

PS 330: THE POLITICAL ECONOMY OF DEVELOPMENT

Department of Political Science
University of Wisconsin, Madison
Spring 2021

Instructor: Rikhil R. Bhavnani, Associate Professor
Office hours: Tuesdays, 9–11am. Sign up at calendly.com/rikhil/office-hours
Email: bhavnani@wisc.edu
Instructional mode: Online and asynchronous
Canvas course URL: <https://canvas.wisc.edu/courses/244348>

COURSE INFORMATION

Course description: Why are some countries rich and others poor? To help answer this question, we start by examining leading theories of economic development. In light of these theories, we then examine the development experiences of three major regions of the world. We next consider a series of issues about development, including the effect of ethnic diversity, corruption, natural resources and women’s empowerment on economic development. We conclude with an examination of the effects of the international interactions—via trade, foreign aid, migration and war—on economic development.

Requisites: Sophomore standing.

Course designations: Breadth - Social Science / Level – Intermediate / L&S Credit - Counts as Liberal Arts and Science credit in L&S.

Learning outcomes: By the end of this course, successful students will have developed a critical understanding of the main explanations for the wealth and poverty of nations. They will be aware of the development experiences of the world’s major regions, and of select issues in development, including, for example, the resource curse. Students will have gained an appreciation for the effects interactions between nations—via trade, foreign aid, migration and war—on economic development.

Course workload: This is a three credit class. The credit standard for this course is met by an expectation of a total of 135 hours of student engagement with the course learning activities, including lectures, quizzes, readings, and exams.

“Course rhythm”: Course materials for each week (other than the exams) will be released on Sundays, at 12:01am Central Time. There are two “lectures” for each week. Each “lecture” is composed of readings, a lecture video and a quiz. The materials for each lecture (including the slides from the video) are “unlocked” when the previous lecture has been completed (that is,

when the readings and lecture video have been viewed, and when the quiz has been completed). Here is a suggested course “rhythm:”

Monday	Tuesday	Wednesday	Thursday	Friday
Complete readings		Complete readings		
View lecture video		View lecture video		
Complete quiz		Complete quiz		

For each lecture, I would suggest that you complete the required readings, then view the recorded lecture video, and finally complete the quiz.

Assignments and grading: The final class grade will be based on:

- A series of 4-question multiple-choice quizzes, one for each lecture, for 25% of the class grade;
- A first exam, for 25% of the class grade;
- A second exam, for 25% of the class grade; and
- A third exam, for 25% of the class grade.

The cumulative score for the class quizzes will be 100. Each quiz question over the semester—92 in total—is worth a point, and everyone receives 8 points automatically. You will have 15 minutes to complete each 4-question quiz. (In fact, the quiz should take less than 5 minutes to complete.) You should complete each quiz after you have read the assigned readings, watched the assigned lecture video and reviewed the slides for each “lecture.”

Each exam will also be scored out of 100. Although the exams will be cumulative, they will focus on materials introduced since the previous exam. **The first, second and third exams will be released at 12:01am Central Time on 2/24, 3/29 and 4/28 respectively. The exams must be completed within 24 hours of their release, and within 90 minutes of starting them.** (In fact, the exams are designed to be completed in 75 minutes.)

The question prompt for the first exam is as follows: “Define, identifying the author that discusses, and state the significance of 6 out of the following 9 terms or phrases. Remember that your grade depends not just in identifying the source, but also in providing an explanation for why it matters for the process of development.” Please note that you are only expected to know the names of the authors of the class readings, and not the names of others mentioned in the class lectures. The second and third exams will require you to answer the question above for 4 out of 6 IDs for 40 points, and to answer an essay question for 60 points.

The final class score is an equally weighted average of the three exam scores and the total quiz score. The final score—out of 100—will be converted to the final letter grade using the following scale: A=92-100, AB=89-91, B=83-88, BC=80-82, C=71-79, D=65-70, F=below 65.

Questions: I would encourage you to post all your questions—big or small—on the class discussion board. There are no silly questions—just unclear answers—and so please post away! Personal questions, for example about your exam performance, should be emailed to me at bhavnani@wisc.edu. Of course, you are also more than welcome at my office hours. Please sign up at calendly.com/rikhil/office-hours.

