

Political Economy of Development

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1 Objectives

For many of us, it is difficult to comprehend the fact that the standard of living of the average American is the exception rather than the rule when compared to the rest of the world. Indeed, more than 2 billion people live with incomes less than 2 dollars per day. What factors are responsible for this massive amount of poverty? What explains the chasm which separates the incomes of the developed and developing worlds? What can be done? This class aims to address these and many other questions with the caveat that most answers are incomplete and that debates continue unabated in the field of development studies. By the end of this course, I expect that you will have acquired a concrete understanding of the major issues, complexities, and challenges surrounding international development. It is my hope that, after you have left this classroom and the university, many of you will use this knowledge to change the world for the better.

2 Course Requirements and Policies

The requirements of this course consist of a midterm and final examination, a policy position paper, a class presentation, and active participation in class discussions. You are also expected to read all of the assigned materials *before* class.

2.1 Exams

There will be two in-class written examinations in this course, each worth **(25%)** of your grade. A week prior to the exam I will hand out a list of potential essay questions of which three (3) will be selected for the test. Though not mandatory, it may be a good idea to form study groups to exchange ideas on how best to answer these questions.

2.2 Policy Memo

A significant portion of your grade **(30%)** will depend on the policy memo. Taking the role of policy analyst, your task is to prepare a concise and structured policy brief advising an international development agency (e.g. World Health Organization) or government agency (e.g. Department of State) on how existing policies should be changed and/or what new policies should be designed. Your memo should address a specific country and development policy issue, i.e. poverty, corruption, foreign aid, regime stability, etc. The objective of the policy memo is to encourage you to apply the theoretical frameworks and analytic approaches discussed in class to practical use. Further information is provided in the handout.

2.3 Oral Presentation

Towards the end of the course you will be expected to present a 10-minute policy briefing to your colleagues summarizing your case and policy prescriptions. A 5-minute question and answer period will follow. The presentation is worth **(15%)** of your grade for the course. My evaluation of your performance will focus on your ability to deliver a concise and persuasive argument.

2.4 Participation

Your participation grade **(5%)** will depend on your active, thoughtful, and respectful participation in class discussions. Discussions provide you with the opportunity to share ideas with your peers and to demonstrate to me that you have done the readings. Healthy debate is a vital element of the learning process. We must remember, however, that all views must be heard and respected. Any rude or disrespectful behavior will not be tolerated. Lastly, to avoid the annoyance of the instructor and potential embarrassment, please turn off

all electronic communication devices before class. Laptop computers and other devices are to be used only for taking notes and referring to readings and on-line resources relevant to the class.

2.5 Cheating and Plagiarism

Please don't do it. Administration will be contacted if a case of cheating or plagiarism arises. See the handout on plagiarism distributed in class. Academic dishonesty is a serious matter, with serious consequences that can range from receiving no credit for assignments/tests to expulsion. It is never permissible to turn in any work that has been copied from another student or copied from a source (including internet) without properly acknowledging the source. It is your responsibility to make sure that your work meets the standard of academic honesty set forth in the Honor Code. If you are paraphrasing, cite the source. If you are quoting, use quotation marks and appropriate citation. Remember that academic integrity is a reflection of one's character.

2.6 Make-up Exams, Late Work and Incompletes

Only under extraordinary circumstances will I allow for a make-up examination. Late work will be penalized half a letter grade for each day it is late. Incompletes will be allowed only for family or illness reasons.

2.7 Syllabus Modification Rights

I reserve the right to reasonably alter the elements of the syllabus at any time. More often than not this will mean adjusting the reading schedule to keep pace with the lectures. I may add reading assignments as well. Also, if I determine that many students are not reading the assigned material before coming to class, new assignments may be added to the syllabus, such as quizzes and/or homework.

3 Readings

There are two required texts for this course. If you do not mind reading from a screen, in many cases e-book versions are the cheapest solution. Most popular on-line retailers carry these titles.

- Acemoglu, Daron and James A. Robinson. (2012) *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*. New York: Crown Publishers.
- Banerjee, Abhijit V. and Esther Duflo. (2011) *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*. New York: PublicAffairs.

Other assigned readings will be available on the e-reserves site, many of which are excerpts from the following books. Thought not required, I recommend that you read these thought-provoking and accessible studies in their entirety.

