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# 1. Chapter: Comparative Approach Intro

## 1.1. Asking Why: Research Questions in Comparative Politic

**ARGUMENT: THE PLACEMENT OF EVIDENCE IN LOGICAL FORM IN SUPPORT OF A POSITION OR A CLAIM. IT IS A REASON OR SET OF REASONS GIVEN WITH THE AIM OF PERSUADING OTHERS THAT AN ACTION OR IDEA IS RIGHT OR WRONG.**

Previous years, we learn simple facts (dates, names, places etc.).  
 Knowledge of fact solely -> comparative politics take other level -> **Analytical Skill**.  
 Examine **similarities and differences** in politics within countries around the world, using **comparison and contrast** as central tool.

May answer 5Ws

5 W's	Basic Questions Easy to reconstruct answer				
	Who "Who did this"	What "What did the subject do"	Where "Where did it happen"	When "When did it happen"	<b>Why(How) Debatable Argument</b>

**COMPARATIVE POLITICS: THE SUBFIELD OF POLITICAL SCIENCE THAT AIMS TO ANALYZE MULTIPLE CASE USING COMPARATIVE METHODS.**

**THE SYSTEMATIC SEARCH FOR ANSWERS TO POLITICAL QUESTIONS ABOUT HOW PEOPLE AROUND THE WORLD MAKE AND CONTEST AUTHORITATIVE PUBLIC CHOICES.**

### 1.1.1. Major Questions in comparative politics

Comparative politics focus on key questions researches debated for years -> **ALL CAUSE AND EFFECT.**

**OPEN-ENDED QUESTION: A QUESTION THAT, IN PRINCIPLE, IS OPEN TO NUMEROUS POSSIBLE ANSWERS.**

Can make question from *Why to How* if too poor -> Under what condition, What Consequence. *X v.s. Y* etc..

### 1.1.2. Empirical VS Normative Argument

<b>EMPIRICAL ARGUMENT</b>	<b>NORMATIVE ARGUMENT</b>
From observations of the world. Cause/Effect. Why it operates the way it does?	Specify which sort of practice/institution is morally justified. Way shit should be.
Why are some countries democratic and others authoritarian? ( <i>Causal</i> )	Why is a democracy preferable to authoritarianism? ( <i>Normative</i> )

### 1.1.3. Solving Intellectual Puzzles

Social Science is solving a problem -> Puzzle by experts

1. Present a problem (puzzle) with different possible answers
2. Gathering evidence + Formulating hypotheses
  - 2.1. Some hypothesis don't match evidence -> need new evidence
3. Conclusion: Hypothesis affirmed/confirmed

## 1.2. Concepts

**CONCEPT: AN IDEA COMPARATIVISTS USE TO THINK ABOUT PROCESS WE STUDY. USUALLY ATTEMPTS TO DEFINE AS WE ASK AND ANSWER OUR QUESTIONS.**

**GOOD CONCEPTS -> CLEAR, COHERENT, CONSISTENT AND USEFUL MEASURE VARIABLE.**

Concept may include ideas such as nationalism, justice, democracy etc.  
Social/Political concept shade into each other by degree.

### 1.2.1. Features of Good Concepts

Good concept: Clarity+ Coherence +Consistence + Usefulness

1. Must be clear and coherent
2. Logically consistent (internally + from one another)
3. Should be useful

### 1.2.2. Conceptualization

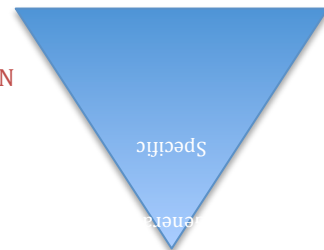
**CONCEPTUALIZATION: CONCEPTUALIZATION IS THE PROCESS OF DEVELOPMENT AND CLARIFICATION OF CONCEPTS. IN OTHER WORDS, CLARIFYING ONE'S CONCEPTS WITH WORDS AND EXAMPLES AND ARRIVING AT PRECISE VERBAL DEFINITIONS.**

**E.G., WHAT IS MEANT BY EDUCATION?**

**"AMOUNT OF KNOWLEDGE AND TRAINING ACQUIRED IN SCHOOL."**

Some concepts are very **general** (nationalism) other are very **specific** (national identity).

**SATORI'S LADDER OF ABSTRACTION (CONCEPT): IDEA THAT WE CAN ORGANIZE CONCEPT ON THE BASIS OF THEIR SPECIFICITY AND GENERALITY. GENERAL CONCEPT ON TOP, VERY SPECIFIC CONCEPT AT THE BOTTOM.**



### 1.2.3. Operationalizing: From concepts to measures

**OPERATIONALIZATION: THE PROCESS OF TAKING A BASIC CONCEPT AND MAKE IT MEASURABLE BY USING SOME INDICATORS.**

We operationalize to begin the study. Operationalize after having clear notion of a concept and now need to **measure concept**.

### 1.3. Empirical Evidence

Social Scientists ask questions to attempt to answer them

→ How? By coupling empirical evidence (observation of “real world” rather 2 forms of evidence used in comparative Politics.

2 Forms of evidence used in comparative Politics

→ Distinction between fact and evidence

→ With Cases + Case studies

#### 1.3.1. Facts and Evidence

Evidence is based on facts. Point of view/opinion -> not evidence

**EVIDENCE: INFO THAT HAS IMPLICATIONS FOR THEORY OR HYPOTHESIS SUPPORT PROPOSITION. FACTS.**

**Strong evidence:** Must be related to the issue at hand. + Be at same level of analysis as the claim made

**LEVEL OF ANALYSIS: THE LEVEL (E.G. INDIVIDUAL, ORGANIZATIONAL, SOCIETAL) AT WHICH OBSERVATIONS ARE MADE, OR AT WHICH CAUSAL PROCESSES OPERATE.**

*“It is insufficient to note what a certain small group of X in the capital city thinks, unless you can show that these men happen to be representative of the country at large”*

-> If this occurs, the stereotyping, **analysis risk**, committing logical fallacies if no attention at level of analysis.

