

**George Mason University
Institute of Public Policy
International Commerce and Policy Program**

ITRN701–B01 Business & Politics in Emerging Markets

	MW	7:20 – 10:00 pm	Sullivan
--	----	-----------------	----------

Summer Semester, 2008
Arlington Campus
June 2 to July 21 – Exams July 21
John D. Sullivan, Ph.D.
Center for International Private Enterprise
US Chamber of Commerce
1155 15th St., NW
Washington, DC 20005
202-721-9230
JDSullivan@CIPE.org
www.cipe.org

Course Overview:

Business and Politics in Emerging Markets is an introduction to the volatile world of developing and transitional economies, with a focus on those countries which are now destination points for international financial flows and foreign direct investment. Emerging markets have become a major influence in the world economy both because of the potential for growth and the downside risks from economic crises. The viewpoint will be based on business considerations and the new institutional economics. The new institutional economics is a combination of economics, economic history, political science, and area studies. However, classroom discussion will be oriented more toward how these materials can be applied to judge risk and reward. Special focus will be placed on countries such as Russia, Brazil, China, India, and other major emerging markets though consideration will also be given to all regions.

Readings:

While the reading list is lengthy, many articles are short papers that focus on specific policy issues. In addition, students are encouraged to use the Internet to review web sites that are central to the debates over emerging markets and policy reform. Most of the readings, other than the main text, are available on the web at the sites listed.

Office Hours:

Appointments for discussion can be scheduled with the instructor prior to class from 5:00 to 7:00 at the Arlington Campus or by arrangement at the instructor's office noted above.

Course Requirements:

Students are expected to read all of the required readings and participate in class. Grades will be determined as follows: (1) mid term open book exam (35%), (2) one emerging market profile (criteria will be provided) (20%), (3) class discussion (10%) and (4) a final closed book exam (35%). A 15 – 20 page research paper may be substituted for the final exam with prior approval of the topic.

Grading criteria: Material will be graded on the following criteria – 1) Quality of the analysis and use of empirical support; 2) Completeness of the conclusions and link to the supporting analysis; 3) Mastery of the material (readings) covered in class; and 4) Insights into the conditions in emerging markets including institutional factors, business conditions, and structure of incentives.

Required Books:

- Hernando de Soto, The Mystery of Capital, Basic Books, 2003, New York.
- Diana Hacker, A Pocket Manual of Style, 3rd ed. or later, Bedford/St. Martin's, 2000

Recommended Books:

- Hernando de Soto, The Other Path, The Invisible Revolution in the Third World, 1989, Harper and Rowe.
- A Better Investment Climate for Everyone, World Development Report, 2005, World Bank.
- Building Institutions for Markets, World Development Report, 2002, World Bank.
(Note: Both World Bank studies can be read on line at WWW.Worldbank.Org)

New Voices in Public Policy

For those of you who chose to do a research paper, I will consider nominating the very best papers in this course for publication in New Voices in Public Policy. New Voices is a student- and faculty-reviewed journal that shares SPP's finest student work with the rest of the world. Please let me know if you would like your paper considered.

Policy on Disability

If you are a student with a disability and you need academic accommodations, please see me and contact the Disability Resource Center (DRC) at 993-2474. All academic accommodations must be arranged through the DRC.

The SPP Policy on Plagiarism is as follows:

The profession of scholarship and the intellectual life of a university as well as the field of public policy inquiry depend fundamentally on a foundation of trust. Thus any act of plagiarism strikes at the heart of the meaning of the university and the purpose of the School of Public Policy. It constitutes a serious breach of professional ethics and it is unacceptable.

Plagiarism is the use of another's words or ideas presented as one's own. It includes, among other things, the use of specific words, ideas, or frameworks that are the product of another's work. Honesty and thoroughness in citing sources is essential to professional accountability and personal responsibility. Appropriate citation is necessary so that arguments, evidence, and claims can be critically examined.

Plagiarism is wrong because of the injustice it does to the person whose ideas are stolen. But it is also wrong because it constitutes lying to one's professional colleagues. From a prudential perspective, it is shortsighted and self-defeating, and it can ruin a professional career.