UNIVERSITY OF WISCONSIN–MADISON POLICIES

Rules, Rights, Responsibilities:

<https://guide.wisc.edu/undergraduate/#rulesrightsandresponsibilitiestext>

Academic calendar and religious observances: <https://secfac.wisc.edu/academic-calendar/#religious-observances>

Academic integrity: By virtue of enrollment, each student agrees to uphold the high academic standards of the University of Wisconsin-Madison; academic misconduct is behavior that negatively impacts the integrity of the institution. Cheating, fabrication, plagiarism, unauthorized collaboration, and helping others commit these previously listed acts are examples of misconduct which may result in disciplinary action. Examples of disciplinary action include, but is not limited to, failure on the assignment/course, written reprimand, disciplinary probation, suspension, or expulsion. (Source: <https://conduct.students.wisc.edu/syllabus-statement/>)

Accommodations for students with disabilities: The University of Wisconsin-Madison supports the right of all enrolled students to a full and equal educational opportunity. The Americans with Disabilities Act (ADA), Wisconsin State Statute (36.12), and UW-Madison policy (Faculty Document 1071) require that students with disabilities be reasonably accommodated in instruction and campus life. Reasonable accommodations for students with disabilities is a shared faculty and student responsibility. Students are expected to inform faculty [me] of their need for instructional accommodations by the end of the third week of the semester, or as soon as possible after a disability has been incurred or recognized. Faculty [I], will work either directly with the student [you] or in coordination with the McBurney Center to identify and provide reasonable instructional accommodations. Disability information, including instructional accommodations as part of a student's educational record, is confidential and protected under FERPA. (Source: <https://mcburney.wisc.edu/instructor/>)

Diversity and inclusion: Diversity is a source of strength, creativity, and innovation for UW-Madison. We value the contributions of each person and respect the profound ways their identity, culture, background, experience, status, abilities, and opinion enrich the university community. We commit ourselves to the pursuit of excellence in teaching, research, outreach, and diversity as inextricably linked goals.

The University of Wisconsin-Madison fulfills its public mission by creating a welcoming and inclusive community for people from every background – people who as students, faculty, and staff serve Wisconsin and the world. (Source: <https://diversity.wisc.edu/>)

Class plan (dates in parentheses are suggested for the lectures; they are mandatory/fixe for the exams):

Lecture 1 (1/25): Introduction

Lecture 2 (1/27): What is development? How can we measure it?

- Sen, Amartya. 1988. "Chapter 1: The concept of development." In *Handbook of Development Economics*, ed. C. Hollis and T. N. Srinivasan: Elsevier.
- Lerner, Daniel. 1958. "The Grocer and the Chief: A Parable." In *The Passing of Traditional: Society Modernizing the Middle East*. London: Glencoe Collier Macmillan.

Lecture 3 (2/1): Poor countries in comparative perspective, and the economic lives of the poor

- Pritchett, Lant. 1997. "Divergence, Big Time." *The Journal of Economic Perspectives* 11 (3):3-17.
- Banerjee, A.V., and E. Duflo. 2007. "The Economic Lives of the Poor." *The Journal of Economic Perspectives* 21 (1):141.

Lecture 4 (2/3): Growth theory

- Easterly, William. 2001. *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics*: MIT Press. Chapters 2 and 3.

Lecture 5 (2/8): Policies

- Williamson, John. 2000. "What should the World Bank think about the Washington Consensus?" *The World Bank Research Observer* 15 (2):251-64.
- Rodrik, Dani. 2008. "Is there a new Washington consensus?" Project Syndicate.

Lecture 6 (2/10): Geography

- Jared, Diamond. 1997. *Guns, Germs and Steel: The Fates of Human Societies*. New York: W. W. Norton & Company. Chapter 2.
- Sachs, Jeffrey D, Andrew D Mellinger, and John L Gallup. 2001. "The geography of poverty and wealth." *Scientific American* 284 (3):70-5.

Lecture 7 (2/15): Culture

- Putnam, Robert D. 1993. *Making Democracy Work: Civic Traditions in Modern Italy*. Princeton, NJ: Princeton University Press. Chapter 4.
- Zakaria, Fareed, and Lee Kuan Yew. 1994. "Culture is destiny: A conversation with Lee Kuan Yew." *Foreign Affairs*:109-26.

Lecture 8 (2/17): Institutions: The state

- Bates, Robert H. 2001. *Prosperity and Violence: The Political Economy of Development*. 1st ed. New York ; London: Norton. Chapters 3, 4.

Lecture 9 (2/22): Institutions: Private property

- North, Douglass C., and Barry R. Weingast. 1989. "Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England." *The Journal of Economic History* XLIX (4):803-32.
- Acemoglu, Daron, James Robinson, and Simon Johnson. 2001. "The Colonial Origins of Comparative Development: An Empirical Investigation." *The American Economic Review* 91 (5):1369-401.

First exam (2/24)

Lecture 10 (3/1): Command economies, 1/2

- Gerschenkron, Alexander. 1962. *Economic Backwardness in Historical Perspective: A Book of Essays*. Cambridge, MA: Belknap Press of Harvard University Press. Chapter 1.

