Politics, Markets, and States in Developing Countries

I. About this Class

Across developing countries we see striking differences in economic performance and policy. Some countries are praised as economic “miracles,” only to turn from boom to bust. Others appear mired in inescapable stagnation. With regard to economic policies, developing countries have oscillated between state-led and free-market approaches. Recently, there is increasing experimentation with hybrid policies that challenge the old orthodoxies. Because most of the world’s population lives in lower income countries, these differences in economic performance and policy have a major impact on the lives of literally billions of people.

This course explores the causes and consequences of these differences across lower income countries by introducing the fundamental issues, concepts, and theoretical perspectives that comprise the field of the political economy of development. The first part of the class focuses on the shifting balance between states and markets that has defined development policy over the last 50 years. The second part turns to some of the core actors and issues in the contemporary developing world. Cases and empirical examples are drawn from Africa, Asia, and Latin America.

II. Requirements

There are five requirements for this course:

1. In-class mid-term (20%)
2. In-class final exam (30%)
3. Occasional short in-class quizzes (10%)
4. A 10-15 page research paper (30%)
5. Participation in class and in discussion section (10%)

There will be no make-up mid-term or final exams, with the exception of bona fide medical or other emergencies as validated by appropriate documentation (e.g., a doctor’s note). Late research papers will be penalized. Regarding class participation, students will be evaluated on a) attendance, including arriving to class on time, b) contributions to class and section discussions, and c) contributions to class and section exercises.
III. Readings

A required reader of photocopied articles is available for purchase at Allegra Print and Imaging on Thayer Street. In addition, the following two books are available for purchase at the Brown University Bookstore:


IV. Schedule and Reading Assignments

1. Why Study Development?
   - Poole, “$50 Billion Question” [Reader #1]
   - Schwartz and Leyden, “The Long Boom” [Reader #4]
   - Kaplan, “The Coming Anarchy” [Reader #5]
   - Polgreen and Simons, “Global Sludge Ends in Tragedy for Ivory Coast” [Reader #6]

2. The Shifting Balance between States and Markets

   Introduction
   - Yergin and Stanislaw, *The Commanding Heights* (pp. ix-xvii)

   The Rise of Statism
   - Yergin and Stanislaw, *The Commanding Heights* (chapter 3)
   - Smith, “The Rise and Fall of the Developmental State in Latin America” [Reader #7]
   - Green, “State vs. Market: The Rise and Fall of Import Substitution” [Reader #8]
   - Gunder Frank, “The Development of Underdevelopment [Reader #9]
   - Scott, *Seeing Like a State* (chapter 7) [Reader #10]
   - Healy, *Llamas, Weavings, and Organic Chocolate* (pp. 1-5) [Reader #11]

   Kicking the State Out: The Turn to the Market
   - Yergin and Stanislaw, *The Commanding Heights* (chapters 5, 8, and 9)
   - Edwards, *Crisis and Reform in Latin America* (chapters 1 and 3) [Reader #12]
   - De Soto, *The Other Path* (pp. xiii-xxii, and pp. 131-158) [Reader #13]
   - “The Poor Mans’ Capitalist” (Interview with Hernando de Soto) [Reader #14]
   - Becker and Becker, “The Results are In: Overregulation Kills Growth,” “Why
Public Enterprises Belong in Private Hands,” and “The Best Industrial Policy is None at All,” [Reader #15]
-Alessandra Stanley, “Full Moon Haircut Breaks Italy’s Law” [Reader #16]
-Harford, “Yes, We Have Bananas, We Just Can’t Ship Them” [Reader #17]
-Interview with Jeffrey Sachs, Omni [Reader #18]

**Bringing the State Back In: Is the Pendulum Reversing?**
- Yergin and Stanislaw, *The Commanding Heights* (chapter 13)
- Holmes, “What Russia Teaches Us Now” [Reader #19]
- Kuttner, et al. “The Road to Enron” [Reader #20]
- Coll, “Peace Without Justice: A Journey to the Wounded Heart of Africa” [Reader #21]
- Traub, “The Worst Place on Earth” [Reader #22]
- Ellis, *The Mask of Anarchy*, pp. 110-132 and 141-149 [Reader #23]
- Sengupta, “Beggar, Serf, Soldier, Child” [Reader #24]
- Yergin and Stanislaw, *The Commanding Heights* (chapter 6)
- *World Development Report, 1997*, (pp. 1-15) [Reader #26]
- Yergin and Stanislaw, *The Commanding Heights* (chapter 14)
- Documentary: “Cry Freetown”

3. **Actors and Issues in the Contemporary Developing World**

**Big Business: Hero or Villain?**
- Hutchcroft, *Booty Capitalism* (chapter 1) [Reader #27]
- Articles on corruption in the Philippines and Indonesia in *Far Eastern Economic Review* by Schwartz, Sender, Clad, Galang, and Tiglao [Reader #28]
- Stopford, “Multinational Corporations” [Reader #29]
- Wilson, “A Life Worth More Than Gold” [Reader #30]
- Perlez and Johnson, “Behind Gold’s Glitter: Torn Lands and Pointed Questions;” Perlez and Bergman, “Tangled Strands in Fight Over Peru Gold Mine;” and Perlez and Bonner, “Below a Mountain of Wealth, a River of Waste” [Reader #31]
- “Background Information on Publish What You Pay” [Reader #32]
- Snyder, “Does Lootable Wealth Breed Disorder?” [Reader #33]
- Documentary: “Peru - The Curse of Inca Gold”
Social Entrepreneurs
-Hsu, “Entrepreneur for Social Change” [Reader #34]
-Bornstein, “The Light in My Head Went On” [Reader #36]
-Dugger, “Brain Drain” [Reader #37]
-Traub, “The Statesman: Why, and How, Bono Matters” [Reader #38]
-Theroux, “The Rock Star’s Burden” [Reader #39]
-Documentary: “The New Heroes”

Falling Behind and Apart in The Poorest Countries: What Can be Done?
-Collier, The Bottom Billion (Chapters TBA)

**** In-Class Midterm Exam, DATE TBA ****

**** Research Paper Due, Friday, December 11, 5:00 PM ****

**** In-Class Final Exam, Monday, December 14, 9:00 AM (Exam Group: 07) ****


