

**Economics 285/Political Science 385: Democracy and Development
Spring 2010 Dalton 1, Wednesday 1:30-4:00**

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Overview. Prior to 1974 about 25% of all the countries in the world were considered authoritarian, by the late 1990s, more than 60% of the world's countries were classified as democratic. During this time period the number of democracies in at least one counting grew from 39 to 117. Democracy's "Third Wave", along with the collapse of communism, and the developmental successes in East Asia led some to argue for the 'end of history' and the triumph of democracy and markets. But since the late 1990s, democracy's third wave has stalled and some fear a reverse wave and democratic breakdowns similar to those which occurred during democracy's first and second waves. Is this inevitable? How might reversals and breakdowns be avoided? Was democracy's "Third Wave", as some contend, secreted in by developmentally oriented authoritarian regimes, particularly as manifest in the East Asian miracle? If so, does this mean that democracy is a luxury for poor countries? What role does the distribution of economic assets and income within a country play in the emergence, consolidation and/or breakdown of democracy? How does the interplay among social classes affect both the transition to democracy and its subsequent consolidation or breakdown? Alternatively, are democracies, particularly transitional democracies in poor countries, less able than their authoritarian counterparts to deliver development? Have fragile and transitional third wave democracies been less able than other governments to adjust their economies in response to the increasing external shocks associated with globalization? Have transitional democracies had less success in liberalizing their economies? These questions are considered by drawing on a rich theoretical, case study and statistical literature in the disciplines of economics, history, political science and sociology. In our view there are few simple answers to these questions and there is good reason to believe that different cases are likely to yield different conclusions supporting the idea that the relationship between development and democracy is perhaps indirect and that there are important independent paths to each that do not necessarily involve the other.

Course requirements and assignments: This course has a good deal of reading and writing that is required. Students are required to complete all assignments in a timely manner and to come to class fully prepared to participate in discussions. (1) Prior to each class each student is required to post analytically framed comments for each of the readings assigned that week on the discussion board at the course's blackboard site by no later than 9 am Wednesday. The individual comments will be used to help guide class discussion and will be returned in class with our comments. (2) Each student is expected to develop particularly familiarity with one country where issues of democracy and development have been important in recent years. To do this he or she will need to consult with a variety of sources. In some cases, the course professors can provide significant assistance. In others, students will need to find others who might help. In week 4 each student will submit a 2-3 page annotated bibliography for the country that is selected. In addition, it is expected that students will contribute comments in discussions that draw upon this expertise. More than one person can select the same country. (3) Each student will write three papers whose goal is to integrate the theoretical issues raised in class and the readings with particular cases. The first two papers which will be 3-4 double spaced pages in length will be due in weeks 6 and 11. The third paper is a longer essay (8-10 pages) due at the end of the exam period.

Required Texts

1. Charles Tilly, (2007) Democracy. Cambridge: Cambridge University Press.
2. William Easterly (2002) The Elusive Quest for Economic Growth. Cambridge: MIT Press.
3. All other readings for the course are posted on Blackboard.

WEEKLY TOPICS AND READING ASSIGNMENTS

Week 1: January 20: Introduction: Thinking about Democracy and Development--good

Video: Paul Collier, "War and Peace in Africa," <http://www.res.org.uk/society/lecture2006.asp>

1. Gordon White. (2006) "Towards a Democratic Developmental State." *IDS Bulletin* .37 60-70.

Despite the fact that many people can give a clear answer to the question of how development and democracy are related to each other, there is much more uncertainty and disagreement among people who have written on this question as White points out. Some argue that democracy promotes development; others contend that development leads to democratization; and of course there are others who say that the two are not particularly associated with each other. Even more striking is that advocates of each position can often find evidence that is consistent with their argument. So how do we sort out this puzzle? Consider ways in which there may be additional variables that affect when and how democracy and development are related that produce the different outcomes. Collier's lecture is masterful in suggesting the need for additional variables and differences across time and contexts. Pay attention to the many variables he introduces and the complex ways that they seem to be connected to his main question. Finally, ask yourself if the different answers are tied to different ways that democracy and development are understood, or how they are measured.

Week 2: January 27: What is Democracy?

