

# PSC/IR 286W Political Economy of Developing Countries

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**INSTRUCTOR:** Paula D. Ganga, pdg23@georgetown.edu

**CLASS TIME:** M 3:25-6:05 PM, LOCATION TBD.

**OFFICE HOURS:** 2:00 PM on Mondays, and by appointment.

## **COURSE OBJECTIVES:**

This course examines the link between states and markets, between political institutions and their economic consequences. Students will be introduced to a variety of methods such as historical analysis, formal models, case studies and statistical analysis. This course seeks to answer several questions: (1) What is the role of government in the economy? (2) How has this role varied in time and across regions? (3) What do changes in this balance mean for political and economic institutions? Examples will be drawn from Eastern Europe, Russia, China, Brazil, and other parts of the developing world.

The first part of the course will answer more directly the question of how states and markets interact. The class will look at the historical school of analyzing the co-evolution of political and economic institutions. It will also connect theories of political institutions to broader topics in political science and political economy such as the Western European varieties of capitalism, historical and contemporary alternatives to capitalism, political transition and economic liberalization.

The second part of the course will focus on the dynamic relationship between the state and the market. The class discussion will engage with the topics of economic liberalization and political transition as well as the retreat of the state from the market through privatization and the return of the state through nationalization. The final weeks will take a global perspective looking into recent developments such as failures of the state and the market through corruption and the effects of the resource curse as well as the consequences of the financial crisis on the evolving role of the state in the market.

Finally, this class will also encourage students to think of these processes in the context of a large scale individual research project. Through class readings on writing original research in social science as well as individual meetings and mentoring, the papers will make use of primary materials either through quantitative data analysis, use of archival material or interviews with policy-makers. This approach will encourage students to think originally and prepare them for the rigors of a more extensive research project down the line such as a thesis or dissertation.

## **LEARNING GOALS**

In this course, students will:

- examine key concepts and theories that describe and explain the role of states and markets.

- explore the relationship between economic development and political change.
- develop oral presentation skills through class presentations and class discussions.
- hone research and analytical writing skills by planning, developing and writing a term paper.

## REQUIREMENTS

### *Attendance*

Attendance to all class meetings is required.

### *Readings*

Required readings should be completed before the class for which they are assigned. The midterm exam and final paper will require you to have a strong comprehension of the material covered in both the readings and the class discussions.

### *Examinations*

There will be an in-class midterm examination.

### *Class participation*

This is a class designed for upper level students and will be run as a seminar. All students are expected to come prepared to participate in class and contribute with arguments and questions to the class discussion.

### *Class presentations*

Each student will be expected to make short class presentations on readings for that day and set the discussion up with questions on the material covered.

### *Paper Assignment*

There will be a final course paper due at the end of class. The final project is a 20-25 page research paper based on the course themes. Students may choose any topic related to the economic consequences of political institutions and investigate it in one or two cases. Students will have to turn a short research proposal for this paper midway through the semester as well as a paper outline by November 12. We will work together to identify sources for students to use and develop an outline for the paper. The last weeks of the course will be dedicated to student presentations of their research and findings to the class for feedback, before submitting a revised finished product for evaluation.

### *Course Outline*

Part I. States and Markets under Capitalism and Communism . . . . .	September 10 - October 1
Part II. The Dynamic State-Market Relationship . . . . .	October 8 - November 5
Writing an Academic Paper . . . . .	October 22
<b>Midterm Examination . . . . .</b>	<b>October 22</b>
Part III. State-Market Relations in a Global Perspective . . . . .	November 12-26
Student Presentations . . . . .	December 3-10
<b>Paper Due . . . . .</b>	<b>Exam Period</b>

**PROCEDURES:**

*Office Hours*

I will hold office hours each week to discuss substantive questions about readings, lectures, exams, and papers. As a general rule of thumb, if you have a substantive question that probably requires more than one or two sentences to answer thoroughly, I recommend that you come to office hours, email me a time to meet or save the question for class. This will be better for everyone because it not only saves time, but I will also be able to sit with you and work through the material in a much more comprehensive way, and in a way that I know will be clear to you. Moreover, people in class probably will have the same questions, and if you ask the question in class, other people will benefit as well. If you have administrative or organizational questions, however, I encourage you to email me first.

