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I A STD 191
Fall 2015
W 11:00 – 1:50
KAUFMAN 153

Institutions and Economic Development

The main purpose of this course is to examine some aspects of the wealth and poverty of nations, with particular attention to how government actions, policy, and political institutions affect economic development. Why are some countries rich and others poor? What prevents the less developed nations of the world from following in the footsteps of their wealthy neighbors and catching up to the same level of development? There is still much that social scientists do not know about how the world works. We will explore these and related questions in class and advance our understanding of how the works.

The course involves a combination of weekly readings and student presentations. You are expected to complete all the assigned readings, actively contribute to the discussion in class and prepare and make one oral presentation in class (see details below).

The material we will cover is organized around three broad themes. First, what is development? We will explore the concept, its measurement, its historical roots, the role of the state, and the principal theories of development. Second, what factors distinguish developed countries from the less developed ones? We will consider a host of issues: governance, geography, culture, ethnicity, religion, gender, natural resources and the environment, corruption, conflict etc. Third, what is the effect of intervention and change? Here, policy choices, foreign aid, informal solutions, trade, challenges to wealth creation, and globalization are topics for study. The organizing premises of the course are that development (in some form) is a desired good for all countries, and that states play a critical role in the process, even if some things are beyond government control.

This course is a theme-based course; it is not designed as a study of individual countries. Nevertheless, in exploring the themes and trends that dominate politics in the developing world, we will learn quite a bit about a variety of countries in Africa, Asia, Latin America, and the Middle East, and you will have opportunities to learn the details of specific countries through your own research for the class presentations.

This class is a seminar and therefore you, the students, will be expected to lead the discussions. In order to facilitate active participation, this class has a strict **NO LAPTOPS POLICY**.¹ You should bring printed copies of the readings and/or your notes to class.

¹ This policy extends to other electronic devices such as cellphones.

REQUIREMENTS

The class meets once a week, on Wednesdays from 11:00am – 1:50pm in KAUFMAN Hall Room 153. Except for the first week, the first half of the class will usually be devoted to student presentations. The presentations will run for about an hour and half. We will then take a short break (15 minutes) and resume at about 12:45pm. In the second half, we will discuss the readings in detail. All students are expected to actively contribute to the discussions. In registering for the course, you are making a commitment to attend all class meetings.

Here are the main requirements for this course.

1. Students are expected to come to every meeting and to participate actively in the discussions.
2. Each student is required to sign up to make one presentation during the quarter. The presentation should focus on the theme of that week and you will use the week's assigned readings as background material to prepare your presentation. You may use PowerPoint but that is not required.
3. In addition to the oral presentation in class, you should send a 2 to 3-page write-up of your presentation to the instructor the day before your presentation. Late submissions will not be accepted.
4. There will be one in-class midterm exam and a final research paper.

The relative weights accorded to each of these requirements are as follows:

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|-----------------------------------|------------|
| • Participation in class | 20 percent |
| • Class presentation | 20 percent |
| • In class midterm (Wed, Oct 28) | 25 percent |
| • Research Paper (Due Wed, Dec 9) | 35 percent |

SCHEDULE OF CLASSES

READINGS

The readings for this course are essential for understanding the themes discussed in class. Two books are required, as we will read several chapters from each. You can get them from ASUCLA or Amazon.

1. Amartya Sen. 2000. *Development As Freedom*. New York: Anchor Press.
2. Paul Collier. 2007. *The Bottom Billion: Why the Poorest Countries Are Failing and What Can Be Done About It*. New York: Oxford University Press.

All other readings (aside from these two books) will be provided via the course website.

Sept 30: *Defining Development*

- Paul Collier, *Bottom Billion*, Ch. 1.
- Amartya Sen, *Development as Freedom*, Introduction.
- What is Development? *World Bank Group*
- Abhijit Banerjee and Esther Duflo (2007), "The Economic Lives of the Poor," *Journal of Economic Perspectives*, 21:1.

NO STUDENT PRESENTATIONS THIS WEEK. PLEASE SIGN UP FOR A SLOT.

