

PO8037**The Political Economy of Economic Development**

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Office Hours: Friday 10am-12pm

Hilary Term 2018 • Tuesday 3-5pm • Arts 3020 – Weeks 28-32

Course description

Despite rising income levels and improvements in a variety of indicators, a large share of the global population continues to live in poverty, to suffer from illiteracy, and to die from preventable diseases. This course represents an introduction to the development economics literature. It will critically examine existing economic theory about where development comes from as well as examining the role that political actors (e.g. domestic governments, trading partners, international organizations) play in the development process.

We will cover a range of topics in the development literature – what do we mean by development? How do countries develop? How can national government facilitate this process? When do they hinder it? What role is there for external actors, such as wealthy states? Do international organizations like the World Bank and the IMF help or hinder the development process?

Learning Outcomes:

Upon successful completion of this module, students should be able to:

1. Critically analyse the concept of development.
2. Critically review competing explanations for why some countries are rich while others are poor.
3. Describe the different growth strategies employed by developing nations over the course of the twentieth century.
4. To examine the different roles that various actors play in the development process.

Assessment**Participation (20%)**

Student participation and discussion is a central aspect of the seminar. Students are expected to come to the seminar having done the readings and prepared to discuss the

topics. Assessment of students' participation will be based on the quality of input into seminar discussion.

Students should come prepared to discuss the following:

- The arguments made in the assigned readings (are they convincing? Is one more convincing than the others?)
- The method being used (what is it? Is it appropriate? Would another one be more appropriate?)
- The quality of the evidence for the authors' arguments
- Possible future research/extensions to the assigned papers

Response papers (20%)

Students are expected to submit **four short response papers** (of 500-600 words). Each paper is worth 5% of the student's total mark. Papers should be submitted in weeks 2-5 of the module. Papers are **due at midnight on the day before the seminar**.

All response papers should be submitted via Turnitin.

A response paper should critically evaluate one or more of the readings. The best response papers usually make one strong point. Students can use their paper to identify a limitation in a reading, suggesting ways to address it. Alternatively, they can compare papers, suggest policy implications, or defend a paper.

Some tips on how to write a response paper can be found here: <http://awelu.srv.lu.se/genres-and-text-types/writing-in-academic-genres/the-essay-format/response-papers/>

Research design paper (60%)

Each student will write a research design paper proposing a project related to economic development. Students must clearly identify a research question that their proposed project would answer. They must clearly identify the variation that they hope to explain, the key factors that they think will explain it (i.e. their theory), and then outline the way in which they would go about testing their theory (i.e. the methods they would use).

Students are not expected to do any of the analysis, but they should demonstrate an awareness of the issues associated with the conducting the research, including the following:

- Conceptualization of variables
- Measurement of variables
- Data availability/limitations
- Ethical issues
- Overall feasibility of the project

Research design papers should be submitted via Turnitin.

Academic honesty and plagiarism

The university takes plagiarism very seriously. There are severe penalties associated with passing someone else's work off as one's own. Remember that careless note-taking can lead to this happening: remember to enclose direct quotations in quotation marks, and even when paraphrasing, ensure that a reference is provided.

The university's policy regarding plagiarism can be found at: <http://www.tcd.ie/undergraduate-studies/general-regulations/plagiarism.php>.

Reading list

The following textbook, available from the TCD library, provides an in-depth analysis of the issues covered in the seminar:

- Todaro, M. P., & Smith, S. C. (2011). *Economic development*.

Some other key texts in the field are the following:

- Collier, P. (2007). *The Bottom Billion: Why the Poorest Countries are Failing and What Can be Done About It*. New York: Oxford University Press.
- Easterly, W. (2002). *The Elusive Quest for Growth*. MIT Press.
- Sachs, J. (2006). *The End of Poverty: Economic Possibilities for Our Time*. New York: Penguin.
- Sen, Amartya. (1999). *Development as Freedom*.

