

Course title: Booms, busts and new developmentalism

Level: Senior undergraduate or Graduate level

Course Leader Keston K. Perry (PhD SOAS University of London)

Course Description

From the late 1990s up to 2014, resource-exporting countries experienced a remarkable shift in their terms of trade and surge in demand for primary commodities, namely oil, natural gas and hard minerals like iron ore and copper. Wealthy in hydrocarbon resources and minerals, these nations principally located in Latin America and Sub-Saharan Africa showed signs of unprecedented growth that for some scholars indicated a competitive standing in the global economy leading to certain triumphalist narratives among economists about ‘catch up’, ‘convergence’ and ‘rise’ of these countries. As ‘emerging market economies’ – the term interestingly coined by Wall Street financiers – the importance of natural resources and the pull-factor of China’s growth represented and lent support to a supposed new paradigm of developmentalism. By the end of 2008, well into the global financial crises, as global trade evaporated and commodity prices collapsed, these economies were once again in difficulty though ex-post facto deemed a blip in the ‘commodity super cycle’ when prices resurged again in 2010.

Mainstream economists, development agencies, and international financial institutions pointed to this evidence as ‘de-coupling’ or the ‘rise of the South’, especially as countries like Brazil and South Africa recovered more quickly from the downturn than other advanced economies. Notwithstanding, these empirical snapshots, political economists have pointed to the weakness of the recovery, increased financialization, lack of sustained industrial transformation or technological deepening, and over-reliance on export markets and commodity prices – leading to a re-primarization of the economy. This course traces these developments and political economy dynamics over the last two decades foregrounding empirical data and theoretical explanations given for the rapid shift in fortunes of Latin American economies and Sub-Saharan Africa. The course surveys both mainstream and heterodox explanations of these developments, namely new developmentalism, resource curse and Dutch disease hypotheses, and de-industrialization. It explores the so-called rise and fall of these growth trajectories and the implications for developmentalist thinking in the 21st century.

Weekly Topic Guide

Week	Topic	Main authors
1.	The “commodity super cycle” from a historical perspective	Antonio Ocampo Erton Masuma Farooki

2.	Natural resources and development theory: structural explanations	Raul Prebisch Albert O. Hirschman Chenery
3.	Resource curses, diseases and confusions	Richard Auty Jeffrey Sachs Andrew Warner Saad Filho and Weeks
4.	New developmentalism and the political economy of natural resources	Ha-joon Chang Luiz Carlos Bresser-Pereira Henry Veltemeyer
5.	Dynamic linkages and resource-based industrialization	Raphie Kaplinsky William Mahoney Mike Morris Andrew Rosser
6.	De-industrialization and its discontents	Dani Rodrik Margaret MacMillan Fiona Tregenna
7.	Financialization I: commodity markets and speculation	Mazzen Labban
8.	Financialization: concept, production and institutions	Ben Fine Alfredo Saad-Filho
9.	Ecological change and natural resource management	James K Boyce David Ash Diana Liverman
10.	Energy subsidies, neoliberalism and international political economy	Benjamin Sovacool Matthew Lockwood
11.	Uneven development or decoupling? Revisiting Prebisch-Singer hypothesis	Raul Prebisch Hans Singer

Reading List

- Ashman, S., Fine, B., & Susan Newman. (2011). The Crisis in South Africa: Neoliberalism, Financialization and Uneven and Combined Development | Socialist Register. *Socialist Register*, 47, 174–195.
- Auty, R. (2002). *Sustaining Development in Mineral Economies : The Resource Curse Thesis*. Routledge. <https://doi.org/10.4324/9780203422595>
- Bortz, P. G., & Kaltenbrunner, A. (n.d.). The International Dimension of Financialization in Developing and Emerging Economies. *Development and Change*, 49(2), 375–393.
<https://doi.org/10.1111/dech.12371>
- Büscher, B. (2012). The Political Economy of Africa's Natural Resources and the 'Great Financial Crisis.' *Tijdschrift Voor Economische En Sociale Geografie*, 103(2), 136–149.
<https://doi.org/10.1111/j.1467-9663.2012.00708.x>
- Caldentey, E. P., & Vernengo, M. (2017). *Why Latin American Nations Fail: Development Strategies in the Twenty-First Century*. Univ of California Press.
- Chakraborty, S. (2016). *Reinvestigating the Prebisch-Singer Hypothesis*. Working Paper, University of Massachusetts - Amherst. Retrieved from
<https://www.peri.umass.edu/publication/item/938-reinvestigating-the-prebisch-singer-hypothesis>
- Cheng, I.-H., & Xiong, W. (2014). Financialization of Commodity Markets. *Annual Review of Financial Economics*, 6(1), 419–441. <https://doi.org/10.1146/annurev-financial-110613-034432>