1. Charles Tilly. (2007) *Democracy*. Chapter 1.
2. Robert A. Dahl. (2005) "What Political Institutions Does Large-Scale Democracy Require?" *Political Science Quarterly*. 120: (2) pp. 187-197.
3. Ruth Collier. (1999) *Paths toward Democracy: The Working Class and Elites in Western Europe and South America*. Cambridge: Cambridge University Press, Chapter 1
4. Benjamin Reilly. (2006) *Democracy and Diversity*. Oxford: Oxford University Press, Chapter 1

Almost everyone can define democracy—at least informally. And it is not surprising that for most people the definition starts and ends with elections. What does it mean that many elections only have one candidate running for office? This is common, not only in totalitarian systems, but also in small communities and in elections for offices such as school boards in the US. These four selections force you to consider what else is needed to create democracy and different dimensions that matter. Recall that Collier said that in Africa competition was far less significant than civil liberties and the rule of law in explaining growth over time. Finally, consider how do these articles encourage you to think about effective and sustainable democracy and how do you know a functioning democracy when you see it.

Week 3: February 3: What is Development?

1. William Easterly, (2002) *The Elusive Quest for Economic Growth*. Chapters 1 and 10.
2. Paul Collier (2007) *The Bottom Billion*. Oxford: Oxford University Press, Chapter 1.
3. World Bank (1993) *The East Asian Miracle*, New York: Oxford University Press. Chapter 1.

Last week you were confronted with identifying multiple dimensions of democracy. These three readings try to raise issues about development and how we understand it. Is development about economic growth, or is it about growth, the distribution of income and the incidence of poverty—or shared growth in particular places? Why is it apparently so difficult to produce

development and particularly growth whose gains are shared in a just manner? Consider how there may be at times, what economist George Dalton called in writing about Liberia four decades ago, growth without development. What does the World Bank study of East Asia consider as the most significant features of development and the best explanation for its occurrence in East Asia in recent decades?

Week 4: February 10: Democratization

1. Charles Tilly, (2007) *Democracy*. Chapters 2 and 3.
2. Ruth Collier, *Paths toward Democracy: The Working Class and Elites in Western Europe and South America*. Oxford: Oxford University Press, Chapters 4 and 5
3. Donald Horowitz. (1989) "Incentives and Behaviour in the Ethnic Politics of Sri Lanka and Malaysia," *Third World Quarterly*, 11, pp. 18- 35
4. Freedom House (2007) *Freedom in the World: Methodology*.
http://www.freedomhouse.org/template.cfm?page=351&ana_page=333&year=2007
5. Freedom House dataset on freedom in the world available at
<http://www.freedomhouse.org/template.cfm?page=15>. Click on Comparative scores for all countries from 1973 to 2006 in an Excel file found under the link to "Historical Data" on the right side of the page. TO UNDERSTAND IT BE SURE TO READ THE METHODOLOGY PAGE (ABOVE) FIRST.

When we develop a more complex notion of what democracy entails, we begin to engage complicated issues of measurement. What are crucial dimensions to consider? How do we decide not just whether or not a political system is democratic or not but how democratic it is? In addition, there is the need to examine democratization and transitions from authoritarian to democratic regimes: what does success look like for countries that democratize? Is there one best path or are there multiple ways that democratization and consolidation of democracy takes place as Collier suggests? Finally, consider ways that majority rule may not always be particularly democratic when it produces a permanent majority and permanent minority divided along racial or ethnic lines. Consider the implications of this problem for Sri Lanka and Malaysia and the solutions that did and did not work in those cases. What does Horowitz see as the most significant lessons from these cases that are perhaps relevant to other highly divided societies?

Week 5: February 17: Popular Myths about Development

1. William Easterly. *The Elusive Quest for Economic Growth*. Chapters 2, 4, 5, and 6.

For quite some time, Easterly argues, economists have promoted various "paths to development" around which there has frequently been high consensus. However, the results have often been disappointing producing far less growth than proponents promised. As you read each of these chapters be sure to ponder why each proposal seemed so plausible in theory and yet failed to deliver in practice. Is this because the theory was so bad? Is it because of the failure to do what the theory required? Is it because factors such as corruption or politics proved to undo development in ways that were not anticipated? In other words how was each theory, plausible but more limited than its proponents thought it would be?

Week 6: February 24: Democracy: Trust, Inequality and Power

1. Charles Tilly. *Democracy*. Chapters 4, 5 and 6
2. Benjamin Reilly (2006) *Democracy and Diversity*. Oxford: Oxford University Press, Chapters 2-4
3. Donald Horowitz. (2003) "The Contest of Ideas," IN Robert A. Dahl, Ian Shapiro and Jose Antonio Cheibub (eds). *The Democracy Sourcebook*. Cambridge: MIT Press, 2003, pp, 147-52.

