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Fall 2016

DIPL 6153 Comparative Political Economy of Development

Paula Puskarova PhD
Seton Hall University

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**SCHOOL OF DIPLOMACY AND INTERNATIONAL RELATIONS
SETON HALL UNIVERSITY**

**DIPL 6153
COMPARATIVE POLITICAL ECONOMY OF DEVELOPMENT**

Fall 2016

Tuesday 2:00pm to 4:10pm

Professor Paula Puskarova

Office Hours: Tuesday 1:00-2:00pm and by appointment

Email: paula.puskaroval@shu.edu, paula.puskarova@shu.edu

Description of the Course

This course deals with selected topics in economic development covering both macro and micro aspects. We will learn about the growth models (Sollow and modern models), history and expectations, inequality, institutional economics, agricultural markets and financial markets as well as foreign aid and development assistance.

This course is a complementary to the topics covered in detailed in DIPL6155 (Advanced Economic Aspects of International Relations).

“Political Economy” is not a unified discipline, and there are studies using the term that have radically different perspectives. Therefore it may be the case that some of you feel that why we study those topics in this course and where we are heading. So here is my big picture.

Traditional economics, which is sometimes referred to as neoclassical economics, hinge on certain assumptions. The growth models are not the exceptions (particularly the Solow model is naturally classified as neoclassical model) and they are based on many implicit and explicit assumptions. In a context of development, under ideal circumstances, as the Solow model predicts, people save and invest, and thus capital stock is accumulated which leads to economic growth at least to some extent. However, unfortunately, the process is not automatic at all in practice. We need macroeconomic stabilization in order for the sizable investment realized. Nevertheless, stabilization is not the sufficient condition for development—we also need lots and lots more preconditions. The world and society are more complicated and countries and regions are more varied than the traditional economics assumes, and thus considering the role of government, legal framework, and market structures are important. Fortunately, there has been a rapid advancement in economics in last several decades and many useful frameworks, with which we can approach to more realistic structures, have been provided (i.e. more rich frameworks explaining why and how countries and regions differ). I would like to pick up several of those frameworks which are important and relevant to “development” in the second half. This is what I consider “political economy of development”. Of course, I am not discounting the topics we covered in the first half—we should regard the newer frameworks as complements rather than substitutes to the neoclassical models. The Solow model, indeed, is quite useful and practical as a first approximation.

Course materials are designed to develop analytical skills and you should be equipped with economic mind after the semester. The emphasis of this course is on analytical thinking and the goal is that you get a hands-on taste of how economists approach problems of development. Rather than just being informed of factual knowledge, you can acquire ability and skill to understand backgrounds of certain phenomena and analyze how we might bring about improvements. To this end, the bulk of the course will be devoted to in-depth analysis of fundamental economic questions and I will introduce theoretical models in each topic. A model is a simplified and abstract representation of reality, in the sense that it isolates and focuses on the most important elements of a situation and neglects the others.

If and when you confront real world problems, you will find it necessary to adapt these principles to all the details and nuances of reality. Unfortunately we will stick to most basic models in this course due to time and technical constraints, however, they will enable you to pursue their refinements in future.

Course Prerequisites and Caveats:

Although there is no specific course designated as a prerequisite, this course requires good understanding of basic theories of micro and macro economics (undergraduate principles of economics). It is also welcome to have at least some background in mathematics or regression analysis what is to some extent covered by the DIPL 3800 course. Many papers in development are accompanied by such analysis and even though we will not concentrate on the modeling part much, we will learn to see logic in it.

Course Text:

All the lecture notes (PowerPoint slides) and selected readings (papers) throughout the course will be sent to you via email for your convenience. This is to encourage you to actively participate in the class discussions—not just reproducing the blackboard. Topics are largely in line with the main textbook for this class:

Debraj Ray, Development Economics, Princeton University Press: 1998 (ISBN-10: 0691017069).

I assume that you read relevant chapters of the textbooks before the class. Remember that PowerPoint slides are not the substitute for the textbook reading.

Course Requirements:

Course Project: You will write a brief report for your analysis on the economic development, challenges, and policy recommendation in your favorite country. The report is due on December 13 (Tuesday). Late submissions after the due date will not be accepted. I will provide further directions and suggestions for this assignment.

Midterm Exam: It will be held on October 25 (Tuesday).

Some Ground Rules

Since this is a graduate course, the instructor assumes that students are aware of the benefits of regular class attendance. Attendance will be taken and unexcused absences will be detrimental to course grades. Students are expected to come to class prepared and to be capable of answering questions when called on.

