

POLI 128 - Winter 2016

Monday, Wednesday, Friday, 9:00AM-9:50AM
Warren Lecture Hall, Room 2207

Autocracy, Democracy, and Prosperity

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Office Hours: Wednesday 11:30AM-1:30PM, office SSB #365.

Course Description

This course considers the interplay between factor endowments, political institutions and economic performance. It focuses on the connection between representative political institutions and the emergence and expansion of markets.

Format

The class will meet three times per week for the duration of the quarter. Class sessions will be conducted as lectures. Each meeting will be devoted to a new theme/idea related to the link between political institutions and economic performance. The topics presented in class are paired with the **required** readings listed below. The lectures will review the concepts discussed in these readings, but should be taken neither as a *duplication* nor as a substitute for them. In other words, you should not assume that because you came to class, you can skip the readings, and/or that because you made the readings you may not attend the lectures. You will notice that I have limited the number of readings each week. I want us to focus on the key concepts of the arguments made, the logic used, and how the arguments are tested. You should read the materials keeping this aim in mind. Also, you may find it helpful to reread the material after it was discussed in class.

The pace of this course will be fast and some of the readings will be quite complex. You should **not** be discouraged by this. In most cases, understanding these readings will take patience more than anything else. Nonetheless, some basic knowledge of economics and statistics would be useful.

Assignments

Each week students are expected to read the materials. Students are expected to take a midterm exam, and final exam. The midterm exam is worth 35% of the final grade, and the final exam accounts for 50% of the final grade. Discussion and general class participation accounts for the remaining 15%. Extensions, incompletes, etc. will be given in accordance with UCSD policy. Except under **very pressing circumstances**, they will be discouraged.

Course Policies

Academic Integrity. Students in this course are expected to comply with UCSD's Policy on Integrity of Scholarship. In particular, plagiarism is considered a dishonest practice and a serious academic offense. Hence, there will be a zero tolerance policy with respect to these practices: any student violating the obligation of academic integrity during the term will automatically fail the class. Copies of the current version of the UCSD Policy on Integrity of Scholarship, also commonly referred to as the Academic Dishonesty Policy, may be found on the Academic Senate webpage: <http://www-senate.ucsd.edu/AcademicIntegrity/AcademicIntegrity.htm>

Disabilities. If you have a disability that requires special testing accommodations or other classroom modifications, you need to notify both me and the Office for Students with Disabilities (OSD). You may be asked to provide documentation of your disability to determine the appropriateness of accommodations. To notify the OSD, call (858) 534-4382 to schedule an appointment.

Course Materials

Readings are drawn from two books available for purchase, and from articles available off the Web through the UCSD Library System (marked in this syllabus by *). In addition there are some readings drawn from book chapters, and non-electronic journals. These articles (marked by **) will be made available by the instructor.

Required Books

De Soto, Hernando. 2000. *The Mystery of Capital*. New York: Basic Books (hereafter: De Soto).

Easterly, William. 2002. *The Elusive Quest for Growth*. Cambridge: MIT Press (hereafter: Easterly).

Course Outline and Readings

Week 1 (January 4-8) - Mechanics of Growth

- Growth and Prosperity (Easterly, ch. 1)
- Mechanics of Growth I (Easterly, ch. 2)
- Mechanics of Growth II (Easterly, ch. 3)

Week 2 (January 11-15) - Incentives and Growth

- Incentives and Growth I (Easterly, ch. 8)
- Incentives and Growth II (Easterly, ch. 9)
- Random Shocks and Growth (Easterly, ch. 10)

Week 3 (January 20-22) - Property Rights and Growth

- Property Effects (De Soto, ch. 2)
- Extralegality (De Soto, ch. 3)

Week 4 (January 25-29) - Spontaneous Order

- U.S Case (De Soto, ch. 5)
- Informal Law (De Soto, ch. 6)
- * Sugden, Robert. 1989. "Spontaneous Order," *Journal of Economic Perspectives*, Vol 3, 4: 85-97.

Week 5 (February 1-5) - Review & Midterm

- Documentary
- Review Session

February 5: Midterm Exam.

Week 6 (February 8-12) - Power and Prosperity

- * Lane, Frederic C. 1958. "Consequences of Organized Violence," *Journal of Economic History*, Vol. 18, 4: 401-417.
- ** North, Douglass C. 1980. *Structure and Change in Economic History*. New York: Norton, Ch. 3.
- ** Olson, Mancur. 2000. *Power and Prosperity*. New York: Basic Books, Ch. 1.

Week 7 (February 17-19) - Credible Commitments

- ** Dixit, Avinash and Barry Nalebuff. 1991. *Thinking Strategically*. New York: Norton, Chapter 6.
- * Root, Hilton L. 1989. "Tying the King's Hands: Credible Commitments and Royal Fiscal Policy during the Old Regime," *Rationality and Society*, Vol. 1, No. 2: 240-258.

Week 8 (February 22-26): Politics, Policies and the Economy

- * Krueger, Ann O. 1990. "Government Failures in Development," *Journal of Economic Perspectives*, Vol. 4: 9-23.
Bad Governments (Easterly, ch. 11)
Predatory Governments (Easterly, ch. 12)

Week 9 (February 29-March 4): Autocracy, Democracy, and Prosperity

- * Przeworski, Adam and Limongi, Fernando. 1993. "Political Regimes and Economic Growth," in *Journal of Economic Perspectives*, Vol. 7: 51-69.
- ** Giuliano, Paola, Prachi Mishra, and Antonio Spilimbergo. 2011. "Free Governments, Good Policies," in *Finance and Development*, Vol. 48, No. 1.
- * Przeworski, Adam, Michael E. Alvarez, Jose Antonio Cheibub, and Fernando Limongi. 1996. "What Makes Democracies Endure?," *Journal of Democracy*, Vol. 7: 39-55.

Week 10 (March 7-11): Which Institutions for Prosperity?

- * Person, Torsten, and Guido Tabellini. 2004. "Constitutions and Economic Policy," *Journal of Economic Perspectives* Vol. 18: 75-98.
- ** Keefer, Philip. 2004. "What Does Political Economy Tell Us About Economic Development - and Vice Versa?," *Annual Review of Political Science*, 7: 247-272.

Final Exam: Wednesday March 16 - 8:00AM - 10:59AM