How and why does democracy “work” when it does? Here Tilly gets us to think about democracy as process not just a static phenomenon? What is required in terms of trust? Do people need to trust institutions and/or individuals and what should such trust look like? Are democracy and inequality compatible or is democracy most likely to fail in highly unequal systems? Why or why not? When we raise the issue of inequality, it is important what specific forms that it takes—is it about wealth, power, access to resources that is most important? Again we turn to the issue of ethnically diverse societies and ask about proposals for overcoming ethnic division. Reilly proposes several alternatives and Horowitz suggests serious problems with consociational arrangements. Make sure you understand what the debate is about here.

Week 7: March 3: Economic Growth

1. William Easterly. *The Elusive Quest for Economic Growth*, Chapters 3, 8, and 9.
2. Michael Ross. (1999) “The Political Economy of the Resource Curse.” *World Politics*. 51, pp. 297-322.

What does and does not promote growth? Easterly explores the argument that technology is more important than investment in machinery for countries seeking development. Consider the structure of the case on both sides of the issue and the kind of evidence that was brought to bear here. In addition, he forces us to consider the importance of incentives and how they can be mobilized to promote growth and development in a variety of settings. What makes relying on incentives as opposed to regulations so appealing to economists and what might be limits to their utility in building both growth and democracy? Ross’ article discusses a paradox that neither economists nor political scientists have explained satisfactorily to date: namely the tendency for countries with greater natural resource wealth to grow more slowly than those without these resources. Why would this be the case and when might there be exceptions to the general pattern?

Week 8: March 17: The Politics of Growth

1. William Easterly. *The Elusive Quest for Economic Growth*. Chapters 11, 12 and 13.

Economic growth is not just a result of economic policy and its consequences are not just economic. Not surprisingly politics matters as well. Bad governments and bad policies, high levels of corruption, and divided societies offer severe challenges to growth strategies. Similarly, their absence can make growth more likely.

Week 9: March 24: Resources, Development and Democracy

1. Thad Dunning. (2008) *Crude Democracy: Natural Resource Wealth and Political Regimes*. Cambridge: Cambridge University Press, Chapters 1 and part of chapter 5 on Venezuela—pages 148-166 and 183-193 (stop at end of top of page paragraph) and chapter 6, pages 258-267 on Botswana
2. Michael Ross. (2001) “Does Oil Hinder Democracy?” *World Politics* 53 (3): 325-361.
3. Mancur Olsen (2003) “Dictatorship, Democracy and Development,” in Robert A. Dahl, Ian Shapiro and Jose Antonio Cheibub (eds). *The Democracy Sourcebook*. Cambridge: MIT Press, 2003, pp, 436-443.
4. A long time series dataset on regime type (autocracy/democracy) that Dunning uses is available as the POLITYIV Dataset. This dataset and user’s manual is available on the course Blackboard site and at <http://www.systemicpeace.org/polity/polity4.htm>. You might want to look at the following variables in POLITYIV, DEMOC, AUTOC, and POLITY2.

There is a widespread view that Ross articulates in the article you read two weeks ago that often countries with significant concentrations of immobile natural resources such as oil, diamonds or minerals will have a difficult time in converting this wealth into development and prosperity. This week in his article he emphasizes the negative impact of resources (oil in this case) on democracy and encourages us to consider how this is related to low growth. One widespread answer is that concentrated and immobile assets like oil will promote elite infighting sometimes resulting in destructive civil wars and that encourages autocratic rule. Dunning while not disagreeing that there are cases that fit this pattern, explores situations where high natural resource wealth seems to promote, rather than inhibit, the growth of democracy arguing that different underlying mechanisms explain the apparent paradox.

Week 10: March 31: East Asia: The Case for Autocracy?

1. Chalmers Johnson (1987) "Political Institutions and Economic Performance: The Government Business Relationship in Japan, Korea and Taiwan" In F. C. Deyo, (ed.) *The Political Economy of the New Asian Industrialism*. Ithaca: Cornell University Press. Chapter 4.
2. Michael T. Rock (2003) "The Politics of Development Policy-Making in New Order Indonesia" Working Paper No. 632. Ann Arbor: William Davidson Institute, University of Michigan.
3. Douglas Webber (2006) A Consolidated Patrimonial Democracy? Democratization in Post-Suharto Indonesia. *Democratization*. 13 (3): 396-420.
4. World Bank (1993) *The East Asian Miracle*, New York: Oxford University Press. Ch. 1 (Reread—you read this first in Week 3)

There is a widespread assumption that development and democracy reinforce each other even if we are not always sure which one is the cause and which is the effect. Yet there are cases of weak or non-democratic states that have achieved sustained growth such as China or Indonesia that we need to consider if we want to argue the democracy and development are so interconnected. What is it that has permitted more than a few autocratic societies to achieve long-term growth but little democratization? How are they relevant to our core theories?