The faculty of the School of Public Policy takes plagiarism seriously and has adopted a zero tolerance policy. Any plagiarized assignment will receive an automatic grade of "F." This may lead to failure for the course, resulting in dismissal from the University. This dismissal will be noted on the student's transcript. For foreign students who are on a university-sponsored visa (eg. F-1, J-1 or J-2), dismissal also results in the revocation of their visa.

To help enforce the SPP policy on plagiarism, all written work submitted in partial fulfillment of course or degree requirements must be available in electronic form so that it can be compared with electronic databases, as well as submitted to commercial services to which the School subscribes. Faculty may at any time submit student's work without prior permission from the student. Individual instructors may require that written work be submitted in electronic as well as printed form. The SPP policy on plagiarism is supplementary to the George Mason University Honor Code; it is not intended to replace it or substitute for it.

CLASS SCHEDULE

June 2 (Monday) Introduction

- Institute for International Finance, "Capital Flows to Emerging Market Economies," go to www.iif.com and download the latest version.
- Goldman Sachs, "How Solid are the BRICs" December 2005, available at http://www2.goldmansachs.com/hkchina/insight/research/pdf/BRICs_3_12-1-05.pdf
- Mody, Ashoka, "What is an Emerging Market," IMF Working Paper, September 2002 at: <http://www.imf.org/external/pubs/cat/longres.cfm?sk=17598.0>
- Sullivan, John D., "Globalization from a Business Viewpoint," can be found at <http://www.cipe.org/pdf/publications/fs/050905.pdf> .

Web Resources:

- Goldman Sachs, Research Reports, <http://www2.goldmansachs.com/insight/research/>

The IMF and World Bank have endorsed internationally recognized standards and codes in [11 areas](#) as important for their work and for which [Reports on the Observance of Standards and Codes \(ROSCs\)](#) are prepared. Standards in the areas of [data](#), [fiscal transparency](#), and [monetary and financial policy transparency](#) have been developed by the Fund while others have been developed by other [standard setting bodies](#) including the [World Bank](#) and the [Basel Committee on Banking Supervision](#). It is recommended that students interested in international finance review the application of these.

- For a background explanation see:
<http://www.imf.org/external/np/sec/pn/2001/pn0117.htm>
- For the index of codes and standards see:
<http://www.imf.org/external/standards/index.htm>

Recommended Reading:

- McKinsey, “Mapping the Global Capital Markets,” 2008
http://www.mckinsey.com/mgi/publications/Mapping_Global/index.asp
- Emerging Markets: A Practical Guide for Corporations, Lenders, and Investors, Interview with Jeffrey C. Hooke, CIPE Feature Service, February 8, 2002
<http://www.cipe.org/pdf/publications/fs/hooke.pdf>

June 4 (Wednesday) – The New Institutional Economics

Required Reading

- North, Douglass, “Economic Performance Through Time,” 1993, Nobel Prize lecture, at - http://nobelprize.org/nobel_prizes/economics/laureates/1993/north-lecture.html
- North, Douglass, “Institutional Change: A Framework of Analysis,” 1994 posted at <http://www.bilkent.edu.tr/~neyapti/Readings/North-InstitutionalChange.pdf>
- World Economic Outlook, IMF, Washington, 2005. Chapter III, “Building Institutions,” available at <http://www.imf.org/external/pubs/ft/weo/2005/02/index.htm>

Recommended Reading

- Richter, Rudolf, “The New Institutional Economics: Its Start, Its Meaning, Its Prospects,” European Business Organization Law Review, Vol. 6, No.2., 2005
<http://www.uni-saarland.de/fak1/fr12/albert/mitarbeiter/richter/home-ger.htm>
- World Development Report 2002, Building Institutions for Markets, World Bank. Chapter 1, “Building Institutions” can be downloaded at <http://econ.worldbank.org/wdr>

<http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTRESEARCH/EXTWDRS/EXTWDR2002/0,,menuPK:477750~pagePK:64167702~piPK:64167676~theSitePK:477734,00.html>

