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Govt 84.01/AMES 91 Dilemmas of Development: India, China, and Egypt Winter 2013

Prof. Dirk Vandewalle
Office hours: Wed. 10-12
Office: 232 Silsby
Class: Tue, Thu 10-11:50
X-hour: Wed. 3-3:50

Description:

Both China and India have witnessed extraordinary economic growth and development during the last two-three decades and, as so-called BRIC countries, have emerged among the world's fastest growing economies. In contrast, the Middle East as a region has economically stagnated, seemingly incapable to implement economic reforms that could lead to sustained growth and development.

In this seminar we investigate both the reasons behind the economic success of China and India, and those for the lack of economic performance in the Middle East, focusing in part on the fate of the region's most populous country, Egypt.

One conventional explanation for the former's success has been that both India and China reduced the presence of the state in economic planning and in planning implementation, and to the encouragement of the private sector. The lagging performance of the Middle East in comparison is often traced to the continuing domination of local economies by state-owned enterprises that continue to guide (or obstruct) local development.

While undoubtedly the mixture of state vs. private enterprises provides one clue to economic success or failure in each of the countries we study, it is clear that

many other factors—among others ideology, resource base, geography—are instrumental in determining whether or not countries successfully create incentives for growth and development. In a political economy fashion, we will investigate therefore these factors “beyond economics” that are driving local decision makers and planners in thinking about growth and development in their respective countries. In this regard, as we will note in a separate section, the oil economies of the Middle East have been particularly influenced by the ready availability of oil resources that allow local governments to grow—but not always to develop—local economies. In order to put the experiences of the countries we study into perspective, and in order to understand the larger theoretical concepts behind the development literature we will occasionally use case studies/readings outside China, India, or Egypt.

As both China and India stand at the cusp of important political and economic policy changes in the decade ahead, and as the Middle East slowly comes to terms with economic realities in a more globalized economy, this seminar means to analyze the mixture of economic and political decisions that have influenced development so far, and what the current ideas about planning in each country are likely to mean for the future.

Requirements:

- First midterm, 25% of grade
- Second midterm 25% of grade
- Final paper and class participation 50% of grade
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- Each class 2 students will be asked to act as discussion leaders, generating questions for the seminar. Some of the latter seminars may be replaced by in-class presentations.

Early in the seminar, we will devote part of one class period discussing sources for writing your papers, with the help of Fran Oscadal from the Baker Library staff. A schedule for preliminary and final paper presentations in class will be handed out during the second week of classes.

Required Books

All readings will be placed on Blackboard

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8 January: INTRODUCTION – China, India and Egypt

What is growth; what is development?

CONCEPTS AND THEORIES OF DEVELOPMENT

9 January (X-hour) - BRICs and other Emerging Economies

- "The New Titans" - **on Blackboard**
- Powerpoint presentation: India versus China

10 January: Elements of Growth and Development

- David Landes (1998), *The Wealth and Poverty of Nations* (New York: Norton), chapters 1-4 and 15 – **on Blackboard**
- Ricardo Hausmann, "Prisoners of Geography" - **on Blackboard**
- Feng Wang, "China's Population Destiny: The Looming Crisis" – **on Blackboard**

Preliminary paper proposals are due

15 January: The Market Imperative and its Critics

- Friedrich von Hayek, *The Road to Serfdom* – **on Blackboard** - (PP#5)
- Kiren Chaudhry, "The Myths of the Market and the Common History of Late Developers" - **on Blackboard**
- Patricia Cohen, "An Unexpected Odd Couple: Free Markets and Freedom" - **on Blackboard**

16 January (X-hour): Discussion of paper topics

Final paper proposals are due by 9 am to allow for a discussion with Fran Oscadal

17 January: State Capitalism and its Critics

- The Economist, "State Capitalism" – **on Blackboard**
- Alexander Gerschenkron, "Economic Backwardness in Historical Perspective" – **on Blackboard**

22 January: Institutions and Development I: The East Asian Miracle

- The East Asian Miracle: Economic Growth and Public Policy" – **on Blackboard**
- Joseph Stiglitz, "Some Lessons From The East Asian Miracle" - **on Blackboard**

5 February: Institutions and Development II

- Peter Evans, Chapter 2, "A Comparative Institutional Framework" - **on Blackboard**
- Dani Rodrik, "Getting Institutions Right" - **on Blackboard**
- Dani Rodrik, Institutions for High Quality Growth: What Are They and How to Acquire Them" - **on Blackboard**

6 February (X-hour) – FIRST MIDTERM

CASE STUDIES

7 February: China and the Politics of Reform

- Video, "The Rise of China"
- Susan L. Shirk, The Political Logic of Economic Reform in China - **on Blackboard**
- Minxin Pei, *China's Trapped Transition: The Limits of Developmental Autocracy*, introduction – **on Blackboard**
- Pekkanen and Tsai, "Late Liberalizers: Japan and China" – **on Blackboard**

12 February: China, Institutions, and Regulation

- Margaret Pearson, "The Business of Governing Business in China" - **on Blackboard**
- Dani Rodrik, "What's So Special About China's Exports?" - **on Blackboard**

14 February: China. Democracy, and Development

- Eric X. Li, "Why China's Political Model is Superior" – **on Blackboard**
- **Yasheng Huang**
- The Economist, "Rethinking the Welfare State: Asia's Next Revolution" – **on Blackboard**
- Christina Larson, "Chicago on the Yangtze" – **on Blackboard**

19 February: India, Poverty, and Billionaires

- Powerpoint: "The Hindu Rate of Growth"
- The Economist, "India: Special Edition" – **on Blackboard**
- James Crabtree, "India's Billionaire club" – **on Blackboard**

20 February: India, State, and Private Entrepreneurship

- Gurcharan Das, "The India Model" – **on Blackboard**
- The Economist, "India's Surprising Economy" – **on Blackboard**
- Yasheng Huang and Tarun Khanna, "Can India Overtake China?" – **on Blackboard**

21 February: India, Social Institutions, and Development

- Akash Kapur, "Letter from India" – **on Blackboard**
- Ronald Herring, "Embedded Particularism: India's Failed Developmental State" – **on Blackboard**

26 February: Egypt and the Middle East

- John Waterbury, "The Egypt of Nasser and Sadat" – selected chapters – **on Blackboard**

28 February: Review and SECOND MIDTERM

5 March: Egypt and the Middle East

- Dirk Vandewalle, “Social Contracts, Institutions, Development and Economic Reform in Middle East Oil Exporters” – **on Blackboard**

7 March: Conclusions – Whither China, India, Egypt?

- Peter Evans, “The State as Problem and Solution” – **on Blackboard**
- Gary Becker, “China’s Next Leap Forward” – **on Blackboard**
- Alberto Alesino, “The Political Economy of High and Low Growth” – **on Blackboard**