

IAS 3323.001 Political Economy of Development

“All happy families are alike; each unhappy family is unhappy in its own way.”— Leo Tolstoy, *Anna Karenina*

Instructor: Firat Demir

Office: Cate Center 1, Room 436; Office Hours: MW 10:00-12:00, Tel. 325-5844, E-mail: fdemir@ou.edu

Class time: TR 1:30-2:45 pm. Farzaneh Hall 0146

1. Course Objective

The purpose of the course is to develop an understanding of current economic problems and policy issues in developing countries. The course will review the evolution of development thinking and current policy debates, and will examine the development experience of different countries and regions over the post war period. We will also survey different economic theories of development including neoclassical and structuralist theories. Some of the questions that will be addressed include the following: a) What are the sources of current development challenges including historical, institutional, geographical, environmental, and cultural factors? b) How do different economic theories approach to the issue of underdevelopment? c) What is the role of economic globalization in determining the future development paths of developing countries?

2. Course Structure

The course is designed around lectures, assigned readings, and class discussions and will be conducted in a format closer to that of a seminar. The students are expected to come to each class after having read the assigned readings, and to participate in class discussions. The topics covered in the lectures will overlap the materials found in the readings. However, the lectures and discussions will, on occasion, cover some materials that are not found in the assigned readings. Students will be responsible on examinations for ALL ASSIGNED MATERIALS.

3. Course Requirements

The final grade will be based on your performance from: a) two midterms and a final exam (20% each); b) a term paper (20%); and c) homework assignments, quizzes and class participation (20%).

4. Term Paper and homework assignments

The term paper should be on a problem or issue in the historical or contemporary experience of a particular developing country or countries. It should be focused, analytic, reflect critical thinking of materials read and must be well-documented with complete references given (at least 10 sources). Internet material should be used with care and very sparingly (Wikipedia is not acceptable). The topic for the term paper must be approved by the instructor in advance. A 1-2 page draft of what you propose to do must be submitted by **September 15** and the final paper is due on **December 1**. Both the proposal and the final copy of your paper need to be submitted in print *and* online (using the Dropbox folder at D2L).

There are three short essay/reaction paper assignments based on three documentaries: “Congo: White King, Red Rubber, Black Death” (due on *October 4*), “Life and Debt” (due on *October 20*), and “The Inside Job” (due on *November 17*) each maximum 4 (single-space) pages.

5. Policy on Make-up Exam

There is no make-up for the midterm exam(s). If you miss an exam because of *a valid reason* the weight of your other exams will be increased proportionally. Otherwise you will obtain a score equal to zero.

6. Readings

All required and optional readings are available at D2L.

7. Academic Ethics

Cheating on assignments and exams, or plagiarizing is penalized by the University of Oklahoma. A student found in such a situation will be given an F and be brought to University of Oklahoma Honor Council for further penalties as defined under Academic Misconduct. For further information, refer to <http://www.ou.edu/honorcouncil/index.html>

8. Students with Disabilities

Any student who feels he or she may need an accommodation based on the impact of a disability should contact me privately as soon as possible to discuss his or her specific needs. For details refer to <http://drc.ou.edu/>

9. Religious Holidays

“It is the policy of the University to excuse the absences of students that result from religious observances.”

10. Laptop and Phone Policy

The use of laptop computers and tablets is subject to permission from the instructor and their use should be limited to access the Lecture notes and PowerPoint slides. Mobile phones must either be switched off or set to the silent mode during lectures. This rule will be strictly enforced and any deviation may result in points being deducted from your attendance score.

11. Grading Scale

97.5-100:	A+	77.5-79.9:	C+
95-97.49:	A	72.5-77.49:	C
90-94.49:	A-	70-72.49:	C-
87.5-89.9:	B+	67.5-69.9:	D+
82.5-87.49:	B	62.5-67.49:	D
80-82.49:	B-	60-62.49:	D-
		<60	F

Your final grade will follow the University of Oklahoma’s grading scale, that is A, B, C, D, and F without the intermediate grades on the left.

I reserve the right to adjust this schedule of grade equivalents in the student’s favor.

Tentative Course Outline and Reading Assignments (* refers to optional readings)**1. Introduction****a. The post war evolution of development thinking**

- Notes Part 1
- World Bank, World Development Report 1991, ch. 2
- International Handbook of Development Economics, Ch. 1 (P. Streeten)
- Reuss, A. 2013. GDP and its discontents
- * Chang, H-J. (2009). "Hamlet without the Prince of Denmark: How development has disappeared from today's 'development' discourse." In S. Khan & J. Christiansen (eds.), *Towards New Developmentalism: Market as Means rather than Master*, Routledge, Abingdon.

b. Developing countries: description and record in historical context

- Notes
- Pritchett, L. (1997). Divergence, Big Time. *Journal of Economic Perspectives* 11(3): 3-17.