- Johnson, Simon, John McMillan and Christopher Woodruff (2002), “Property Rights and Finance”, National Bureau for Economic Research Working Paper 8852, can be purchased for \$5.00 from www.nber.org/papers/w8852
- Azfar, Omar (2002), “The NIE Approach to Economic Development: An Analytic Primer.” Available online at: http://www.iris.umd.edu/Reader.aspx?TYPE=FORMAL_PUBLICATION&ID=70843195-11ce-426b-b8ff-bb0076128693
- Williamson, Oliver E., “The New Institutional Economics: Taking Stock, Looking Ahead,” *Journal of Economic Literature*, Vol. XXXVIII (September 2000) pp. 595-613)

June 9 (Monday) – Politics, Economics, and Business – Linkages

Required Reading

- DeSoto, Chapters 1, 2, and 3.
- Djankov, Simenon et al., “Going Informal: Benefits and Costs,” 2002 posted at: <http://www.csd.bg/news/bert/nenova.pdf>
- Foreign Direct Investment, Economic Reform Issue Paper, CIPE, August 2004, at: <http://www.cipe.org/publications/papers/pdf/IP0402.pdf>

Web Resources

- The World Bank’s interactive data set, Governance Matters, aggregates a large number of indicators and can be used to generate statistics on a number of countries <http://info.worldbank.org/governance/wgi2007/home.htm>
- The World Bank has developed a comprehensive private sector development website including investment climate assessment, regulatory reform, harmonization of law and regulation, and related topics. The strategy papers and articles can be found at: <http://www.worldbank.org/privatesector/>

- The University of Maryland Public Opinion Center has a number of interesting polls. See in particular their poll on Global Attitudes Toward Free Markets

http://www.worldpublicopinion.org/pipa/articles/home_page/471.php?lb=hmpg1&pnt=471&nid=&id= (Note: This is the 2008 poll)

GlobeScan has also done an opinion poll on support for free markets. It can be found at: www.worldpublicopinion.org/pipa/pdf/apr08/Free_Markets_April08_pr.pdf

Recommended

- Woodruff, Christopher (2001): Review of de Soto's *The Mystery of Capitalism*. *Journal of Economic Literature*, December 1215-1223.
- Converse, Nathan and Ethan Kapstein, "The Economics of Young Democracies: Policy and Performance," Center for Global Development, Working Paper 85, March 2006 available at: <http://www.cgdev.org/content/publications/detail/6583>
- Easterly, William, "Planners vs. Seekers in Foreign Aid," ADB Distinguished Speakers Program, Asian Development Bank, 2006. Found at http://www.adb.org/economics/speakers_program/easterly.pdf
- Zakaria, Fareed, "The Rise of Illiberal Democracy," *Foreign Affairs*, November/December, 1997.
- Carothers, Thomas, "How Democracies Emerge," *Journal of Democracy*, January, 2007 <http://www.journalofdemocracy.org/articles/gratis/Carothers-18-1.pdf>
- Fukuyama, Frank, "State Building – Lessons Learned," CIPE Feature Service April 2005, <http://www.cipe.org/pdf/publications/fs/042505.pdf>

June 11 (Wednesday) – Emerging Markets: Political Conditions

Required Reading

- De Soto, Chapters 4, 6, and conclusions.
- USAID, Center for Democracy and Governance, "Conducting a DG Assessment: A Framework for Strategic Development," www.usaid.gov/our_work/democracy_and_governance/publications/pdfs/pnach305.pdf

WEB Resource

- Freedom House, <http://www.freedomhouse.org/>, publishes an annual survey of independent countries including rankings of political rights and civil liberties.
- The Economist Intelligence Unit features an index of democracy that is one of the more comprehensive indexes
http://www.economist.com/media/pdf/DEMOCRACY_INDEX_2007_v3.pdf
- Also, look at the interactive features in Freedom House's Countries at the Cross-Roads at: <http://www.freedomhouse.org/template.cfm?page=139&edition=7>
- Bertelsmann Index <http://www.bertelsmann-transformation-index.de/16.0.html?&L=1> provides data on over 100 countries.
- <http://www.journalofdemocracy.org> is the web site for the Journal of Democracy. The following articles are available that offer a cross section of key issues in the contemporary struggle to craft stable democratic systems. A large number of free articles on issues of democratic development can be found at:
<http://www.journalofdemocracy.org/articles/gratis.html>