For those interested in the history of trade and globalization, the following are invaluable resources:

- Findlay, R., & O'Rourke, K. H. (2009). *Power and Plenty: trade, war, and the world economy in the second millennium*. Princeton University Press.
- O'Rourke, K. H., & Williamson, J. G. (2001). *Globalization and History: the evolution of a nineteenth-century Atlantic economy*. MIT Press.
- Stiglitz, J. E. (2002). *Globalization and its Discontents*. Norton: New York.

Topics and assigned readings

These readings are subject to change. Additional material may be added.

Week 1: Introduction to development (6th March)

Discussion questions

- How do we define development?

- How do countries grow?

Required readings

- Sachs, J. D. (2003). *Institutions don't rule: direct effects of geography on per capita income* (No. w9490). National Bureau of Economic Research.
- Sen, Amartya. (1999). *Development as Freedom*. – Introduction
- Todaro, M. P., & Smith, S. C. (2011). *Economic Development* – Ch1: Introducing Economic Development: a global perspective
- UN. (2015). *Millennium Development Goals Report 2015*. – Overview
- Barro, R. J. (1996). Democracy and growth. *Journal of economic growth*, 1(1), 1-27.

Recommended readings

- Barro, R. (2007). *Macroeconomics: A modern approach*. Cengage Learning.- Ch3: Introduction to Economic Growth
- Solow, R. M. (1956). A contribution to the theory of economic growth. *The Quarterly Journal of Economics*, 70(1), 65-94.
- Romer, P. M. (1994). The origins of endogenous growth. *The Journal of Economic Perspectives*, 8(1), 3-22.
- Todaro, M. P., & Smith, S. C. (2011). *Economic development* – Ch2: Comparative Economic Development (pp.42-55)
- Todaro, M. P., & Smith, S. C. (2011). *Economic development* – Ch3: Classic Theories of Economic Growth and Development – Appendix 3.1 (pp.149-162)

Week 2: Patterns of development (13th March)

Discussion questions

- What different growth strategies have been employed over the course of the twentieth century?
- Which ones have been effective?
- Can these strategies be adapted to other contexts? Why/why not?

Required readings

- Haggard, S. (2004). Institutions and growth in East Asia. *Studies in comparative international development*, 38(4), 53-81.
- Williamson, J. (2009). A short history of the Washington Consensus. *Law & Bus. Rev. Am.*, 15, 7.
- Rodrik, D. (2005). Growth strategies. *Handbook of economic growth*, 1, 967-1014.
- Bruton, H. J. (1998). A reconsideration of import substitution. *Journal of economic literature*, 36(2), 903-936.

- Edwards, S. (1993). Openness, trade liberalization, and growth in developing countries. *Journal of economic Literature*, 31(3), 1358-1393.

Recommended readings

- Balassa, B. (2014). 'Development Strategies'. *International Economics and Development: Essays in Honor of Raúl Prebisch*.
- Radelet, S., & Sachs, J. (1997). Asia's reemergence. *Foreign Affairs*, 44-59.
- Amsden, A. H. (1994). Why isn't the whole world experimenting with the East Asian model to develop?: Review of the East Asian miracle. *World Development*, 22(4), 627-633.

Week 3: The state and development (20th March)

Discussion questions

- What role do strong institutions play in development?
- What are the consequences of having a weak state?
- How can the problem of low state capacity be overcome?

Required readings

- Collier, P., & Hoeffler, A. (2004). Greed and grievance in civil war. *Oxford Economic Papers*, 56(4), 563-595.
- Olken, B. A., & Pande, R. (2012). Corruption in developing countries. *Annu. Rev. Econ.*, 4(1), 479-509.
- Besley, T., & Persson, T. (2010). State capacity, conflict, and development. *Econometrica*, 78(1), 1-34.
- Ross, M. L. (1999). The political economy of the resource curse. *World politics*, 51(2), 297-322.