Lecture 11 (3/3): Command economies, 2/2

- Kornai, János. 1992. *The Socialist System: The Political Economy of Communism*. Princeton, N.J.: Princeton University Press. Chapters 3, 4, 7.

Lecture 12 (3/8): The developmental state in East Asia

- Amsden, Alice H.. 1985. "The State and Taiwan's Economic Development." In *Bringing the State Back in*, ed. P. Evans, D. Rueschemeyer and T. Skocpol. Cambridge, MA: Cambridge University Press.
- Krugman, Paul R. 1994. "The Myth of Asia's Miracle." *Foreign Affairs* (November/December).

Lecture 13 (3/10): How did the West develop?

- Chang, Ha-Joon. 2003. "Kicking Away the Ladder: Infant Industry Promotion in Historical Perspective 1." *Oxford Development Studies* 31 (1):21.

Lecture 14 (3/15): Regime type

- Przeworski, Adam, Michael E. Alvarez, Jose Antonio Cheibub, and Fernando Limongi. 2000. *Democracy and Development: Political Institutions and Well-Being in the World, 1950-1990*. Cambridge: Cambridge University Press. Chapter 3.
- Acemoglu, Daron, and James A. Robinson. 2000. "Why did the West Extend the Franchise? Democracy, Inequality, and Growth in Historical Perspective." *Quarterly Journal of Economics* 1167-99.

Lecture 15 (3/17): Gender

- Duflo, Esther. 2005. "Gender equality in development." *BREAD Policy Paper* 11.
- Sen, Amartya. 1990. "More than 100 million women are missing." *The New York Review of Books* 37.

Lecture 16 (3/22): Accountability

- Pande, Rohini. 2011. "Can informed voters enforce better governance? Experiments in low-income democracies." *Annual Review of Economics* 3 (1):215-37.
- Besley, Tim, and Robin Burgess. 2002. "The Political Economy of Government Responsiveness: Theory and Evidence from India." *The Quarterly Journal of Economics* 117 (4):1415-51.

Lecture 17 (3/24): Corruption

- Svensson, Jakob. 2005. "Eight Questions about Corruption." *The Journal of Economic Perspectives* 19 (3):19-42.
- Treisman, Daniel. 2007. "What Have we Learned about the Causes of Corruption from Ten Years of Cross-national Empirical Research?" *Annual Review of Political Science* 10:211-44.

Second exam (3/29)

Lecture 18 (3/31): Resource curse

- Ross, Michael L. 1999. "The Political Economy of the Resource Curse." *World Politics* 51:297-322.

Lecture 19 (4/5): Ethnic differences

- Alesina, Alberto, and Elianan La Ferrara. 2005. "Ethnic Diversity and Economic Performance." *Journal of Economic Literature* 43 (3):39.

Lecture 20 (4/7): Trade

- Smith, Adam. 1863. *An Inquiry into the Nature and Causes of the Wealth of Nations*. A. and C. Black. Book IV, Chapter II.
- Krugman, Paul R. 1987. "Is Free Trade Passé?" *The Journal of Economic Perspectives* 1 (2):131-44.

Lecture 21 (4/12): Aid, 1/2

- Alesina, Alberto, and David Dollar. 2000. "Who Gives Foreign Aid to Whom and Why?" *Journal of Economic Growth* 5 (1):31.
- Radelet, Steven, Michael Clemens, and Rikhil Bhavnani. 2006. "Aid and Growth: The Current Debate and Some New Evidence" in *The Macroeconomic Management of Foreign Aid: Opportunities and Pitfalls*.

Lecture 22 (4/14): Aid, 2/2

- Sachs, Jeffrey. 2006. *The End of Poverty: Economic Possibilities for our Time*. New York: The Penguin Press. Chapter 18.
- Moyo, Dambisa. 2009. *Dead aid: Why aid is not working and how there is a better way for Africa*: Macmillan.
- Banerjee, Abhijit V. 2007. *Making Aid Work*: The MIT Press. Pages 1-7, and then skim.

Lecture 23 (4/19): Migration

- Clemens, Michael. 2009. "Skill Flow: A Fundamental Reconsideration of Skilled-Worker Mobility and Development." *Center for Global Development Working Paper No. 180*.

Lecture 24 (4/21): Security

- Doyle, Michael, and Nicholas Sambanis. 2005. "International Peacebuilding: A Theoretical and Quantitative Analysis." *American Political Science Review* 94 (4):779-801.
- Weinstein, Jeremy. 2005. "Autonomous Recovery and International Intervention in Comparative Perspective." *Center for Global Development Working Paper No. 57*.

Lecture 25 (4/26): Conclusions/review session

Third and last exam (4/28)