Recommended Reading

- Economist, "Economics and the Rule of Law: Order in the Jungle," March 13, 2008, provides a short overview of the literature on governance, economics, and the rule of law. Cites a large number of the key experts on the subject. Available at:
http://www.economist.com/displaystory.cfm?story_id=10849115
- At Freedom's Frontiers: A Democracy and Governance Strategic Framework, December 2005 available at www.usaid.gov/policy/0512_democracy_framework.pdf
- World Development Report 2002, Building Institutions for Markets, World Bank. Chapter 5, "Political Institutions and Governance", can be downloaded at
<http://econ.worldbank.org/wdr/WDR2002/text-2394/>
- Vincent Palmade and Andrea Anayiotas, "Rising Informality, Reversing the Tide," World Bank Public Policy Journal, August 2005, available at
<http://rru.worldbank.org/PublicPolicyJournal/Summary.aspx?id=298>

June 16 (Monday) – Emerging Markets: Business Conditions

Each student will choose a country to prepare a country business conditions analysis according to the 12 criteria for foreign/domestic investment (2 pages each). Selected

students will present their cases in class. Other cases may be presented during consideration of the regional/country studies later in class.

Required Reading

- Doing Business 2008 is a World Bank web site and publication that ranks countries according to the ease of entry and quality of the business climate. Go to the web site at <http://www.doingbusiness.org/>. Pick a country that you are familiar with or would like to explore and check the country rankings on the main indicators. Be sure to read the overview at www.doingbusiness.org/documents/fullreport/2008/DB08_Overview.pdf
- World Development Report, 2005, Chapters 1-2, “Confronting the Underlying Challenges.” (Note: try the link below. If that fails, go to www.worldbank.org and enter World Development Report into the search engine and follow the links). <http://web.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTRESEARCH/EXTWDRS/EXTWDR2005/0,,contentMDK:20259914~menuPK:477673~pagePK:64167689~piPK:64167673~theSitePK:477665,00.html>

Web Resources

- The Reformers’ Club is a project of the World Bank that showcases countries that have done the most to improve their policy and legal environment. Visit the web site at <http://www.reformersclub.org/>. Resources on the web site include:
 - ▶ Reform summaries: [the top 10 reformers](#)
 - ▶ Worldwide reforms: [200 reforms in 98 countries](#)
 - ▶ Country snapshots: [Egypt](#), [Croatia](#), [Ghana](#), [Macedonia](#), [Georgia](#), [Colombia](#), [Saudi Arabia](#), [Kenya](#), [China](#), and [Bulgaria](#)
 - ▶ Past reformers: [Download Excel summary](#)
- World Bank Web site on Private Sector and Financial Sector Development <http://rru.worldbank.org>
- The Private Sector Development Blog (World Bank) on informality <http://psdblog.worldbank.org/psdblog/informality/index.html?cid=1295>

Recommended

June 18 (Wednesday) –Mid Term Exam

Mid Term Exam

A mid term exam will be administered that will present a set of real world problems that should be subject to analysis based on the materials presented to date. Credit will be given for those who most consistently apply the theories and tools advanced in the readings. There are no right or wrong answers per se; grades will be based on the soundness of the analysis and the degree of insight into the political and economic issues

June 23 (Monday) Economic Reform

Required Reading

- Williamson, John, “Did the Washington Consensus Fail?” Outline of remarks at the Center for Strategic & International Studies, November 6, 2002
<http://www.iie.com/publications/papers/williamson1102.htm>
- World Development Report 2005, Chapter 3, “Tackling a broad agenda” - Follow links listed above under June 20.
- Rodrik, Dani, “Institutions for High-Quality Growth: What they are and How to Acquire Them,” IMF Seminar 1999.
www.imf.org/external/pubs/ft/seminar/1999/reforms/rodrik.htm