*Late Assignments*

Deadlines are strict. No extensions will be granted in the absence of a genuine emergency or documented illness. Predictable events, such as a heavy workload or extracurricular activities, are not normally considered grounds for an extension. All appeals for extensions will be considered on a case-by-case basis. Late papers will be penalized one full letter grade for each day they are late.

*Grading*

Grades will be based on the absolute merit of your work, so there is no grading curve employed in this class. Your final grade will be calculated as follows:

<b>Participation . . . . .</b>	<b>20%</b>
<b>Class Presentations . . . . .</b>	<b>10%</b>
<b>Midterm Examination . . . . .</b>	<b>25%</b>
<b>Paper Proposal and Outline . . . . .</b>	<b>5%</b>
<b>Paper Presentation . . . . .</b>	<b>5%</b>
<b>Paper . . . . .</b>	<b>35%</b>

*Grading Disputes*

You may email me about a grading concern after a 48-hour waiting period. You are entitled to a satisfactory explanation for why you received a particular grade. If you are not satisfied with the explanation provided by me, you may submit a written explanation for why you believe that your work was misgraded. The work will then be regraded by me with the understanding that I may ultimately issue a grade that is better, the same, or worse than the original grade.

### *Plagiarism*

Plagiarism or other acts of academic dishonesty will not be tolerated. As defined by the Georgetown University Honor Council, plagiarism is “the act of passing off as one’s own the ideas or writings of another.”

## **READING ASSIGNMENTS**

In addition to the books and articles below, you should read the international affairs section of a major national newspaper, such as the *New York Times* or the *Washington Post*, on a daily basis. You might also consider reading the *Economist*, which is generally considered the best weekly news magazine available. Class discussion will often include references to contemporary political and economic events, so it is critical that you are aware of important current developments in the world in order to be able to examine the real life consequences of the concepts studied in class.

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### ***Part I. States and Markets under Capitalism and Communism***

#### **September 10. Historical Development of Capitalism and the State**

Strange, Susan. 2015. *States and markets*. Bloomsbury Publishing. (Prologue, p. 3-6)

Olson, Mancur. “Dictatorship, Democracy, and Development.” *American Political Science Review* 87, no. 03 (1993): 567-576.

North, Douglass C., and Barry R. Weingast. “Constitutions and commitment: the evolution of institutions governing public choice in seventeenth-century England.” *The Journal of Economic History* 49, no. 04 (1989): 803-832.

#### **September 17. Varieties of Capitalism in Western Europe**

Hall, Peter A., and David Soskice, eds. 2001. *Varieties of capitalism: The institutional foundations of comparative advantage*. (Chapter 1)

Thelen, Kathleen. 2012. “Varieties of capitalism: Trajectories of liberalization and the new politics of social solidarity.” *Annual Review of Political Science* 15: 137-159.

Lipset, Seymour Martin. “Some social requisites of democracy: Economic development and political legitimacy.” *American Political Science Review* 53, no. 01 (1959): 69-105.

#### **September 24. The State Replacing the Market. Alternative Political and Economic Institutions under Communism**

Verdery, Katherine. *What Was Socialism and What Comes Next?*. Princeton University Press, 1996. (Chapter 1)

Myant, Martin R., and Jan Drahokoupil. 2011. *Transition economies: political economy in Russia, Eastern Europe, and Central Asia*. Hoboken, NJ: Wiley. (Chapter 2, Skim chapter 1)

Bandelj, Nina, and Dorothy J. Solinger. 2012. *Socialism vanquished, socialism challenged: Eastern Europe and China, 1989-2009*. New York: Oxford University Press. (Chapter 10)