Students are expected to turn off cell phones and other electronic devices when in class and to treat other class members respectfully.

If there is a dispute over the grade you receive on an exam/project, I will be happy to reconsider your grade but I reserve the right to re-grade the entire exam/project.

Plagiarism and the Honor Code

Cases of cheating or plagiarism will be handled according to procedures outlined in the Diplomacy School Academic Integrity Policy. Plagiarism and other forms of academic dishonesty will be reported to the administration, and will result in a failing grade for the course and up to possible dismissal from the School of Diplomacy. See university and school standards for academic conduct here:

<http://www.shu.edu/offices/student-life/community-standards/community-standards.cfm>
<http://www.shu.edu/academics/diplomacy/academic-conduct.cfm>.

Students with Special Needs

It is the policy and practice of Seton Hall University to promote inclusive learning environments. If you have a documented disability you may be eligible for reasonable accommodations in compliance with University policy, the Americans with Disabilities Act, Section 504 of the Rehabilitation Act, and/or the New Jersey Law against Discrimination. Please note, students are not permitted to negotiate accommodations directly with professors. To request accommodations or assistance, please self-identify with the Office for Disability Support Services (DSS), Duffy Hall, Room 67 at the beginning of the semester. For more information or to register for services, contact DSS at [\(973\) 313-6003](tel:9733136003) or by e-mail at DSS@shu.edu.

Grading

Class participation including the Discussion Entree for a current development's topic - 30%
Research paper – 35 %
Mid-term exam – 35 %

Schedule of Assignments

Week One AUG 30	Introduction 1 st assignment - resume on immigration crisis in the European Union: https://www.youtube.com/watch?v=5o1tiyHPrE
Week Two SEP 6	The Standard Growth Theory (Solow Model) discussions on the 1 st assignment
Week Three SEP 13	Extensions to Solow Model: Human capital and social capital vs. knowledge capital, spillover effects following readings: Jones, C.I. 1995. R&D-based models of economic growth. <i>Journal of Political Economy</i> 103(4): 759–784. Puskarova P. Piribauer P. 2016. The impact of knowledge spillovers on total factor productivity revisited: New evidence from selected European capital regions. <i>Economic Systems</i> 40 (3), 335-344. Ishise H. Sawada Y. 2009. Aggregate returns to social capital: Estimates based on the augmented augmented-Solow model. <i>Journal of Macroeconomics</i> 31(3): 376-393. Keller, W. 2004. International Technology Diffusion. <i>Journal of Economic Literature</i> 42(3): 752-782.
Week Four SEP 20	History, Expectation, and Development, Institutional Economics textbook – Ch. 5

Week Five SEP 27	Economic Inequality textbook – Ch. 6 and 7
Week Six OCT 4	Poverty and Undernutrition textbook – Ch. 8
Week Seven OCT 11	<i>Fall Break – No classes</i>
Week Eight OCT 18	Population Growth and Economic Development textbook – Ch. 9
Week Nine OCT 25	<u>Mid-term exam</u>, Sustainability and Health <i>no readings</i>
Week Ten NOV 1	All Saints Day, Rural and Urban textbook – Ch. 10
Week Eleven NOV 8	Presidential Election Day, Markets in Agriculture textbook – Ch. 11 and 12
Week Twelve NOV 15	Macro Stabilization Program – Balance of Payment Crisis and Need for Exceptional Financing textbook – 13, 14 and 15
Week Thirteen NOV 22	Foreign Aid, Development Assistance and the Millennium Development Goals
Week Fourteen NOV 29	Research Paper – individual meet-ups and discussion regarding the content
Week Fifteen DEC 6	Research Paper presentations and discussions

Research Design Paper:

The primary written assignment in this class is a 15 page minimum (double-spaced with 1” margins and 12 point fonts) research paper. **This final paper is due electronically at 6pm EST on Tuesday December 20th.**

Please design your paper so it has the following parts:

- 1. Abstract** – not more than 7 lines
- 2. Introduction** – explain the research question and motivation for the question
- 3. Literature** – summarize the current knowledge on the issue properly citing the existing work
- 4. Your analysis** – demonstrate your point of view and support it with literature and also data, collect the data using the statistical offices
- 5. Discussion** – argue with yourself, explain if your analysis has some weaknesses
- 6. Conclusions** – recap the key contributions of your paper

7. References

You are welcome to pick any topic you wish, so long as it has something to do with topics covered in the classes.