#### 1.3.2. Cases and Case Studies

**CASE: BASIC UNIT OF ANALYSIS IN COMPARATIVE POLITICS. IT IS AN EXAMPLE OF A PHENOMENON TO BE STUDIED.**

<b>Comparing 2 countries</b> (explain why difference demo)	<b>Time frame: After Korean War 1950w</b>	
	<b>North Korea</b>	<b>South Korea</b>
	Lack democracy	Imperfect progress of democracy
	Case not always a country -> Contrast EU and African Union etc.	

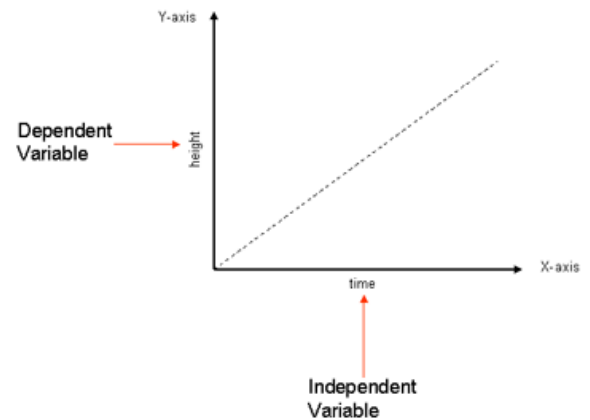
## 1.4. The comparative Method

Comparative politics is defined by its method -> Reach conclusion about **CAUSE AND EFFECT** through comparing + Contrasting cases.

### 1.4.1. Variables and comparison

Trying to measure: CAUSE<sub>x</sub> + OUTCOME<sub>y</sub> (effect) => Variable  
Both vary from one case to another

- **VARIABLE:** AN ELEMENT THAT IS LIABLE TO CHANGE/VARY FROM ONE CASE TO ANOTHER
- **OUTCOME:** USED AS SYNONYM FOR "EFFECT", SOMETHING THAT IS PRODUCED IT CHANGED IN ANY SOCIAL/POLITICAL PROCESS.
- **VARIATION:** SIMILARITIES + DIFFERENCES FROM CASE TO OTHER



### 1.4.2. MSSD

**MSSD:** RESEARCH DESIGN IN WHICH WE COMPARE CASES THAT ARE SIMILAR WITH RESPECT TO A NUMBER OF FACTOR BUT WITH DISTINCT OUTCOME.

Based on logic that 2 cases that are similar in a variety of ways would be expected to have same outcome BUT look for variation to explain different outcomes

### 1.4.3. MDSD

**MDSD:** RESEARCH DESIGN WHERE COMPARE CASES THAT DIFFER WITH RESPECT OF MULTIPLE FACTORS BUT SAME OUTCOME.

Search difference in factors and common outcome.

	<b>MSSD</b>	<b>MDSD</b>
<b>Factors</b>	Similar	Different
<b>Outcomes</b>	Different	Similar

### 1.4.4. Comparative checking

**MSSD and MDSD** first step for comparison BUT incomplete for full analysis.

One pair of cases won't prove a hypothesis

Must engage in comparative checking.

**COMPARATIVE CHECK:** EXAMINING THE CONDITIONS UNDER WHICH CERTAIN ARGUMENT HOLD. PROCESS OF TESTING CONCLUSIONS FROM SET OF COMPARISON AGAINST ADDITIONAL CASES OR EVIDENCE.

**GENERALIZABILITY:** QUALITY THAT A GIVEN THEORY, HYPOTHESIS OR FINDING, HAS ON BEING APPLICABLE TO WIDE NUMBER OF CASES.

#### 1.4.5. Within-Case comparison

Within case-comparison: Comparative analysis of variation that takes place over time or in a distinct part of a single case. Looking more carefully into one's own case to examine variation there. (Other form of checking findings)

#### 1.5. Study of politics a science? Limits of Comparative Methods

The study of politics is rarely able to prove its conclusions with absolute certainty.

## 2. Chapter: Theories, Hypotheses, and Evidence

### 2.1. Intro to theories, Hypotheses and Evidence

#### 2.1.1. Theory

#### 2.1.2. Hypotheses

#### 2.1.3. How theories emerge and are used

#### 2.1.4. Type of Evidence

### 2.2. Hypothesis Testing

#### 2.2.1. Correlation

#### 2.2.2. Causation

### 2.3. Critiques: Using Theory and Evidence

#### 2.3.1. Empirical critiques: confirming cases and deviant cases

#### 2.3.2. Theoretical critic: Improving theories and Hypotheses

### 2.4. The Challenge of Measurement: Errors, Biases and Validity

## 3. Chapter: Modern State

State play central role in coordination investment in human capital, regulating the economy, and establishing rule of law.

### 3.1. Concepts:

**STATE: A POLITICAL LEGAL UNIT WITH SOVEREIGNTY OVER PARTICULAR GEOGRAPHIC TERRITORY AND THE POPULATION THAT RESIDE IN THAT TERRITORY.**

### 3.1.1. The Modern State:

Both are non-anarchic systems

Modern State	European Feudalism
<ul style="list-style-type: none"> <li>• Extensive Bureaucracy</li> <li>• Centralization of violence (armies)</li> <li>• Central control of the use of force</li> <li>• Impersonality</li> <li>• Bureaucratic organization</li> <li>• Provision of public goods</li> </ul>	<ul style="list-style-type: none"> <li>• Hierarchical ties</li> <li>• King Greatest among nobles</li> <li>• King rule over population of kingdom mostly indirect</li> <li>• Little standardized taxation</li> <li>• Few armies</li> <li>• Administration provide no public service</li> <li>• Present law but NO <b>Rule of law</b></li> </ul>

**RULE OF LAW: SYSTEM WITH REGULARIZED RULES AND POLITY WITH KEY CRITERIA (EQUAL RIGHTS, REGULAR ENFORCEMENT OF LAW, RELATIVE FREEDOM OF THE JUDICIARY).**

### 3.1.2. State Capacity

**STATE CAPACITY: ABILITY TO ACHIEVE GOALS.**

#### **Goals:**

- Control violence (monopoly on use of force)
- Functioning bureaucracy with relative low level of corruption and irregularities
  - Managing project in public health and education (public goods + services)
- Maintain institutions and rule of law
  - Tax population (for public functions) must be done to achieve this (generate revenue)

### 3.1.3. Failed States:

States fail when capacity decline to a certain point.

