**PSC 565: Political Economy of Development**

**Spring 2017**

**Alexander Lee**

Email: alexander.mark.lee@rochester.edu

Office: Department of Political Science, Harkness Hall, Room 327

Office Hours: Wednesdays 10:15-12:15 or by appointment

**Overview**

This course surveys selected topics in the extensive literature on political and economic development. We will focus on differences in formal and informal institutions across countries. Topics will include the determinants of economic growth, the modernization hypothesis, distributional conflict, government corruption, the success and failure of states to deliver of public goods, among others.

**Requirements**

Students must do all required readings, and be prepared to discuss them actively.

As a final assignment, students must submit a research proposal on a topic relevant to the course material, which should be 10-12 double spaced pages in length. This proposal should outline 1) An existing theoretical or empirical puzzle, 2) an intuition as to a solution to this puzzle, 3) the data needed to test this puzzle, and 4) the identification strategy to be used.

**Course Schedule**

**Week 1-- Institutions and Development**

* Besley, T. and T. Persson. (2009). “The Origins of State Capacity: Property Rights, Taxation and Politics,” *American Economic Review*, 99, 1218-44.
* Sokoloff, Kenneth L., and Stanley L. Engerman. "History lessons: Institutions, factors endowments, and paths of development in the new world." *The Journal of Economic Perspectives* (2000): 217-232.
* Douglass North. *Institutions, Institutional Change and Economic Performance*, Cambridge University Press. Part I.
* La Porta, R., F. Lopez de Silanes and A. Shleifer. (2008). “The Economic Consequences of Legal Origins,” *Journal of Economic Literature*, 46, 2, 285-332.

**Week 2-- Colonialism**

* Gerring, John, et al. "An institutional theory of direct and indirect rule." *World Politics* 63.03 (2011): 377-433.
* Iyer, Lakshmi, and Abhijit Banerjee. "History, Institutions, and Economic Performance: The Legacy of Colonial Land Tenure Systems in India." *American economic review* 95.3 (2005): 1190-1213.
* Iyer, Lakshmi. "Direct versus indirect colonial rule in India: Long-term consequences." *The Review of Economics and Statistics* 92.4 (2010): 693-713
* Dell, Melissa. "The persistent effects of Peru's mining mita." *Econometrica* 78.6 (2010): 1863-1903.

**Week 3-- Clientelism**

* Shami, M. 2012. “Collective Action, Clientelism, and Connectivity,” *American Political Science Review, 106:3, 588-606.*
* Anderson, Siwan, Patrick Francois, and Ashok Kotwal. "Clientelism in Indian villages." *The American Economic Review* 105.6 (2015): 1780-1816.
* Thachil, Tariq. "Elite parties and poor voters: Theory and evidence from India." *American Political Science Review* 108.02 (2014): 454-477.
* Oi, Jean C. "Communism and clientelism: rural politics in China." *World Politics* 37.02 (1985): 238-266.

**Week 4-- Corruption**

* Ferrez, Claudio and Frederico Finan. 2008. “Exposing Corrupt Politicians: The Effects of Brazil’s Publicly Released Audits on Electoral Outcomes.” *The Quarterly Journal of Economics* 123(2): 703-745.
* Banerjee, A., D. Green, J. McManus and R. Pande. 2014. “Are Poor Voters Indifferent to Whether Elected Leaders are Criminal or Corrupt? A Vignette Experiment in Rural India,” *Working Paper.*
* Bertrand, M., S. Djankov, R. Hanna and S. Mullainathan. 2007. “Obtaining a Driver’s License in India: An Experimental Approach to Studying Corruption,” *The Quarterly Journal of Economics*, 122:4, 1639-1676.
* Fisman, Raymond, Florian Schulz, and Vikrant Vig. "The Private Returns to Public Office." *Journal of Political Economy* 122.4 (2014): 806-862.

**Week 5-- Democracy: Macro-Institutional Effects**

* Rajan, Raghuram G. "Rent preservation and the persistence of underdevelopment." *American Economic Journal: Macroeconomics* 1.1 (2009): 178-218.
* Acemoglu, D., S. Johnson, J. Robinson and P. Yared. (2008). “Income and democracy,” *American Economic Review*, 98, 3, 808-842.
* Ross, M. 2006. “Is Democracy Good for the Poor?” *American Journal of Political Science, 50:4, 860-874.*
* Bourguignon, François, and Thierry Verdier. "Oligarchy, democracy, inequality and growth." *Journal of development Economics* 62.2 (2000): 285-313.

**Week 6-- Democracy: Micro-Institutional Effects**

* Besley, T. and R. Burgess. 2002. “The Political Economy of Government Responsiveness: Theory and Evidence from India,” *Quarterly Journal of Economics,* 117:4, 1415-1451.
* Manion, Melanie. "Democracy, community, trust The impact of elections in rural China." *Comparative Political Studies* 39.3 (2006): 301-324.
* Tsai, Lily. 2007. “Solidary Groups, Informal Accountability, and Local Public Goods Provision in Rural China.” *American Political Science Review* 101(2): 355-372.
* Hecock, R. 2006. “Electoral Competition, Globalization, and Subnational Education Spending in Mexico, 1999-2004,” *American Journal of Political Science,* 50:4, 950-961.

