

## **Course Syllabus**

### **Political Economy and Development**

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**Explanatory note:** This course offers a synthesis of current Western approaches to the political economy of development, with emphasis on the problems of development strategy and industrial policy in late developing middle-income countries. The course draws extensively on my teaching experience at SOAS University of London and elsewhere. It was also taught previously at the Department of Political Science, York University, Toronto, Canada, the Institute of Development Economics Advanced School (IDEAS), Japan External Trade Organisation (JETRO), Tokyo, Japan, and the Faculty of Economics and Business Studies, University of Ferrara, Italy. Academic, institutional and student feedback has been excellent in all cases. I am, therefore, confident that this programme of study can also be successful at BFSU.

### **Course Description, Objectives and Format**

This course examines selected aspects of the process of development in today's world from a political economy perspective. The course addresses primarily (a) the relationship between finance and development, (b) the implications of the transition to neoliberalism for the poor and middle-income countries, and (c) the origins and consequences of the current international crisis. Throughout the course, basic theory is combined with applications to developing countries, using examples from Africa, Asia and Latin America. Special emphasis is given to changes in the international environment over the last thirty years and their implications on the policies and prospects of the poor and middle-income countries.

The main objectives of this course are to:

- Critically review some of the most important theories of development, highlighting the key differences in methodology, assumptions, logic and policy implications between competing approaches to economic development.
- Identify some of the key economic constraints to development, and the limitations of different economic development strategies.
- Review the relationship between financial processes and economic development from a macro or microeconomic angle, depending on the topic.
- Assess the implications of the transition to neoliberalism for the poor and middle-income countries.
- Discuss different explanations for the onset of the current global crisis and reach insights about the specific problems of poor and middle-income countries.

At the end of this course, students will be able to:

- Identify and understand some of the most important problems and debates in the field of political economy of development.
- Make informed comparisons between processes and problems of economic development across different regions of the world, and between countries in these regions, especially in terms of financial processes in development.
- Understand the economic and political implications of the neoliberal transition for the developing countries.
- Explain the sources and consequences of the current crisis for the poor and middle-income countries.
- Develop their analytical and critical skills, through the ideas discussed in the lectures and through individual research.
- Enhance their communication skills through discussions in class.

Students are expected to read widely around the topics of the course. Additional references can be provided on request.

### **Teaching and Assessment**

The course includes 8 sessions of four hours. Each session to be divided into two parts: the first part is an exposition of the topic by the lecturer (approximately 2h). The second part is a discussion led by the lecturer but based on contributions by selected students, around the key texts, and followed by a general debate (approximately 2h).

Students are expected to read widely around the topics of the course. Additional references can be provided on request.

The course will be assessed by one exam (3 questions to be chosen by the students out of 6 questions). The course will include preparation for the exam.

### **Course Outline**

#### **Session 1: Development Theory and Development Policies**

This lecture reviews the evolution of development theory and policy in the postwar era, focusing on the debates around ‘traditional’ mainstream theory, the Washington Consensus, the post-Washington Consensus and the inclusive growth paradigm. These policy implications of these approaches to development are examined through the angle of the international debt crisis, including debt accumulation, repayment, stabilisation and structural adjustment programmes, and the impact of debt relief initiatives.

#### *Readings*

1. Easterly, W. (2002) ‘How Did Highly Indebted Poor Countries Become Highly Indebted? Reviewing Two Decades of Debt Relief’, *World Development* 30 (10), pp.1677-1696.

2. Fine, B. (2011) *Towards a History of Development Economics*, unpublished manuscript.
3. Gore, C. (2000) 'The Rise and Fall of the Washington Consensus as a Paradigm for Developing Countries', *World Development* 28 (5), pp.789-804.
4. Saad-Filho, A. (2005) 'From Washington to Post-Washington Consensus: Neoliberal Agendas for Economic Development', in: A. Saad-Filho and D. Johnston (eds.) *Neoliberalism: A Critical Reader*. London: Pluto Press.
5. Saad-Filho, A. (2011) 'Growth, Poverty and Inequality: Policies and Debates from the (Post-)Washington Consensus to Inclusive Growth', *Indian Journal of Human Development*, 5 (2), pp.321-344.
6. Stiglitz, J. (1998) 'More Instruments and Broader Goals: Moving toward the Post-Washington Consensus', *WIDER Annual Lecture* 2.
7. Weeks, J. (2000) 'Latin America and the 'High Performing Asian Economies': Growth and Debt', *Journal of International Development* 12 (5), pp.625-654.

