Politics of Economic Development in the World
POLSX3801
(Spring 2018)

Instructor: Xiaobo Lu

Time and Room: Wed 4:10-6pm, 404 Barnard Hall

Office Hours: Wed 2-4pm, 207 LeFrak

Course overview: This undergraduate colloquium aims to study political and social factors behind economic development and exam empirical cases of the success and failure in economic growth in order to understand the key features as well as causes and consequences of the development processes.

In the last two centuries, some countries successfully achieved economic growth and development, while other failed to do so. Even in the post-WWII period, the world has witnessed the rise and decline of economies around the world. Why do nations succeed or fail in economic development? How do political institutions affect economic outcomes? Is a strong state necessary for economic development? What are the ways in which state and market interact and influence each other? Can democracy be considered a cause of development, an outgrowth of development, or neither and to which extent? How do external factors such as foreign aid encourage or discourage development? We will try to examine these questions by taking a historical-institutional and comparative approach and take a critical look at the role of political and other institutions by applying theoretical guidelines and empirical cases. We will explore competing explanations for the successes and failures of economic development in the world.

Objective: Through readings, discussions, and research writing, students are expected to understand some important concepts, theories and cases in economic development. We will explore the interconnections between politics, economy, and society in the context of development policy and practice. As a result, students are expected to have a good understanding of various factors that shape economic development and underdevelopment in the world.

Requirements: Class discussion is the main form of learning. Each week a specific topic will be chosen as the main theme for class discussion. Students will be expected to fulfill weekly reading assignments and participate in class discussions. The instructor will lecture some 30 minutes with background information and key concepts. Then class discussion will be led by a student assigned to that week. Students are also encouraged to read some additional print and internet material as part of their research projects.
Prerequisites: Open to undergraduate students with junior standing in any social science majors, but preference to Barnard political majors for fulfilling major requirements. A prior introductory course in comparative politics (POS V1501) will be helpful. Prior exposure to macroeconomics is a plus.

Grades are based on:

1. A weekly short reaction essay on the readings to be posted on the class coursework discussion board (starting on Week 2). Students are also expected to make comments or raise questions on postings by others. Please note that the reaction essay should be posted online before the time of class. 20% of course grade;
2. A research paper of any topic related to the course (20-25 pages), 60% of course grade;
3. Class participation including leading at least one discussion session 20%.

There is no required textbook for the class. All the readings will be available through library E-journal collection and/or posted on class website @coursework. The only book recommended to purchase is Why Nations Fail? The origin of power, prosperity and poverty by Daron Acemoglu and James Robinson (2012)

Part 1. Introduction to Development: Patterns and Theories

Week 1. Why economic development?
Introduction to the course

Week 2. Theories and patterns of growth and development

1) What is “development”?

Week 3. Institutions, political regimes, and development

• Democracy, authoritarianism and development


- **Institutions and development**


**Week 4. Natural endowment and economic development**

1) "Natural Resources Curse" and "Dutch Disease"


- "Rentier State": consequence of natural resources dependence


3. **Geography and economic development**


**Week 5. Culture, Society and economic development**


Part 2. Comparative Development Experiences

Week 6. Industrialization and early development

- *The emergence of the European world-system and the rise of the core economies*


- *Reconstruction: lessons of external assistance*


Week 7. Communist states and central planning

- *Soviet economic development*


- *Maoist industrialization of China*


Week 8 State-led Economic Development: the “East Asian Miracle”


Research paper statement (topic and research questions) is due on March 7.

Week 9. Politics of reforms: from central planning to market economy

1) Reform and opening-up in China

Barry Naughton (1996), Growing out of the Plan, chapter 4, “the Growth of non-State Sector”


2) Shock therapy and economic transition


Week 10. Legacies, dependency development, and world-system
Dependency development theory and Latin America


The “Washington Consensus”


Institutional legacies, import substitution industrialization, debt crisis, inflation and privatization


Week 11. Foreign aid, trade, and external factors for development


Week 12. Religion, democratic institutions, and the politics of liberalization
• Federalism, causes and consequences of liberalization in India


• Ethnic conflict, labor and class politics


• Poverty and democracy co-existence in India


Part 3: New Challenges

Week 13. The “Middle-income trap” facing newly industrializing economies

• The concept and theory


• The “New-normal” of Chinese economic development


- **Inflating and bursting bubble and financial crisis in Japan**


- **The lost decade continued in Japan**


- **Failure and success of reform and deregulation**

Magara, H. and Stefano Sacchi (2013), *Politics of Structural Reforms: social and industrial policy changes in Italy and Japan*, Edward Elgar, Chapters 2 and 4.


**Week 14. Accountability, corruption, globalization, and development**

1. **Accountability, corruption and development**


2. **Globalization, inequality, and the rise of populism in industrialized countries**


*Research Paper Due on 6pm on Monday May 7, 2018.*