- Creti, A., Joëts, M., & Mignon, V. (2013). On the links between stock and commodity markets' volatility. *Energy Economics*, 37, 16–28. <https://doi.org/10.1016/j.eneco.2013.01.005>
- Diao, X., MacMillan, M., & Rodrik, D. (2017) The Recent Growth Boom in Developing Economies: A Structural Change Perspective. NBER Working Paper No. 23132. Retrieved from: <https://www.nber.org/papers/w23132>.
- Figueiredo, P. N., & Piana, J. (2017). Innovative capability building and learning linkages in knowledge-intensive service SMEs in Brazil's mining industry. *Resources Policy*. <https://doi.org/10.1016/j.resourpol.2017.10.012>
- Stuermer, M. (2018). 150 YEARS OF BOOM AND BUST: WHAT DRIVES MINERAL COMMODITY PRICES? *Macroeconomic Dynamics*, 22(3), 702–717. <https://doi.org/10.1017/S136510051600050X>
- Humphreys, M., Sachs, J. D., & Stiglitz, J. E. (2007). *Escaping the Resource Curse*. Columbia University Press.
- Katz, J., & Pietrobelli, C. (2018). Natural resource based growth, global value chains and domestic capabilities in the mining industry. *Resources Policy*, 58, 11–20. <https://doi.org/10.1016/j.resourpol.2018.02.001>
- Labban, M. (2010). Oil in parallax: Scarcity, markets, and the financialization of accumulation. *Geoforum*, 41(4), 541–552. <https://doi.org/10.1016/j.geoforum.2009.12.002>
- Lee, C. K. (2018). *The Specter of Global China: Politics, Labor, and Foreign Investment in Africa* (1 edition). Chicago ; London: University of Chicago Press.
- Singh, J. T. N., & Ovadia, J. S. (2019). *Developmental States Beyond East Asia*. Taylor & Francis Group.

- Morris, M., Kaplinsky, R., & Kaplan, D. (2012). *One Thing Leads to Another: Promoting Industrialisation by Making the Most of the Commodity Boom in Sub-Saharan Africa*. Lulu.com.
- Ocampo, J. A. (2013). *The history and challenges of Latin American development*. Santiago, Chile. Retrieved from <https://repositorio.cepal.org/handle/11362/3183>
- Ocampo, J. A. (2017). Commodity-Led Development in Latin America. *International Development Policy / Revue Internationale de Politique de Développement*, 9(9), 51–76. <https://doi.org/10.4000/poldev.2354>
- Ocampo, J. A., & Ros, J. (2011). *The Oxford Handbook of Latin American Economics*. OUP Oxford.
- Petrás, J., & Veltmeyer, H. (2014). *The New Extractivism: A Post-Neoliberal Development Model or Imperialism of the Twenty-First Century?* Zed Books Ltd.
- Perry, K. K. (2018). The Dynamics of Industrial Development in a Resource-Rich Developing Society: A Political Economy Analysis. *Journal of Developing Societies*, 34(3), 264–296. <https://doi.org/10.1177/0169796X18786136>
- Pollin, R., & Hansen, T. (2018). *Economics and Climate Justice Activism: Assessing the Fossil Fuel Divestment Movement*. Working Paper, University of Massachusetts - Amherst. Retrieved from <https://www.peri.umass.edu/economists/robert-pollin/item/1076-economics-and-climate-justice-activism-assessing-the-fossil-fuel-divestment-movement>
- Prebisch, R. (2016). The Economic Development Of Latin America. Retrieved from <https://repositorio.cepal.org/handle/11362/43902>
- Rodrik, D. (2016). Premature deindustrialization. *Journal of Economic Growth*, 21(1), 1–33. <https://doi.org/10.1007/s10887-015-9122-3>

Rosser, A. (2006). *The political economy of the resource curse: a literature survey*. Institute of Development Studies, University of Sussex.

Stuermer, M. (2018). 150 Years of Boom and Bust: What drives commodity prices?

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<https://doi.org/10.1017/S136510051600050X>

UNCTAD. (2015). *Making the international financial architecture work for development* (Trade and Development Reports). Geneva, Switzerland: United Nations. Retrieved from http://unctad.org/en/PublicationsLibrary/tdr2015_en.pdf

Assessment

1. Write a Policy Review Paper for a Latin American country's government offering analysis and recommendations on natural resource-based development experience and prospects taking either an institutional, historical, political and ecological perspective into account. (40%)
2. Referee Report Assignment (20%): select one paper from week 4 or 6 of the course and conduct a referee report, assuming a major 'revise and resubmit' request by the Journal of Economic Issues.

Resources:

- a. Berk, J. B., Harvey, C. R., & Hirshleifer, D. (2017). How to Write an Effective Referee Report and Improve the Scientific Review Process. *Journal of Economic Perspectives*, 31(1), 231–244. <https://doi.org/10.1257/jep.31.1.231>
 - b. <https://are.berkeley.edu/courses/ARE251/2004/assignments/RRGuidelines.pdf>
 - c. Thomson, W. (1998). *Guidelines on Writing Referee Reports*. Rochester Center for Economic Research, University of Rochester.
3. Essay Question:
 - a. Are natural resources a blessing or a curse relative to industrial composition? Using empirical data and an example of a Latin American or African country from during the period of the course (late 1990s to 2014), critically account for this question.
 - b. Using historical examples, critically examine whether natural resources can facilitate industrial development.

- c. Using an empirical example and data, discuss the possibilities for industrialization taking account of the ecological limits to economic growth.
- d. Using specific empirical examples at the micro or sectoral level, critically analyze the effects of financialization for industrial capability expansion and growth in a selected Latin American country.
- e. Explain whether ecological disaster is inevitable under capitalist accumulation based upon natural resource exploitation