PPHA 35556: Political Economy of Development in Developing Countries

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Office Hours: Appointment via e-mail to set-up Zoom
Class Hours: Tuesdays & Thursdays 2:40 - 4:00 pm

Course Description

The study of the inter-relationship between politics and economics is a lively one. In 1755, when Adam Smith wrote: "Little else is required to carry a state to the highest degree of opulence from the lowest barbarism, but peace, easy taxes, and a tolerable administration of justice, all the rest being brought about the natural course of things." he might not expected even after 400 years we would be in search of such a state. Yet alone, we would still be trying to understand the economic consequences of the political decisions, and the political consequences of the economic decisions.

This course provides students with a broad understanding of development economics and political economy. The course is divided into five parts: Economic Growth and Development, Historical Legacies, State, International Aid and Development, and Conflict. The class will start with a survey of literature on Economic Growth and Development. This module will provide us with an understanding of definition of development, how the definition has and still is changing, what are the factors that affect the change in our understanding of what development is. Next, we will talk about natural experiments of history. In this part of the class, we are going to look at how historical institutions, even accidents, help or hinder
the development of countries and sometimes regions. The third part of our class will be on the relationship between the State and the development. We will explore questions such as but not limited to: What is the effect of state capacity, especially in the areas of fiscal and legal capacity, on development? Next is a module on International Development and Aid. What is development assistance? How should we analyze the effect of development assistance on the developing nations? Finally we will survey the literature on conflict and its effect on development. We will define conflict very broadly and try to answer the following questions: How socio-political factors such as ethnic fractionalization, polarization, gender discrimination, systematic racism, and civil conflict affect economic outcomes? What are economic causes and consequences of political violence?

Required Materials

- Readings will be uploaded to the course website.

Prerequisites

This course requires undergraduate level knowledge on statistics, econometrics and game theory. Also, this is a heavy-reading course, in which students are expected to read all the material before class.

Course Structure

Class Structure

The class will be synchronous and asynchronous. Taking various constraints you might have into consideration, I will lecture on Tuesdays, record the lecture, and upload it to our Canvas website. For your privacy concerns, you can choose not to open your video stream or you can skip attending the synchronous lecture. We will discussion sections on Thursdays, which will not be recorded. Please try to attend as many of them as possible.

Assessments

- Response Papers: You are going to choose a paper from Class 2 readings for 4 weeks. Then, you will submit a response paper to the paper you have chosen for the week. This is going to be 20 % of your grade.
• 20% of your grade is your class participation.

• Literature Review/Research Proposal: 60%

How to Write Response Papers

Professor Macartan Humphreys has an incredible checklist for writing response papers. This part of the syllabus borrows from his.

A Checklist for Commenting on Papers

Theory

• Is the theory internally consistent?

• Is it consistent with past literature and findings?

• Is it novel or surprising?

• Are elements that are excluded or simplified plausibly unimportant for the outcomes?

• Is the theory general or specific? Are there more general theories on which this theory could draw or contribute?

From Theory to Hypotheses

• Is the theory really needed to generate the hypotheses?

• Does the theory generate more hypotheses than considered?

• Are the hypotheses really implied by the theory? Or are there ambiguities arising from say non-monotonicities or multiple equilibria?

• Does the theory specify mechanisms?

• Does the theory suggest heterogeneous effects?

Hypotheses

• Are the hypotheses complex? (eg in fact 2 or 3 hypotheses bundled together)

• Are the hypotheses falsifiable?

• Are mechanisms implied by the hypotheses?

Evidence I: Design
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• External validity: is the population examined representative of the larger population of interest?

• External validity: Are the conditions under which they are examined consistent with the conditions of interest?

• Measure validity: Do the measures capture the objects specified by the theory?

• Consistency: Is the empirical model used consistent with the theory?

• Mechanisms: Are mechanisms tested? How are they identified?

• Replicability: Has the study been done in a way that it can be replicated?

• Interpretation: Do the results admit rival interpretations?

Evidence II: Analysis and Testing

• Identification: are there concerns with reverse causality?

• Identification: are there concerns of omitted variable bias?

• Identification: does the model control for pre treatment variables only? Does it control or does it match?

• Identification: Are poorly identified claims flagged as such?

• Robustness: Are results robust to changes in the model, to subsetting the data, to changing the period of measurement or of analysis, to the addition or exclusion of plausible controls?

• Standard errors: does the calculation of test statistics make use of the design? Do standard errors take account of plausibly clustering structures/differences in levels?

• Presentation: Are the results presented in an intelligible way? Eg using fitted values or graphs? How can this be improved?

• Interpretation: Can no evidence of effect be interpreted as evidence of only weak effects?

Evidence III: Other sources of bias

• Measurement error: is error from sampling, case selection, or missing data plausibly correlated with outcomes?

• Spillovers / Contamination: Is it plausible that outcomes in control units were altered because of the treatment received by the treated?
• Compliance: Did the treated really get treatment? Did the controls really not?

• Hawthorne effects: Are subjects modifying behavior simply because they know they are under study?

• Measurement: Is treatment the only systematic difference between treatment and control or are there differences in how items were measured?

