

Political Economy of Petro-States: Venezuela Compared

POSC231 (fall 2018)

Javier Corrales

(As of 9/4/18)

Tue and Thu 2:30-4:30pm

Course website: moodle.amherst.edu

My website:

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To Find Me:

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Off. Hrs: Tue 4:30-5:30pm and by appt.

Course Description

We will review arguments about the:

- a) rise and decline of nations historically and in the contemporary period;
- b) role of states in promoting and hampering development;
- c) role of markets in generating incentives, information, positive and negative externalities, bubbles, cycles, and inequality;
- d) ways in which states and markets help or hinder each other.
- e) extent to which democracy can be considered a cause of development, an outgrowth of development, or neither;
- e) capacity of political institutions to alleviate or exacerbate both state and market failures;
- e) ways in which resource dependence distorts the economy and politics;
- f) extent to which countries can escape, or at least manage, resource curses;
- g) similarities and differences between Venezuela and other Latin American countries and petro-states.

This course fulfills requirements for the:

Political Science Major

Five College Certificate in International Relations

Five College Certificate in Latin American Studies

Requirements: Two Tracks

There are two ways to complete the written requirements for this class.

- A. *Paper Route:* Write **four papers** (3 pp.). These papers are based mostly on class readings. I will grade only **three** of these papers: the first two and either paper 3 or

4. You will decide at the end of the course which paper (3 or 4) you would like me to grade. Topics for all papers will be distributed one week prior to the due date. Papers will be based on class material; no outside reading is necessary or expected. Each paper will count approximately 20-35 percent of your grade, with your strongest paper counting the most.

- B. *Research Route*: Students who do extremely well in Papers 1 and 2 will be given the option of doing independent research for your final paper. Topics will be negotiated with me, and I expect close collaboration.

Trip to Cartagena de Indias, Colombia

The Dean of the Faculty has approved funding for four students from this class to travel to Cartagena, Colombia for one week during Interterm. This trip will be led by Prof. Sebastián Bitar and me. There will be more lectures, visits, and independent research while in Cartagena. Students will be selected based on class performance, aptitude for travel, and camaraderie. No prior travel experience or Spanish required. Tentative dates for the trip: January 12-19, 2019.

Your Participation

This course relies heavily on class participation, counting for 20 percent of your grade. The format of the class will combine lecture and discussion: on some days I will mostly lecture; on others, I will mostly lead a discussion. Regardless of the format, you must come to class prepared to discuss the readings and the movies.

Attendance: Class attendance is mandatory. I will only allow one absence per semester. Additional absences will lower significantly your participation grade. Attendance, however, is not the same as participation. The latter is the extent to which you make a qualitative contribution to the discussion in progress. It entails addressing the issues raised by me and your classmates, as well as raising your own issues, when pertinent.

I will never call on you to participate; it is ultimately your responsibility to be heard in class. The point is not to speak for the sake of speaking (or to impress me), but rather to contribute with a different or a supplementary perspective that is relevant to the ongoing discussion.

I might decide to have several **pop quizzes** throughout the semester, depending on the quality of participation in the semester. Pop quizzes, if any, will count for your participation grade.

Lead Discussants:

At the beginning of the semester, you will be assigned to one of the various groups of lead discussants. On designated class meetings, lead discussants will be expected to participate more actively and be better prepared than the rest of the class. I will not call on you, but I will expect more participation from you. Lead discussants who raise their hand to make a comment or answer a question will have priority over other students. The list of assignments indicates what days each group is expected to take the lead. This is an opportunity to demonstrate that you are engaged, which can help your final grade.

Each lead discussant will submit a **1.5 page discussion paper**, due by 8pm the night before you are scheduled to serve as lead discussant. These papers should be based on the readings assigned for the day that you submit your paper. These are not just summary papers. You should try instead to **compare causal arguments** offered by different authors or apply causal arguments to cases, or even better, to identify shortcomings in the arguments. I will read the papers before class and use them to prepare discussions. The papers will not be graded in the conventional way (you will get a check-plus, check, or check-minus), but they will be part of your participation grade.