2. Industrialization, state-led development and the logic of developmental state

- Notes Part 2
- Chang: *Kicking Away the Ladder*, Ch.2, pp.13-68.
- *International Handbook of Development Economics, Ch. 8 (J. Ros)
- *International Handbook of Development Economics, Ch. 32 (H. Shapiro)

Exam 1: September 22**3. Alternative approaches to development**

- Notes Part 3

a. Theories of dependency

- International Handbook of Development Economics, Ch. 9 (J.G. Palma)
- *Lall, S. (1975). Is Dependency a useful concept in understanding development? *World Development* 3(11).

b. Structuralism

- International Handbook of Development Economics, Ch. 10 (J.G. Palma)

c. Marxism and development

- International Handbook of Development Economics, Ch. 11 (B. Sutcliffe)

d. Neoclassical development economics

- International Handbook of Development Economics, Ch. 13 (S. Rashid)

4. Economic development experiences**a. The Latin American experience(s)**

- Notes Part 4
- Cardoso, E. and Fishlow, A. (1992). "Latin American Economic Development 1950-1980." *Journal of Latin American Studies*, 24: 197-218.
- Ocampo, J.A. (2004). Latin America's Growth and Equity Frustrations During Structural Reforms. *Journal of Economic Perspectives*. 18(2): 67-88.
- *Stallings, B. and Peres, W. (2000) The impact of economic reforms in Latin America.

b. The East Asian experience(s)

- Notes Part 5
- Rodrik, D. (1994). "Getting Interventions Right: How South Korea and Taiwan Grew Rich." *NBER Working Paper* No.w.4964.
- Wade, R. (1989). "What can Economics Learn from East Asian Success?" *Annals of the American Academy of Political and Social Science*, 505, The Pacific Region: Challenges to Policy and Theory: 68-79.
- Jenkins, R. (1991). "The Political Economy of Industrialization: A Comparison of Latin American and East Asian Newly Industrializing Countries." *Development and Change*, 22: 197-231.

c. The Neoclassical resurgence and the debate on openness, growth and productivity

- Notes Part 6
- Balassa, B. 1980. The process of industrial development and alternative development strategies.
- World Bank, World Development Report 1991, ch. 5

d. Africa's growth tragedy

- Notes Part 7
- Documentary assignment: "Congo: White King, Red Rubber, Black Death" (due on October 4)
- Collier, P and Gunning, J. W. (1999) Why has Africa grown slowly?
- Easterly, W. The White Man's Burden, pp. 269-293.
- *Easterly, W. and Levine, R. (1997). Africa's growth tragedy.

e. North Africa and the Middle East

- Notes Part 8
- International Handbook of Development Economics, Ch. 67 (Dahi & Demir)

Exam 2: November 3**5. Crisis, reform, and the end of developmental state: The debt crisis of the 1980s & the Washington Consensus**

- Notes Part 9
- Documentary assignment: "Life and Debt" (due on October 20)
- Harvey, D. (2005). Neoliberalism, Ch. 1.
- Pollin, R. What is wrong with neoliberalism?
- Williamson, J. (2004). "A Short History of Washington Consensus", Presented at *From the Washington Consensus towards a New Global Governance*, Barcelona on 24-25 September 2004. Available at: <http://www.iie.com/publications/papers/williamson0904-2.pdf>.
- Rodrik, D. (2006). Goodbye Financial Consensus, Hello Washington Confusion? A Review of the World Bank's Economic Growth in the 1990s. *Journal of Economic Literature*, 44: 973-987.
- Rodrik, D. (1996) Understanding Economic Policy Reform. *Journal of Economic Literature* 34: 9-41.

6. Institutions: Do they matter at all?

- Notes Part 10
- Chang, Bad Samaritans, Ch. 9. pp. 167-188.
- *Acemoglu, D., Johnson, S. and Robinson, J. (2005) The Rise of Europe: Atlantic Trade, Institutional Change and Economic Growth. *American Economic Review*, 95(3): 546-579.
- *Chang, H. (2010), Institutions and economic development: theory, policy and history. *Journal of Institutional Economics*, 1-26.

7. The resurgence of China

- Notes Part 11
- *Qian, Y. How reform worked in China

8. Inequality and poverty

- Notes Part 12
- a. Development and income inequality: the Kuznets curve and its critique
- Kuznets, S. (1955) Economic growth and income inequality
 - Rauch, J.E. (1991) Economic development, urban underemployment, and income inequality
- b. Poverty: measurement, causes and consequences
- World Bank, World Development Report 2000, chs. 1-4
- c. Inequality and growth
- International Handbook of Development Economics, Ch. 48 (N. Birdsall)

9. The Great Recession: Global financial crisis of 2008- 2012

- Documentary assignment: “The Inside Job” (due on November 17)
- Notes Part 13
- [Krugman, Paul \(2009\). “How Did Economists Get It So Wrong?” *NYT Magazine*.](#)
- [Stiglitz, Joseph \(2008\). “Capitalist Fools.” *Vanity Fair*.](#)
- [Stiglitz, Joseph \(2011\). “Of the 1%, by the 1%, for the 1%.” *Vanity Fair*.](#)

Final Exam: Thursday, December 15, 1:30-3:30 pm.

Afterword:

Questions from a worker who reads

*Who built Thebes of the seven gates?
In the books you will find the names of kings.
Did the kings haul up the lumps of rock?
And Babylon, many times demolished
Who raised it up so many times? In what houses
Of gold-glittering Lima did the builders live?
Where, the evening that the Wall of China was finished
Did the masons go? Great Rome
Is full of triumphal arches. Who erected them? Over whom
Did the Caesars triumph? Had Byzantium, much praised in song
Only palaces for its inhabitants? Even in fabled Atlantis
The night the ocean engulfed it.
The drowning still bawled for their slaves.*

*The young Alexander conquered India.
Was he alone?
Caesar beat the Gauls.
Did he not have even a cook with him?*

*Philip of Spain wept when his armada
Went down. Was he the only one to weep?
Frederick the Second won the seven Years' War. Who
Else won it?*

*Every page a victory
Who cooked the feast for the victors?
Every ten years a great man?
Who paid the bill?*

*So many reports.
So many questions.*

*Bertolt Brecht
"Fragen eines lesenden Arbeiters" - translated by M. Hamburger
from Bertolt Brecht, Poems 1913-1956, Methuen, N.Y., London, 1976*