

## **INTA 689-605: Institutions and Development**

**Fall 2016**

**Time: Wed. 9:35-12:15**

**Location: Rm. 1077**

**Instructor:** YuJung (Julia) Lee

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**Office:** Allen 1033

**Office Hours:** Wed. 12:30-1:30 or by appointment

**Course websites:** <http://ecampus.tamu.edu/>

<http://library-reserves.tamu.edu/>

### **Course Description:**

This course examines the wealth and poverty of nations through a focus on how political institutions and government actions affect economic development. The big questions this class tackles are: What form or combination of political institutions enhance economic development? What prevents less developed countries from catching up to the same level of development as their wealthier neighbors? To understand the prevailing answers to these fundamental questions in development, this course takes an institutional perspective and draws from readings on different regions of the world including Asia, Latin America, and sub-Saharan Africa.

This course is designed to get students to think critically about political institutions and economic development, as well as to empower students to actively examine key questions through the analysis of real data. Students will be asked to locate data and build evidence-based arguments. In the beginning of the course, we learn about specific political institutions and organizations such as legislatures, constitutions, and political parties, and how they shape political, social, and economic behavior. We then study informal institutions such as ethnicity, gender, or religious ties, and how these interact with formal institutions, and to what end. Lastly, we consider the implications and challenges of various institutional configurations for economic development.

### **Student Learning Outcomes:**

After successful completion of this course, the students will be able to:

1. Understand key frameworks for defining and applying the concept of political institutions to the study of economic development;
2. Converse knowledgeably about major studies in political economy that have made contributions to our understanding of how and why institutions condition development outcomes;
3. Analytically think and use evidence when evaluating the merit of different institutional theories of development;
4. Have intimate knowledge of cases and key quantitative measures that illustrate the impact of institutions on development.

### **Readings:**

All readings will be available online through <http://library-reserves.tamu.edu/>. Students should read *all* of the assigned readings *before* coming to each class.

The following three books are highly recommended if you are interested in this field. We will read some chapters from these books throughout the course as well.

Acemoglu, Daron and James Robinson. 2012. *Why Nations Fail*. New York: Crown Publishers. (on reserve at PSEL)

Banerjee, Abhijit, and Esther Duflo. 2012. *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*. PublicAffairs. (Available free online through TAMU library.)

Collier, Paul. 2007. *The Bottom Billion: Why the Poorest Countries Are Failing and What Can Be Done About It*. New York: Oxford University Press.

### **Course Requirements and Grading:**

**Course Requirements:** Your success in the course depends on a thorough preparation for class, active participation, and timely submission of written assignments. The final grade is based on:

In-Class Participation	10%
Reading Presentation	10%
Data Assignment & Presentation	20%
Midterm Exam (in class)	25%
Final Paper	35%

Attendance is required. You will not receive participation credit for classes you missed. University rules regarding excused and unexcused absences can be found at: <http://student-rules.tamu.edu/rule07>

**Reading Presentation:** You will choose one reading from the suggested readings list for the week you choose to present. In your presentation you should identify the research question and argument, provide context for the argument, describe the method used, and summarize the results. You should also discuss how this paper fits in with the rest of the readings we have done for that week (i.e. compare arguments of this paper to another, discuss strengths and weaknesses compared to a different paper) and give your own reflections about the paper. You may also pose discussion questions to the class. You only need to email me your presentation materials (powerpoint slides) for this assignment and you do not need a separate written report. This should be individual work, and your presentation should be about 10-15 mins.

**Data Assignment & Presentation:** Find indicators of the quality of government institutions from at least two sources. In your presentation, explain how they measure institutional quality and your assessment of whether or not they are a good measure. Use tables and figures to compare the indicators along any dimension you wish. For example, you may compare regions, countries, time periods (focus on the post-2005 period), or the relationship between institutional

quality and other variables (such as economic development). Describe any patterns you see in a brief report no longer than 5 pages. What do they tell us, or not tell us, about institutional quality? Present your findings to the class. You may work alone or with a partner (one written report per group). You must submit a hard copy of the report on the day of your presentation. Your presentation should be about 15 minutes.

**Midterm Exam:** There will be a closed-note closed-book exam in class.

**Final Paper:** Students will write a research paper that investigates the strengths (and weaknesses) of institutional arguments towards explaining patterns of economic growth around the world. You need to think about how to narrow down the scope of this topic but you have lots of flexibility in what you may focus on – you may compare regions, countries (do not limit it to a single country), time periods (focus on post-2000 period), categories of states, etc. The paper should clearly state a research puzzle and the motivation behind the question. The paper may also include brief description of background information if necessary and a short summary of related articles. The paper should mainly focus on applying one (or more) of the institutional arguments learned in class to analyze the situation. Data should be incorporated and you should tell a story with your tables/figures. The paper should conclude by suggesting policy implications and further research strategies. The paper should be about 10 pages.

### **Classroom Policies and Communication**

**Honor Code:** “An Aggie does not lie, cheat or steal or tolerate those who do.” Every student, graduate as well as undergraduate, is expected to adhere to this code; violation can result in disciplinary action. More information about Honor Council Rules and Procedures can be found at <http://www.tamu.edu/aggiehonor>.

**Students with Disabilities:** The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you believe you have a disability requiring an accommodation, please contact Disability Services, currently located in the Disability Services building at the Student Services at White Creek complex on west campus or call 979-845-1637. For additional information, visit <http://disability.tamu.edu>.