My Participation:

This is a lecture course. Occasionally, I will expect some class discussion. One objective of class discussion is to allow me to respond to your own comments—to point out good thinking or bad thinking when I hear it. I want to make everyone feel comfortable participating. But at the same time, I must correct comments for factual errors or faulty logic, and sometimes challenge them with rival arguments or extend them into new territory. Please do not take offense by my corrections or challenges, or be discouraged to participate in fear of being corrected. I do not expect your comments in class to be perfect. Class time is not test time. I simply expect you to be engaged and to offer ideas that we as a group can work with. In assessing participation grade, I look for relevance, not necessarily accuracy. Making mistakes is part of the learning process. If a comment is wrong, unclear or debatable, it is my duty to point that out for the sake of everyone.

Readings:

This is a heavy-reading course. You should be prepared to read approximately 80 pages per class meeting.

Lectures will be devoted to discussing arguments in the readings. I will focus on noteworthy points. There will be times when a reading won't be discussed in class, either because of lack of time or because I feel the argument in that reading is sufficiently self-explanatory. You are still required to be familiar with all readings in the syllabus, even undiscussed ones.

A quick tip on how to read: Pace yourself. Avoid waiting until the night before class to start reading, or even worse, waiting until the night before a test. It's too much material. Try to read a bit every night. Prepare summaries in advance, read the summaries (or review readings) before each class. Think about the readings comparatively: how are these readings debating other readings in the course. In other words, find the debates. Sometimes, the debates are implied rather than explicitly stated in the readings. In class, I will try to point out some of these debates, but feel free to make your own connections.

For more tips, please refer to the "How to read" sheet I've prepared for the course, available in Moodle.

The following books are required. They are available for purchase at Amherst Bookstore in downtown Amherst:

- Corrales, Javier. 2002. *Presidents without Parties* (Penn State University Press).

- Corrales, Javier and Michael Penfold. 2015. *Dragon in the Tropics: Venezuela and the Legacy of Hugo Chávez*. Second Edition. Washington DC: Brookings Institution Press.

In addition, we will read a number of articles and excerpts. These readings will be available on e-reserves through the Moodle page.

Grading

Paper 1	20 percent
Paper 2	25 percent
Final Project	40 percent
Participation	15 percent

Etiquette:

Please arrive punctually.

Arriving late is better than not showing up.

Do not fall asleep.

Avoid chatting with your neighbor. One person speaks at a time.

Raise your hand and wait for your turn to speak.

Do not interrupt others, but feel free to interrupt me if I seem to be moving on to a new topic and you are not ready to move on.

If you need to leave early, no problem; please let me know before the beginning of class.

If you need to leave momentarily; no problem. No need to ask permission.

No cell phones allowed in the classroom. No use of social media.

List of Assignments
(P) = Book for Purchase

Date	Reading Assignment	Paper Due
Section 1: Trends and Traditional Theories of Development		
Tue Sep 4	Introduction to Political Economy It's all about growth, growth and...? Gilpin, Robert. "The Nature of Political Economy." In Goddard et al., pp. 9-24. Friedman, Thomas. 2006. "The First Law of Petropolitics." <i>Foreign Policy</i> .	
Thu Sep 6 G-1	Introduction to Petro States Drazen, Allen. 2000. <i>The Political Economy of Macroeconomics</i> (Princeton University Press), read pp. 3-8 only. Moses, Jonathon and Bjørn Letnes. 2016. <i>Transforming Resource Wealth into National Wealth: The Norwegian Model</i> (book manuscript), pp 1-11.	
Tue Sep 11 G-2	The Rise of the West, part I: Attitudes, Technology and ... Political Competition..? Bueno de Mesquita, Bruce. 2003. <i>Principles of International Politics</i> . Washington, DC: CQ Press, pp. 24-36, 87-92. Rietbergen, P.J. 2008. <i>A Short History of the Netherlands</i> , 8th edition. Amersfoor, Netherlandst: Bekking and Blitz Uitgevers, pp. 92-97, 109-110. Karl, Terry Lynn. 1997. <i>Paradox of Plenty</i> . University of California Press. Chapter on Spain in the 16 th century.	
Thu Sep 13 G-3	The Rise of the West, Part II: The Scientific Revolution, Industrialization and Modernization Theories Lipset, Seymour Martin. 1963. <i>Political Man. The Social Bases of Politics</i> . Baltimore: Johns Hopkins Univ. Press, pp. 27-58. The Role of Political Pacts: Karl, Terry Lynn. 1987. "Petroleum and Political Pacts: The Transition to Democracy in Venezuela." <i>Latin American Research Review</i> 22, no. 1 22(1): 61-94.	
Tue Sep 18	No class	Tue Sep 18 Paper 1
Thu Sep 20 G-4	Challenges to Modernization Theory and Import-Substitution Industrialization (ISI) Gerschenkron, Alexander. 1966. <i>Economic Backwardness in Historical Perspective</i> . The Belknap Press, pp. 5-30. Dos Santos, Theotonio. 1970. "The Structure of Dependence" in Goddard et al., 167-177. Huntington, Samuel J. 1968. <i>Political Order in Changing Societies</i> . Yale University Press, pp. 1-8, 32-39, 47-56. Kelly, Janet and Carlos A. Romero. 2002. <i>The United States and Venezuela</i> . Routledge, pp. 41-52.	
Tue Sep 25 G-5	Challenges to Dependency Theory Skype Interview with Prof. Gustavo Salcedo (live from Caracas)	

