

## Political Economy of Development

POL191.399  
Fall 2013  
Th 3-5:50 pm

Prof. Adnan Naseemullah  
Email: anaseem1@jhu.edu  
OH: Th 10-12 pm, Mergenthaler 275D

Why are some countries rich, while others remain poor? Why do some countries grow faster than others? Is there a “recipe” for economic development, and can it be applied to all countries, everywhere? The politics of development – its aims and purposes, its processes and its costs – look very different from where you stand. In this course, we will examine the big debates in the politics of economic development through historical, conceptual and analytical lenses. Along the way, we will encounter arguments over the relationship between the state and the market, what free trade means from the point of view of developing countries, what opportunities and hazards were created by the liberalization of international finance, whether certain countries – notably in East Asia – can serve as models for economic development, and what role if any democracy plays in development. We will also look at the complicated politics implicit in international development policy, including the evolution of World Bank through recent decades.

### **Books recommended for purchase:**

Karl Polanyi, *The Great Transformation* (Boston: Beacon Press, 2001 [1944]).

### **Assignments and Grading**

- Two 5-6 page (1500 word) papers spaced throughout the course (25% each)
- One 8 page (2000 word) final paper (30%)
- Class participation (20%)

### **Policies**

*Class participation:* Students are expected to come to class having done the readings and ready to fully participate in class discussions. As this course is designed as a seminar based on active discussion rather than passive lecturing, student preparation and participation is vital. Participation is graded by how well the student contributes to a productive class discussion of the readings and

topics at hand, not how often the students speak in class. Students are encouraged to not use laptops, as this inhibits actively engaging in class.

*Diversity and Collegiality:* One of the most enriching aspects of a liberal arts education is participating in a classroom with students from a wide variety of ethnic and cultural backgrounds and from a variety of diverse perspectives and experiences. In order to ensure optimum learning and participation within such a diverse environment, students are expected to listen, analyze and draw upon a diversity of views. To this end, I expect collegial dialogue across cultural and personal boundaries.

*Late Papers:* Papers will have 1/3 a letter grade deducted (from B+ to B, for example) for each day that they are late. This starts from the time the papers are due. For example, papers due at 3:00 that are turned in at 5pm on the same day are deducted 1/3 grade, and papers turned in at 5pm the next day are deducted 2/3 grade.

*Grade Challenges:* Students are entitled to a fair review and evaluation of their work. If you believe you received an unfair grade and wish to challenge it, please come to my office at least one day after you have received your grade with a typed statement of why you believe the grade you were assigned is inaccurate. Please note, upon re-evaluation of your paper, your grade may increase, stay the same, or decrease based on my judgment.

*Incompletes:* Incompletes will not be given without prior consultation with me and only under extraordinary circumstances. In order for an incomplete to be given, the student must contract with me when the work is to be completed, after which time the student's grade on the incomplete work will become an F if it is not received.

*Academic Honesty:* Students are expected to complete their own work, using their own ideas. Academic dishonesty will not be tolerated: the consequences may range from a 'zero' on an assignment to an F for the class. Academic dishonesty means plagiarizing; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly, honors, awards or professional endorsement; altering, forging, or misusing a University academic record; or fabricating or falsifying data, research procedures, or data analysis. Please note, while students are encouraged to consult with each other and form study groups, the work turned in by each student should be his or her own. Plagiarism consists of using another person's words or ideas without proper attribution. If you have any questions about what constitutes plagiarism, please ask me.

*Accommodations for Students with Disabilities:* Students with special needs are strongly encouraged to talk to me as soon as possible to gain maximum access to course information. All discussions will remain confidential.

## **Course Schedule & Readings**

(\* - posted on blackboard)

### **Week 1 - Sept 5 - Introduction**

### **Week 2 - Sept 12 - Modernization Theory**

Nils Gilman, *Mandarins of the Future*, ch. 1, 3, 5.  
<http://muse.jhu.edu/books/9780801881596>

Daniel Lerner, *The Passing of Traditional Society*, 1958. pp. 19-42.\*

W.W. Rostow, *The Stages of Growth*, 1960. pp.1-16.\*

Alex Inkeles, "The Modernization of Man," in Myron Weiner, ed., *Modernization*, 1966. pp. 138-150.\*

#### *Further Reading*

Joseph Gusfield, "Tradition and Modernity," in Jason Finkle and Richard Gable, eds., *Political Development and Social Change*, 2nd edition, 1971. pp. 15-26.