## **Session 2: Comparative Development Strategies**

This lecture reviews the most important economic development strategies implemented in the postwar era, including primary export-led growth, import-substituting industrialisation, export-oriented industrialisation, and the long-term strategies of the advanced economies. These are reviewed in the light of the implications for growth, development and satisfaction of human needs.

### *Readings*

1. Balcerowicz, L. and Rzońka, A. (eds.) (2015) *Puzzles of Economic Growth*. Washington DC: World Bank.
2. CGD (Commission on Growth and Development) (2008) *The Growth Report: Strategies for Sustained Growth and Inclusive Development*. Washington, DC: World Bank, <http://cgd.s3.amazonaws.com/GrowthReportComplete.pdf>, overview, introduction and Part 1.
3. Fine, B. (2006) 'The Developmental State and the Political Economy of Development', in Jomo K.S. and Fine, B. (eds.) *The New Development Economics after the Washington Consensus*, Oxford: Oxford University Press.
4. Mazzucato, M. (2011) *The Entrepreneurial State*. London: Demos.
5. Salazar-Xirinachs, J.M., Nübler, I. and Kozul-Wright, R. (2014) *Transforming Economies: Making Industrial Policy Work for Growth, Jobs and Development*. Geneva: ILO.
6. Stiglitz, J., Lin, J.Y. and Monga, C. (2013) *The Rejuvenation of Industrial Policy*. World Bank Policy Research Working Paper No. 6628.
7. Weiss, J. (2015) *Industrial Policy in High-Income Economies*, <http://e15initiative.org/publications/industrial-policy-in-high-income-economies/>

## **Session 3: Political Economy of Neoliberalism**

This session examines the historical and analytical underpinnings of neoliberalism, departing from the Keynesian-social democratic consensus in the advanced economies, developmentalism in the South, and the experience of Soviet-style socialism. The limitations of these strategies of accumulation are examined in the light of the theoretical foundations of neoliberalism, and its global diffusion.

### Readings

1. Cahill, D. (2014) *The End of Laissez-Faire? On the Durability of Embedded Neoliberalism*. Cheltenham: Edward Elgar, ch.4.
2. Clarke, S. (1988) *Keynesianism, Monetarism and the Crisis of the State*. Aldershot: Edward Elgar, ch.11.
3. Harvey, D. (2005) *A Brief History of Neoliberalism*. Oxford: Oxford University Press, chs.1, 6.
4. Kiely, R. (2005) *The Clash of Globalisations: Neo-Liberalism, the Third Way and Anti-Globalisation*. Leiden: Brill, ch.3.
5. Lemke, T. (2001) 'The Birth of Bio-Politics: Michel Foucault's Lecture at the Collège De France on Neo-Liberal Governmentality', *Economy & Society* 30 (2), pp.190-207.
6. Mirowski, P. (2009), 'Postface: Defining Neoliberalism' in Philip Mirowski and Dieter Plehwe (eds.), *The Road from Mont Pelerin: The Making of the Neoliberal Thought Collective*, Harvard University Press, Cambridge, pp. 417-455.
7. Saad Filho, A. (2007) 'Monetary Policy in the Neoliberal Transition: A Political Economy Review of Keynesianism, Monetarism and Inflation Targeting', in R. Albritton, B. Jessop and R. Westra (eds.), *Political Economy of the Present and Possible Global Futures*. London, Anthem Press.

### **Session 4: Financialisation and Globalisation**

This lecture analyses the role and historical development of finance under neoliberalism, and the implications of the globalisation of production. The lecture examines the relationship between domestic finance and development and the process of financial liberalisation, and the implications of the liberalisation of international capital flows. In this session we will also examine the changing forms of integration of finance and production between centre and periphery, and the destabilising implications of the rise of global finance under neoliberalism.