	<p>World Bank. 1993. <i>The East Asian Miracle. Summary</i>. Washington, D.C. The World Bank, pp. 6-34.</p> <p>Krueger, Anne O. 1990. Government Failures in Development. <i>Journal of Economic Perspectives</i> 4, 3, Summer, pp. 9-23.</p> <p>Corrales, Javier. 2002. <i>Presidents Without Parties</i> (Penn State University Press), pp. 77-94.</p> <p>Naim, Moisés and Antonio Francés. 1996. "The Venezuelan Private Sector: From Courting the State to Courting the Market," in Louis W. Goodman et al., eds., <i>Lesson of the Venezuelan Experience</i>. Washington, DC, and Baltimore: Woodrow Wilson Press and Johns Hopkins University Press, pp. 166-182 only.</p>	
Thu Sep 27 G-1	<p>The Washington Consensus</p> <p>Birdsall, Nancy et al. 2010. The Washington Consensus: Assessing a Damaged Brand, Washington, DC. (read only first half)</p> <p>Corrales, Javier. 2002. <i>Presidents Without Parties</i>, pp. 41-75.</p> <p>Venezuela's Second Lost Decade</p> <p>Corrales, Javier. 2002. <i>Presidents Without Parties</i>, pp. 145-168.</p>	
Tue Oct 2 G-2	<p>The Post-Washington Consensus</p> <p>Birdsall, 2010. Finish reading.</p> <p>Williamson, John. 2012. "Is the Beijing Consensus Now Dominant?" <i>Asia Policy</i> 13 (January), pp. 1-16.</p>	
Oct 4, 9, 11	<p>No Class</p> <p>The Oil Curse</p> <p>Ross, Michael L. 2012. <i>The Oil Curse</i> (Princeton University Press), Chapters 1-2.</p>	Fri Oct 5 Paper 2

