INTL 432

POLITICAL ECONOMY OF INSTITUTIONS, VALUES, AND DEVELOPMENT
Koç University
Spring 2005

Instructor: Dr. Murat Somer    Office: CASE 153
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Class Hours: M and W, 2:00-3:15    Office Hours: W 3:30-5 and by
Location: B39    appointment

Purpose and Nature of the Course

This is a non-technical course in political economy that investigates the
relationship between institutions, values, and development.

What is development? Why are some countries more developed than others? Why
can international organizations and aid stimulate development in some countries but fail
to produce results in other countries? Why do some countries attract more international
investments than others? Why did the Muslim world fall behind the West politically,
socially, and economically? Can Islam, democracy, and market economy be compatible?
What is the role of social trust, or social capital, in development? Why do large American
companies tend to be publicly owned while their Turkish and Chinese counterparts tend
to remain family-owned?

None of these questions can be answered without examining institutions and
values. In this class, you will learn how to do this from various analytical perspectives in
political economy, such as neo-institutionalism and historical institutionalism.

Grading

Attendance and participation in class
Discussions 20 percent of the total grade
Midterms 50 percent
Choice of Take-Home Final or Thought Paper 30 percent

Readings

There are two required books, which can be bought from the bookstore:

Hernando de Soto, The Mystery of Capital: Why Capitalism Triumphs in the West and

William Easterly, The Elusive Quest for Growth (Cambridge, Mass.: The MIT Press,
2001).

Any other readings will be available at the reserve desk and for purchase as a reader.
Course Outline

(If necessary, changes might be made in the following outline, and in the rest of the syllabus, during the semester)

MODERN THEORIES OF DEVELOPMENT AND THE IMPORTANCE OF INSTITUTIONS (3 weeks)

What is development? Culture vs. incentives in explaining development

Sustainable development

International organizations, aid and investment, capital accumulation, population growth, income distribution, technological development, education, corruption, and development

Readings:


Lecture Notes

HOW DO INSTITUTIONS EVOLVE: HISTORICAL INSTITUTIONALISM AND THE ORIGINS OF INSTITUTIONS (2 weeks)

The historical evolution of the political and economic institutions of advanced capitalist democracies

Readings:

Lecture on:

HOW DO INSTITUTIONS AFFECT DEVELOPMENT: NEW INSTITUTIONALISM AND THE FUNCTIONS OF INSTITUTIONS (2 weeks)

Property rights, transaction costs, and development


Lecture on:
Lecture Notes

SOCIAL CAPITAL AND DEVELOPMENT

I. Social Trust and Economic and Political Development (3 weeks)


II. Trust in Government and Development (2 weeks)


RELIGION AND DEVELOPMENT (3 weeks)

I. Religion and Economic Development:


II. Religion and Social-Political Development:

Lecture on:

Lecture Notes

ACADEMIC HONESTY

Academic honesty is a fundamental value that all members of the university should cherish. Students and faculty at Koç adhere to the following principles of academic honesty:

1. **Individual responsibility and accountability** for all individual work, written or oral. Copying from others or providing answers or information, written or oral, to others is cheating.

2. Providing **proper acknowledgement of original author**: you should acknowledge the person whenever you use another author’s ideas or information, unless the idea or information in question is common knowledge as in “the world is round” or “Turkey’s capital city is Ankara.” Using any other idea or information without acknowledging its owner, using any terminology or text without putting it in quotation marks or without acknowledging its source, and copying from another student’s work is plagiarism.

3. Study or project group activity is effective and **authorized teamwork**. Unauthorized help from another person, including excessive help with writing or language (e.g. English), or having someone else write one’s paper or assignment is plagiarism and collusion.

Cheating, plagiarism, and collusion are serious offences resulting in an F grade and possibly disciplinary action.