### Readings

1. Chang, H.-J. and Yoo, C.-G. (2000) 'The Triumph of the Rentiers?', *Challenge* 43 (1), pp.105-124.
2. Kozul-Wright, R. (2006) 'Globalization Now and Again', in Jomo K.S. (ed.) *Globalization under Hegemony: The Changing World Economy*. Oxford: Oxford University Press.
3. Krippner, G. (2005) 'The Financialization of the American Economy', *Socio-Economic Review* 3, pp.173-208.
4. Milanovic, B. (2003) 'The Two Faces of Globalization: Against Globalization as We Know It'. *World Development* 31 (4), pp. 667-683.
5. Mishkin, Frederic S. (2009). 'Why We Shouldn't Turn Our Backs on Financial Globalization', *IMF Staff Papers*, 56, 1: 139-70.
6. Piketty, T. (2014) *Capital in the Twenty-First Century*. Cambridge MA: Harvard University Press, Introduction.
7. Weeks, J. (2014) *Economics of the 1%*. London: Anthem Press, ch.3.

### **Session 5: Transitions to Neoliberalism**

This session reviews the transitions to neoliberalism in different countries and regions, with emphasis on the case of Latin America. The relationship between the form of the state, economic policies and social structures, and the political implications of neoliberalism are reviewed in detail.

#### *Readings*

1. Campbell, A. (2005) 'The Birth of Neoliberalism in the United States: A Reorganisation of Capitalism', in A. Saad-Filho and D. Johnston (eds.) *Neoliberalism: A Critical Reader*. London: Pluto Press.
2. Clarke, S. (2003) 'Globalisation and the Subsumption of the Soviet Mode of Production under Capital', in: A. Saad-Filho (ed.) *Anti-Capitalism: A Marxist Introduction*. London: Pluto Press.
3. Fine, B. and Saad-Filho, A. (2013) 'Neoliberal Development and Its Critics' in H. Weber (ed.) *Politics of Neoliberalism*, London: Routledge.
4. Portes, A. (1985). 'Latin American Class Structures: Their Composition and Change During the Last Decades', *Latin American Research Review*, 20 (3), pp.7-39.
5. Portes, A. and K. Hoffman (2003). 'Latin American Class Structures: Their Composition and Change During the Neoliberal Era', *Latin American Research Review* 38 (1), pp.41-82.
6. Saad-Filho, A. (2005) 'The Political Economy of Neoliberalism in Latin America', in A. Saad-Filho and D. Johnston (eds.) *Neoliberalism: A Critical Reader*. London: Pluto Press, 2005, pp.222-229.
7. Saad-Filho, A. and Yalman, G. (2009) *Economic Transitions to Neoliberalism in Middle-Income Countries: Policy Dilemmas, Economic Crises, Forms of Resistance*, London: Routledge.

### **Session 6: The 'Rise of the South'**

This lecture examines the literature and the empirical evidence around global convergence in general, and the 'Rise of the South' in particular. It also reviews the economic strategies which have been deployed, over time, and post-2007 crisis, to achieve the observed outcomes.

#### *Readings*

1. Akyüz, Y. (2012) *The Staggering Rise of the South?*, South Centre Research Paper 44, [http://www.southcentre.org/index.php?option=com\\_content&view=article&id=1691%3Athe-staggering-rise-of-the-south&lang=en](http://www.southcentre.org/index.php?option=com_content&view=article&id=1691%3Athe-staggering-rise-of-the-south&lang=en). (58 pages)
2. Akyüz, Y. (2013) *Waving or Drowning: Developing Countries after the Financial Crisis*, South Centre Research Paper 48.
3. Kim Soyoung, Jong-Wha Lee and Cyn-Young Park (2010) *The Ties that Bind Asia, Europe, and United States*, ADB Economics Working Paper Series 192, <http://www.adb.org/sites/default/files/pub/2010/Economics-WP192.pdf>
4. Pritchett, L. (1997) 'Divergence, Big Time', *Journal of Economic Perspectives*, 11 (3): 3-17.
5. Saad-Filho, A. (2013) The 'Rise of the South': Global Convergence at Last? *New Political Economy*.
6. Starrs, S. (2014) 'The Chimera of Global Convergence', *New Left Review* 87, pp.81-96.