### **October 1. The State as an Alternative to the Market. The Chinese Case**

Nee, Victor, and Sonja Opper. *Capitalism from below. Markets and Institutional Change in China*. Harvard University Press, 2012. (Chapters 1, 2)

Tsai, Kellee. *Capitalism without democracy: The private sector in contemporary China*. Cornell University Press, 2007.(Chapters 1, 2)

## ***Part II. The Dynamic State-Market Relationship***

### **October 8. Political Transition and Economic Liberalization**

Stark, David, and Laszlo Bruszt. *Postsocialist pathways: Transforming politics and property in East Central Europe*. Cambridge University Press, 1998. (Introduction, Chapter 1)

Stark, David, and Laszlo Bruszt. *Postsocialist pathways: Transforming politics and property in East Central Europe*. Cambridge University Press, 1998. (Chapters 3, 4)

Myant, Martin R., and Jan Drahokoupil. 2011. *Transition economies: political economy in Russia, Eastern Europe, and Central Asia*. Hoboken, NJ: Wiley. (Chapters 4, 9)

### **October 22. Midterm Examination and Discussion on Writing an Academic Paper**

Geddes, Barbara. 1990. "How the Cases You Choose Affect the Answers You Get: Selection Bias in Comparative Politics." *Political Analysis* 2 (1): 131-150.

Angrist, Joshua D., and Jörn-Steffen Pischke. "Questions about Questions," in *Mostly harmless econometrics: An empiricist's companion*. Princeton University Press, 2008.

### **October 29. Special Cases of Capitalism – Russia and China**

Markus, Stanislav. *Property, Predation, and Protection. Piranha Capitalism in Russia and Ukraine*. Cambridge University Press, 2015. (Chapters 1, 2, 3)

Zeng, Jin. 2013. *State-led privatization in China: The politics of economic reform*. (Chapters 1, 5)

## **November 5. State Capitalism – Brazil and India**

Musacchio Farias, Aldo, and Sergio G. Lazzarini. 2014. *Reinventing state capitalism: Leviathan in business, Brazil and beyond*. Cambridge, Massachusetts : Harvard University Press. (Chapters 2, 3, 4)

Chakrabarti, Anjan, Byasdeb Dasgupta, Anup Kumar Dhar. 2016. *The Indian economy in transition : globalization, capitalism and development*, Cambridge University Press. (Introduction, Chapters 2, 4, 6.)

## ***Part III. State-Market Relations in a Global Perspective***

### **November 12. Failures of the State and Failures of the Market**

Brown, J. David, John S. Earle, and Scott Gehlbach. 2009. “Helping hand or grabbing hand? State bureaucracy and privatization effectiveness.” *American Political Science Review* 103.02: 264-283.

Albertus, Michael, and Victor Menaldo. “If You’re Against Them You’re With Us The Effect of Expropriation on Autocratic Survival.” *Comparative Political Studies* 45, no. 8 (2012): 973-1003.

Frye, Timothy, 2006. ”Original sin, good works, and property rights in Russia.” *World Politics* 58 (4), 479-504.

### **November 19. States and the Market for Natural Resources**

Ross, Michael L. 2001. “Does Oil Hinder Democracy?.” *World Politics* 53(3): 325-361.

Haber, Stephen, and Victor Menaldo. 2011. “Do Natural Resources Fuel Authoritarianism? A Reappraisal of the Resource Curse.” *American Political Science Review* 105(1): 1-26.

Mahdavi, Pasha (2014). “Why do leaders nationalize the oil industry? The politics of resource expropriation.” *Energy Policy*, 75, 228-243.

### **November 26. Development and the Market for Land**

Albertus, Michael. 2015. *Autocracy and Redistribution: The Politics of Land Reform*. Cambridge University Press. (Introduction, Chapters 2, 3, 5)

Englert, Birgit and Elizabeth Daley. 2008. *Women’s land rights and privatization in eastern Africa*. Boydell & Brewer. (Introduction, Chapters 1, 2, 5, 7)

### **December 3 - 10. Student Presentations of Papers and class conclusions**

## ***Final Examination – PAPERS DUE***