a developing country of your choice. Length is a maximum of 5 single-spaced pages. The first two pages should include some background information on the country, such as its geography, major industries, and political system and compares political and economic development of the country to comparable countries. Rauch and Kostyshak (2009) is a good example you can use. The next three pages should explain its relative performance by identifying the main factors driving the development trajectory of the country. The paper is due at the end of week 16. Your country choice cannot be a country for which there is a case study in Todaro and Smith (2015). See the appendix for more information.
- Final exam (20%): The final exam is an open-book, open-internet take-home exam. It will be distributed at the end of the course with 5 essay questions. You are required to answer 3 of them. In your essay you can build on all the material used in class ((R) and (O) readings). You have to convince me that you not only know the literature we discussed, but internalized the material and are able to draw relationships between the literatures of different weeks. Your response to each essay question should be no longer than 2 single-spaced pages. You will have two days for the exam. In class we'll choose the best moment for me to give you the exam.

### Staying current

Often I will introduce my class with a reference to an event that took place that week. Topics related to this course are always in the news. There is no reason not to follow current events. These are two good references:

- BBC World (<http://www.bbc.co.uk/news/world/>)
- UNOCHA's Irinnews (<http://www.irinnews.org/>)

### Course schedule

The next part provides the course schedule by week. This is the course in broad lines: readings and topics can change as we go along (among others based on your input). The reading list contains book chapters and papers, both theoretical and empirical. The reading loads are not especially heavy, but I want you to internalize the readings. Read them carefully and reflectively.

Week 1 (Mon, Aug31 & Wed, Sep2): Introduction. Global patterns of development.

- (R) Chapters 1 and 2 in Todaro and Smith (2015)
- (O) Chapter 1 in Easterly (2002b)
- (O) Chapter 2 in Sen (1999)
- (O) Pritchett (1997)
- (O) Rauch and Kostyshak (2009)

Week 2 (Mon, Sep7 & Wed, Sep9): Theories of growth and development

- (R) Chapter 3 in Todaro and Smith (2015)
- (R) Chapters 2 and 3 in Easterly (2002b)
- (R) <http://web.mit.edu/krugman/www/dishpan.html>
- (O) Islam and Yokota (2008)
- (O) De Soto (2000)
- (O) Griffin and Gurley (1985)

Week 3 (Mon, Sep14 & Wed, Sep16): Contemporary models of growth and development

- (R) Chapter 4 in Todaro and Smith (2015)
- (R) Chapter 8 in Easterly (2002b)
- (O) Kremer (1993)
- (O) Rodrik (2006)

Week 4 (Mon, Sep21): Historical legacies

- (R) Chapter 5 in Herbst (2000)
- (R) Acemoglu et al. (2001)
- (O) Huillery (2009)
- (O) Nunn (2008)
- (O) Nunn (2009)
- *Wed, Sep23: No class (Eid-al-Adha)*

Week 5 (Mon, Sep28 & Wed, Sep30): State and order

- (R) Pages 3-58 in Herbst (2000)
- (R) Chapters 1 and 2 in Tilly (1992)
- (R) Spruyt (2009)

Week 6 (Mon, Oct5 & Wed, Oct7): Government, corruption and democratization

- (R) Chapter 11 in Todaro and Smith (2015)
- (R) Chapter 19 in Roland (2014)
- (R) Humphreys et al. (2015)
- (O) Wantchekon (2003)
- (O) Olson (1993)
- (O) Chapter 12 in Easterly (2002b)
- (O) Bjorkman and Svensson (2009)
- (O) Besley and Burgess (2002)
- (O) Ferraz and Finan (2008)
- (O) Bardhan (1997)
- (O) Svensson (2005)
- (O) Treisman (2007)
- (O) Mauro (2008)

Week 7 (Mon, Oct12 & Wed, Oct14): Review and midterm exam

- Monday: catch-up and review
- Wednesday: The midterm exam will deal with all material covered in weeks 1-6.

Week 8 (Mon, Oct19): Inequality, poverty and development

- (R) Chapter 5 in Todaro and Smith (2015)
- (R) Banerjee and Duflo (2007)
- (O) Besley and Burgess (2003)
- (O) Kuznets (1955)
- (O) Easterly (2006)
- *Wed, Oct21: No class (Final exams for 7-week courses)*

Week 9 (Mon, Oct26 & Wed, Oct28): Human resources, education and health

- (R) Chapter 8 in Todaro and Smith (2015)
- (R) Duflo et al. (2012)
- (O) Chapter 4 in Easterly (2002b)
- (O) Cutler et al. (2006)
- (O) Bobonis and Finan (2009)
- (O) Duflo (2012)

