

POLITICAL ECONOMY OF DEVELOPMENT

Fall 2025

Instructor:	Felipe Torres-Raposo	Time:	TBC
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Course description: This course explores key theories, formal models, and empirical research in the political economy of development. It covers a range of topics relevant to many developing countries and draws on insights from multiple disciplines, including history, political science, and economics. Across the various themes, we will engage with influential papers that either challenge one another in terms of findings, policy recommendations, or methodological limitations. In response to current debates around decolonising the development curriculum and moving beyond mainstream economic and political science theories, the course also makes space for heterodox and alternative theoretical perspectives. However, the course will primarily focus on the more mainstream and quantitative theories available.

Learning Objectives: This course is primarily designed for graduate students who have a clear understanding of the canonical and most recent research in the political economy of development. A second goal is to help students critically appraise the models, theories, and empirical evidence within this field. In seminars, the course will also encourage students to think analytically about policy design, considering both the intended and unintended effects of policies and their impacts across multiple dimensions.

Office Hours: We will hold weekly office hours every Tuesdays from 9:00 to 11:00 am.

Prerequisites: An undergraduate-level understanding of quantitative methods, particularly regression is assumed.

Course Outline:

- | **Week 1: Introduction to Development and Political Economy.**
- | **Week 2: The State and Bureaucrats**
- | **Week 3: The State, Regime, and Democracy**
- | **Week 4: Inequality and Development**
- | **Week 5: Market Reform**
- | **Week 6: Taxation**
- | **Week 7: Crime, Conflict and Development**
- | **Week 8: Trade and Development**
- | **Week 9: Governance and Accountability**
- | **Week 10: Environment and Development**
- | **Week 11: Foreign Aid and International Influence**

Grading Policy: Weekly policy memos (20%), Pre-Analysis Plan (40 %), Policy Design Project (40%).

Key Dates:

Policy Memos Every Friday at 23:59 pm
 Pre-Analysis Plan March, 2025
 Policy Design Project June, 2025

Course schedule and readings:

Week 1: Introduction to Development and Political Economy

Background: We will start talking about development focusing since the second-world world. We will try to understand the divergence between Asia, Africa and Latin America. We will examine how these regions differed in terms of economic growth and industrialisation.

- Kay, Cristóbal. 2002. "Why East Asia Overtook Latin America: Agrarian Reform, Industrialisation and Development." *Third World Quarterly* 23, no. 6: 1073–1102.
- Milanovic, Branko. 2015. "Global Inequality of Opportunity: How Much of Our Income Is Determined by Where We Live?" *Review of Economics and Statistics* 97, no. 2: 452–.
- Hirschman, Albert O. 1971. "The Political Economy of Import-Substituting Industrialization in Latin America." In *A Bias for Hope*, 85–123. New Haven: Yale University Press.
- Mahon, John. 1992. "Was Latin America Too Rich to Prosper? Structural and Political Obstacles to Export-Led Industrial Growth." *Journal of Development Studies* 28, no. 2: 241–263.

Week 2: The State and Bureaucracy.

- Evans, Peter, and James E. Rauch. 1999. "Bureaucracy and Growth: A Cross-National Analysis of the Effects of 'Weberian' State Structures on Economic Growth."
- Bratton, Michael, and Eric C.C. Chang. 2006. "State Building and Democratization in Sub-Saharan Africa: Forwards, Backwards, or Together?" *Comparative Political Studies* 39, no. 9 (November): 1059–1083.
- Xu, Guanghua. 2018. "The Costs of Patronage: Evidence from the British Empire." *American Economic Review* 108, no. 11: 3170–3198.
- Rich, Jessica. 2023. "Outsourcing Bureaucracy to Evade Accountability: How Public Servants Build Shadow State Capacity." *American Political Science Review* 117, no. 3: 835–850.
- Kurtz, Marcus, and Andrew Schrank. 2007. "Growth and Governance: Models, Measures, and Mechanisms." *Journal of Politics* 69, no. 2: 538–554.

