

Global Competitiveness Leadership Program (GCL)

**SYLLABUS FOR:
Institutions, Development, and Growth**

March 10 & 12, 2015

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Overview

How do political institutions shape prospects for economic development? How does economic development, in turn, shape institutions?

This course introduces students to the importance of domestic and international political institutions as they are connected to economic development. At the level of domestic politics, the course focuses on the determinants and consequences of democracy, as well as raising questions about more specific features of domestic institutions. At the international level, the course addresses the International Monetary Fund (IMF), the World Bank, and the United Nations. The course also addresses the rise of regional institutions. Indeed, the course concludes with the importance of promoting cooperation at the regional level.

Readings

Suggested pre-reading:

- Lipsy, Phillip Y. 2003. Japan's Asian Monetary Fund Proposal. *Stanford Journal of East Asian Affairs* 3 (1):93-104.

This reading will provide the background for the final session. It is short but rich. Beyond this pre-reading, the syllabus provides references to additional readings below.

Course Scope and Objectives

The objective of this course is to teach students to think systematically about how institutions – both domestic and international – influence the political economy of the various countries. The analytical approaches to addressing the specific examples discussed in the lectures have applications for many other institutions.

Learning Methodology

This course's 6 lectures (75 minutes each) are densely packed over 2 meeting days. We will, therefore, use multiple methods to reinforce the main take-away messages of the course.

- Class sessions will combine a mix of **lecture** and **seminar** style, with **puzzles** for the students to grapple with as a group. *Class notes will be made available to students after each session.* The reason to provide the notes only after class is to keep students engaged in an *active learning mode*. The notes include puzzles, questions, and answers. It is important for students not to be able to see the answers to puzzles until we have struggled through them as a group.
- **Music** will be employed to reinforce key lessons.
- The course will also refer to several **movies** to illustrate in dramatic fashion some key lessons. Familiarity with *The Godfather* could prove useful, if you're looking for a relaxing way to prepare for class. Other movies that may come up in class include *Invictus*, *The Dark Knight*, *The Whistleblower*, and *Goodfellas*.

Class schedule

- Class 1 – Tuesday, March 10, 1:15-2:30pm:

Culture versus Institutions

In this class we are going to make explicit two lenses that we use to see the world: the cultural lens and the institutional lens. Since the cultural lens is perhaps more intuitive, and certainly more common in our every-day conversations, we will spend most of the class adjusting our vision to the institutional lens, trying to “see” outcomes as the result of different institutional incentives and constraints as opposed to the result of different historical cultures. Of course cultures and institutions interact, and it may never be obvious which came first (which is the chicken, which is the egg), but I'll try to provoke a debate and get the class thinking in new ways about how we explain differences across countries and across historical periods.

Further reading:

Bernard, Andrew B. and Meghan R. Busse. 2004. Who Wins the Olympic Games: Economic Resources and Medal Totals. *Review of Economics and Statistics* 86 (1):413-417.

- Class 2 – Tuesday, March 10, 2:45-4pm:

Why do some countries have democracy?

In this class, we consider various explanations for why some countries enjoy democracy and others do not. We will consider a particular puzzle – the connection between economic development

and political institutions. We will also address the role of regional organizations in promoting democracy.

Further reading:

Przeworski, Adam, Michael Alvarez, José Antonio Cheibub, and Fernando Limongi. 2000. *Democracy and Development: Political Regimes and Economic Well-being in the World, 1950-1990*. New York: Cambridge University Press.

Przeworski, Adam and Fernando Limongi. 1997. Modernization: Theories and Facts. *World Politics* 49 (2): 155-183.

Boix, Carles. 2003. *Democracy and Redistribution*. New York: Cambridge University Press.

Boix, Carles and Susan C. Stokes. 2003. Endogenous Democratization. *World Politics* 55 (4): 517-549

Pevehouse, Jon C. 2002. Democracy from the Outside-In? International Organizations and Democratization. *International Organization* 56:3:515-549.

Gassebner, Martin, Michael J. Lamla, and James Raymond Vreeland. 2013. Extreme Bounds of Democracy. *Journal of Conflict Resolution* 57 (2): 171-197.

- Class 3 – Thursday, March 12, 9-11:15am:

Rise of the G20

The Global Financial Crisis of 2008 saw the G20 rise to prominence on the international stage. But why is the G20 really important? We will address this question with an eye towards what has been happening at the regional level.

Further reading:

Desai, Raj M. and James Raymond Vreeland. 2010. Are Davos Man's Days Numbered? *Up Front Blog, The Brookings Institution*. 26 January. Available: <http://www.brookings.edu/blogs/up-front/posts/2010/01/26-davos-desai>

Desai, Raj M. and James Raymond Vreeland. 2014. What the new bank of BRICS is all about. *The Monkey Cage The Washington Post*. 17 July. Available: <http://www.washingtonpost.com/blogs/monkey-cage/wp/2014/07/17/what-the-new-bank-of-brics-is-all-about>

McNamara, Kathleen R. 2008. A rivalry in the making? The Euro and international monetary power. *International Political Economy* 15 (3):439-459.

- Class 4 – Tuesday, May 12, 09:00-10:30:

Cooperation and Sacrifice

While perhaps not as riveting as a John Grisham novel, stories of international intrigue, where IMF loans have been extended in return for favors from developing countries, make for fascinating international politics. We will consider the analytics of how major powers - notably the United States - employ this international institution to pursue diplomatic endeavors. We will close the course with a discussion of the role of regional organizations as an alternative to global governance.

Further reading:

Vreeland, James Raymond. 2007. *The International Monetary Fund: Politics of Conditional Lending*. New York: Routledge.

Vreeland, James Raymond and Axel Dreher. 2014. *The Political Economy of the United Nations Security Council: Money and Influence*. New York: Cambridge University Press.