Week 10 (Mon, Nov2 & Wed, Nov4): Population growth and migration

- (R) Chapters 6 and 7 in Todaro and Smith (2015)
- (R) Laitin (2009)
- (R) Ehrlich and Ehrlich (2009)
- (O) Malthus (1983)
- (O) Hanson (2008)

Week 11 (Mon, Nov9 & Wed, Nov11): Conflict and development

- (R) Chapter 20 in Roland (2014)
- (R) Collier (2004)
- (R) Voors et al. (2012)
- (O) Blattman and Miguel (2010)

Week 12 (Mon, Nov16 & Wed, Nov18): Aid and Development

- (R) Chapter 14 in Todaro and Smith (2015)
- (R) Djankov et al. (2008)
- (O) Przeworski and Vreeland (2000)
- (O) Chapters 1-4 in Moyo (2010)
- (O) Chapter 6 in Easterly (2002b)
- (O) Easterly (2007)
- (O) Easterly and Pfitze (2008)
- (O) Easterly (2009)

- (O) Rajan and Subramanian (2008)

Week 13 (Mon, Nov23 & Wed, Nov25): Ethnic identity

- (R) Easterly and Levine (1997)
- (R) Alesina et al. (1999)
- (R) Habyarimana et al. (2007)

Week 14 (Mon, Nov30): Natural resources

- (R) Ross (2004)
- (R) Sala-i Martin and Subramaniaan (2003)
- *Wed, Dec2: No class (UAE national day)*

Week 15 (Mon, Dec7 & Wed, Dec9): Culture, geography or institutions

- (R) Chapters 7 and 11 in Roland (2014)
- (R) Acemoglu et al. (2002)
- (R) Fisman and Miguel (2007)
- (R) Sachs and Malaney (2002)
- (R) Nunn and Puga (2012)
- (O) Sokoloff and Engerman (2000)
- (O) Easterly (2002a)
- (O) Rodrik et al. (2004)
- (O) McArthur and Sachs (2001)
- (O) Olson (1965)
- (O) Tabellini (2008)
- (O) Nunn and Wantchekon (2011)

Week 16 (Mon, Dec14): Conclusion and reflections

- (R) Landes (1994)
- Please send me your assignment B.
- And that's it. No more classes after this Monday.
- Final exam will be distributed somewhere after this Monday; in class we'll decide what's the best date.

## Appendix: Assignment B

Here is some more information:

- You can choose your own country of interest. Make sure it is not a case study in the Todaro book. You can choose a rich country if you want. Your story will then be about why that country got rich.
- Length is a maximum of five single-spaced pages.
- The first two pages should include some background information on the country. Think of you being the adviser to Barack Obama and he is flying to [your chosen country] for a meeting with the president about development. You can only give him two pages of information on the current economic and political situation in that country. It will thus include things that we'll discuss in class:
  - GDP, GDP per capita, inequality (gini index), etc.
  - HDI. Quality of education, health, etc.
  - Democracy or not? Level of corruption. Etc.
  - Population demographics: lots of youth? old people?
  - Importance of urban vs rural, agriculture vs manufacturing sector, etc.
  - Lots of natural resource? Economy based on exports? And of what?
  - Government is capable? It can project power across the country?
  - Etc.
- The next three pages should explain why the country is in its current situation by identifying the main factors driving the development trajectory. Choose two or three factors that we discussed in class and you think are the most important. These can be things like:
  - Conflict
  - Corruption
  - Foreign aid, remittances, etc.
  - Ethnic diversity
  - Historical legacy
  - Etc.
- In your document, please use references. Have a reference section at the end. A reference that can be useful: <http://www.worldbank.org/en/country>.