Week 3: The State, Regime, and Democracy

- Levitsky, Steven, and Daniel Ziblatt. 2018. *How Democracies Die*. Chapter 4.
- Lührmann, Anna, and Staffan I. Lindberg. 2019. "A Third Wave of Autocratization Is Here: What Is New About It?" *Democratization* 26, no. 7: 1095–1113.
- Michalopoulos, Stelios, and Elias Papaioannou. 2014. "National Institutions and Subnational Development in Africa." *The Quarterly Journal of Economics* 129, no. 1: 151–213.

- Burgess, Robin, Remi Jedwab, Edward Miguel, Ameet Morjaria, and Gerard Padró i Miquel. 2015. "The Value of Democracy: Evidence from Road Building in Kenya." *American Economic Review* 105, no. 6: 1817–1851. <https://doi.org/10.1257/aer.20131031>

Week 4: Inequality and Development

- Robert Kaufman. 2009. "The Political Effects of Inequality in Latin America: Some Inconvenient Facts," *Comparative Politics*, pp. 359-379
- Jacob Hacker and Paul Pierson. 2010. "Winner-Take-All Politics," *Politics and Society*, 38 (2), pp. 152-204. Party Systems." *Journal of Modern African Studies* 41 (2): 297-321.
- Sánchez-Ancochea, Diego. 2020 *The Costs of Inequality in Latin America. Lessons and Warnings for the Rest of the World..* Read Chapters 1 and 2.

Week 5: Market Reform

- Weyland, Kurt. 2004. "Assessing Latin American Neoliberalism: Introduction to a Debate." *Latin American Research Review* 39 (3): 143–149.
- Shleifer, Andrei, and Daniel Treisman. 2000. *Without a Map: Political Tactics and Economic Reform in Russia*. Cambridge: MIT Press. Chapter 1, pp. 1–20.
- Vogel, Steven. 2007. "Why Freer Markets Need More Rules," in Naazneen Barma and Steven Vogel, eds., *Political Economy Reader: Markets as Institutions*, New York: Routledge, pp. 341–54.

Week 6: Taxation

- Fairfield, Tasha. 2013. "Going Where the Money Is: Strategies for Taxing Economic Elites in Unequal Democracies." *World Development* 47 (July): 42–57.
- Saez, Emmanuel, and Gabriel Zucman. 2024. "Top Incomes and Tax Policy." *Oxford Open Economics* 3: i1130–i1132.
- Di John, Jonathan. 2006. "The Political Economy of Taxation and Tax Reform in Developing Countries." Research Paper 2006/074. Helsinki: UNU-WIDER.
- Besley, Timothy, and Torsten Persson. 2013. "Taxation and Development." In *Handbook of Public Economics*, edited by Alan J. Auerbach, Raj Chetty, Martin Feldstein, and Emmanuel Saez, 51–110. Vol. 5. Elsevier. <https://doi.org/10.1016/B978-0-444-53759-1.00002-9>.

Week 7: Crime, Conflict and Development.

- Dube, Oeindrila, and Juan Vargas. 2013. "Commodity Price Shocks and Civil Conflict: Evidence from Colombia." *Review of Economic Studies* 80 (4): 1384–1421.
- Dell, Melissa, and Pablo Querubin. 2018. "Nation Building through Foreign Intervention: Evidence from Discontinuities in Military Strategies." *The Quarterly Journal of Economics* 133 (2): 701–764.
- Yanagizawa-Drott, David. 2014. "Propaganda and Conflict: Theory and Evidence from the Rwandan Genocide." *Quarterly Journal of Economics* 129 (4): 1947–1994.

Week 8: Trade and Development.

- Acemoglu, Daron, Simon Johnson, and James A. Robinson. 2005. "The Rise of Europe: Atlantic Trade, Institutional Change and Economic Growth." *American Economic Review* 95 (3): 546–579.
- Atkin, David, Amit Khandelwal, and Adam Osman. 2017. "Exporting and Firm Performance: Evidence from a Randomized Experiment." *Quarterly Journal of Economics* 132 (2): 551–615.
- Verhoogen, Eric A. 2008. "Trade, Quality Upgrading, and Wage Inequality in the Mexican Manufacturing Sector." *Quarterly Journal of Economics* 123 (2): 489–530.
- Goldberg, Pinelopi Koujianou, and Nina Pavcnik. 2007. "Distributional Effects of Globalization in Developing Countries." *Journal of Economic Literature* 45 (1): 39–82.
- Waugh, Michael E. 2010. "International Trade and Income Differences." *American Economic Review* 100 (5): 2093–2124.