• Implications of Bias: Are any sources of bias likely to work for or against the hypothesis tested?

Policy Implications

• Do the policy implications really follow from the results?

• If implemented would the policy changes have effects other thank those specified by the research?

• Have the policy claims been tested directly?

• Is the author overselling or underselling the findings?

Credit where credit is due! Be sure to discuss the strengths as well as any weaknesses!

Unacceptable criticisms:

• I don’t like it

• It feels wrong

• It’s answering the wrong question

• It left out a variable

• The model is too simple

You should make criticisms of these forms only if you can substantively articulate why it matters
Course Policies

Academic Integrity and Honesty

Students are required to comply with the university policy on academic integrity: Academic Honesty and Plagiarism

Accommodations

University Policy on the accommodations for disabilities can be found at: Disability Accommodations. If your status change during the course of the quarter, please do not hesitate to get in touch with the staff at Student Disability Services. If you prefer to talk with me, please set up a time for meeting.

Discrimination based on race, color, religion, creed, sex, national origin, age, disability, veteran status, or sexual orientation is a violation of state and federal law and/or University of Chicago policy and will not be tolerated. Harassment of any person (either in the form of quid pro quo or creation of a hostile environment) based on race, color, religion, creed, sex, national origin, age, disability, veteran status, or sexual orientation also is a violation of state and federal law and/or University of Chicago policy and will not be tolerated. Retaliation against any person who complains about discrimination is also prohibited.

Please feel free to alert the professor about your preferred pronouns. It is also okay to change your preferred pronouns throughout the quarter. The professors preferred pronouns are she/her/hers.

This is a trying time for all of us. If you ever feel like you are getting overwhelmed with everything, please let me know and we will find a way to accommodate your needs.
Schedule and weekly learning goals

The schedule is tentative and subject to change.

I. Concept of Development

Week 01, 01/11 - 01/15: Introduction to the Class & What is Development

- Class 1, 01/12: Introduction Lecture I:
  
  In this class we are going to familiarize ourselves with the question: "What do we talk about when we talk about growth, development and political economy?" Also, the eternal question: "What is political economy of development?!?"
  
  - Before the class please watch and read:
    
    * Professor Timothy Besley’s inaugural lecture as Sir William Arthur Lewis Chair in Development Economics. This talk introduces the listener to the main stream researchers and research questions in the area of political economy of development: Political Economy and Development: A Progress Report
    
    * Professor Morten Jerven is a professor in development studies, Norwegian University of Life Sciences. In this podcast, Jerven provides the listener with a concise summary of the critiques against the mainstream development economy. Morten Jerven on African Economic Growth

- Class 2, 01/14: The Concept of Development: Economic Development

  This class and the next one are going to introduce us to the idea of development, both in the study of economics and politics. The main questions for readings are:

  (a) How has our understanding of development changed over time?

  (b) How would you describe the relationship between economics and politics with respect to the idea of development?

- Economic Development: The readings in this section is designed to introduce you to the seminal works in the study of economic development. While reading them, I’d like you to answer the following questions and prepare the discuss your answers it during the class discussion: "What is development?", "How does each one of these papers define development?", and "Why do you think the researchers’ perception of development change over time?"

  Lecture notes for the class will be based on the following three:

  - Schumpeter, J. A. (1934). The theory of Economic Development. Ch. 2 (Scan & Deliver.)
  


Discussion Readings for the class.

- Nussbaum, M. C. (2011). Creating capabilities. Harvard University Press., Ch. 2 & 3 (Scan & Deliver.)

- Banerjee, A. V., & Duflo, E. (2019). Good economics for Hard Times. Public Affairs, Ch.5 (Scan & Deliver)

Week 02, 01/18 - 01/22: The Concept of Development: Political Development

- Class 1, 01/19: The first lecture of every week will be a synchronous lecture (will be recorded so asynchronous option is always available). The readings assigned for the lecture-classes are the ones that are considered the seminal works in the related literature.1
  

- Class 2, 01/21: The readings for this week’s discussion are:
  

Week 03, 01/25 - 01/29: Historical Legacies of Development

- Class 1, 01/26 In this class, we will read works on the historical legacies of economic and political development.
  

- Class 2, 01/28
  

II. Political and Economic Geography

Week 04, 02/01 - 02/05: State Capacity

- Class 1, 02/02: The following are the readings that serve as a background for the lecture.


- Class 2, 02/04

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1 It is important to note here that the canonical works are predominantly white and predominantly male. In the previous years, I received the feedback, from your peers, that they would like to have the list of canonical works. On the other hand, a work becomes and remains canonical as it is discussed in classrooms and find itself in the syllabus. Please let me know what you think about this.
III. Further Topics in Political Economy of Development

Week 07, 02/22 - 02/26: Violent Conflict

• Class 1, 02/23:

• Class 2, 02/25

Week 08, 03/01 - 03/05: Development Aid & Its Consequences I

• Class 1, 03/02
  – Moyo, D. (2009). Dead aid: Why aid is not working and how there is a better way for Africa. Macmillan. Ch 1-4. (Scan & Deliver.)

• Class 2, 03/04

Week 09, 03/08 - 03/12: Environment

• Class 1, 03/09

• Class 2, 03/11