**FAILED STATES: CAN'T ACHIEVE THE GOALS LISTED. SOVEREIGNTY OVER CLAIMED TERRITORY HAS COLLAPSED OR WAS NEVER EFFECTIVELY ESTABLISHED.** (Example of Somalia)

Likely to have very low **Human Capital** and hold back economic development and weak institutions. Everyone becomes affected.

**HUMAN CAPITAL: EDUCATION, SKILLS HEALTH, AND OTHER QUALITIES INDIVIDUAL AND GROUP POSSESS THAT AFFECT THEIR ECONOMY (GOOD OR BAD DEPENDING ON LEVEL).**

*Somalia is an example of a failed state because no effective national legal authority: no police, no army, and no legal system to pursue and punish the “pirates”. Central government can’t police the country’s 2 000 miles of coastline and surrounding waters. In all, a failed state is when your government has no authority or power over the citizens: Chaos.*

Usually, weak states are underdeveloped and wracked by violence.

### 3.1.4. The State-Society relationship

State is part of society; it is a social organization.

In well-institutionalized states, non-state actors do not declare wars (for example) or seize the state’s roles and functions.

EX: Amnesty International

- 1- Remain autonomous from State control
- 2- Own economy, cultural, and/or political identity and act together to influence politic.
  - State can become too strong – eliminate political, economical and cultural freedom. When State is too strong, parts society dominates rest of society -> higher corruption.
    - o Wealthy and Powerful use their resources to control State to their benefit -> limit collective, public benefits that State should provide to citizens.
  - Society too strong - limitation use coercive authority If State too weak, unable to control part of society. Rebel groups/ criminal organizations will resist state authority.

Modern State is partially autonomous (not subject to total control of other organizations – Church in medieval era) –serve as a base to control other organizations- and is situated in relationship with other actors.

Still are responsive to **civil society**.

CIVIL SOCIETY: A SPACE IN SOCIETY OUTSIDE OF THE ORGANIZATION OF THE STATE, IN WHICH CITIZENS COME TOGETHER AND ORGANIZE THEMSELVES. A TERM FOR ALL ORGANIZED GROUPS, SOCIAL MOVEMENTS, INTEREST GROUPS, AND INDIVIDUALS WHO ATTEMPT TO REMAIN AUTONOMOUS FROM THE INFLUENCE AND AUTHORITY OF THE STATE.

### 3.2. Types


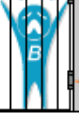






States don’t just use/have a domination on legal use of force. Also needs bureaucracy + impersonality + sovereignty = STRONG STATE

STRONG STATE -> help societies solve **collective action problem** by providing **public goods** that individual can’t produce on their own.

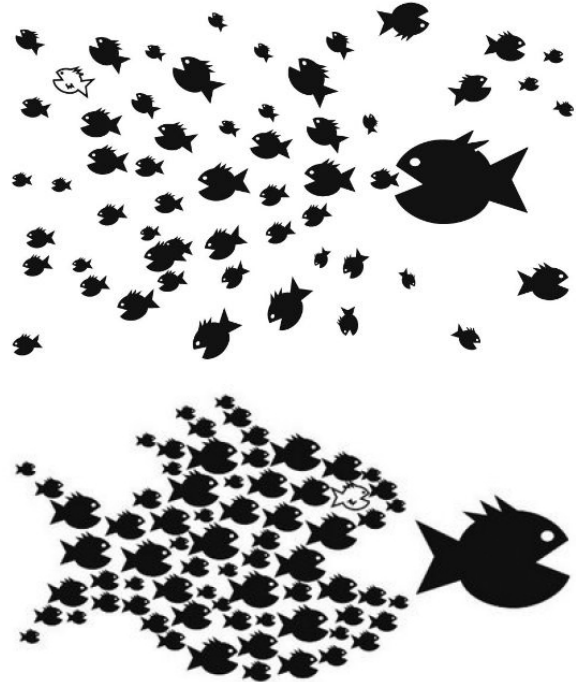
**COLLECTIVE ACTION PROBLEM:** SITUATION WHEREIN EACH INDIVIDUAL HAS A PRIVATE INCENTIVE NOT TO PARTICIPATE IN AN ACTION THAT BENEFITS ALL MEMBERS OF GROUP. (E.G. PAYING TAXES FOR EDUCATION OR STRIKE AGAINST RAISE OF TUITION FEE ; ) ) PROBLEM OF ESTABLISHING POLITICAL ORDER AMONG PEOPLE.

Leaders want everyone to participate but everyone rather not participates and enjoys the benefits (**Free Rider**). Cooperation can be costly (time, money, other choices). Rather have other people do the dirty job and I enjoy the benefits.

**Prisoners' dilemma**

		prisoner B			
		confess		remain silent	
prisoner A	confess	 5 years	 5 years	 0 year	 20 years
	remain silent	 20 years	 0 year	 1 year	 1 year

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### 3.2.1. Characteristic of Modern States

#### 1. Bureaucracy

Way of administratively organizing large numbers of people who **need to work together**. Organizations –public and private (unis, govt) - rely on bureaucracies to function because helps ensure that thousands of people work together in compatible ways by defining everyone's roles within a hierarchy. **Ideal: impartial (neutral) and transparent.**

*Bureaucrats: officials, administrators and officeholders.*

The modern State is associated with an

- **More organizational complexity** of central-government institutions.

**What Bureaucrats Do:** Implement government policy, to take the laws and decisions made by elected officials and put them into practice.