Gabriel Almond and B. Powell, *Comparative Politics: A Developmental Approach*, 1966. pp. 1-41.

### **Week 3 - Sept 19 -- State Building in the Developing World**

Samuel P. Huntington, *Political Order in Changing Societies*, 1-32.\*

Charles Tilly, "War Making and State making as Organized Crime", in Evans et. al., *Bringing the State Back In* (Cambridge University Press, 1985), pp. 169-191.\*

Youssef Cohen et al., "The Paradoxical Nature of State Making: The Violent Creation of Order", *American Political Science Review*, 1981, pp. 901-910.

Catherine Boone, *Political Topography of the African State*, Ch. 1-2.\*

*Further Reading:*

Tuong Vu, "Studying the State through State Formation," *World Politics*, 2010.

Miguel Centeno, "Blood and Debt: War and Taxation in Nineteenth-Century Latin America," *American Journal of Sociology*, 1997.

Richard Doner, "Limits of State Strength," *World Politics*, 1992.

#### **Week 4 - Sept 26 - Market Making and Late Developers**

Alexander Gerschenkron, *Economic Backwardness in Historical Perspective*, ch. 1.\*

Karl Polanyi, *The Great Transformation*, (Beacon Press, 1944), Chapters 3-8, inclusive.

Kiren Aziz Chaudhry, "The Myths of the Market and the Common History of Late Developers" *Politics and Society*, 1993.

*Further Reading:*

Stephen Holmes, "The Secret History of Self Interest", in Jane Masbridge, ed., *Beyond Self Interest* (Chicago, 1990).

Albert Hirschman, *The Passions and the Interests: Political Arguments for Capitalism before Its Triumph* (Princeton: Princeton University Press, 1977).

#### **Week 5 - Oct 3 - Dependency Theory and Import-Substitution**

V. I. Lenin, *Imperialism, the Highest Stage of Capitalism*, I-VII.  
<http://www.marxists.org/archive/lenin/works/1916/imp-hsc/index.htm>

Andre Gunder Frank, "The Development of Underdevelopment," *Monthly Review*, Vol. 18, September 1966.

Albert O. Hirschman, "The Political Economy of Import-Substituting Industrialization in Latin America," *The Quarterly Journal of Economics*, 1968.

Gary Gereffi and Peter Evans, "Transnational Corporations, Dependent Development, and State Policy in the Semiperiphery: A Comparison of Brazil and Mexico," *Latin American Research Review*, 1981.

*Further reading:*

Phyllis Deane, *The Evolution of Economic Ideas* (New York: Cambridge University Press, 1989).

Albert Hirschman, "The Rise and Decline of Development Economics", in Hirschman, *Essays in Trespassing*, pp. 1-24.

Deepak Lal, *The Poverty of Development Economics* (Cambridge, Massachusetts: Harvard University Press, 1981), pp. 1-24.

Immanuel Wallerstein, "The Rise and Future Decline of the World Capitalist System: Concepts for Comparative Analysis," in Wallerstein, *The Capitalist World Economy*, Cambridge, 1979, pp. 1-37.

\*\*\* first essay due 5 pm, Monday, October 8<sup>th</sup> \*\*\* 20%

### **Week 6 - Oct 10 - Oil Shocks and the Latin American Debt Crisis**

Samuel C. Gwynne, "Numbers: Adventures in the Loan Trade," *Harpers*, September 1983.

Carlos Diaz-Alejandro, "Latin American Debt: I Don't Think We Are in Kansas Anymore," *Brookings Institution*.

David Felix, "Latin America's Debt Crisis," *World Policy Journal*, 1990.

Karen Remmer, "Democracy and Economic Crisis," *World Politics*, 1990.

### **Week 7 - Oct 17 - the Developmental State and the East Asian Tigers**

Chalmers Johnson, *MITI and the Japanese Miracle*, Ch. 1.

Bela Belassa, "Lessons of East Asian Development: An Overview", *Economic Development and Cultural Change*, v. 36, No. 3, April 1988, Supplement. pp. S273-S290.

