GOVT 6334: Political Economy of Development

Fall 2009
Tuesdays, 2:00pm-4:25pm
Location: Stimson Hall 119

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GOALS OF THE COURSE

This course concerns the politics involved in improving the economic wellbeing of individuals in poor and middle-income countries. With about half of the world living in poverty on less than two U.S. dollars per day, the question of why some countries grow—and who benefits from that growth—remains ever important. The body of literature that has attempted to answer this question is so massive and complex that we will only touch on it this semester. (This means that this will not be a course that touches on other political problems facing many developing countries, such as state capacity and democratization.) The principal goal of the course is that students will finish it with a clear understanding of many of the current debates about development in both political science and economics. With this understanding, the students should be able to comment intelligently on a wide range of current research and begin to contribute originally in a specific area.

As we will see in the first session, a change in a country’s poverty rate can be decomposed into two parts: the change in the average income of the country (i.e. economic growth) and the change in the country’s income distribution. The course is essentially divided into two sections that reflect these two components. After an introductory session, the next eight sessions will focus generally on the politics of economic growth. Three sessions will be devoted to the important recent work on institutions and growth, two sessions will focus on policy reform in general, and two sessions will focus on more specific policy areas. The second part of the course will focus on the politics of income distribution. We will begin with the most commonly studied form of inequality—that between rich and poor—and move on to consider household inequality, regional (sub-national) inequality, ethnic inequality, and rural/urban inequality.

While the reading list is designed to give students a thorough introduction to the debates, it is also designed to give them an introduction to the many faculty members at Cornell who work on these issues, with the idea that students might be interested in working with them. As such, the readings include not only a cross-section of government faculty (Bunce, Herring, Mertha, Pepinsky, van de Walle, and the instructors of the course), but also prominent scholars in other fields (Barrett, Basu, Coate, Kanbur, and Nee).
PRE-REQUISITES

There are no formal pre-requisites for this course.

CLASS SESSIONS AND GRADING

For each class session, one or two students will be assigned to write a reflection paper (3-5 pages) that critically examines a central topic from the weekly readings. These papers will be forwarded in advance to all the students in the class, and one or two other students will be assigned to comment on each of the papers. Papers and oral presentations should strive to develop critical insights rather than simply summarize material that everyone has read. Most of our class time will be spent in open discussion of issues raised in the readings, so active participation is required of all students. Each student will also write a 20-25 page research paper on a class topic of their choice (due on Dec. 9). Final grades will be determined as follows:

- Oral presentations and class participation (20 percent)
- Reflection paper I (15 percent)
- Reflection paper II (15 percent)
- Final research paper (50 percent)

CORNELL UNIVERSITY POLICIES AND REGULATIONS

Participation in this class commits students and instructors to abide by Cornell’s expectations and policies regarding equal opportunity and academic integrity. Further, it implies permission from students to submit their written work to services that check for plagiarism. Each student in this course is expected to abide by the Cornell University Code of Academic Integrity. It is your responsibility to familiarize yourself with university policies regarding plagiarism and other violations of academic integrity. Violations of the University Code of Academic Integrity will be firmly dealt with in this class. The Code can be found on the web at:

http://cuinfo.cornell.edu/Academic/AIC.html

In addition, I will observe all university policies addressing racial, ethnic, gender, sexual preference, or religious discrimination and all forms of harassment; I will conduct class in conformance with the provisions of the Americans with Disabilities Act. Students are expected to familiarize themselves with pertinent policies and to bring any concerns related to them to my attention.
REQUIRED TEXTS

These books have been ordered in the bookstore, but you may find them cheaper online. If you order online, make sure you order the correct edition number.


These books will be supplemented by articles and some book chapters. All of them will be available on the courses’ Blackboard page.

SCHEDULE OF CLASSES AND READINGS

The outline of classes is as follows:

I. Introduction: Political economy and development

II. Economic growth
   a. Institutions and development
   b. Institutional change
   c. Democracy and development
   d. Neoliberal reform
   e. Re-thinking economic reform: Protest, learning, and experimentation
   f. Property rights and the rule of law
   g. Crises and macroeconomic stability

III. Inequality
   a. Rich and poor
   b. Intra-household inequality
   c. Regional inequality
   d. Ethnic inequality
   e. Urban and rural divides

Following is the detailed reading list and dates of each session. It is generally recommended that you read the works in the order listed on the syllabus for each week.
1. Introduction: Political Economy and Development (September 1)


Wydick, *Games in Economic Development*

- Chap. 1: “Economic Development, Interdependence, and Incentives” (1-16)
- Chap. 2: “Games” (pp. 17-33)

Total pages: 302
Economic Growth

2. Institutions and Development (September 8)


Greif, *Institutions and the Path to the Modern Economy: Lessons from Medieval Trade*, 1-123

Total pages: 311

3. Institutional Change (September 15)

North, *Institutions, Institutional Change and Economic Performance*, 73-140

Greif, *Institutions and the Path to the Modern Economy: Lessons from Medieval Trade*, 124-406

Total pages: 351

4. Democracy and development (September 22)


Total pages: 296

5. Neoliberal reform (September 29)


Total pages: 322

6. Rethinking economic reform: Protest, learning, and experimentation (October 6)


Wydick, Chapters 3 and 8 (53 pages)
- “Development traps and coordination games”: pp. 33-46
- “Social learning and technology adoption”: pp. 122-146

Total pages: 282

7. Property rights and rule of law (October 20)


Wydick, *Games in Economic Development*, Chapters 4 and 9 (43 pages)
- “Rural poverty, development, and the environment.” pp. 49-66
- “Property rights, governance, and corruption” pp. 147-169

Total pages: 311

8. Crises and macroeconomic stability (October 27)


Wydick, *Games in Economic Development*, Chapter 7 (22 pages)
- “Savings, Credit, and Microfinance”: pp. 100-121.

Papers from October IPE conference on financial crisis and developing countries (van de Walle, Armijo)

Total pages: 269 + IPE papers

*Inequality*

9. Rich and poor (November 3)


Segura-Ubiergo, *The Political Economy of the Welfare State in Latin America*, 1-173 and choose one case study (approx. 200 pages total)

A paper from ISS conference in the fall?

Total pages: 326 (without ISS paper)
10. Household (Male/female and children) (November 10)


Total pages: 262
11. Regional inequality (November 17)


Total pages: 268 plus Beramendi & Diaz-Cayeros

12. Ethnic inequality (November 24)


Wydick, *Games in Economic Development*, Chapters 5 and 11 (41 pages)
- “Risk, solidarity networks, and reciprocity”: pp. 67-80
- “Social capital”: pp. 197-223

Total pages: 309
13. Urban and Rural (December 1)


Total pages: 312