WEB RESOURCES

- Reducing Informality – the informal sector, made up of unregistered firms which tend to be locked out of the formal sector, is one of the lenses by which the linkages between politics, economics and business in emerging markets and developing country economies can be examined. The World Bank’s website offers a portal to a large number of resources. Go to: <http://rru.worldbank.org/PapersLinks/reducing-informality/>
- World Bank bibliography on informality rru.worldbank.org/PapersLinks/Reducing-Informality
- World Bank Bibliography on micro-insurance rru.worldbank.org/PapersLinks/Microinsurance/

Recommended Reading

- Development Alternatives Inc. and Bannock Consulting Ltd, [Removing Barriers to Formalization: The Case for Reform and Emerging Best Practice](#), Source: United States Agency for International Development (USAID), Washington, D.C., March 2005
www.businessenvironment.org/dyn/be/docs/73/Session2.1WelchDoc.pdf
- CIPE, “Democratic Governance: The Key to Political and Economic Reform,” Economic Reform No. 0405, January 22, 2004.

<http://www.cipe.org/publications/papers/pdf/IP0405.pdf>

See also, Appendix A, “The Emerging Democracies Forum,”

http://www.cipe.org/publications/papers/pdf/IP0405_appendix_A.pdf

- Di Tella, Rafael, Sebastian Galliani, and Ernesto Schargrodsky, “The Formation of Beliefs: Evidence from the Allocation of Land Titles to Squatters,” in the *Quarterly Journal of Economics*, February 2007

June 25 (Wednesday) - Economic Reform Continued – The Development Debate

Required Reading

- “Entrepreneurship: The prosperity papers #1” can be found at <http://www.cipe.org/publications/papers/pdf/IP0401.pdf>
- Monterrey Conference on Financing for Development, The Monterrey Consensus, 02 <http://www.un.org/esa/ffd/indexOverview.htm>
(Note read the overview and click on the underlined term Monterrey Consensus.)
<http://www.un.org/esa/ffd/>
- OECD Policy Framework for Investment, 2006 available at:
www.oecd.org/document/61/0,2340,en_2649_201185_33696253_1_1_1_1,00.html

Web Resource

- International Finance Corporation, Investment Climate Surveys Investment Climate Surveys, <http://www.enterprisesurveys.org/>
- Visit the web site of the Millennium Challenge Corporation at www.MCA.Gov and click on rankings to view how this innovative program views developing countries.

Recommended Reading

- CIPE, “Strategies for Policy Reform, 2007, at:
http://www.cipe.org/publications/papers/pdf/PolicyReform_2007.pdf
- United Nations Conference on Trade and Development (UNCTAD), Trade and Development Report, 2006, United Nations, see especially Chapter II, “Evolving Development Strategies – Beyond the Monterrey Consensus,”
<http://www.unctad.org/Templates/webflyer.asp?docid=7183&intItemID=1397&lang=1&mode=toc>
- UNDP, *Unleashing Entrepreneurship, 2004* – Making Business Work for the Poor, available at <http://www.undp.org/cpsd/indexF.html>

June 30 (Monday) – Transitions from Socialism

Required Reading

- Havrylyshyn, Oleg, “Fifteen Years of Transformation in the Post-Communist World,” Cato Institute, November 2007 posted at: <http://www.cato.org/pubs/dpa/DPA4.pdf>
- Kornai, Janos, “The Great Transformation of Central and Eastern Europe: Success and Disappointment,” Presidential Address, delivered at the 14th World Congress of the International Economic Association in Marrakech, Morocco on August 29, 2005, available at: <http://www.iea-world.com/address.doc>
- Radygin, Alexander, “Russia en Route to State Capitalism,” Institute for the Economy in Transition, April 2004. [Http://eng.globalaffairs.ru/numbers/7/523.html](http://eng.globalaffairs.ru/numbers/7/523.html) or <http://www.isn.ethz.ch/researchpub/ph/details.cfm?id=15088>