## References

- Acemoglu, D., Johnson, S., and Robinson, J. A. (2001). The Colonial Origins of Comparative Development : An Empirical Investigation. *The American Economic Review*, 91(5):1369–1401.
- Acemoglu, D., Johnson, S., and Robinson, J. A. (2002). Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution. *Quarterly Journal of Economics*, pages 1231–1294.
- Alesina, A., Baqir, R., and Easterly, W. (1999). Public Goods and Ethnic Diversity. *Quarterly Journal of Economics*, 114(4):1243–1284.
- Banerjee, A. V., Benabou, R., and Mookherjee, D. (2006). *Understanding Poverty*. Oxford University Press, New York City.
- Banerjee, A. V. and Duflo, E. (2007). The Economic Lives of the Poor. *The Journal of Economic Perspectives*, 21(1):141–167.
- Bardhan, P. (1997). Corruption and Development: A Review of Issues. *Journal of Economic Literature*, 35(3):1320–1346.
- Besley, T. and Burgess, R. (2002). The Political Economy of Government Responsiveness : Theory and Evidence from India. *Quarterly Journal of Economics*, 117(4):1415–1451.
- Besley, T. and Burgess, R. (2003). Halving Global Poverty. *Journal of Economic Perspectives*, 17(3):3–22.
- Bjorkman, M. and Svensson, J. (2009). Power to the People: Evidence from a Randomized Field Experiment on Community-based Monitoring in Uganda. *Quarterly Journal of Economics*, 124(2):735–769.
- Blattman, C. and Miguel, E. (2010). Civil War. *Journal of Economic Literature*, 48(1):3–57.
- Bobonis, G. and Finan, F. (2009). Neighborhood Peer Effects in Secondary School Enrollment Decisions. *The Review of Economics and Statistics*, 91(4):695–716.
- Collier, P. (2004). Greed and Grievance in Civil War. *Oxford Economic Papers*, 56(4):563–595.
- Cutler, D., Deaton, A., and Lleras-Muney, A. (2006). The Determinants of Mortality. *Journal of Economic Perspectives*, 20(3):97–120.
- De Soto, H. (2000). *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*. Basic Books, New York City.
- Djankov, S., Montalvo, J. G., and Reynal-Querol, M. (2008). The Curse of Aid. *Journal of Economic Growth*, 13(3):169–194.
- Duflo, E. (2012). Women Empowerment and Economic Development. *Journal of Economic Literature*, 50(4):1051–1079.
- Duflo, E., Hanna, R., and Ryan, S. P. (2012). Incentives Work: Getting Teachers to Come to School. *American Economic Review*, 102(4):1241–1278.
- Easterly, W. (2002a). Institutions: Top Down or Bottom Up? *American Economic Review: Papers & Proceedings*, 98(2):95–99.
- Easterly, W. (2002b). *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics*. MIT Press, Boston.
- Easterly, W. (2006). The Big Push Déjà Vu: A Review of Jeffrey Sachs' The End of Poverty: Economic Possibilities for Our Time. *Journal of Economic Literature*, 44:96–105.
- Easterly, W. (2007). *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill And So Little Good*. Oxford University Press, New York City.



- Easterly, W. (2009). Can the West Save Africa? *Journal of Economic Literature*, 47(2):373–447.
- Easterly, W. and Levine, R. (1997). Africa’s Growth Tragedy: Policies and Ethnic Divisions. *Quarterly Journal of Economics*, 112(4):1203–1250.
- Easterly, W. and Pfutze, T. (2008). Where Does the Money Go? Best and Worst Practices in Foreign Aid. *Journal of Economic Perspectives*, 22(2):29–52.
- Ehrlich, P. R. and Ehrlich, A. H. (2009). The Population Bomb Revisited. *The Electronic Journal of Sustainable Development*, 1(3):63–71.
- Ferraz, C. and Finan, F. (2008). Exposing Corrupt Politicians: The Effects of Brazil’s Publicly Released Audits on Electoral Outcomes. *Quarterly Journal of Economics*, (May).
- Fisman, R. and Miguel, E. (2007). Corruption, Norms, and Legal Enforcement: Evidence from Diplomatic Parking Tickets. *Journal of Political Economy*, 115(6):1020–1048.
- Griffin, K. and Gurley, J. (1985). Radical Analyses of Imperialism, the Third World, and the Transition to Socialism: A Survey Article. *Journal of Economic Literature*, 23(3):1089–1143.
- Habyarimana, J., Humphreys, M., Posner, D. N., and Weinstein, J. M. (2007). Why Does Ethnic Diversity Undermine Public Goods Provision? *American Political Science Review*, 101(4):709–725.
- Hanson, G. H. (2008). International Migration and Development. *Commission on Growth and Development Working Paper*, (42).
- Herbst, J. (2000). *States and Power in Africa: Comparative Lessons in Authority and Control*. Princeton University Press, Princeton.
- Huillery, E. (2009). History Matters: The Long-term Impact of Colonial Public Investments in French West Africa. *American Economic Journal: Applied Economics*, 1(2):176–215.
- Humphreys, M., Sanchez de la Sierra, R., and Van der Windt, P. (2015). Social Engineering in the Tropics: A Grassroots Democratization Experiment in the Congo. *Working paper*.
- Islam, N. and Yokota, K. (2008). Lewis Growth Model and China’s Industrialization. *Asian Economic Journal*, 22(4):359–396.
- Kremer, M. (1993). The O-Ring Theory of Economic Development. *Quarterly Journal of Economics*, pages 551–575.
- Kuran, T. (2010). *The Long Divergence: How Islamic Law Held Back the Middle East*. Princeton University Press, Princeton.
- Kuznets, S. (1955). Economic Growth and Income Inequality. *American Economic Review*, 45(1):1–30.
- Laitin, D. D. (2009). Immigrant Communities and Civil War. *International Migration Review*, 43(1):35–59.
- Landes, D. S. (1994). What Room for Accident in History? Explaining Big Changes by Small Events. *Economic History Journal*, 47(4):637–656.
- Malthus, T. R. (1983). *An Essay on the Principle of Population*. Penguin Classics, New York City.
- Mauro, P. (2008). Corruption and Growth. *Quarterly Journal of Economics*, 110(3):681–712.
- McArthur, J. W. and Sachs, J. D. (2001). Institutions and Geography: Comment on Acemoglu, Johnson and Robinson (2000). *NBER Working paper*, (8114).
- Moyo, D. (2010). *Dead Aid: Why Aid Is Not Working and How There Is a Better Way for Africa*. Farrar, Straus and Giroux, New York City.