**FUNCTIONS OF BUREAUCRACIES**

<b>Function</b>	<b>Bureaucratic Agencies</b>
<u>Promote the public good</u>	National Institutes of Health, Environmental Protection Agency etc
<u>Protect the nation</u>	Armed forces, Coast Guard, Central Intelligence Agency
<u>Sustain a strong economy</u>	Federal Reserve Bank, Export-Import Bank, Securities and Exchange Commission

**2. Impersonality**

The modern State is associated with a

- Less legitimacy of **traditional forms of political authority** (charismatic figures or inherited leaderships (*kings*) or religious (*Pope*) authorities)
- More legitimacy of **depersonalized public governance** based on the **rule of law**
  - **#TBT RULE OF LAW: SYSTEM WITH REGULARIZED RULES AND POLITY WITH KEY CRITERIA (EQUAL RIGHTS, REGULAR ENFORCEMENT OF LAW, RELATIVE FREEDOM OF THE JUDICIARY).**

<b>STATE</b>	<b>Modern</b>	<b>Traditional</b>
<b>Identity</b> (identify with)	Institutions	Personalities / Leaders
<b>Source of Authority + Legitimacy</b>	Rules + Constitutions	The personal dictate
<b>Population</b>	Equal rights + responsibilities (citizenship) not based on who you are	Clear hierarchy
<b>Favoritism</b>	Little to inexistent	High Preference and Discrimination

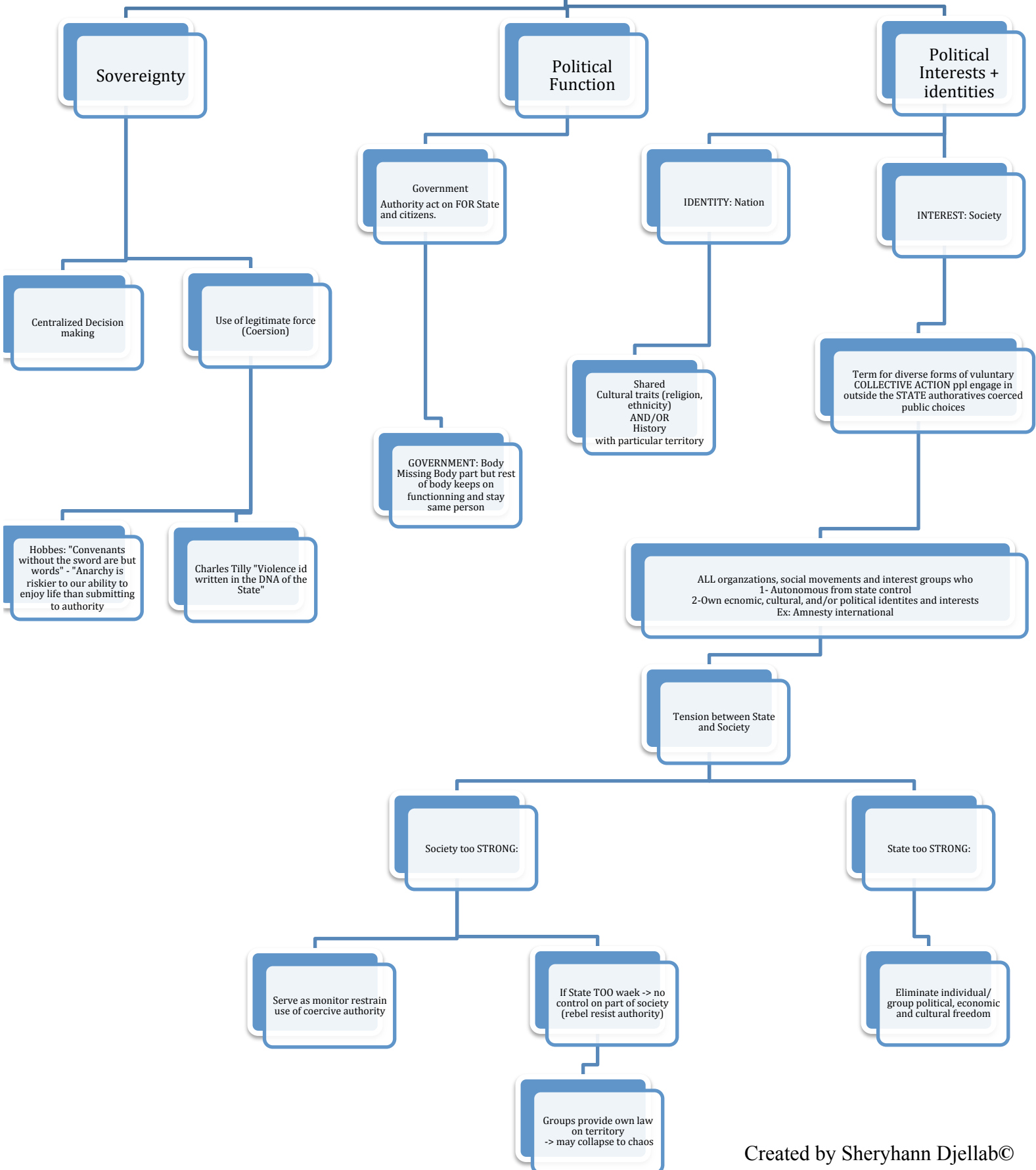
**3. Sovereignty**

The modern State is associated with an

- **Increase in the central government's** sovereignty over defined territory
- **Decline of decentralized + overlying forms of sovereignty** (feudalism – many land-owning nobles declared authority over a piece of territory & only paid insignificant allegiance to central king)
  - **(1) Territory + (2) Source of authority**



**State**<sub>(Soul)</sub>  
 Image/idea of a territory + institutions and traditions of people in the territory



### 3.2.2. Functions of Modern States

Creating a strong central government **generate cooperative behavior**. State must **balance individual and collective interests** for personal security and resolve inevitable collective action problems that come because of the desire to establish political order. It is a political-legal entity that organizes interests and identities in nation and society. To achieve it's goal the state has different sets of functions.

#### 1. Taxation

State is dependent on revenues from **economic activity outside State** because State (country) is not a business.

#### 2. Defense

States have to coordinate military actions to protect citizens against foreign threats

- If civilian control not well institutionalized, may see higher incident (coup d'état -> generate political instability)

#### 3. Policing

States set internal police (patrol, supervisors) to their societies.