Stephan Haggard and Tun Jen Cheng, "State and Foreign Capital in the East Asian NICs", in Deyo, *The Political Economy of the New East Asian Industrialization*.\*

Peter Evans, "Class, State and Dependence in East Asia: Lessons for Latin Americanists", in Deyo, *The Political Economy of the New East Asian Industrialization*.\*

### *Additional Reading*

Robert Wade, *Governing the Market*, 1989.

Alice Amsden, *Asia's Next Giant*, 1991.

Doner, Ritchie and Slater, "Systemic Vulnerability and the Origins of Developmental States," *International Organization*, 2005.

Tuong Vu, "State Formation and the Origins of Developmental States in South Korea and Indonesia," *Studies in Comparative International Development*, 2007.

### **Week 8 - Oct 24 - Asian Financial Crisis and Financial Integration**

David C. Kang, "Transactions Costs and Crony Capitalism in East Asia," *Comparative Politics*, 2003.

Robert Wade, "Wheels within Wheels: Rethinking the Asian Crisis and the Asian Model," *Annual Review of Political Science*, 2000, 3:85-115.

Stephan Haggard, *the Political Economy of the East Asian Financial Crisis*, Intro, 1,3

Dani Rodrik, "Who Needs Capital Account Convertibility?"

Further Reading:

Jeffrey Winters, "The Determinant of Financial Crisis in Asia", in Pempel, ed., *The Politics of the Asian Economic Crisis* (Cornell, 1999), pp. 79-100.

### **Week 9 - Oct 31 - the Changing Roles of International Financial Institutions**

Martin Feldman, "Refocusing the IMF," *Foreign Affairs*, 1998.

Martha Finnemore, "Redefining Development at the World Bank," in Cooper and Packard, eds., *Development and the Social Sciences* (UC Press, 1997).

John Williamson, "What Should the World Bank Think About the Washington Consensus?" *World Bank Research Observer*, 2000.

Robert Wade, "What Strategies are Viable for Developing Countries Today? The World Trade Organization and the Shrinking of 'Development Space,'" *Review of International Political Economy*, Vol 10, No. 4, November 2003.

### *Further Reading*

John Gerard Ruggie, "International regimes, transactions, and change: embedded liberalism in the postwar economic order," *International Organization*, 1982.

*The World Bank: its First Half-Century*.

\*\*\* second essay due 5 pm, Monday, November 3<sup>rd</sup> \*\*\* 20%

### **Week 10 - Nov 7 - Contemporary Perspectives: RCTs and public goods provision**

Macartan Humphries and Jeremy Weinstein, "Field Experiments and the Political Economy of Development," *Annual Review of Political Science*, 2009.

Banarjee and Duflo, *Poor Economics*, ch. 1, 10.

Pranab Bardhan, "Little, Big," *Boston Review* 2013.

Justin Lin, "Watermelons and Sesame Seeds,"

### **Week 11 - Nov 14 - Contemporary Perspectives: Neo-Mercantilism**

James Kurth, "The Political Consequences of the Product Cycle," *International Organization*, 1979.

James Fallows, "How the World Works," *Atlantic Monthly*, December 1993, pp. 60-87.

Edward Steinfeld, "China's Shallow Integration: Networked Production and the New Challenges for Late Industrialization," *World Development*, Vol. 32, No. 11, 2004, pp.1971-1987.

Usha Haley and George Haley, "Subsidies and the China Price," *Harvard Business Review*, June 2008.

### **Nov 21 - Thanksgiving Break**

### **Week 12 - Nov 29 - Contemporary Perspectives: Global Value Chains**

Charles Sabel, "Flexible Specialization and the Re-emergence of Regional Economies" in Ash Amin, *Post-Fordism: A Reader* (Blackwell, 1994).\*

Gereffi, Humphrey and Sturgeon, "The Governance of Global Value Chains," *Review of International Political Economy*, 2005.

Caroline Arnold, "Where the Low Road and the High Road Meet," *Journal of Contemporary Asia*, 2010.

**Week 13 - Dec 5 - Wrap Up**

\*\*\* final essay due Friday, December 20<sup>th</sup> \*\*\* 30%