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Political Science 169-1
Spring 2003
M-W-F: 1:00pm-1:50 pm
Location: PUB POL 1270
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The Political Economy of Economic Development in Brazil

Course Description: This course is aimed at students interested in the political economy of Brazil's contemporary trade policy. Although this class is intended primarily for upper division undergraduates, graduate students are also welcome. The class will consider a variety of domestic factors that affect, or are related to, international trade policy. The course will also consider case materials on a number of other Latin American countries that have experienced similar political and economic problems that Brazil has faced. Exposing you to such cases will remind you that the Brazilian experience of economic development cannot be thought as disconnected from the reality of the rest of the continent.

The required readings are intended to show how politics and economics have been always intertwined when it comes to the making of public policy. At times, economic and methodological questions will be examined in detail. Therefore some knowledge of statistical analysis will be helpful, although it is not a requirement for taking this class. My main goal is to introduce to you the problems and dilemmas of economic development strategy that have haunted Brazil for the last 50 years.

Requirements: Regular attendance and participation. Grades will be based on a midterm (30%), on a final exam (35%), and on one (5 – 7 pages) analytical paper (35%). The paper should be a critical review of one or more items assigned in this course. You are expected to develop a hypothesis of your own and your critique should deal with theoretical and analytical issues.

Book Purchase: Students are expected to purchase a class reader, which is available from Westwood Copies located at 1001 Gayley Avenue, Westwood. All of the required readings are in the reader and no other book purchases are necessary.

Schedule of Classes and Readings

Week 1 – I.S.I. and Other State-led Economic Policies I

March 31st: Introduction

April 2nd: Basic Concepts in International Economics

- Fernando Henrique Cardoso and Enzo Faletto. *Dependency and Development in Latin America* (Berkeley: University of California Press, 1979c), pp. 1-7.
- Celso Furtado. *Obstacles to Development in Latin America* (Garden City, N.Y.: Anchor Books, 1970), pp.113-127.

April 4: Origins of I.S.I. Policies

- Frederick Stirton Weaver. “Depression, War, and Industrial Expansion, 1930 – 1945,” and “The Growth and Structure of South American Industry, 1945 to the Present.” In *Class, State, and Industrial Structure*. (Westport, CT.: Greenwood Press, 1980), pp. 121 –177.

Week 2 – I.S.I. and Other State-led Economic Policies II

April 7: The Urban Bias

- Michael Lipton. “What is ‘urban bias’, and is it to blame?” In *Why Poor People Stay Poor*. (Cambridge, MA.: Harvard University Press, 1976), pp. 44 – 70.

April 9: Trade Protectionism and Export Policy

- Michael Lipton. “Tax Policy Towards the Rural Sector.” In *Why Poor People Stay Poor*. (Cambridge, MA.: Harvard University Press, 1976), pp. 270 – 284.
- Nathaniel H. Leff. “Protection and Coffee Policy.” In *Economic Policy-Making and Development in Brazil, 1947 – 1964*. (New York, N.Y.: John Wiley & Sons, Inc., 1968), pp. 9 – 34.

April 11: Allocation Policy

- Albert Hirschman. “The Political Economy of Import-Substituting Industrialization in Latin America.” In *A Bias for Hope: Essays on Development and Latin America*. (New Haven: Yale University Press), pp. 85 – 123.
- Nathaniel H. Leff. “Allocation Policy.” In *Economic Policy-Making and Development in Brazil, 1947 – 1964*. (New York, N.Y.: John Wiley & Sons, Inc., 1968), pp. 35 - 58.

Week 3 – Dependent Development

April 14: “Local Capital and the Multinationals”

- Peter Evans. *Dependent Development – The Alliance of Multinational, State, and Local Capital in Brazil* (New Jersey, N.J.: Princeton University Press, 1979), pp. 101 – 162.

April 16: “The State and the Multinationals”

- Ibid., pp. 213 – 273.

April 18: “Dependent Development in Perspective”

- Ibid., pp. 274 – 329.

Week 4 – Building State Capacity

April 21st: “Reform as a Collective Good”

- Barbara Geddes *Politician’s Dilemma – Building State Capacity in Latin America* (Berkeley: University of California Press, 1994a), pp. 24 – 42.