7. UNCTAD (2012) *Report of the Secretary-General of UNCTAD to UNCTAD XIII: Development-led globalization: Towards sustainable and inclusive development paths*, [http://unctad.org/en/docs/tdxiii\\_report\\_en.pdf](http://unctad.org/en/docs/tdxiii_report_en.pdf) (Preface and section I, pp.3-46)

### **Session 7: The Current Crisis and the Developing Countries**

This session examines the onset of the current global crisis, and the problems of crisis and recovery under neoliberal and finance-led strategies of development. Special attention will be given to the impact of the crisis upon distinct country groups.

#### *Readings*

1. Akyüz, Y. (2014) 'Crisis Mismanagement in the United States and Europe: Impact on Developing Countries and Longer-Term Consequences', UN-DESA Working Paper No.132, [www.un.org/esa/desa/papers/2014/wp132\\_2014.pdf](http://www.un.org/esa/desa/papers/2014/wp132_2014.pdf)
2. Blanchard, O., Romer, D., Spence, M. and Stiglitz, J. (eds.) (2012) *In the Wake of the Crisis: Leading Economists Reassess Economic Policy*. Cambridge, Mass.: MIT Press.
3. Evans, T. (2015) *The Crisis of Finance-Led Capitalism in the United States of America*, Institute for International Political Economy Berlin, Working Paper 51, [http://www.ipe-berlin.org/fileadmin/downloads/working\\_paper/ipe\\_working\\_paper\\_51.pdf](http://www.ipe-berlin.org/fileadmin/downloads/working_paper/ipe_working_paper_51.pdf)
4. Gorton, G. and A. Metrick (2012). 'Getting up to speed on the financial crisis: a one-weekend-reader's guide', [http://faculty.som.yale.edu/garygorton/documents/GettingUpToSpeed\\_Jan-11-2012.pdf](http://faculty.som.yale.edu/garygorton/documents/GettingUpToSpeed_Jan-11-2012.pdf)
5. Saad Filho, A. (2011) 'Crisis in Neoliberalism or Crisis of Neoliberalism?', *Socialist Register* 47, [www.socialistregister.com](http://www.socialistregister.com).
6. Stiglitz, J. (2010) *Freefall: America, Free Markets, and the Sinking of the World Economy*, London: Allen Lane.

Then have a look at *the latest issue of the IMF World Economic Outlook (available on the IMF website) and the latest UNCTAD Trade and Development Report (available on the UNCTAD website)*.

*And when you are feeling tired, have a look at:*

- Krugman, P. (2009) "How Did Economists Get It So Wrong?", September 2, New York Times online article: [www.nytimes.com/2009/09/06/magazine/06Economic-t.html?\\_r=1&emc=eta1](http://www.nytimes.com/2009/09/06/magazine/06Economic-t.html?_r=1&emc=eta1)
- Randall Wray, L. (2012) *Why we are screwed*, <http://www.economonitor.com/lrwray/2012/07/23/why-were-screwed>

### **Session 8: Policy Alternatives**

This session analyses the relationship between political and economic democracy. We consider the different meanings of democracy, the process of determination of economic policy, and the impact of distinct policies across society. We also consider how pro-poor and democratic economic policies can be defined and implemented.

## Readings

1. Bateman (2010) *Why Doesn't Microfinance Work? The Destructive Rise of Local Neoliberalism*. London: Zed Books.
2. Dagdeviren, H., van der Hoeven, R. and Weeks, J. (2002) 'Poverty Reduction with Growth and Redistribution', *Development and Change* 33 (3), pp.383-413.
3. Ghosh, J. (2011) 'Dealing with "The Poor"', *Development and Change* 42(3): 849-858.
4. Heintz, J. and S. Razavi (2013) 'Social Policy and Employment: Rebuilding the Connections', UNRISD Beyond 2015 Brief, 3. Geneva: UNRISD.
5. Saad-Filho, A. (2007) 'There is Life beyond the Washington Consensus: An Introduction to Pro-Poor Macroeconomic Policies', *Review of Political Economy* 19 (4), pp.513-537.
6. Therborn G. (2013) *The Killing Fields of Inequality*, Cambridge: Polity.
7. UNRISD (2010) *Combating Poverty and Inequality: Structural Change, Social Policy and Politics*. Geneva: UNRISD.
8. Voitchovsky, S. (2009) 'Inequality and Economic Growth' in *The Oxford Handbook of Economic Inequality*. Oxford: Oxford University Press.