Week 9: Governance and Accountability

- Besley, Timothy, and Robin Burgess. 2002. "The Political Economy of Government Responsiveness: Theory and Evidence from India." *Quarterly Journal of Economics* 117 (4): 1415–1451.
- Ferraz, Claudio, and Frederico Finan. 2008. "Exposing Corrupt Politicians: The Effects of Brazil's Publicly Released Audits on Electoral Outcomes." *Quarterly Journal of Economics* 123 (2): 703–745.
- Hollyer, James R., B. Peter Rosendorff, and James R. Vreeland Jr. 2015. "Transparency, Protest, and Autocratic Instability." *American Political Science Review* 109, no. 4: 764–784. <https://doi.org/10.1017/S0003055415000428>.
- Malesky, Edmund, Paul Schuler, and Anh Tran. 2012. "The Adverse Effects of Sunshine: A Field Experiment on Legislative Transparency in an Authoritarian Assembly." *American Political Science Review* 106, no. 4: 762–786. <https://doi.org/10.1017/S0003055412000408>.
- Grossman, Guy, Kristin Michelitch, and Carlo Prato. 2024. "The Effect of Sustained Transparency on Electoral Accountability." *American Journal of Political Science* 68, no. 3: 1022–1040. <https://doi.org/10.1111/ajps.12787>.

Week 10: Environment, Energy and Development.

- Banares-Sanchez, Ignacio, Robin Burgess, David Laszlo, Pol Simpson, John Van Reenen, and Yifan Wang. 2025. "Ray of Hope? China and the Rise of Solar Energy." Mimeograph, LSE.
- Greenstone, Michael, Rohini Pande, Nicholas Ryan, and Anant Sudarshan. 2025. "Can Pollution Markets Work in Developing Countries? Experimental Evidence from India." *Quarterly Journal of Economics*.
- Gonzales, Luis, Koichiro Ito, and Mar Reguant. 2023. "The Investment Effects of Market Integration: Evidence from Renewable Energy Expansion in Chile." *Econometrica* 91, no. 5: 1659–1693.

- Burlig, Fiona, and Louis Preonas. 2024. "Out of the Darkness and Into the Light? Development Effects of Rural Electrification." *Journal of Political Economy* 132, no. 9: 2937–2971.
- Carleton, Tamma, Anant Jina, Maria Delgado, Michael Greenstone, Todd Houser, Solomon Hsiang, Alexander Hultgren, Robert Kopp, Kelsey McCusker, Indira Nath, Jesse Rising, Alan Rode, Hae-Kyong Seo, Anne Viaene, Jiacan Yuan, and Anthony Zhang. 2022. "Valuing the Global Mortality Consequences of Climate Change Accounting for Adaptation Costs and Benefits." *Quarterly Journal of Economics* 137, no. 4: 2037–2015.
- Greenstone, Michael, Alan Barreca, Karen Clay, Olivier Deschênes, and Joseph Shapiro. 2016. "Adapting to Climate Change: The Remarkable Decline in the U.S. Temperature-Mortality Relationship Over the 20th Century." *Journal of Political Economy* 124, no. 1.

Week 11: Foreign Aid and International Influence.

- Hsieh, Chang-Tai, and Enrico Moretti. 2006. "Did Iraq Cheat the United Nations? Underpricing, Bribes, and the Oil for Food Program." *Quarterly Journal of Economics* 121, no. 4: 1211–1248. <https://doi.org/10.1162/qjec.121.4.1211>
- Nunn, Nathan, and Nancy Qian. 2014. "US Food Aid and Civil Conflict." *American Economic Review* 104, no. 6: 1630–1666. <https://doi.org/10.1257/aer.104.6.1630>
- Dube, Arindrajit, Ethan Kaplan, and Suresh Naidu. 2011. "Coups, Corporations, and Classified Information." *Quarterly Journal of Economics* 126, no. 3: 1375–1409.
- Berger, Daniel, William Easterly, Nathan Nunn, and Shanker Satyanath. 2013. "Commercial Imperialism? Political Influence and Trade during the Cold War." *American Economic Review* 103, no. 2: 863–896. <https://doi.org/10.1257/aer.103.2.863>