Part II: Political Institutions and Venezuela		
Tue Oct 16 G-3	<p>The Tragedy of the Commons: SIMULATION (Guest Lecturer, Prof. Sebastián Bitar)</p> <p>Bring your computer to class</p> <p>Prepare by watching: https://mitsloan.mit.edu/LearningEdge/simulations/fishbanks/Pages/Video.aspx</p>	
Thu Oct 18	<p>Regime Type, Part I</p> <p>Olson, Mancur. 2000. <i>Power and Prosperity</i>. Basic Books, pp. 1-43.</p>	
Tue Oct 23 G-4	<p>Regime type, part II</p> <p>Przeworski, Adam, Michael E. Alvarez, Jose Antonio Cheibub, and Fernando Limongi. 2000. <i>Democracy and Development: Political Institutions and Well-Being in the World, 1950- 1990</i>. New York: Cambridge University Press, pp. 78-117, 136-137, 269-278.</p> <p>Corrales and Penfold, Chapter 1</p>	
Thu Oct 25	<p>The (Political) Resource Curse in Depth</p> <p>Ross, Michael L. 2012. <i>The Oil Curse</i>. Chapter 3 (More Petroleum, Less Democracy).</p> <p>Collier, David, Chapter 5, pp. 38-52, 64-75.</p>	
Tue Oct 30 G-1	<p>The Origins of Chavismo</p> <p>Weyland, Kurt. 2009. The Rise of Latin America's Two Lefts. <i>Comparative Politics</i>. Corrales, 251-284.</p> <p>Corrales, Javier. 2009. Explaining Chavismo. In Ricardo Hausmann and Francisco Rodríguez, eds., <i>Anatomy of a Collapse</i> (Penn State University Press).</p>	
Thu Nov 1	No Class	
Make-up Session Sunday Nov 4 G-2	<p>Institutional Changes of Chavismo</p> <p>Chávez, Hugo. 2005. <i>Understanding the Venezuelan Revolution</i>. Interview with Martha Harnecker (New York: Monthly Review Press), read only chapter III (on the Military), pp. 73-103.</p> <p>(P) Corrales and Penfold, Chapters 2 and 3.</p>	
Tue Nov 6 G-3	<p>Evaluating Venezuela's Social Gains Under Chavismo</p> <p>Grier, Kevin and Jonathan Maynard. 2016. The Economic Consequences of Hugo Chávez: A Syncretic Control Analysis. <i>Journal of Economic Behavior and Organization</i>.</p> <p>Corrales and Penfold, Chapters 4-6</p>	Wed Nov 7 Paper 3
Comparisons		
Thu Nov 8	On Venezuelan and Latin American Antecedents (Peronism)	

	<p>Karl, Terry Lynn. 1997. <i>The Paradox of Plenty</i>. Chapter 6.</p> <p>Wynia, Gary W. 1992. <i>Argentina. Illusions and Realities</i>. Second Edition. New York: Holmes and Meier, pp. 37-59.</p> <p>Reading TBA.</p>	
Tue Nov 13 G-4	<p>Escaping the Resource Curse: Venezuela and Botswana</p> <p>Collier, Chapter 4.</p> <p>Acemoglu, Daron, Simon Johnson, and James A. Robinson. 2003. "An African Success Story: Botswana." In Dani Rodrik, ed., <i>In Search of Prosperity</i>. Princeton University Press, pp. 80-119.</p>	
Thu Nov 15	<p>Escaping the Resource Curse: Venezuela and Colombia</p> <p>Bitar, Sebastián and Carlos Caballero Argáez. 2016. "The Liberal Rarity of South America: Oil and Mining Policy Reform in Colombia in the 2000s." In Paul Haslam y Pedro Hiedrich, eds., <i>The Political Economy of Natural Resources and Development: From neoliberalism to resource nationalism (Routledge Studies in Development Economics)</i> New York: Routledge.</p> <p>Corrales, Javier and Gonzalo Hernández Jiménez. 2018. ""Reversing the Causal Arrow: Regime and oil industry in Latin America."</p>	
Tue Nov 20 and Thu Nov 22	No Class – Thanksgiving Break	
Tue Nov 27	<p>Civil Wars: Colombia: Resources, Oil, Institutions, and Civil War</p> <p>Ross, Michael L. 2012. <i>The Oil Curse</i>. Chapter 5: Oil-based violence, read only pp. 145-166, 170, 173-176.</p> <p>Wils-Otero, Laura. 2015. <i>Latin American Traditional parties. Electoral Trajectories and Internal Party Politics</i>. Ediciones Uniandes, pp. 79-113, 128-131.</p> <p>Bagley, Bruce M. 2015. "Drug Trafficking and Organized Crime in the Americas: Major Trends in the 21st Century," in Michael J. LaRosa and Frank Mora, eds., <i>Neighborhoodly Adversaries</i>, 3rd edition (Rowman and Littlefield), pp. 219-236.</p>	
Thu Nov 29 G-5	<p>The Middle East</p> <p>Ross, Michael, pp. 223-253.</p>	
Tue Dec 4	<p>Catching Up</p> <p>Readings TBA</p>	
Thu Dec 6	<p>Catching Up</p> <p>Readings TBA</p>	Final Paper
Tue Dec 11	<p>Last Day</p> <p>Readings TBA</p>	