Course Syllabus JSIS 331 B

Political Economy of Development

Course Description and Objectives:

This course examines the political economy of development in both developed and developing countries, with a focus on the latter. Throughout the quarter we will study many possible determinants of economic growth including institutions, human capital, international trade, and financial development. We will also examine various strategies that governments could employ to promote growth, such as poverty relief programs, public investment in education, intellectual property right protection, and industrial policies.

The course is organized into two broad segments: 1) development in the long run, which focuses on history, political systems, and economic institutions, and 2) development in the short run, which analyzes the impact of poverty relief programs, foreign aid, international trade, and financial crisis. The course will complement a course on political economy or economic development that focuses on micro-level interventions, but a prior expertise in the field is not required.

The course is designed with several goals in mind: 1) to provide students with basic conceptual tools and frameworks for analyzing economic development issues; 2) to give students a basic understanding
of the economic development process in several regions of the world, and 3) to give students a chance to practice academic debate on complex economic issues. The evaluation of the course will be based on two exams, a group project, homework assignments, and class participation.

Assessment and Logistics

Grading:
50% Exams (25% for each)
30% Group project and report
10% In-class quizzes
10% Homework and class participation

Exams:
There will be two exams, each covering approximately one-half of the course materials. The exams will be in class, closed-book, and take approximately one hour and a half. The midterm exam will be held in session 10, covering material from sessions 1 to 9. The final exam will be held during the final exam week, covering material from sessions 11 to 20. The dates of the exams are listed below in the Course Outline Table. Please make sure you can attend the exams as they cannot be re-scheduled and no alternative test could be offered.

Group Projects:
There will be four group projects for this course, and each group project will require two groups to participate. Students should form into groups of 4-5 (depending on the class size), and submit their list of members as well as their preferred project topics (ranked by preference) by the end of week 2. The projects will take the form of academic debate on a topic related to development. The two participating groups will be randomly assigned a position on the topic. Each group will prepare for a 20-25 min presentation supporting their argument, and other students are encouraged to ask questions challenging the group’s arguments. The presentation could be led by one or more students.

The group should also hand in a group report on the day of presentation. The report would be 5-10 pages (double-spaced, excluding tables, figures, and references) and in the form of a literature review. The requirement for the literature review will be discussed in class.
At the end of the quarter, there will be a survey asking everyone to evaluate their fellow group members’ contribution to the project, and an individual grade will be given based on both the score of the group project and the student’s contribution.

**Homework assignments:**
Each week I will post homework assignments on Canvas related to the reading assignments. Students should hand in printed homework assignments before the beginning of the following class. NO EMAILS and NO LATE TURN-IN PLEASE. Late assignments will not receive any credit, unless documentation is given prior to the class excusing an absence for medical, religious or personal reasons, or for official university business. The assignments will be graded on effort not accuracy. We will also discuss the questions in class and similar questions will appear on the exams.

**Quiz:** there will be four quizzes in class. Students who miss the class will not be able to make up for the quizzes, except for legitimate medical or other reasons.

**Honor Code:**
Any cases of cheating on tests (which includes allowing others to copy your work) or plagiarism will be referred to the University Disciplinary Committee. All of your homework answers must be in your own words, with citations from the reading materials highlighted appropriately. Here is a link to information about expected student conduct and plagiarism:
All students taking this class automatically give the instructor consent to check their work for plagiarism. This class does not tolerate plagiarism. You will fail the class if your work is not your own.

## Course Outline

<table>
<thead>
<tr>
<th>Session</th>
<th>Topics discussed</th>
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<tbody>
<tr>
<td>1</td>
<td>Welcome and Introduction</td>
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<td></td>
<td><strong>Part I: Development in the Long Run</strong></td>
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<tr>
<td>2</td>
<td>Geography and History</td>
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<td>3</td>
<td>Institutions and Government Credibility Issue</td>
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<tr>
<td>4</td>
<td>No Class</td>
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<tr>
<td>5</td>
<td>Contract Enforcement</td>
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</tbody>
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| 6 | Autocracy vs. Democracy | Autocracy vs. democracy; political instability; state capacity; policy uncertainty  
*Group Project 1: does democracy promote growth?* |
| 7 | Political Competition | Electoral competition; inter-jurisdictional competition (Federalism); promotional competition (Bureaucracy) |
| 8 | Economic Reforms | Economic transitions;  
*Group Project 2: comparison of the economic reforms in China versus Russia* |
| 9 | Corruption | Costs of corruption; corruption and growth; the selectorate theory; the curse of natural resources; the cause of corruption and its cure |
| 10 | **Mid-term Exam** |   |