Oct 7: *Measuring Development*

- United Nations Development Programme, "Human Development Report Overview."
- Amartya Sen, *Development as Freedom*, Ch. 2.
- Paul Collier and Jean-Louis Warnholz, "Building Haiti's Economy, One Mango at a Time," *The New York Times*, January 28, 2010.
<http://www.nytimes.com/2010/01/29/opinion/29collier.html>

Oct 14: *Historical Roots of Development*

- Kenneth Sokoloff and Stanley Engerman (2000), "History Lessons: Institutions, Factor Endowments, and Paths of Development in the New World," *Journal of Economic Perspectives* 14:3.
- "Still With Us: Slavery is Alive and Well Around the World." *Economist*. March 9, 2005. <http://www.economist.com/node/3737154>
- Nathan Nunn (2008) "The Long Term Effects of Africa's Slave Trades," *Quarterly Journal of Economics*, Vol. 123, No. 1, pp. 139-176.

Oct 21: The Role of the State

- Mancur Olson, “Democracy, Dictatorship and Development”, in *American Political Science Review*. Sep 1993. Vol. 87, 3; p. 567 (10 pages).
- Minxin Pei, “Everything You Think You Know About China Is Wrong,” *Foreign Policy*, August 29, 2012.
- Guido Tabellini, “The Role of the State in Economic Development”. *CESIFO Working Paper No. 1256 (2004)*
- “China’s Achilles Heel: A Comparison with America Reveals a Deep Flaw in China’s Model of Growth.” *Economist*, April 21, 2012.

Oct 28: IN-CLASS MID TERM EXAM

Nov 4: Democracy and Development

- Amartya Sen, *Development as Freedom*, Ch. 6.
- Bruce Bueno de Mesquita and George Downs (2005), “Development and Democracy,” *Foreign Affairs*.
- Freedom House (2012), “Freedom in the World 2012: The Arab Uprisings and Their Global Repercussions.”
- Varshney, ‘India’s Democratic Challenge,’ *Foreign Affairs*.
<http://www.foreignaffairs.com/articles/62451/ashutosh-varshney/indias-democratic-challenge>
- Rafael Marques de Morais, “In Angola, Growing Wealth, Shrinking Democracy,” *New York Times*, Aug 29, 2012.

Nov 11: VETERANS DAY HOLIDAY

Nov 18: Geography, Culture and Development

- Paul Collier, *Bottom Billion*, Ch. 4.
- Hausman, “Prisoners of Geography” *Foreign Policy* (2001) pp. 45-53.
- *Optional reading*: Donald Davis and David Weinstein. (2002). “Bones, Bombs, and Breakpoints: The Geography of Economic Activity”, *American Economic Review*, 92(5).
- David Landes, “Culture Makes Almost All the Difference,” in Harrison and Huntington, *Culture Matters* (2000), pp. 2-14.
- “Confucius Says: Go East, Young Man,” *Washington Post National Weekly*, Nov 27 – Dec 3, 1995.
- Samuel Huntington. 1993. “The Clash of Civilizations?” *Foreign Affairs*.

Nov 25: Globalization, Intervention, and Development

- “Cars in Indonesia: Let Them Walk.” *Economist*, May 26, 2012.
- Paul Collier, *The Bottom Billion*. Ch. 6, “On Missing the Boat.”
- Paul Collier, *The Bottom Billion*. Ch. 10, “Trade Policies to Reverse Marginalization.”
- Dani Rodrik, “No More Growth Miracles.” *Project Syndicate*, Aug 8, 2012.
- “Aid to the rescue” *The Economist*, August 16, 2014

ROUGH DRAFT DUE VIA TURNITIN

Dec 2: Conclusion: Where do we go from here?

- Paul Collier, *The Bottom Billion*. Ch. 11, “An Agenda for Action.”
- Amartya Sen, *Development as Freedom*. Ch. 12, “Individual Freedom as a Social Commitment.”

DEC 9: FINAL PAPER DUE VIA TURNITIN IN WEEK 11 FOLDER @11:59PM.