Week 11: April 7: Democracy and Development in sub-Saharan Africa

1. Paul Collier (2007) *The Bottom Billion*. Oxford: Oxford University Press. Chapter 5.
2. Nicholas Van de Walle (2001) *African Economies and the Politics of Permanent Crisis, 1979-1999*. Cambridge: Cambridge University Press. Chapter 6.
3. Joel D. Barkan (1996) "Can Established Democracies Nurture Democracy Abroad? Lessons from Africa," In Axel Hadenius (ed) *Democracy's Victory and Crisis: Nobel Symposium No 93*. Cambridge: Cambridge University Press, pp. 371-403.

While Africa is generally the poster child for failure in terms of economic development and democratization, a closer look reveals great variation in both on the continent. Why has democracy been somewhat successful in gaining a toe-hold in some African states more than others? Do the democratizing successes have some features in common? If so, what are they? Why has both growth and development been so difficult in other African cases? Again, as in Asia, there are some notable examples of states that have achieved one without the other such as Kenya where democracy has hardly followed development, Botswana which has been a successful democracy but has high inequality, and Tanzania and Senegal, states that are more or less quite democratic but where development has been relatively slow. Barkan warns of the dangers of thinking that democracy is simply a set of practices that can easily be transferred to new settings. His lessons from Africa offer sobering reasons why this is hardly the case.

Week 12: April 17: New Democracies and Economic Reform

1. Stephan Haggard. and Robert R. Kaufman (1995) *The Political Economy of Democratic Transitions*. Princeton: Princeton University Press. Chapters 5 In addition, you might want to scan one or more of the case studies in chapters 6-8.
2. John Sheahan. (1980) "Market-Oriented Economic Policies and Political Repression in Latin America." *Economic Development and Cultural Change*. 28 (2): 267-291.
3. M. Rowdan Abouharb and David Cingranelli (2006) The Human Rights Effects of World Bank Structural Adjustment Lending, 1981-2000. *International Studies Quarterly* 50 (2): 233-262.
4. M. Rowdan Abouharb and David Cingranelli (2007) *Human Rights and Structural Adjustment*. Cambridge: Cambridge University Press, chapter 10.
5. Stephan Haggard and Robert Kaufman (2008) *Development, Democracy and Welfare States*. Princeton: Princeton University Press. Pp. 27-38, 44-56, 61-69 and 181-183, 200-220.

Democratization and economic reform are inherently linked in the minds of policy makers and many of our popular assumptions. Is this necessarily a good assumption? An important reason to question it is because we have so many cases of essentially non-democratic states with high levels of economic development and a good number of more democratic ones with low growth. So is the linkage between democratization and economic reform a logically necessary one or a politically driven one, or neither? Just as important is the suggestion that many of the reform proposals such as World Bank structural adjustment programs often seem to have a negative effect on democratic practices and human rights. Why is this the case and how might it be addressed effectively?

Week 13: April 24: Political Engineering of Democratic Institutions and Development

1. Benjamin Reilly, (2006) *Democracy and Diversity*. Oxford: Oxford University Press, Chapters, 5, 6, 7 and 8
2. Juan J. Linz. (1993) "The Perils of Presidentialism," in Larry Diamond and Marc Plattner (eds). *The Global Resurgence of Democracy*. Baltimore: Johns Hopkins University Press, pp. 108-26.
3. Donald L. Horowitz (1993) "Comparing Democratic Systems," in Larry Diamond and Marc Plattner (eds). *The Global Resurgence of Democracy*. Baltimore: Johns Hopkins University Press, pp. 127-33
4. Seymour Martin Lipset (1993) "The Centrality of Political Culture" in Larry Diamond and Marc Plattner (eds). *The Global Resurgence of Democracy*. Baltimore: Johns Hopkins University Press, pp. 134-37

How are we to think about the relationship between institutions and development? Of course this is another way to ask about democracy and development and when one drives, or interacts with, or inhibits the other. Reilly asks how political engineering can promote both democracy and development. The next three pieces argue that opting for democracy still leaves wide open the question of what the democracy should look like and how something as basic as the form of the executive produces strong passions and arguments about what is best.

Week 14: May 1: Wrapping Up