Recommended Reading

- Dr. Leszek Balcerowicz, Poland’s former Deputy Prime Minister and CEPA Distinguished Fellow, delivered a presentation entitled "Will Poland's New Government Complete Economic Reforms?" at the Peterson Institute for International Economics last Friday. An audio feed from the event can be found at: http://www.petersoninstitute.org/events/event_detail.cfm?EventID=61
- Ahrend, Rudiger and William Tompson, “FIFTEEN YEARS OF ECONOMIC REFORM IN RUSSIA: WHAT HAS BEEN ACHIEVED? WHAT REMAINS TO BE DONE? ECONOMICS DEPARTMENT WORKING PAPERS No. 430 May 2005, available at: [http://www.oilis.oecd.org/oilis/2005doc.nsf/linkto/ECO-WKP\(2005\)17](http://www.oilis.oecd.org/oilis/2005doc.nsf/linkto/ECO-WKP(2005)17)
- McFaul, Michael, “Transitions from PostCommunism,” *Journal of Democracy*, July 2005, at: <http://www.journalofdemocracy.org/articles/gratis/McFaul-16-3.pdf>
- Sullivan, John D., Kim Bettcher, Alkesander Shkolnikov, “Business Associations, Business Climate and Economic Growth: Evidence from Transition Economies,” paper delivered at the ISNIE ’06 Conference on Institutions: Economic, Political and Social Behavior” available at <http://www.isnie.org/ISNIE06/Papers06/08.2/sullivan.pdf>
- The Economy of Russia, *The Journal of Economic Perspectives*, Vol. 19, #1, Winter 2005 contains the following articles:
 - Desai, Padma, “Russian Retrospectives on Reforms from Yeltsin to Putin”
 - Brainerd, Elizabeth and David M. Cutler, “Atuoposy on an Empire”
 - Guriev, Sergei and Andrei Rachinsky, “The Role of Oligarchs in Russian Capitalism,”
 - Shleifer, Andrei and Daniel Treisman, “A Normal Country: Russia after Communism”

- Development and Transition, Newsletter from UNDP, March 2006 edition, “Growth and Productivity.” Available at: www.developmentandtransition.net go to archives for the March 2006 edition

July 2 (Wednesday) - Latin American Trends and Prospects

- Santiso, Javier, “Latin America’s New Pragmatism,” OECD Observer, May 2006, available at: www.oecdobserver.org/news/fullstory.php/aid/1915/Latin_America%92s_new_pragmatism*.html
- Sing, Anoop et al., “Stabilization and Reform in Latin America,” IMF, 2005 read the Executive Summary and prefatory materials available at <http://www.imf.org/external/pubs/ft/op/238/>
- OECD, “Latin America Outlook,” 2007 read the introductory material at www.oecd.org/document/40/0,3343,en_2649_33731_38789800_1_1_1_1,00.html and read the introduction and overview document at <http://www.oecd.org/dataoecd/61/44/39563883.pdf>

Recommended

- The Inter-American Development Bank Annual Reports contain a wealth of information, especially the 2006 report, “The Politics of Policies.” These reports can be accessed at http://www.iadb.org/res/ipes/past_reports.cfm?language=en
- Williamson, John, “After the Washington Consensus: Latin American Growth and Sustainable Development,” March 30, 2006 Keynote Speech at the Seminar on Latin American Financing, IDB. Available at author’s home page http://www.iie.com/publications/author_bio.cfm?author_id=15
- Nellis, John et al., “Privatization in Latin America: The Rapid Rise, Recent Fall, and Continuing Puzzle of a Contentious Economic Policy,” 2004 Center for Global Development. Available at <http://www.cgdev.org/content/publications/detail/2855>
- Holden, Paul “Did the Market Economy Fail in Latin America? The Second Generation of Institutional Reform” CIPE, 2003 <http://www.cipe.org/pdf/publications/fs/holden2.pdf>

July 7 (Monday) - New Emerging Markets: Africa

Required Reading

- New African Partnership for Development found <http://www.nepad.org/2005/files/inbrief.php> Follow the link at the bottom of the in brief page to download the framework document.
- Santiso, Javier, “Africa: an Emerging Markets Frontier,” OECD Observer, October 2007, at www.oecdobserver.org/news/fullstory.php/aid/2350/Africa: an emerging markets frontier.html
- OECD, “Africa Economic Outlook 2007” home page at www.oecd.org/document/22/0,3343,en_2649_15162846_38561046_1_1_1_1,00.html Read the country notes for Nigeria and Ghana.