- Policing is key to the monopoly on force
- Centrality of systems of policing and incarceration to create modern state

#### 4. Economic Management

State tries to shape the economic performance of the societies in both fiscal and monetary policies.

- **Fiscal Policies** are about taxing and spending
- **Monetary Policies** are about shaping the value of the currency (how much you pay for a product -> import/exports etc.)

#### 5. Investments in Human capital: education and health

**HUMAN CAPITAL: THE ABILITY TO PERFORM LABOR SO AS TO PRODUCE ECONOMIC VALUE. ABILITY BASED ON THE STOCK OF KNOWLEDGE, HABITS, SOCIAL AND PERSONALITY ATTRIBUTES, INCLUDING CREATIVITY.**

State must **educate populations** on how to become a citizen (rights and duties) as members of society.

- Educated workforce has more skills -> more attractive to employers -> development -> High economy

State must **responsible of health of population** with vaccinations, food distribution as mean of SAFETY.

- Rising life expectancy + less infant mortality rate -> more productive labor forces -> higher skill -> long term gain

#### 6. Welfare State functions

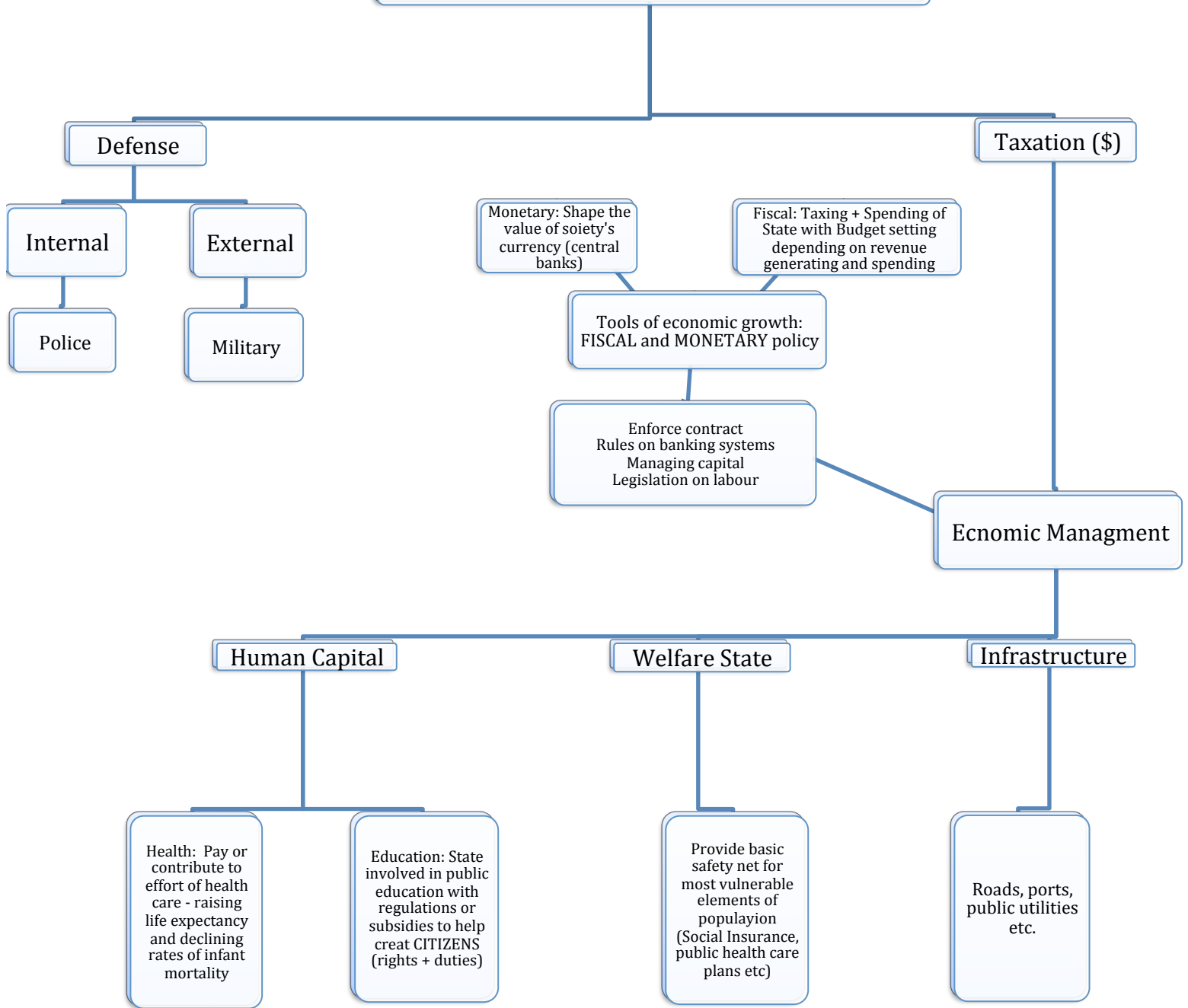
All welfare states provide benefits to a range of citizens, not just the poor. Citizens are entitles to certain basic social rights ->beyond limited political freedoms.

#### 7. Infrastructure and other Public Goods

Establishment and maintenance of infrastructure of common life (common good).

# Functions of Modern States

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### 3.3. Cause and Effects: Why do States and welfare States emerge?

Before, barely any strong states and today **all large** societies attempt to have a state –most important change in modern politics. Why is the world dominated by States?

#### 3.3.1. Why do state emerge?

Factor	Argument	
	Early State Formation	Late State Formation
<b>Political Interest</b>	State emerged as Medieval European rulers competed to consolidate control over territory. <b>Context:</b> Changing <b>military</b> technology + <b>economic</b> growth + <b>cultural identity</b> - decline of feudal and religious practices	Late State emergence because many members could not have a clear national identity to generate legitimacy and were extremely poor. <b>Context:</b> Ex-colonies and just got independence regardless of facing <b>military</b> threats from abroad.
<b>Natural Environment</b>	State emerged because larger and denser populations require more complex centralized political institutions to govern <b>Context:</b> Increase food production -> growing population density	Late State because difficult terrain to construct legitimate and effective state institutions on -> More expensive. <b>Context:</b> Easier to control borders and police territory when states have flat and open terrain.