Recommended readings

- Collier, P. (2008). *The bottom billion: Why the poorest countries are failing and what can be done about it*. Oxford University Press, USA.
- DellaVigna, S., & La Ferrara, E. (2010). Detecting illegal arms trade. *American Economic Journal: Economic Policy*, 2(4), 26-57.
- Acemoglu, D., Johnson, S., & Robinson, J. A. (2005). Institutions as a fundamental cause of long-run growth. *Handbook of economic growth*, 1, 385-472.
- North, D. C., & Weingast, B. R. (1989). Constitutions and commitment: the evolution of institutions governing public choice in seventeenth-century England. *The journal of economic history*, 49(4), 803-832.
- Rotberg, R. I. (Ed.). (2010). *When states fail: causes and consequences*. Princeton University Press.

Week 4: The role of external actors I (27th March)

Discussion questions

- What role do aid and trade play in economic development?
- What are the issues surrounding providing trade to LDCs?
- Who gains from trade? Who loses?

Required readings

- Bräutigam, D. A., & Knack, S. (2004). Foreign aid, institutions, and governance in sub-Saharan Africa. *Economic development and cultural change*, 52(2), 255-285.
- Yuichi Kono, D., & Montinola, G. R. (2009). Does foreign aid support autocrats, democrats, or both?. *The Journal of Politics*, 71(2), 704-718.
- López-Córdova, J. E., & Meissner, C. M. (2008). The impact of international trade on democracy: A long-run perspective. *World Politics*, 60(4), 539-575.
- Ruben, R., Fort, R., & Zúñiga-Arias, G. (2009). Measuring the impact of fair trade on development.
- Deardorff, A. V., & Stern, R. M. (2009). What the Public should know about Globalization and the World Trade Organization. In *Globalization And International Trade Policies* (pp. 19-52).

Recommended readings

- Todaro, M. P., & Smith, S. C. (2011). *Economic development* – Ch14: Foreign Finance, Investment, Aid, and Conflict (pp.731-757)
- Topalova, P. (2010). Factor immobility and regional impacts of trade liberalization: Evidence on poverty from India. *American Economic Journal: Applied Economics*, 2(4), 1-41.
- Easterly, W. (2006). *The White Man's Burden: why the West's efforts to aid the rest have done so much ill and so little good*. Penguin Group USA.
- White, H. (1992). The macroeconomic impact of development aid: A critical survey. *The Journal of Development Studies*, 28(2), 163-240.

Week 5: The role of external actors II (3rd April)

Discussion questions

- What role do the IMF and World Bank play in countries' development?
- How has the role changed over time?

Required readings

- Goldman, M. (2006). *Imperial nature: The World Bank and struggles for social justice in the age of globalization*. Yale University Press.- Introduction

- Pandolfelli, L. E., Shandra, J., & Tyagi, J. (2014). The International Monetary Fund, Structural Adjustment, and Women's Health: A Cross-National Analysis of Maternal Mortality in Sub-Saharan Africa. *The Sociological Quarterly*, 55(1), 119-142.
- Rodrik, D. (2008). Goodbye Washington Consensus, hello Washington confusion?: A review of the World Bank's' Economic growth in the 1990s: Learning from a decade of reform'. *Panoeconomicus*, 55(2), 135-156.
- Stiglitz, Joseph E. "Democratizing the International Monetary Fund and the World Bank: governance and accountability." *Governance* 16, no. 1 (2003): 111-139.
- Stiglitz, J. E. (2002). *Globalization and its Discontents*. Norton: New York.- Chapter 8

Recommended readings

- Danaher, K. (Ed.). (1994). *50 years is enough: the case against the World Bank and the International Monetary Fund*. South End Press.
- George, S., & Sabelli, F. (1994). *Faith and credit: the World Bank's secular empire*.
- Stiglitz, J. E. (2002). *Globalization and its Discontents*. Norton: New York.- Chapter 1 & 4

Assessment deadlines

All papers are to be submitted on Turnitin and are **due at midnight**.

Details on how to sign up for Turnitin will be provided.

The deadlines for the assessments are as follows:

- 12th March: response paper 1 (5%)
- 19th March: response paper 2 (5%)
- 26th March: response paper 3 (5%)
- 2nd April: response paper 4 (5%)
- 16th April: research design paper (60%)