Recommended

- Cho, Wonbin and Matthew Kirwin, “A Vicious Circle of Corruption and Mistrust in Institutions in Sub-Saharan Africa: A Micro level Analysis,” Afrobarometer Working Paper 71, September 2007 available from USAID at http://pdf.usaid.gov/pdf_docs/PNADK531.pdf
- Also, “Our Common Interest: Report of the Commission on Africa,” chaired by Tony Blair, 2005 found on NEPAD web site. http://nepad.org/2005/com4africa/cfafullreport_1.pdf

July 9 (Wednesday) – Middle East and North Africa

Required

- CIPE, “Middle East and North Africa Reform: Rooted in Economic and Political Ground” February 2008, at: www.cipe.org/publications/papers/pdf/IP0804_MENAreform.pdf
- Ottaway, Marina et al, “The New Middle East,” Carnegie Endowment for International Peace, 2008 at http://www.carnegieendowment.org/files/new_middle_east_final.pdf

Recommended

- Alissna, Sufyan, “The Challenge of Economic Reform in the Arab World: Toward More Productive Economies,” Carnegie Endowment, May 2007 http://www.carnegieendowment.org/files/cmec_1_econ_reform_final.pdf

- Timur Kuran, “Why the Middle East is Economically Underdeveloped,” Journal of Economic Perspectives, Vol. 18, No3, Summer 2004
- De Soto, Hernando, “Dead Capital and the Poor in Egypt,” Egyptian Center for Economic Studies, Vol 1 and Vol 2 data appendix
<http://www.eces.org.eg/Publications/index3.asp?L1=4&L2=3&L3=11>
<http://www.eces.org.eg/Publications/index3.asp?L1=4&L2=3&L3=18>
 Note: If you have trouble downloading, go to ECES.ORG.EG and register first. There is no charge for registering.
- Yousef, Tarek, “Development Growth and Policy Reform in the Middle East and North Africa since 1950,” Journal of Economic Perspectives, Vol. 18, No3, Summer 2004.

July 14 (Monday) – China and Asian Trends

Required

- “Ten Years After the Crisis: The Facts About Investment and Growth,” Asian Development Outlook 2007, at www.adb.org/documents/books/ADO/2007/part01-ten-years-after.pdf
- Herd, Richard and Sean Dougherty, “China’s Economy, A Remarkable Transformation,” OECD Observer, September 2005 found at: http://www.oecdobserver.org/news/fullstory.php/aid/1685/China%92s_economy:_A_remarkable_transformation.html
- Anderson, Jonathan, “How to Think about China,” UBS Securities, 2008 (NOTE: This paper will be handed out in class by arrangement with UBS Securities.)
- Kochhar, Kalpanda, etal. “India’s Pattern of Development: What Happened, What Follows,” NBER, Working Paper 12023, February 2006 available at: www.nber.org/papers/w12023

Recommended

- Rowen, Henry, Minxin Pei, and Dali L. Yang, “[When Will the Chinese People Be Free?](http://www.journalofdemocracy.org/articles/gratis/China-cluster-18-3.pdf),” in Journal of Democracy, July 2007,
<http://www.journalofdemocracy.org/articles/gratis/China-cluster-18-3.pdf>

Henry S. Rowen begins the discussion with an essay to answer the question, "When Will the Chinese People Be Free?" Minxin Pei and Dali L. Yang each follow with comments on Rowen's answer as well as their own assessments.