April 23rd: “Insulation and the Struggle for Reform in Brazil, 1930 – 1964”

- Ibid., pp. 43 – 82

April 25: “The Political Uses of Bureaucracy”

- Ibid., pp. 131 – 181

Week 5 – Debt Crises and the Collapse of the I.S.I. Model I

April 28: Midterm

April 30: Crisis in the International System

- Celso Furtado and Masaru Yoshitomi. *The World Economic and Financial Crisis* (World Institute for Development Economics Research: United Nations University, 1989), pp. 6 – 35.

May 2nd: “Muddling Through: Adjustment from 1982 to 1987”

- Sebastian Edwards. *Crisis and Reforms in Latin America: from Despair to Hope* (New York: Oxford University Press, 1995), pp. 17 – 40.

Week 6 – Debt Crises and the Collapse of the I.S.I. Model II

May 5: “The Rise and Decline of Development Economics”

- Albert Hirschman (1981), pp. 1 – 24.

May 7: The “Washington Consensus”

- John Williamson. “What Washington Means by Policy Reform.” In *Latin American Adjustment: How Much Has Happened?* (Washington, D.C.: Institute for International Economics, 1990), pp. 5 – 20.

May 9: “The Emergence of a New Latin American Consensus”

- Sebastian Edwards (1995), pp. 41 – 65.
- Sebastian Edwards. “Trade Liberalization Reforms and the World Bank.” In *Developing and Newly Industrialized Countries*, V. 2 (Northampton, MA: Edward Elga Publishing, 1998), pp. 155 – 160.

Week 7 – Coalitions and Vested Interests

May 12: Clientelistic Politics

- Nathaniel Leff (1968), pp. 109 – 131

May 14: Sectoral/Group Interests (Ricardo – Viner)

- Jeffrey A. Frieden. 1991. “Invested Interests: The Politics of National Economic Policies in a World of Global Finance.” In *International Organization* no. 45 (Autumn): 425-51.

May 16: Class Interests (Stolper – Samuelson)

- Ronald Rogowski. 1987. “Political Cleavages and Changing Exposure to Trade.” In *American Political Science Review*, V. 81 (December): 1121 –1137.

Week 8 – The Political Economy of Economic Reforms

May 19: An Institutional Perspective

- Scott Mainwaring. *Presidentialism and Democracy in Latin America* (New York, N.Y.: Cambridge University Press, 1997), pp. 55 – 109.

May 21st: The Politics of the Reforms

- Joan Nelson. “Linkage Between Politics and Economics.” In *Economic Reform and Democracy* (Johns Hopkins University Press, 1995), pp. 45 – 58.

May 23rd: Are Authoritarian Regimes More Successful in Executing Reforms?

- Barbara Geddes. “Challenging the Conventional Wisdom.” In *Economic Reform and Democracy* (Johns Hopkins University Press, 1995), pp. 59 – 73.

Week 9 – Trade Policies and Wage Inequality

May 26: Memorial Day holiday

May 28: Trade Reforms (PAPER DEADLINE)

- Sebastian Edwards. *Crisis and Reforms in Latin America: from Despair to Hope* (New York: Oxford University Press, 1995), pp. 142 – 63.

May 30: Poverty and Income Distribution

- Adrian Wood. “Openness and Wage Inequality in Developing Countries: The Latin American Challenge to East Asia Conventional Wisdom.” In *World Bank Economic Review*, January 1997, 11(1), 33-57.

Week 10 – Macroeconomic Constraints to Economic Reforms

June 2nd: Financial crisis, again! But with a Neoliberal Flavor: The Mexican Episode

- Jeffrey A. Frieden. “The Politics of Exchange Rates.” In *Anatomy of an Emerging-Market Crash – Mexico 1994*. (Washington D.C.: Brookings Institution Press, 1997), pp. 81 – 94.

June 4: “What Prevents Brazil from Liberalizing Its Economy?”

- Monica Arruda de Almeida. Forthcoming at the *Journal of Third World Studies* (Fall 2003).

June 6: In Search of a New Economic Paradigm

- “Lula’s Burden of Hope,” *The Economist*, Jan. 2nd, 2003.
- Moisés Naím, “The Washington Consensus: A Damaged Brand,” at <http://www.ceip.org/files/publications/2002-10-28-naim.asp>
- John Williamson, “What Should the Bank Think About the Washington Consensus?” at <http://www.iie.com/papers/williamson0799.htm>
- Joseph E Stiglitz. *Globalization and its Discontents*. (New York, N.Y.: Norton, 2002), pp. 23 – 52.

Final Week

Final Exam Code: (06) Tuesday, June 10, 2003, 3:00pm - 6:00pm