

**Graduate Seminar on the Political Economy of Development
G53.3400.003**

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Course Description

The question of why some countries stagnate economically while others grow rapidly has long been one of most important questions in the field of Economics. It is now widely acknowledged that politics plays a central role in influencing growth. This has made the political economy of economic development one of the cutting edge areas of research in Political Science as well. The goal of this course to familiarize students with the current frontiers of research in the political economy of development, taking full account of the multi-disciplinary nature of the field. Accordingly, the reading list primarily focuses on recent publications and working papers, which span the fields of Political Science as well as Economics. I will provide the necessary historical context when required.

Organization

We will read three publications in detail every week. The publications to be read will be a subset of the reading list provided for each week at the end of this syllabus. Each publication will receive a 15 minute presentation by one of the students, followed by a 10 minute response from another student. We will then have a 15 minute class discussion before proceeding to the next publication.

Requirements

Two thirds of the class grade will be based on class participation, i.e. the quality of presentation and the quality of contributions to classroom discussion. In order to get a good grade it is essential to demonstrate that you have carefully read the assigned readings. The remaining third of the grade will be for writing a paper in which you replicate the results of one of the papers the we have read, along with the addition of one variable that plausibly advances the agenda of the paper. The last two classes of the semester will be devoted to presentations of the main findings of these student papers.

Availability of articles/books

All articles can be easily found and are readily downloadable from the web. (In some cases I have provided the links below.) The assigned books can be ordered from amazon.com or barnesandnoble.com.

Readings

Week 1: Introduction-

*Banerjee, Abhijit and Esther Duflo (2006). The Economic Lives of the Poor. *Journal of Economic Perspectives* 21(1), 141-167.

Weeks 2, 3, 4- History-

Nathan Nunn. 2008. The Importance of History for Economic Development. Manuscript. http://www.economics.harvard.edu/faculty/nunn/papers_nunn

Acemoglu, Daron, Simon Johnson, and James Robinson. 2001. The Colonial Origins of Economic Development. *American Economic Review* 91 (5) 1369-1401.

Glaeser, Edward et al. 2004. Do Institutions Cause Growth? *Journal of Economic Growth* 9(3), 271-303.

Banerjee, Abhijit and Lakshmi Iyer. 2005. History, Institutions, and Economic Performance. *American Economic Review* 95, 1190-1123.

Spalatore, Enrico and Romain Wacziarg. 2009. The Diffusion of Development. *Quarterly Journal of Economics* (May). <http://www.tufts.edu/~espola01/>

Voigtlaender, Nico and Hans Joachim Voth. 2008. The Three Horsemen of Growth: Plague, War and Urbanization in Early Modern Europe. Manuscript. <http://www.anderson.ucla.edu/faculty/nico.v/Research/Horsemen.pdf>

Nathan Nunn. 2008. The Long Term Effects of Africa's Slave Trades. *Quarterly Journal of Economics* (February), 139-176. http://www.economics.harvard.edu/faculty/nunn/papers_nunn

Jones, Benjamin and Ben Olken. 2005. Do Leaders Matter? National Leadership and Growth Since World War II. *Quarterly Journal of Economics* 120, 835-864.

Desmet, Klaus, Ignacio Ortuno-Ortin, Romain Wacziarg. 2009. http://www.anderson.ucla.edu/faculty_pages/romain.wacziarg/downloads/cleavages.pdf

Weeks 5 and 6: War-

Fearon, James and David Laitin. 2003. Ethnicity, Insurgency and Civil War. *American Political Science Review* 97(1), 75-90.

Miguel Edward, Shanker Satyanath, and Ernest Sergenti. 2004. Economic Shocks and Civil Conflict: An Instrumental Variables Approach. *Journal of Political Economy* 112 (4), 725-753.

Kalyvas, Stathis. 2006. *The Logic of Violence in Civil War*. Cambridge University Press.

de Ree, Joppe and Eleanora Neilsen. 2008. Aiding Violence or Peace: The Impact of Foreign Aid on the Risk of Civil Conflict in Sub-Saharan Africa. *Journal of Development Economics* (forthcoming).