Context: Feudalism meant that the power was not centralized as the Lords would have almost absolute control over their lands and king or monarch were only a symbol. Middle Age is a period where European countries pursued they *own political interest, being coercive and self-seeking entrepreneurs*.

**Coercive** -> Controlled instruments of violence

**Self seek** -> Protect and expend territory

**Entrepreneur** -> Find different ways to increase power

Competing with each other for **political primacy** -> Warfare -> need of money \$\$

#### Early State Formation

-> War preparation + Compete territory +Tax extraction

#### 1. Political/Conflict Theories

Emerged because of **Early Warfare (Conflict)**.

*Pursue own political interest, being coercive and self-seeking entrepreneurs.*

**Coercive** -> Controlled instruments of violence

**Self seek** -> Protect and expend territory

**Entrepreneur** -> Find different ways to increase power



**BELICIST (SUPPORTS WAR )THEORY:** CREATION OF MODERN STATE DUE TO INTERSTATE WARS.

Given the context of Feudalism, to be able to emerge, State needed:

- Centralized authority
- Ability to tax population <-> War <-> Raise revenue
- Mobilize population for collective projects

## 2. Economic theories

Emerged because of **Elite Interest**.

Pursue *own political interest, being coercive and self-seeking entrepreneurs*.

**Coercive** -> Controlled instruments of violence

**Self seek** -> Protect and expend territory

**Entrepreneur** -> Find different ways to increase power



Self seek\*\*

**Marxists:** Capitalist classes want rise of State because *Stable State = max profit potential (exploitation labor)*

**Douglass and collab:** Elite coalitions craft new institutions *ensure their own rights (open access orders) = avoid "natural states" -> Better to get rights than special privilege as elite.*

## 3. Cultural Theories

Emerged because of **Idea Change**.

Pursue *own political interest, being coercive and self-seeking entrepreneurs*.

**Coercive** -> Controlled instruments of violence

**Self seek** -> Protect and expend territory

**Entrepreneur** -> Find different ways to increase power



Feudal↓ Self-interest↑

### Ideas (beliefs) + cultural (social) CHANGE:

GOD/DIVINITY/FEUDALISM  
V.S.  
CENTRALIZATION/ECONOMY/MODERNITY

## 4. Diffusion Theories

\*\*\*This Theory is different: Does not try to explain rise of State but **DIFFUSION (process of spreading)** of State.

3 versions:

1. Resemblance to Bellicist theory
  - a. **State -> War-making machines -> contest rival because of war skills-> colonialism (extension Europe political control on world)-> brought state forms of organization.**
  - b. **Military technology capacity -> easy victories over civilization (barbare)**
2. Resemblance to economical theory
  - a. **State spread-> interest of capitalist class -> colonial subjugation (bring under control) -> new markets for European good -> source material + labor**
  - b. **Ongoing neo-colonial\* -> exploitation -> division of basic and exterior states = capital**

**\*NEOCOLONIALISM :** GEOPOLITICAL PRACTICE OF USING CAPITALISM, BUSINESS GLOBALIZATION, AND CULTURAL IMPERIALISM TO INFLUENCE A COUNTRY, IN LIEU OF EITHER DIRECT MILITARY CONTROL OR INDIRECT POLITICAL CONTROL, I.E. IMPERIALISM AND HEGEMONY.

3. Resemblance to cultural theory
  - a. **State spread-> cultural or idea phenomena -> structure of organizations -> adoption of organization form -> isomorphism\* (taking similar structure in organizations)**

- i. Organization spread CAME FROM efficiency of organization completions
- ii. Organization spread CAME FROM the fitting to cultural + expectation
- b. World Society theory -> state became institutionalized part of politics -> replication

### 3.3.2. Why do Welfare State Emerge?

**Understanding State function over time:** State's role change -> expended -> regulation + provision of welfare to citizens -> health care + social insurances + social safety nets. => WHY ?

#### 1. Cultural changes

Welfare state emerge -> **change value + norms** (ideas in creation of WS)

- ➔ Former intractable social problems -> solution -> state responsibility -> Idea of citizenship -> changed

#### 2. Industrial Capitalism

Welfare state emerge -> **industrial capitalism** (impact of social structures)

- ➔ Capitalist development -> economic growth -> also causes problems -> State respond -> solution -> state responsibility -> sustainable development -> regulations -> economy development spending
- ➔ Welfare state -> elite creation -> save capitalism from itself -> manage the poor -> redistribution -> avoid revolution/socialism

#### 3. Mobilization and Political Action

Welfare state emerge -> **negotiations + conflict interest groups** (key actors in making WS)

- ➔ Laborer want expend interest -> basic rights -> compromise or revolt
- ➔ Businessman -> maintain interest -> face demand of laborer -> compromise or need effort preserve min state
- ➔ Political leader -> acquire office or stay in office -> compromise or face revolution

## 4. Chapter: Development and Political Economy

Examination of differing ways development can be understood.

- **Development => Income**
- **Forms + Definition of Development** ➔ Type -> economic outcomes + social indicators + measure of cultural values + ecological sustainability
- **Why Development happens** ➔ Cause and effect

**Why some countries**  
VERY rich (benefits to citizens)  
**V.S.**  
VERY poor (few resource + opportunity)

### 4.1. Concepts

**DEVELOPMENT: PROCESS OF SOCIETY CHANGE/ADVANCE MEASURED WITH ECONOMIC GROWTH + QUALITY OF LIFE + STANDARD OF LIVING + FREEDOM ACCESS + OPPORTUNITIES ETC.**

- **Disagreement on concept of DEVELOPMENT:**
- **Saudi Arabia** -> rapid economy growth -> **benefits only to elite**  
-> developing?
- **China** -> increase of wealth ppl -> fast decline poverty -> **environment endangered**  
-> developing?