- Collier, Paul. (2007) *The Bottom Billion: Why the Poorest Countries are Failing and What Can Be Done About It*. New York: Oxford University Press.
- Collins, Daryl, Jonathan Morduch, Stuart Rutherford, Orlanda Ruthven. (2009) *Portfolios of the Poor: How the World's Poor Live on Two Dollars a Day*. Princeton, NJ: Princeton University Press.
- De Soto, Hernando. (2000) *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*. New York: Basic Books.
- Easterly, William. (2002) *The Elusive Quest for Growth: Economists Adventures and Misadventures in the Tropics*. Cambridge, MA: MIT Press.
- Easterly, William. (2006) *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good*. New York: Penguin Press.
- Sachs, Jeffrey. (2005) *The End of Poverty: Economic Possibilities for Our Time*. New York: Penguin Press.

4 Course Schedule

4.1 Development as a Field of Study

- Acemoglu & Robinson, *Why Nations Fail*, cc. 1-2
- Sen, Amartya. (1988) “The Concept of Development”, in *The Handbook of Development Economics* (eds. H. Chenery and T.N. Srinivasan) Vol 1. Amsterdam, Netherlands: Elsevier Science, pp. 9-26

4.2 Poverty, Inequality & Growth

- Collier, *The Bottom Billion*, c. 1
- Banerjee & Duflo, *Poor Economics*, c. 1
- Bourguignon, François and Christian Morrisson (2002) “Inequality among World Citizens: 1820-1992” *American Economic Review* 92(4): 727-744.
- Easterly, *The Elusive Quest for Growth*, c. 3

4.3 Institutions

- Acemoglu & Robinson, *Why Nations Fail*, cc. 3 & 5
- Olson, Mancur. (1993) “Dictatorship, Democracy, and Development.” *American Political Science Review* 87(3): 567-576.
- De Soto, *The Mystery of Capital*, cc. 4-5
- Peiffer, Caryn and Pierre Englebort (2012) “Extraversion, Vulnerability to Donors, and Political Liberalization in Africa” *African Affairs*, 111(444): 355-378

4.4 Governance

- Acemoglu & Robinson, *Why Nations Fail*, cc. 11-12.
- Mauro, Paolo. (1998) “Corruption and the Composition of Government Expenditure” *Journal of Public Economics* 69: 263-279.
- Chang, Eric and Miriam Golden (2010) “Sources of Corruption in Authoritarian Regimes” *Social Science Quarterly* 91(1): 1-20.
- Persson, Anna, Bo Rothstein, and Jan Teorell (2012) “Why Anticorruption Reforms Fail—Systemic Corruption as a Collective Action Problem” *Governance* (Forthcoming)

4.5 Societal Fractionalization

- Posner, Daniel (2004) “The Political Salience of Cultural Difference: Why Chewas and Tumbukas are Allies in Zambia and Adversaries in Malawi” *American Political Science Review* 98(4): 529-545.
- Miguel, Edward (2006) “Ethnic Diversity and Poverty Reduction”, in *Understanding Poverty* (eds. A.V. Banerjee, R. Benabou, D. Mookherjee) New York: Oxford University Press, pp. 169-184
- Lieberman, Evan (2007) “Ethnic Politics, Risk, and Policy-Making: A Cross-National Statistical Analysis of Government Responses to HIV/AIDS” *Comparative Political Studies* 40(12): 1407-1432

4.6 Health

- Banerjee & Duflo, *Poor Economics*, cc. 2-3 & 5
- Collins et al., *Portfolios of the Poor*, c. 3
- Deaton, Angus (2003) “Health, Inequality, and Economic Development” *Journal of Economic Literature* XLI: 113-158

4.7 Human Capital

- Banerjee & Duflo, *Poor Economics*, c. 4
- Easterly, *The Elusive Quest for Growth*, cc. 4-5

4.8 Environment

- Dietz, Thomas, Elinor Ostrom, and Paul C. Stern. (2003) “The Struggle to Govern the Commons” *Science* 302: 1907-1912
- Burke, Marshall B., Edward Miguel, Shanker Satyanath, John A. Dykema, and David B. Lobell (2009) “Warming Increases the Risk of Civil War in Africa” *Proceedings of the National Academy of Sciences* 106(9): 20670-20674.
- Keefer, Philip, Eric Neumayer, and Thomas Plümper (2011) “Earthquake Propensity and the Politics of Mortality Prevention” *World Development* 39(9): 1530-1541.

4.9 Conflict

- Collier, *The Bottom Billion*, pp. 17-38
- Blattman, Christopher and Edward Miguel. (2010) “Civil War” *Journal of Economic Literature* 48(1): 3-57.

4.10 Foreign Aid

- Sachs, *The End of Poverty*, c. 15
- Easterly, *The White Man’s Burden*, cc. 1-2
- *The Economist* (30 June 2005) “Aid to Africa: The \$25 Billion Question” [Link]

4.11 Moving Forward

- Acemoglu & Robinson, *Why Nations Fail*, cc. 14-15
- Banerjee & Duflo, *Poor Economics*, c. 10