- Nunn, N. (2008). The Long-Term Effects of Africa's Slave Trades. *Quarterly Journal of Economics*, 123(1):139–176.
- Nunn, N. (2009). The Importance of History for Economic Development. *Annual Review of Economics*, 1(1):65–92.
- Nunn, N. and Puga, D. (2012). Ruggedness: The Blessing of Bad Geography in Africa. *Review of Economics and Statistics*, 94(February):20–36.
- Nunn, N. and Wantchekon, L. (2011). The Slave Trade and the Origins of Mistrust in Africa. *American Economic Review*, 101(7):3221–3252.
- Olson, M. (1965). *The Logic of Collective Action: Public Goods and the Theory of Groups*. Harvard University Press.
- Olson, M. (1993). Dictatorship, Democracy, and Development. *The American Political Science Review*, 87(3):567–576.
- Pritchett, L. (1997). Divergence, Big Time. *Journal of Economic Perspectives*, 11(3):3–17.
- Przeworski, A. and Vreeland, J. R. (2000). The Effects of IMF Programs on Economic Growth. *The Journal of Development Economics*, 62(62):385–421.
- Rajan, R. G. and Subramanian, A. (2008). Aid and Growth: What Does the Cross-Country Evidence Really Show? *Review of Economics and Statistics*, 90(4):643–665.
- Rauch, J. E. and Kostyshak, S. (2009). The Three Arab Worlds. *Journal of Economic Perspectives*, 23(3):165–188.
- Rodrik, D. (2006). Goodbye Washington Consensus, Hello Washington Confusion ? A Review of the World Bank's Economic Growth in the 1990s: Learning from a Decade of Reform. *Journal of Economic Literature*, 44:973–987.
- Rodrik, D., Subramanian, A., and Trebbi, F. (2004). Institutions Rule: The Primacy of Institutions over Geography and Integration in Economic Development. *Journal of Economic Growth*, 9(2):131–165.
- Roland, G. (2014). *Development Economics*. Addison-Wesley, New York City.
- Ross, M. L. (2004). What Do We Know about Natural Resources and Civil War? *Journal of Peace Research*, 41(3):337–356.
- Sachs, J. and Malaney, P. (2002). The Economic and Social Burden of Malaria. *Nature*, 415(6872):680–685.
- Sala-i Martin, X. and Subramanian, A. (2003). Addressing the Natural Resource Curse: An Illustration from Nigeria. *NBER Working paper*, (9804).
- Sen, A. (1999). *Development as Freedom*. Oxford University Press, New York City.
- Sokoloff, K. L. and Engerman, S. L. (2000). History Lessons: Institutions, Factor Endowments, and Paths of Development in the New World. *Journal of Economic Perspectives*, 14(3):217–232.
- Spruyt, H. (2009). War, Trade, and State Formation. In Boix, C. and Stokes, S. C., editors, *Oxford Handbook of Comparative Politics*, pages 211–235. Oxford University Press, New York City.
- Svensson, J. (2005). Eight Questions about Corruption. *Journal of Economic Perspectives*, 19(3):19–42.
- Tabellini, G. (2008). The Scope of Cooperation: Values and Incentives. *Quarterly Journal of Economics*, pages 905–950.
- Tilly, C. (1992). *Coercion, Capital and European States: AD 990 - 1992*. Wiley-Blackwell.

- Todaro, M. P. and Smith, S. C. (2015). *Development Economics*. Addison-Wesley, New York City, 12th edition.
- Treisman, D. (2007). What Have We Learned About the Causes of Corruption from Ten Years of Cross-National Empirical Research? *Annual Review of Political Science*, 10(1):211–244.
- Voors, M. J., Nillesen, E. M., Bulte, E. H., Lensink, R. W., Verwimp, P., and Van Soest, D. P. (2012). Violent Conflict and Behavior: A Field Experiment in Burundi. *American Economic Review*, 102(2):941–964.
- Wantchekon, L. (2003). Clientelism and Voting Behavior : Evidence from a Field Experiment in Benin. *World Politics*, 55(3):399–422.