**SORTS OF DEVELOPMENT:**

- Economic growth/ increase in economic activity
- Income inequality
- Standard of living
- Poverty level

**SIMPLEST INDICATOR OF COUNTRY DEVELOPMENT:**

HOW MUCH THE ECONOMY PRODUCES (**GDP**) OR HOW MUCH INCOME PEOPLE EARN (**GDP/CAPITA**)

*\*GROSS NATIONAL INCOME: INCLUDES PEOPLE OUTSIDE THE BORDER OF THE COUNTRY (GERMAN'S INCOME IN CANADA CALCULATED FOR GERMANY'S GNI)->ALSO CALLED GNP -> GROSS NATIONAL PRODUCT \* THE WORLD BANK NOW USE GNI RATHER THAN GNP.*

*\*PURCHASE POWER PARITY: ADJUSTMENT TO SEE YOUR POWER OF PURCHASE (COST OF LIVING)*

**4.2. Types**

**Measures beyond income per capita**

**Economic measures -> Income Distribution: Poverty + Income Inequality rates**

**Social measures -> Quality of Life: Health + Education + Standard of life**

**4.2.1. Poverty and Inequality**

GDP does not say anything about distribution among people.

GDP/capita	Distribution	Absolute Poverty Rate	Gini Coefficient
30,000\$	50% -> 60k 50% ->0k	- <b>Absolute Poverty threshold:</b> 1\$/day/person - <b>Poverty:</b> income measure + indicator access to health and education	- Measure of inequality across an entire population - How much of a society's wealth/income held by which % of the population - Between 0 and 1: 0 = Absolute equality Everyone has same income 1 = Absolute inequality 1 person holds 100% of wealth - Also can examine income of richest 10% V.S. poorest 10%

1. **POVERTY:** STATE OF BEING POOR. MEASURED BY LOW INCOME, DEPRIVATION, LACK OF ACCESS TO RESOURCES, LIMITED ECONOMIC OPPORTUNITIES. **MEASURED WITH ESTABLISHED POVERTY LINE.**
2. **POVERTY LINE:** THRESHOLD. IF BELOW THRESHOLD, INDIVIDUALS OR GROUPS -> IN POVERTY. ONLY LOOKING AT POVERTY LINE -> NO INDICATION OF POVERTY DEPTH – HOW FAR SOMEONE IS BELOW THE POVERTY LINE.
3. **INEQUALITY:** MEASURE DISTRIBUTION OF INCOME. THE DIFFERENTIAL DISTRIBUTION OF ACCESS TO GOODS (POWER, STATUS, MATERIAL RESOURCES). **GINI COEFFICIENT IS MOST COMMON MEASURE OF INCOME INEQUALITY.**

### 4.2.2. Employment and Inflation

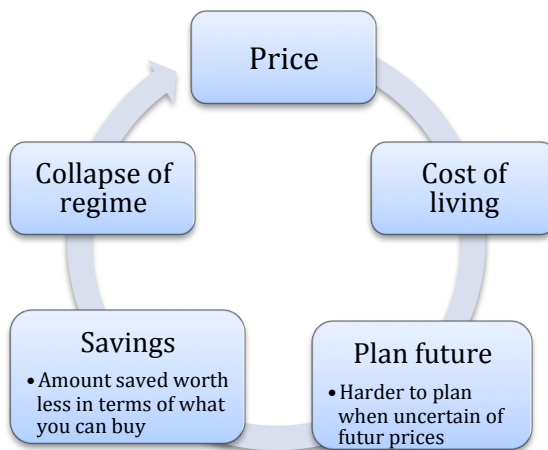
- Economic measure -> How people experience the economy on a daily basis.
- Employment + Unemployment -> important because of their **impact** on people's well-being **and** country's economic health.

Employment	Unemployment	Underemployment
<ul style="list-style-type: none"> <li>- Ongoing, regular access to paid work</li> <li>- Total Job created or lost % of population</li> </ul>	<ul style="list-style-type: none"> <li>- Lack of ongoing, regular access to paid work</li> <li>- Where a person who is searching for work and cannot find a job.</li> </ul>	<ul style="list-style-type: none"> <li>- Access to paid labor <b>but</b> insufficient for meeting their needs/preferences</li> <li>- Holding a part-time job but want full-time</li> <li>- Over qualification - employee has education, experience, or skills beyond the requirements of the job.</li> </ul>

**Developing countries distinction -> Formal V.S Informal employment** \*(fewer informal in Dev. Countries – unofficial street vendors)

**Formal Employment:** Preferable -> More benefits + rights + support.

Inflation	Hyperinflation	Deflation	Fiscal Measures
Measure how quick price rise	Very high inflation.	Declining of price.	Measures of gvt revenues + expenditures
	<b>Problem</b> -> Dramatically destroy value of money over time.	<b>Problem</b> -> people stop buying -> wait for lower prices -> value of assets	Fisc. Meaus. of a country's economic health-> indicator to economic well being Ex: Total Indebtness Poor fiscal indicator = challenge in future as debt come due.



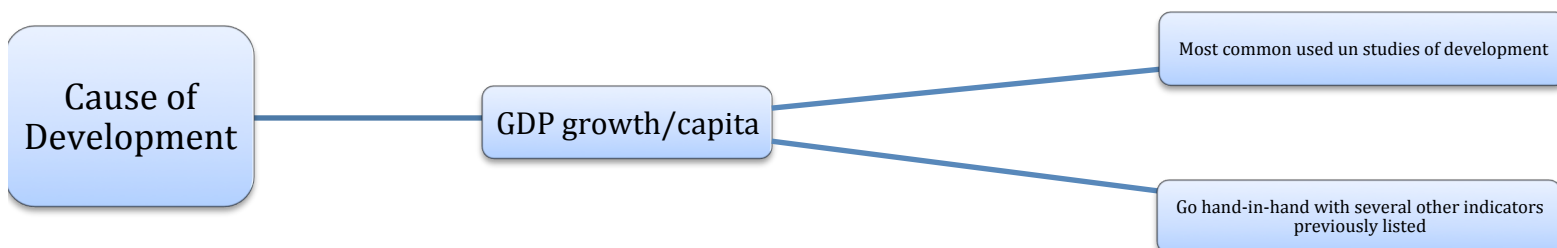
### 4.2.3. Social Outcomes and Human Development