- Keidel, Albert, *[China's Social Unrest: The Story Behind the Stories](#)*, Carnegie Policy Brief, September 2006 available at: www.carnegieendowment.org/publications/index.cfm?fa=view&id=18702&prog=zch
- Pei, Minxin, "The Dark Side of China's Rise," Foreign Policy, March/April 2006 http://www.foreignpolicy.com/users/login.php?story_id=3373&URL=http://www.foreignpolicy.com/story/cms.php?story_id=3373
- The Tale of Two Chinas – responses to Minxin Pei http://www.foreignpolicy.com/users/login.php?story_id=3432&URL=http://www.foreignpolicy.com/story/cms.php?story_id=3432
- Topalova, Petia B., "India: Is the Rising Tide Lifting All Boats?" (March 2008). IMF Working Paper No. 08/54 Available at SSRN: <http://ssrn.com/abstract=1112156>
- Kumar, Rajiv, Amitendu Palit, Karan Singh, "Sustainability of Economic Growth in India," Working Paper, The Centre for International Governance Innovation, May 2007, www.cigionline.org
- Locovico, Amadeo et al., "India – From emerging to surging," The McKinsey Quarterly, 2001, No. 4 (note you will be required to register prior to downloading, no cost) www.mckinsey.com/knowledge/mgi/India/index.asp

July 16 (Wednesday) – Corporate Governance and Anti-corruption

Required Reading

- US Department of State, "Promoting Growth through Corporate Governance," special issue of eJournal Economic Perspectives, Vol. 10, No. 1, February 2005. Can be found at: <http://usinfo.state.gov/journals/ites/0205/ijee/ijee0205.htm>
Read the articles by Ira Millstein, Charles Oman, and John Sullivan.
- USAID Anti-Corruption Strategy, 2005 http://www.usaid.gov/our_work/democracy_and_governance/publications/pdfs/ac_strategy_final.pdf
- Kaufmann, Daniel, "Back to Basics—10 Myths About Governance and Corruption" **Finance and Development September 2005, Vol. 43, No.3** <http://www.imf.org/pubs/ft/fandd/2005/09/basics.htm>

Web Resources

- Visit the web site of Transparency International and look at the corruption perceptions index (ranking of countries) and the Business Principles to Counter Bribery www.Transparency.org

- U4 - Utstein Anti-Corruption Resource Centre is a web based information source on anti-corruption. The Utstein Group consists of the United Kingdom, Norway, Sweden, The Netherlands, Germany and Canada, whose international development ministers have formed a partnership to co-ordinate development assistance policies. The resource center can be found at: <http://www.u4.no/>.
- **Students are encouraged to visit the World Bank's web page** on corruption. Go to www.WorldBank.org and type Anticorruption into the search engine.
- Both the World Bank and the Global Corporate Governance Forum have extensive web sites on Corporate Governance. To find the Bank's site, go to www.WorldBank.org and type Corporate Governance into the search engine.
- The Global Corporate Governance Forum can be found at <http://www.gcgf.org/>

Recommended Reading

- "Reform Tool Kit: Combating Corruption, a Private Sector Approach," CIPE, March 2008, available at <http://www.cipe.org/publications/papers/pdf/Anti-CorruptionToolkit0308.pdf>
- Classens, Stijn, "Corporate Governance and Development," The World Bank Research Observer, Vol. 21, No. 1, Spring 2006. Available as a Focus Group publications from the IFC's Global Corporate Governance Forum at: [http://www.gcgf.org/ifcext/cgf.nsf/AttachmentsByTitle/Focus_1_CG_and_Development/\\$FILE/Focus_1_Corp_Governance_and_Development.pdf](http://www.gcgf.org/ifcext/cgf.nsf/AttachmentsByTitle/Focus_1_CG_and_Development/$FILE/Focus_1_Corp_Governance_and_Development.pdf)
- Business Against Corruption – Case Stories and Examples, The Global Compact of the UN, 2006, can be downloaded at http://www.globalcompact.org/NewsAndEvents/recent_publications.html
Includes materials by Transparency International, CIPE and others.
- "Corporate Governance: A Handbook," Center for International Private Enterprise. www.cipe.org/pdf/programs/corp_gov/CGHANDBOOK.pdf
- Rose-Ackerman, Susan, "The Challenge of Poor Governance and Corruption," A Copenhagen Consensus Challenge Paper, April 2004. The paper and reactions to it can be downloaded at <http://www.copenhagenconsensus.com/Default.aspx?ID=225>

July 21 (Monday) --- Final Exam