Humphries, Macartan and Jeremy Weinstein. 2006. Handling and Manhandling Civilians in Civil War. *American Political Science Review* 100 (3), 429-447.
http://www.columbia.edu/~mh2245/papers1/aprs2006/MHJW08APSR2006_paper.pdf

Spalatore, Enrico and Romain Wacziarg. 2009. War and Relatedness.
http://www.anderson.ucla.edu/faculty_pages/romain.wacziarg/downloads/war.pdf

Miguel, Edward and Gerard Roland. 2009. The Long Run Impact of Bombing Vietnam. http://elsa.berkeley.edu/~emiguel/pdfs/miguel_vietnam.pdf

Week 7: Political Connections –

Fisman Ray. 2001. Estimating the Value of Political Connections. *American Economic Review* 91(4), 1095-1102.

Khwaja, Asim and Atif Mian. 2005. Do Lenders Favor Politically Connected Firms? Rent Provision in an Emerging Financial Market. *Quarterly Journal of Economics* 120 (4).

Voth, Hans-Joachim. 2008. Betting on Hitler: The Value of Political Connections in Nazi Germany. *Quarterly Journal of Economics* 123 (1), 101-137.

Faccio, Mara. 2006. Politically Connected Firms. *American Economic Review* 96 (1), 369-386.

Mara Faccio, John McConnell, and Ronald Masulis. Political Connections and Corporate Bailouts. *Journal of Finance* 61 (6), 2597-2635.

Week 8: Government responsiveness-

Besley, Tim and Robin Burgess. 2002. The Political Economy of Government Responsiveness: Theory and Evidence from India. *Quarterly Journal of Economics* 117 (4).

Ferraz, Claudio and Frederico Finan. 2007. Exposing Corrupt Politicians: The Effect of Brazil's Publicly Released Audits on Electoral Outcomes. *Quarterly Journal of Economics* (forthcoming).

Bates, Robert. 2005. *Markets and States in Tropical Africa*. Berkeley: University of California Press.

Week 9: Aid and the resource curse

Burnside, Craig and David Dollar. 2000. Aid, Policies, and Growth. *American Economic Review* 90 (4), 847-868.

Easterly William, Ross Levine, and David Roodman. 2004. New Data, New Doubts. A Comment on Burnside and Dollar's "Aid, Policy, and Growth (2000)". *American Economic Review* 94 (3), 774-780.

Abhijit Banerjee. 2007. *Making Aid Work*. http://www.amazon.com/Making-Work-Boston-Review-Books/dp/0262026155/ref=pd_sim_b_6

Haber, Stephen and Victor Menaldo. 2008. Do Natural Resources Fuel Authoritarianism? Manuscript.
https://iriss.stanford.edu/sites/all/files/sshp/docs/Haber%20and%20Menaldo_May%204%202009.pdf

Week 10: Culture and Social Capital-

Putnam, Robert. 1994. *Making Democracy Work: Civic Traditions in Modern Italy*. Princeton: Princeton University Press.

Berman, Sheri. 1997. Civil Society and the Collapse of the Weimar Republic. *World Politics* 49 (3), 401-429.
http://muse.jhu.edu/journals/world_politics/v049/49.3berman.html

Guiso, Luigi, Paola Sapienza, and Luigi Zingales. 2006. Does Culture Affect Economic Outcomes? *Journal of Economic Perspectives* 20, 23-48.

Guiso, Luigi, Paolo Sapienza, and Luigi Zingales. 2008. Long Term Persistence. NBER working paper 14278. <http://www.nber.org/papers/w14278>

Week 11: Miracles and Crashes-

Amsden et al. 1994. Review of "The East Asian Miracle." *World Development* 22 (4).

Young, Alwyn. 1995. The Tyranny of Numbers. Confronting the Statistical Realities of the East Asian Growth Experience. *Quarterly Journal of Economics* (110), 641-680.

Reinhardt, Carmen and Kenneth Rogoff. This Time it is Different.
http://www.economics.harvard.edu/files/faculty/51_This_Time_Is_Different.pdf

Week 12: Democracy and Dictatorship-

Ciccone, Antonio and Markus Bruckner. 2008. Rain and the Democratic Window of Opportunity.
<http://www.econ.upf.edu/docs/papers/downloads/1063.pdf>

Chang-Tai Hsieh et al. 2009. The Price of Political Opposition: Evidence from Venezuela's "Maisanta."
http://elsa.berkeley.edu/~emiguel/pdfs/miguel_maisanta.pdf

Giavazzi, Francesco and Guido Tabellini. 2005. Economic and Political Liberalizations. *Journal of Monetary Economics* 52 (7), 1297-1330.

Dube, Arindrajit et al. 2009. Coups, Corporations, and Classified Information.
<http://people.su.se/~ekapl/coups.pdf>

Weeks 13 and 14: Student presentations