THE PRIVATE SECTOR’ ROLE IN INTERNATIONAL DEVELOPMENT

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COURSE DESCRIPTION

Most of the world’s economic growth going forward will occur in emerging markets. Countries that were previously seen as hopeless “basket cases” – including many in Latin America – are now seen as exciting, untapped opportunities for actors in the private sector. Conversely, the essential role of the private sector in generating sustainable economic growth is increasingly recognized by development policymakers.

To successfully operate in countries with weak legal and political systems and poorly functioning capital and factor markets, you need a different framework for analyzing challenges and opportunities. But such a framework must also recognize the ethical challenges faced when operating in less rule-based economies and the opportunity for greater positive social impact in poor countries. The four class sessions that comprise my teaching (1 in the September class week, 2 in the Mexico week and 1 in the November class week) will be about developing such a framework. In addition to these four class sessions, the week-long IPADE-led course experience in Mexico City will deal largely with the impact and importance of corporate social responsibility particularly when operating in less developed countries.

In our four class sessions we shall cover themes such as

- Contractual issues, how to maneuver in weak political systems and CSR
- How to bring new technologies and managerial progress to poor countries
- Natural resource sectors and labor issues

In each session we will define a particular set of issues and start by developing a framework of analysis, usually derived from economics. We learn how the framework can be applied to specific cases and examples, and go through the latest research in the field, before rounding off with practical take-aways.
One thing that is important to note is that, while this course is not about learning specific ways to make money in poor countries, the course is equally useful for those wanting to do business and those wanting to work on development policy.

For the material covered in our four class sessions together, grading will be based on a brief, in-class team assignment in Mexico City, a longer individual assignment afterward, and class participation. In addition, a separate grade will be given by IPADE for the course work done in the week-long experience there which will take the form of an individual paper due at the end of that week. A single, final course grade will be awarded based on both of the aforementioned grades and this grade will be your official grade for the course.

CLASS PREPARATION

Readings:

A course packet, which includes nearly all of the readings and cases, is required. There is no textbook for this course. For each topic, there will be a set of assigned readings, sometimes including cases, which will help develop the underlying concepts and/or provide examples. It is essential that you read these materials prior to class.

Extra Readings:

This course provides a broad survey of many issues, and at times you may want to read further about issues of personal interest. The reading list will therefore also point to resources where you may find more extensive (and technical) analysis. These readings are entirely optional, and are meant simply to provide a reference for you now or in the future.

CLASS SCHEDULE

<table>
<thead>
<tr>
<th>Class</th>
<th>Topic</th>
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<tr>
<td>Sept in NY</td>
<td>1. Welcome and overview of the course: Why are emerging markets still emerging?</td>
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<td>2. Contractual problems and investor protection</td>
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<tr>
<td>M.C. 1</td>
<td>1. The organization of firms and the private sector in developing countries</td>
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<td>M.C. 2</td>
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READINGS

Sept in NY: 1. Welcome and overview of the course: Why are emerging markets still emerging?
2. Contractual problems and investor protection

Readings part 1:

Optional readings part 1:
1. “Bulging in the Middle”, The Economist, October 20 2012
5. Acemoglu, Johnson, and Robinson, “Institutions as a Fundamental Cause of Long-Run Growth”, Handbook of Economic Growth (ch. 6), 2005

Readings part 2:

Optional readings part 2:
M.C. 1: 1. The organization of firms and the private sector in developing countries  2. Technology adoption

Readings part 1:  
5. “Give Sam Walton the Nobel Prize”, Foreign Policy, May/June 2013

Optional readings part 1:  

Readings part 2:  

Optional readings part 2:  
2. Jack and Suri, “Mobile Money: The Economics of M-Pesa” (http://www.mit.edu/~tavneet/M-PESA-Final2.pdf)  
8. “Is it a phone, is it a bank?”, The Economist, March 30 2013
M.C. 2: 1. Exploiting natural resources in developing countries  
2. Low wages and labor issues

Readings part 1:  
5. Interview with Adriana Giudice, CEO of Austral. Available at: http://www.pcfisu.org/marine-programme/case-studies/peruvian-anchovy-fishery/

Optional readings:  
1. “Tackling the Oil Curse,” The Economist, September 25, 2004  
3. La Ferrara and Guidolin, “Diamonds are Forever, Wars are Not. Is Conflict Bad for Private Firms?”, American Economic Review, 97(5), 2007  
5. “Profiteers’ war that goes on forever”, The Guardian, June 30 1999  

Readings part 2:  
2. “Hitting the Wall: Nike and International Labor Practices”, HBS case  

Optional Readings:  
2. “Grinding the Poor,” The Economist, September 27, 2001  
Nov in NY: 1. Politics and corruption
2. Social enterprise and CSR

Readings part 1:
1. “Rwanda and other aid darlings: Efficiency vs freedom,” The Economist, August 5, 2010
5. “The Road to Hell is Unpaved,” The Economist, December 19, 2002

Optional Readings:
10. “Corruption in International Business (B)” (HBS)

Readings part 2:

Optional Readings: