

PSC/IR 286: Political Economy of Developing Countries

Fall 2015
MW 10:25 am – 11:40 pm
B&L 270

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Office Hours: 1:00-2:00 Mondays

Course Overview

Why are some countries more developed than others? To address this fundamental question, we will discuss both political and economic elements of development and the interconnectivity between them. In particular, we will study factors that are prevalent in less-developed countries such as weak institutions, ethnic and class conflicts, political instability, clientelism, government corruption and failure of public goods provision, and examine whether these factors can be the causes or consequences of underdevelopment. We will also study the effectiveness of various policy interventions, both international and domestic, in promoting development.

Requirements:

• **Class participation.** All required course material will be available through Blackboard. Students are expected to have read the assigned materials before the class in which they are to be discussed and participate actively in class. Most sessions will have 3 journal articles per session.

Apart from class attendance and participation, students will serve as discussion leaders twice during the semester. In the week that they are assigned to be discussion leaders, students will have to critically review the assigned readings and present a 15 minute brief of the general points made by the authors, highlighting the related as well as conflicting arguments, and underlying the respective works' analytical strengths and weaknesses. Discussion leaders are expected to prepare 4-5 discussion questions. Discussion assignments will be made the first week of class. If more than one student is assigned to the same week, they should get together to agree how to best serve in their capacity as discussion leaders.

• **Three reading responses,** due 9am on Monday for the week's readings. Reading responses should critically analyze major issues in several of the assigned readings for **the week**. Note that a reading response is not a simple summary, but a critical, focused analysis of the readings. I will not accept late responses and each response should not exceed 1000 words. You must write one response for Topics 1–4, another for Topics 5–8, and another for Topics 9–12.

• **Midterm exam.** There will be one in-class midterm exam on October 28th. This exam will cover readings in Topics 1 - 6 of the syllabus.

• **Final exam.** There will also be a take-home final exam, which will be handed out on the last day of class and due via email by 11:59 pm, Friday December 11. This exam will be cumulative but will focus more on Topics 7 -12 of the syllabus.

Grading:

- Class participation: 20%
- Three reading responses: 30%
- Midterm exam: 25%
- Final exam: 25%

Readings:

Preliminaries

September 2 Introduction

- Easterly, W., & Levine, R. (1997). Africa's growth tragedy: Policies and ethnic divisions. *The Quarterly Journal of Economics*, 112(4), 1203-1250.
- Besley, T., & Persson, T. (2014). The causes and consequences of development clusters: State capacity, peace, and income. *Annual Review of Economics*, 6(1), 927-949.

September 7 Labor Day - No Class

September 9 Data Analysis Crash Course / Tools in Development Economics

- Banerjee, A. V., & Duflo, E. (2009). The experimental approach to development economics. *Annual Review of Economics* 1: 151-178.
- Humphreys, M., & Weinstein, J. M. (2009). Field experiments and the political economy of development. *Annual Review of Political Science*, 12, 367-378.

Topic 1 Political Economy of Development

September 14

- Kimuli Kasara. Tax me if you can: Ethnic geography, democracy, and the taxation of agriculture in Africa. *American Political Science Review*, 101(1):159–72, 2007.
- Catherine Boone. Politically-allocated land rights and the geography of electoral violence in Kenya. *Comparative Political Studies*, 44(10):1311–43, 2011
- Markus Goldstein and Christopher Udry. The profits of power: Land rights and agricultural investment in Ghana. *Journal of Political Economy*, 116(6):981–1022, 2008.

September 16

- Ritva Reinikka and Jakov Svensson. Local capture: Evidence from a central government transfer program in Uganda. *Quarterly Journal of Economics*, 119(1):679–705, 2004.
- Acemoglu, D., Hassan, T. A., & Robinson, J. A. (2011). Social Structure and Development: A Legacy of the Holocaust in Russia. *The Quarterly journal of economics*, 126(2), 895-946.
- Hodler, R., & Raschky, P. A. (2014). Regional favoritism. *The Quarterly Journal of Economics*, qju004.

Topic 2 History and Economic Development in the Long-Run

September 21

- Banerjee, A. V., & Duflo, E. (2014). Under the thumb of history? political institutions and the scope for action. *Annual Review of Economics*, 6(1), 951-971. (NOT FOR A RESPONSE PAPER)
- Sokoloff, K. L., & Engerman, S. L. (2000). History lessons: Institutions, factors endowments, and paths of development in the new world. *The Journal of Economic Perspectives*, 217-232.
- Banerjee, A., & LYER, L. (2005). History, Institutions & Economic Performance: The Legacy of Colonial Land Tenure Systems in India. *The American Economic Review*, 95, 4.
- DARONACEMOGLU, J., & ROBINSON, A. (2001). The Colonial Origins of Comparative Development: An Empirical Investigation. *The American Economic Review*, 91(5), 1369-1401.

September 23

- Nunn, Nathan. 2008. The long-term effects of Africa's slave trades. *Quarterly Journal of Economics* 123(1): 139-176.
- Stelios Michalopoulos and Elias Papaioannou. Pre-colonial ethnic institutions and contemporary African development. *Econometrica*, 81(1):113–152, 2013
- Dell, M. (2010). The persistent effects of Peru's mining mita. *Econometrica*, 78(6), 1863-1903.

Topic 3 Institution and Development

September 28

- Acemoglu, D., Johnson, S., & Robinson, J. A. (2002). Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution. *The Quarterly Journal of Economics*, 117(4), 1231-1294.
- Sachs, J. D. (2003). *Institutions don't rule: direct effects of geography on per capita income* (No. w9490). National Bureau of Economic Research.
- Rodrik, D., Subramanian, A., & Trebbi, F. (2004). Institutions rule: the primacy of institutions over geography and integration in economic development. *Journal of*

Economic Growth, 9(2), 131-165.

Recommended Reading

- Acemoglu, D., Gallego, F. A., & Robinson, J. A. (2014). Institutions, human capital, and development. *Annual Review of Economics*, 6(1), 875-912.
- Acemoglu, D., & Cantoni, D. (2011). The Consequences of Radical Reform: The French Revolution. *American Economic Review*, 101, 3286-3307.

Topic 4 Political Economy of Public Good Provision

September 30

- Castells, A., & Solé-Ollé, A. (2005). The regional allocation of infrastructure investment: The role of equity, efficiency and political factors. *European Economic Review*, 49(5), 1165-1205.
- Bardhan, P., & Mookherjee, D. (2000). Capture and governance at local and national levels. *American Economic Review*, 135-139.
- Banerjee, A., & Somanathan, R. (2007). The political economy of public goods: Some evidence from India. *Journal of Development Economics*, 82(2), 287-314.

October 5 Fall Break – No Class

October 7

- Martina Björkman and Jakob Svensson. Power to the people: Evidence from a randomized field experiment on community-based monitoring in Uganda. *The Quarterly Journal of Economics*, 124(2):735–69, 2009
- Chin, A., & Prakash, N. (2011). The redistributive effects of political reservation for minorities: Evidence from India. *Journal of Development Economics*, 96(2), 265-277.
- Nathalie Francken, Bart Minten, and Johan F.M. Swinnen. Media, monitoring, and capture of public funds: Evidence from Madagascar. *World Development*, 37(1):242–55, 2009.

Topic 5 Democracy and Development

October 12

- Albertus, M., & Menaldo, V. (2014). Gaming democracy: elite dominance during transition and the prospects for redistribution. *British Journal of Political Science*, 44(03), 575-603.
- Ross, M. (2006). Is democracy good for the poor?. *American Journal of Political Science*, 50(4), 860-874.
- Keefer, P. (2004). “What does Political Economy tell us about Economic Development – and vice versa?” *Annual Review of Political Science*, 7, pp. 247–72.

Recommended Readings

- Lipset, S. M. (1959). Some social requisites of democracy: Economic development and political legitimacy. *American political science review*, 53(01), 69-105.

October 14

- Mani, A., & Mukand, S. (2007). Democracy, visibility and public good provision. *Journal of Development Economics*, 83(2), 506-529.
- Harding, R., & Stasavage, D. (2014). What democracy does (and doesn't do) for basic services: School fees, school inputs, and African elections. *The Journal of Politics*, 76(01), 229-245.
- Harding R. (2015) Attribution and Accountability: Voting for Roads in Ghana. *World Politics*. Forthcoming.
- de Kadt, D., & Lieberman, E. S. (2015). Do Citizens Reward Good Service? Voter Responses to Basic Service Provision in South Africa.

Topic 6 Clientelism

October 19

- Leonard Wantchekon. Clientelism and voting behavior: Evidence from a field experiment in Benin. *World Politics*, 55(3):399–422, 2003.
- Keefer, P. (2007). Clientelism, credibility, and the policy choices of young democracies. *American journal of political science*, 51(4), 804-821.
- Keefer, P., & Vlaicu, R. (2008). Democracy, credibility, and clientelism. *Journal of Law, Economics, and Organization*, 24(2), 371-406.

October 21

- Stokes, S. C. (2005). Perverse accountability: A formal model of machine politics with evidence from Argentina. *American Political Science Review*, 99(03), 315-325.
- Shami, M. (2012). Collective action, clientelism, and connectivity. *American Political Science Review*, 106(03), 588-606.
- Arriola, L. R. (2009). Patronage and political stability in Africa. *Comparative Political Studies*.

October 26 Review

October 28 In-class Midterm Exam

Topic 7 Distributive Politics and Development

November 2

- Golden, M., & Min, B. (2013). Distributive politics around the world. *Annual Review of Political Science*, 16, 73-99.
- Dixit, A., & Londregan, J. (1996). The determinants of success of special interests in redistributive politics. *Journal of politics*, 58, 1132-1155.
- Dixit, A., & Londregan, J. (1995). Redistributive politics and economic efficiency. *American political science Review*, 89(04), 856-866.

November 4

- Cox, G. W., & McCubbins, M. D. (1986). Electoral politics as a redistributive game. *Journal of Politics*, 48(2), 370-389.
- Cox, G. W. (2009). 13 Swing voters, core voters, and distributive politics. *Political representation*, 342.
- Remmer, K. L. (2007). The political economy of patronage: Expenditure patterns in the Argentine provinces, 1983–2003. *Journal of Politics*, 69(2), 363-377.

Topic 8 Ethnicity and Development

November 9

- Edward Miguel and Mary Kay Gugerty. Ethnic diversity, social sanctions, and public goods in Kenya. *Journal of Public Economics*, 89(11-12):2325–2368, 2005.
- James Habyarimana, Macartan Humphreys, Daniel N. Posner, and Jeremy M. Weinstein. Why does ethnic diversity undermine public goods provision? *American Political Science Review*, 101:709–725, 2007
- Montalvo, J. G., & Reynal-Querol, M. (2005). Ethnic diversity and economic development. *Journal of Development Economics*, 76(2), 293-323.

November 11

- Robert H. Bates. Modernization, ethnic competition, and the rationality of politics in contemporary Africa. In Donald Rothchild and Victor A. Olorunsola, editors, *State Versus Ethnic Claims: African Policy Dilemmas*. Westview Press, Boulder, CO, 1983b.
- Franck, R., & Rainer, I. (2012). Does the leader's ethnicity matter? Ethnic favoritism, education, and health in sub-Saharan Africa. *American Political Science Review*, 106(02), 294-325.
- Kramon, E., & Posner, D. N. (2013). Who benefits from distributive politics? How the outcome one studies affects the answer one gets. *Perspectives on Politics*, 11(02), 461-474.

Topic 9 Ethnic and civil conflict

November 16

- Christopher Blattman and Edward Miguel. Civil wars. *Journal of Economic Literature*, 48 (1):3–57, 2010.
- Fearon, J. D., & Laitin, D. D. (2003). Ethnicity, insurgency, and civil war. *American political science review*, 97(01), 75-90.
- Collier, P., & Hoeffler, A. (2004). Greed and grievance in civil war. *Oxford economic papers*, 56(4), 563-595.
- Jan H. Pierskalla and Florian M. Hollenbach. Technology and collective action: The effect of cell phone coverage on political violence in Africa. *American Political Science Review*, 107(2): 207–24, 2013.

November 18

- L.-E. Cederman, N. B. Weidmann, and K. S. Gleditsch. Horizontal inequalities and ethnonationalist civil war: A global comparison. *American Political Science Review*, 105(3):478–95, 2011.
- Philip Roessler. The Enemy Within: Personal Rule, Coups, and Civil War in Africa. *World Politics*, 63(2):300–46, 2011.
- Fearon, J. D., & Laitin, D. D. (2011). Sons of the soil, migrants, and civil war. *World Development*, 39(2), 199-211.

Topic 10 Corruption

November 23

- Bardhan, P. (1997). Corruption and development: a review of issues. *Journal of economic literature*, 1320-1346.
- Mauro, P. (1995). Corruption and growth. *The quarterly journal of economics*, 681-712.
- Bertrand, M., Djankov, S., Hanna, R., & Mullainathan, S. (2007). Obtaining a driver's license in India: an experimental approach to studying corruption. *The Quarterly Journal of Economics*, 1639-1676.

November 25

- Ferraz, C., & Finan, F. (2008). Exposing corrupt politicians: The effects of Brazil's publicly released audits on electoral outcomes. *Quarterly Journal of Economics*, 123(2).
- Olken, B. A. (2007). Monitoring Corruption: Evidence from a Field Experiment in Indonesia. *Journal of Political Economy*, 115(2).
- Ferraz, C., & Finan, F. (2011). Electoral Accountability and Corruption: Evidence from the Audits of Local Governments. *The American Economic Review*, 101(4), 1274

Topic 11 Decentralization and Development

November 30

- Bardhan, P., & Mookherjee, D. (2005). Decentralizing antipoverty program delivery in developing countries. *Journal of public economics*, 89(4), 675-704.
- Bardhan, P., & Mookherjee, D. (2006). Decentralisation and Accountability in Infrastructure Delivery in Developing Countries*. *The Economic Journal*, 116(508), 101-127.
- Falleti, T. G. (2005). A sequential theory of decentralization: Latin American cases in comparative perspective. *American Political Science Review*, 99(03), 327-346.

December 2

- Grossman, G., & Lewis, J. I. (2014). Administrative Unit Proliferation. *American Political Science Review*, 108(01), 196-217
- Grossman, G., & Pierskalla, J. H. (2014). The Effects of Administrative Unit Proliferation on Service Delivery.
- Lewis, J. I. (2014). When Decentralization Leads to Recentralization: Subnational

State Transformation in Uganda. *Regional & Federal Studies*, 24(5), 571-588.

Topic 12 Foreign Aid and Development

December 7

- Easterly, W. (2003). Can foreign aid buy growth?. *The journal of economic perspectives*, 17(3), 23-48.
- Alesina, A., & Dollar, D. (2000). Who gives foreign aid to whom and why?. *Journal of economic growth*, 5(1), 33-63.
- Doucouliagos, H., & Paldam, M. (2009). The aid effectiveness literature: The sad results of 40 years of research. *Journal of Economic Surveys*, 23(3), 433-461

Recommended readings:

- Rajan, R. G., & Subramanian, A. (2008). Aid and growth: What does the cross-country evidence really show?. *The Review of Economics and Statistics*, 90(4), 643-665.

December 9

- Nunn, N., & Qian, N. (2014). US food aid and civil conflict. *The American Economic Review*, 104(6), 1630-1666.
- Crost, B., Felter, J., & Johnston, P. (2014). Aid under fire: Development projects and civil conflict. *The American Economic Review*, 104(6), 1833-1856.
- Hoeffler, A. (2014). Can international interventions secure the peace?. *International Area Studies Review*, 17(1), 75-94.