**Week 7-- Macro-Economic Policy and Industrialization**

* W.W. Rostow (1960), *The Stages of Economic Growth* (Cambridge: Cambridge University Press), Chapter 2, “The Five Stages-of-Growth – A Summary,” pp. 4-17.
* Alexander Gerschenkron (1962), *Economic Backwardness in Historical Perspective* (Cambridge: Harvard University Press), Chapter 1, “Economic Backwardness in Historical Perspective,” pp. 5-30.
* Evans, Peter B. *Embedded autonomy: states and industrial transformation*. Princeton: Princeton University Press, 1995. P.3-20, 43-73.
* Francine R. Frankel. *India's political economy, 1947-2004 : the gradual revolution*. New Delhi ; New York : Oxford University Press, 2005. Chapters 1 and 14.

Pomeranz, Kenneth. *The great divergence: China, Europe, and the making of the modern world economy*. Princeton University Press, 2009. P. 3-68

**Week 8—Business Politics**

* Lorentzen, Peter, Pierre Landry, and John Yasuda. "Undermining authoritarian innovation: the power of China’s industrial giants." *The Journal of Politics* 76.01 (2014): 182-194.
* Demurger, Sylvie. "Infrastructure development and economic growth: an explanation for regional disparities in China?." *Journal of Comparative economics* 29.1 (2001): 95-117.
* Sinha, Aseema. *The regional roots of developmental politics in India: A divided leviathan*. Indiana University Press, 2005. Chapter 1.
* Faccio, Mara. "Politically connected firms." *The American economic review* 96.1 (2006): 369-386.

**Week 9-- Conflict and Civil War**

* Dube, O. and J. Vargas. 2013. “Commodity Price Shocks and Civil Conflict: Evidence from Columbia,” *Review of Economic Studies*, 80, 1384-1421.
* Jha, Saumitra, and Steven Wilkinson. "Does combat experience foster organizational skill? Evidence from ethnic cleansing during the partition of South Asia." *American Political Science Review* 106.04 (2012): 883-907.
* Lee, Alexander. "Who Becomes a Terrorist?: Poverty, Education, and the Origins of Political Violence." *World Politics* 63.02 (2011): 203-245.
* Lorentzen, Peter L. "Regularizing rioting: Permitting public protest in an authoritarian regime." *Quarterly Journal of Political Science* 8.2 (2013): 127-158.

**Week 10-- Foreign Aid**

* Ahmed, F. 2012. “The Perils of Unearned Foreign Income: Aid, Remittances, and Government Survival,” *American Political Science Review,* 106:1, 146-165.
* Bueno de Mesquita, B. and A. Smith. 2009. “A Political Economy of Aid,” *International Organization,* 63:2, 309-340.
* Kremer, Michael, Conner Brannen, and Rachel Glennerster. "The challenge of education and learning in the developing world." *Science* 340.6130 (2013): 297-300.
* Rajan, Raghuram G., and Arvind Subramanian. "Aid and growth: What does the cross-country evidence really show?." *The Review of economics and Statistics* 90.4 (2008): 643-665.

**Week 11-- Identity and Politics: Observational**

* Huber, John D., and Pavithra Suryanarayan. "Ethnic Inequality and the Ethnification of Political Parties: Evidence from India." *World Politics* 68.1 (2016): 149-188.
* Banerjee, Abhijit, and Rohini Somanathan. "The political economy of public goods: Some evidence from India." *Journal of development Economics* 82.2 (2007): 287-314.
* Lee, Alexander. “Ethnic Diversity and Ethnic Power: Explaining Local Public Goods Provision.’’ Working Paper. 2016.
* Chandra, Kanchan, ed. *Constructivist theories of ethnic politics*. Oxford University Press, 2012. Ch. 1.

**Week 12-- Identity and Politics: Experimental**

* Chattopadhyay, Raghabendra, and Esther Duflo. "Women as policy makers: Evidence from a randomized policy experiment in India." *Econometrica* 72.5 (2004): 1409-1443.
* Fehr, E., K. Hoff and M. Kshetramade. 2008. “Spite and Development,” *American Economic Review: Papers & Proceedings*, 98:2, 494-499.
* Habyarimana, J., M. Humphreys, D. Posner & J. Weinstein. 20007. “Why Does Ethnic Diversity Undermine Public Goods Provision?” *American Political Science Review,* 101:4, 709-725.
* Dunning, Thad, and Janhavi Nilekani. "Ethnic quotas and political mobilization: caste, parties, and distribution in Indian village councils." *American Political Science Review* 107.01 (2013): 35-56.

**Week 13-- Student Presentations**