Human capital:

Indicator of individual overall well-being and standard of living.  
Accumulated skills + investments people made in own capacities  
Most Fundamental aspect of Human Capital: **HEALTH**

	Health	Education
<p><b>Human Development Index (HDI)</b> <b>Standard of living</b> Correlated with indicators of development</p>	<p><b>Life expectancy:</b> average age until one live. Depend of circumstances in which born. <b>Infant mortality:</b> major public health indicator. % children survive until 5. <b>Others:</b> Infection/morbidity rate for x disease, health care access, health insurance coverage.</p>	<p><b>Literacy rate:</b> % of population who can read <b>Others:</b> School enrolment/completion <i>*Quality important because international comparison</i></p>

### 4.3. Cause and Effects



- Why economies grow, diversify, and become more productive and successful?
- What allows people to shift from rural work to city work?
- Why people accumulate capital to foster more productive economic activity?

Categories of Theories to explain:

- 1- Focus on **institutions** (role of market/State in development)
- 2- Focus on **cultural values**
- 3- Focus on the **domestic + international structures** that condition development

#### 4.3.1. Institutions: Markets and States

Which actor should take the lead in promoting national economic advancement?

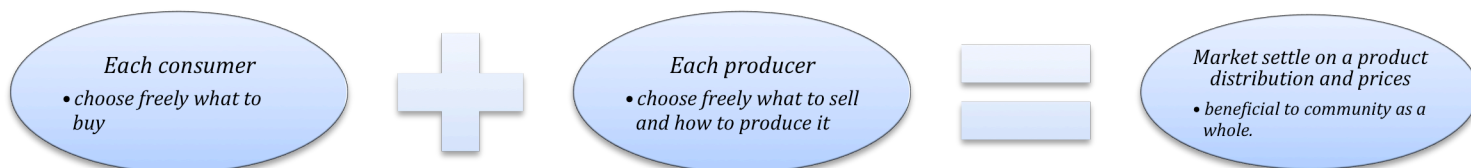
**STATE or MARKET**

#### 1. Market-Led Development and Neoliberalism

- Leading argument in development: Free Markets = basis to create wealth -> **Market led development.**
- Free market perspective -> now called **neoliberalism**

### Adam Smith: The wealth of Nations

**Invisible Hand:** Individual seek proper well being, better society. Society benefits from economic efficiency and expansion. Occurs when everyone pursues their own gain.



The reason for this is that self-interest drives actors to beneficial behavior in a case of fortune.

- Efficient methods of production are adopted to maximize profits.
- Low prices charged -> maximize revenue -> gain in market share -> challenging competitors.
- Investors
  - o Invest -> industries most urgently needed to maximize returns
  - o withdraw capital from those less efficient in creating value.

All these effects take place dynamically and automatically

:

1. **MARKET-LED DEVELOPMENT: AS LITTLE AS POSSIBLE CONTROL FROM STATE**
2. **NEOLIBERALISM: IDEOLOGICAL TENDENCY FAVORS LIBERAL DEMOCRACY AND MARKET-LED DEVELOPMENT**
3. **PRIVATIZATION: FROM PUBLIC TO PRIVATE -> TRANSFERT OF CONTROL (BUSINESS, INDUSTRY OR SERVICE)**

**Neoliberals:** Advocates of free market economies

The *invisible hand* -> unrestrained -> No government interference

**Government role:**

Establish **rule of law** that protects property rights + enforce contracts.

Should not create and finance companies, run factories, or set wages.

Economic activity should experience **privatization**.

**IMF + World Bank + WTO** -> main Intergovernmental Organizations shape international trade + finance

- Promote neoliberal economic policies along with Multi National Corporations

**WASHINGTON CONSENSUS:** AN AGREEMENT BETWEEN MULTINATIONALS, THE MAIN IGOs AND THE US GOVERNEMENT ABOUT HOW TO PROMOTE ECONOMIC STABILITY AND GROWTH IN POORER COUNTRIES. EMBODIED FREE-MARKET CAPITALISM, WITH FEW GOVERNEMENT RESTRICTIONS ON INTERNATIONAL TRADE AND FINANCE.

**POLICY RECOMMENDATION:** BALANCED BUDGET, PROMOTION OF FREE TRADE AND REDUCTION OF BARRIERS TO FOREIGN INVESTMENT, PRIVATIZATION OF GOVERNEMENT-OWNED ENTERPRISES AND DEREGULATION. WORKED TO PROMOTE ECONOMIC GLOBALIZATION.

**Public Choice school of theory:** Public officials are self-interested actors that get in the way of markets.

Public officials claim promote public good -> they are human beings -> self-interest -> **Politics without romance**.

## 2. State-Led Development

State -> central institution in public life -> active life in economy in many countries.

State Intervention -> Key to development

State-led development: State play central role. Not just enforce contracts and property rights. Coordinating investment and state-owned enterprise. Market can't generate wealth alone.



State policies can promote successful industry.

### Policies:

- Protecting local businesses from foreign competition – infant industries
- Direct state investment (steel)
- Incentive/advantages to private businesses (ex. low interest loan)
- Intervention for cheaper currency and exports -> desirable for foreign consumers (American buy inexpensive goods from China)

Statist argument:

- Doesn't expect states to promote development wherever they intervene.
- Success depends on *quality* of intervention (not quantity)
- Intervention may promote or hinder development -> depends on **strong** or **weak state** & if it makes **good** or **bad** decisions.

## 3. Institutions: Beyond the Markets-States Debate

Development -> long process -> not just State / Market make it happen -> **institutions**

**Institutionalism:** institutions in place shape Development. Through **how they are created**, and **how they evolve on long run**. Ex: *Property right*

**INSTITUTIONS:** REGULARIZED ACTIVITIES THAT SHAPE THE BEHAVIOR OF INDIVIDUALS/GROUPS.

### **INCLUDING:**

FORMAL ORGANIZATION – EX. THE STATE OR POLITICAL PARTIES – AND

INFORMAL – EX. NORMS AND VALUES.

**New Institutional -> focus on broader set of institutions.**

