

UCLA  
DEPARTMENT OF POLITICAL SCIENCE AND  
INTERNATIONAL DEVELOPMENT STUDIES

PS 167C/IDS M120: POLITICAL ECONOMY OF DEVELOPMENT

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Spring 2016  
Tues, Thurs 11am-12:15pm  
Humanities A51  
Office hours: Thurs 2-4pm

This course provides a political economy approach to the puzzle of why some countries are rich and other are poor, and why, among the latter, some have been able to achieve rapid rates of economic growth and improvements in their citizens' wellbeing while others have not. This is perhaps the central question in the study of development, and we approach it by reviewing and explaining the logic behind some of the most important arguments that have been advanced to account for differences across countries in rates and levels of economic development.

The first half of the course looks at theories of the role of the state in economic development—theories that can be applied to both Europe, historically, and the developing world today. We begin at the simplest level with the problem of achieving order and prosperity in stateless societies. Then we discuss the deep sources of development such as geography and factor endowments. Then we bring in the state and explore its role as a protector against violence and predation, a guarantor of property rights, a coordinator of economic policies, and an investor in productive enterprise, and we show how each of these roles contributes to economic development. But because a state that is strong enough to do such things is also strong enough to implement policies that run against the public interest, we then take up a discussion of the ways in which the state can stand as an *impediment* to development, and also how it might be reigned in.

The second part of the course focuses on issues confronting the developing world today. We consider the critical issues of ethnicity, conflict, and gender. We consider the role of leadership. We then look at how exchanges with other countries—via trade, migration, and international capital flows (including investment and foreign aid)—affect the logic of development. We conclude by examining three leading approaches to promoting development: decentralization, informational campaigns, and the Millennium Villages (the embodiment of Jeffrey Sachs' "Big Push" logic). For each, we discuss the motivations that lie behind the intervention and their (mixed) record of success.

#### REQUIREMENTS

The course is taught in two lectures each week, on Tuesday and Thursday from 11:00 to 12:15 in Humanities A51. Attendance at lectures is mandatory.

Students are required to take a take-home midterm, an in-class midterm, and a cumulative final exam. They are also required to attend and participate in weekly discussion sections. Each part of the midterm is worth 25 percent of the final grade, the final exam is worth 35 percent, and section participation is worth the remaining 15 percent.

- The take-home portion of the midterm will be distributed at the end of lecture on April 28 and due in Prof. Posner's office at 3pm on Friday, April 29.
- The in-class portion of the midterm will be on May 12.
- The final exam will be on June 9 from 8-11am.

The course involves a fairly heavy reading load, the completion of which is essential to understanding the issues and controversies addressed in the lectures. There are no required books for purchase. All of the readings are posted on the course web page (UCLA log in required) and are available for your own use.

## LECTURE TOPICS AND READING ASSIGNMENTS

### WEEK 1

March 29: *Introduction: The Puzzle of Development*

"The Road to Riches," *The Economist*, 31 December 1999.

Angus Deaton, "The Wellbeing of the World," in *The Great Escape: Health, Wealth and the Origins of Inequality* (Princeton University Press, 2013), ch 1.

March 31: *What Does It Mean to be "Developed?"*

Abhijit Banerjee and Esther Duflo, "The Economic Lives of the Poor," *Journal of Economic Perspectives* 21, 1 (Winter 2007), pp. 141-167.

Johannes Haushofer, "The Price of Poverty: Psychology and the Cycle of Need," *Foreign Affairs*, 15 July 2014.

### WEEK 2

April 5: *The Peasantry, Risk, and Kinship*

Robert Bates, *Prosperity and Violence*, 2<sup>nd</sup> edition (Norton, 2010), ch 2.

James Scott, *The Moral Economy of the Peasant* (Yale University Press, 1979), chs 1-2.

April 7: *Deep Sources of Development: Geography and Factor Endowments*

Jeffrey Sachs, "Nature, Nurture and Growth," *The Economist*, 12 June 1997.

"The Road to Hell is Unpaved," *The Economist*, 21 December 2002.

Paul Collier, "The Natural Resource Trap" and "Landlocked with Bad Neighbors," in *The Bottom Billion* (Oxford University Press, 2007), chs. 3-4.

### WEEK 3

April 12: *The State as a Solution to Growth*

Robert Bates, *Prosperity and Violence*, 2<sup>nd</sup> edition (Norton, 2010), ch 3.

Daron Acemoglu, "Root Causes: A Historical Approach to Assessing the Role of Institutions in Economic Development," as excerpted in O'Neil and Rogowski, *Essential Readings in Comparative Politics* (Norton, 2013), pp. 155-159.

April 14: *The State as a Helping Hand: ISI and Planning*

Debraj Ray, "Growth Engineering: The Soviet Experience" and "Trade Policy: Import Substitution," in *Development Economics* (Princeton University Press, 1998), pp. 56-57 and 656-660.

John Waterbury, "The Long Gestation and Brief Triumph of Import Substituting Industrialization," *World Development* 27, 2 (1999), pp. 323-341.