### Part II: Development in the Short Run

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<tr>
<td>11</td>
<td>No class</td>
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<tr>
<td>12</td>
<td>Poverty Trap</td>
<td>Poverty; poverty trap and the need for external intervention; the World Bank Group</td>
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| 13 | Foreign Aid | Types of foreign aid;  
*Group Project 3: does foreign aid help promote growth?* |
| 14 | Microfinance and Micro-Interventions | The risk of being poor; the lack of credit for the poor; microfinance and its limitations; entrepreneurship |
| 15 | The Growth Model | The Solow Growth Model; the convergence theory; overview of growth-promoting strategies; human capital and East Asian Miracles |
| 16 | Trade I: Comparative Advantage and the Benefit of Trade | Why trade is good; the production possibility frontier; comparative advantage vs. absolute advantage; common fallacies about trade |
| 17 | No class  
(Memorial Day) |   |
| 18 | Trade II: National Development and Industrial Policy | Potential issues with trade; The Dutch disease; national strategy for development;  
*Group Project 4: should the government in developing countries take an active role in designing industrial policies?* |
| 19 | Financial Development | Financial development and growth; financial crisis overview; the role of central bank, government, and the IMF during crisis; currency crisis |
| 20 | Environment | Global environmental issues; concept of externality; mechanisms to internalize externality; emission trading |
|   | **Final exam** |   |
Reading List:

This is a tentative reading list. Final version of the reading list will be provided on Canvas in the first week of class. Papers under “Required Reading” are to be discussed in class. Students are expected to read them before each class. Papers under “Recommended Reading” are not required but are recommended for further research on the relevant topics. Journal articles are available online through the UW Library E-Journal collection or by clicking the links provided in this syllabus. Books are available for purchase online or at the University Book Store. Additional readings will be available on Canvas.

The following books marked with * are required for this course, others recommended:

1. * Banerjee and Duflo, Poor Economics (2011)
2. Moyo, Dead Aid (2009)

Introduction

1. Introduction

No required reading for this class.

2. Geography and History Dependence

Due: List of group members and choices for group project.

Required Reading


3. Institutions and Government Credibility Issue

Required Reading:

4. No Class

5. Contract Enforcement
Required Reading:

6. Democracy vs. Autocracy
Group Project 1: does democracy cause growth?
Required Reading:
Recommended Reading

7. Political Competition
Required Reading:

8. Economic Reforms
Group Project 2: comparison of the economic reforms in China versus Russia
Required Reading:
[VIDEO] The commanding heights, episode 2.
Recommended Reading

9. Corruption
Required Reading

10. MIDTERM EXAM

Part II: Development in the Short Run

11. No class

12. Poverty Trap
Required Reading

13. Foreign Aid
*Group Project 3: does foreign aid help promote growth?*
No Required Reading
Recommended Reading

Moyo, Dambisa. *Dead aid: Why aid is not working and how there is a better way for Africa.* Macmillan, 2009.

Moss (2011), *African Development*, Chapters 8 and 9


Easterly, *The Elusive Quest for Growth*, 2001

14. Microfinance and Entrepreneurship

Required Reading


15. The Growth Theory

No Required Readings

16. Trade I: Comparative Advantage and WTO

Required Reading


Recommended Reading

World Trade Organization, *World Trade Report 2017, Labor Market Implications*


17. No class (Memorial Day)

18. Trade II: National Development and Industrial Policies

*Group Project 5: should the government take an active role in designing trade policies?*

Required Reading

Justin Lin, Ha-Joon Chang. *Debate: Should Industrial Policy in Developing Countries Conform to Comparative Advantage or Defy It?* New structural economics: A framework for rethinking development and policy. (Chapter 2 - Debate)
**Recommended Reading**


“Protectionism in Brazil,” The Economist, September 24, 2011


**19. Financial Development and Growth**

**Required Reading:**


[http://www.cid.harvard.edu/archive/hiid/papers/bpeasia.pdf]

**20. Environment**

**Required Reading:**

TBA