WEEK 4

April 19: Film: *Our Friends at the Bank*

April 21: *The State as a Grabbing Hand: Corruption*

William Easterly, *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics* (MIT Press, 2001), chs. 11-12.

WEEK 5

April 26: *Democratic Institutions as a Solution?*

Douglass North and Barry Weingast, "Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England," *Journal of Economic History* 49 (December 1989), pp. 803-832.

Adam Przeworski et al, "Political Regimes and Economic Growth," as excerpted in O'Neil and Rogowski, *Essential Readings in Comparative Politics* (Norton, 2004), pp. 406-414.

April 28: *Ethnicity and Development*

Alberto Alesina and Eliana La Ferrara, "Ethnic Diversity and Economic Performance," *Journal of Economic Literature* 43 (September 2005), pp. 762-800.

April 29: Take-home midterm due at 3pm in Professor Posner's office

WEEK 6

May 3: *Conflict and Development*

World Bank, *World Development Report 2011: Conflict, Security and Development*, ch. 1.  
Paul Collier, "The Conflict Trap," in *The Bottom Billion* (Oxford University Press, 2007), ch 2.

May 5: *Gender and Development*

Esther Duflo, "Women Empowerment and Economic Development," *Journal of Economic Literature* 50 (December 2012), pp. 1051-1079.

WEEK 7

May 10: *Do Leaders Matter?*

Benjamin Jones and Benjamin Olken, "Do Leaders Matter? National Leadership and Growth Since World War II," *Quarterly Journal of Economics* 120(3), pp. 835-864.

May 12: In-class midterm

WEEK 8

May 17: *Globalization: Trade and Migration*

"Trade Winds," *The Economist*, 8 November 1997.

"The Free Trade Fix," *New York Times Magazine*, 18 August 2002.

"The Rigged Trade Game," *New York Times*, 20 July 2003.

Devesh Kapur and John McHale, "Migration's New Payoff," *Foreign Policy* (November/December 2003), pp. 49-57.

May 19: *Globalization: Sweatshops and the Domestic Politics of Trade*

- “Chinese Girls’ Toil Brings Pain, Not Riches,” *New York Times*, 2 October 2003.  
“An Ugly Side of Free Trade: Sweatshops in Jordan,” *New York Times*, 3 May 2006.  
“Two Cheers for Sweatshops,” *New York Times Magazine*, 24 September 2000.  
“Where Sweatshops are a Dream,” *New York Times*, 15 January 2009.  
Paul Krugman, “In Praise of Cheap Labor,” *Slate*, 20 March 1997.  
“The Unkept Promise,” *New York Times*, 30 December 2003.  
“The Great Catfish War,” *New York Times*, 22 July 2003.  
“Brazil’s Shrimp Caught Up in a Trade War,” *New York Times*, 10 March 2004.  
“America’s Sugar Daddies,” *New York Times*, 29 November 2003.  
“The Fabric of Lubbock’s Life,” *New York Times*, 19 October 2003.  
“The Long Reach of King Cotton,” *New York Times*, 5 August 2003.  
“Who Said Anything About Rice? Free Trade is About Cars and PlayStations,” *New York Times*, 10 August 2003.  
“Napoleon’s Bittersweet Legacy,” *New York Times*, 11 August 2003.  
“Norwegian Butter Battle,” *Slate*, 14 December 2011.

WEEK 9

May 24: *IFIs and Aid*

- Angus Deaton, “How to Help Those Left Behind,” in *The Great Escape: Health, Wealth and the Origins of Inequality* (Princeton University Press, 2013), ch 7 (pp. 267-307 only).

May 26: *Interventions to Promote Development: Decentralization*

- Junaid Ahmad, Shantayanan Devarajan, Stuti Khemani, and Shekhar Shah, “Decentralization and Service Delivery,” *World Bank Policy Research Working Paper* 3603 (May 2005).

WEEK 10

May 31: *Interventions to Promote Development: Informational Campaigns*

- Stuti Khemani, “Can Information Campaigns Overcome Political Obstacles to Serving the Poor?” In Shantayanan Devarajan and Ingrid Widlund, eds. *The Politics of Service Delivery in Democracies: Better Access for the Poor*. Swedish Ministry of Foreign Affairs (2007).

June 2: *Interventions to Promote Development: Big Push/Millennium Villages*

- “Big Push Back,” *The Economist*, 3 December 2011.  
Paul Pronyk et al, “The Effect of an Integrated Multisector Model for Achieving the Millennium Development Goals and Improving Child Survival in Rural Sub-Saharan Africa: a Non-Randomised Controlled Assessment,” *The Lancet*, 8 May 2012.  
Michael Clemens, “When Rigorous Impact Evaluation is Not a Luxury: Scrutinizing the Millennium Villages,” blog post, 10 October 2010.  
Gabriel Demombynes, “Evaluating the Millennium Villages,” blog post, 11 October 2010.  
Gabriel Demombynes, “The Millennium Villages Project Impacts on Child Mortality,” blog post, 10 May 2012.  
Abhijit Banerjee et al, “A Multifaceted Program Causes Lasting Progress for the Very Poor: Evidence from Six Countries,” *Science*, 15 May 2015 [read the first page summary; skim the rest]