**Cheating or Plagiarism:** All work submitted in this course must be your own work, produced exclusively for this course. The use of someone else’s ideas, quotations, music, graphs/charts, and/or paraphrases must be properly documented, even if you have the permission of that person. Direct quotes must be in quotation marks and have the page number in the citation. ***Plagiarism will result in a zero for the assignment and may result in a failing grade for the class.*** Violations may also be noted on student disciplinary records. If you are in doubt regarding any aspect of these issues, please consult with the instructor ***before*** you complete the relevant assignment.

**Course Schedule** –Schedule is subject to change. Any changes will be announced in class.

### **Week 1 (Aug. 31): Introduction: Concepts and Analytical Frameworks**

Banerjee and Duflo. *Poor Economics*. Chapter 10.

Amartya Sen. 1988. "The Concept of Development," *Handbook of Development Economics*, Volume 1.

*Suggested readings:*

Banerjee and Duflo. *Poor Economics*. Chapters 2 to 5.

Acemoglu and Robinson. *Why Nations Fail*. Chapters 1 to 3.

### **Week 2 (Sept. 7): Historical Legacies and Institutions**

Mahoney, James and Daniel Schensul. 2006. "Historical Context and Path Dependence," in Robert E. Goodin and Charles Tilly eds., *Oxford Handbook of Contextual Political Analysis*. Oxford: Oxford University Press, 2006.

Acemoglu, Daron, Simon Johnson, James Robinson. 2001. "The Colonial Origins of Comparative Development: An Empirical Investigation." *American Economic Review*, 91.

Besley, Timothy and Marta Reynal-Querol. 2014. "The Legacy of Historical Conflict: Evidence from Africa." *American Political Science Review* 108(2): 319-336

Engerman, Stanley L., and Kenneth L. Sokoloff. 2005. "Institutional and Non-institutional Explanations of Economic Differences." Springer.

*Suggested readings:*

Banerjee, Ahijit and Lakshmi Iyer Sept. 2005. "History, Institutions, and Economic Performance: The Legacy of Colonial Land Tenure Systems in India." *American Economic Review* 95, no. 4.

Nunn, Nathan. 2010. "The Columbian Exchange: A History of Disease, Food, Ideas," *The Journal of Economic Perspectives* 24(2): 163-88.

Landes, David. 2006. "Why Europe and the West? Why not China?" *Journal of Economic Perspectives* 20 (Spring): 322.

Kuran, T. 2004. "Why the Middle East is Economically Underdeveloped: Historical Mechanisms of Institutional Stagnation." *Journal of Economic Perspectives* 71-90.

Acemoglu and Robinson. *Why Nations Fail*. Chapter 4.

### **Week 3 (Sept. 14): State Capacity**

Guido Tabellini, 2004. "The Role of the State in Economic Development". CESIFO Working Paper No. 1256.

Olson, 1993. "Dictatorship, Democracy and Development," *American Political Science Review*.

Besley, Tim and Persson, Torsten, 2009. "The Origins of State Capacity: Property Rights, Taxation and Politics." *American Economic Review*, 99(4): 1218-44.

Collier. *Bottom Billion* Chapter 8

*Suggested readings:*

Levitsky, Steven, and María Victoria Murillo, 2009. "Variation in Institutional Strength." *Annual Review of Political Science*, 12 115-133.

Blattman, Christopher, Alexandra Hartman, and Robert Blair, 2014. "How to Promote Order and Property Rights under Weak Rule of Law? An Experiment in Changing Dispute Resolution Behavior through Community Education." *American Political Science Review*, 108:1.

Pritchett, Lant, Michael Woolcock, & Matt Andrews. 2010. "Capability Traps? The Mechanisms of Persistent Implementation Failure." Center for Global Development Working Paper, (234).

#### **Week 4 (Sept. 21): Regime Type**

Przeworski, Adam, Michael E. Alvarez, José Antonio Cheibub, and Fernando Limongi. 2000. *Democracy and Development: Political Institutions and Well-Being in the World, 1950—1990*. Cambridge: Cambridge University Press: introduction, chs. 1 and 2 (on reserve at PSEL)

Acemoglu, Daron and James A. Robinson. 2006. *Economic Origins of Dictatorship and Democracy*. New York: Cambridge University Press: chs. 2 and 6.

Wright, Joseph. 2008. "Do Authoritarian Institutions Constrain? How Legislatures Affect Economic Growth and Investment." *American Journal of Political Science* 52 (2):322-343

*Suggested readings:*

Gandhi, Jennifer. 2008. *Political Institutions under Dictatorship*. Cambridge University Press: New York. Introduction, and chs. 1 and 5.

Easterly, William. 2011. "Benevolent Autocrats." unpublished working paper.

Jones, Benjamin F., and Benjamin A. Olken. 2005. "Do Leaders Matter? National Leadership and Growth Since World War II." *Quarterly Journal of Economics* 120: 835-864.

#### **Week 5 (Sept. 28): Constitutions**

Persson, Torsten and Guido Tabellini. 2004. "Constitutions and Economic Policy." *Journal of Economic Perspectives* 18(1): 75-98

Lijphart, Arend, 2004. "Constitutional Design for Divided Societies." *Journal of Democracy* 15.2: 96-109.

North, Douglas and Barry Weingast. 1989. "Constitutions and Commitment: Evolution of Institutions Governing Public Choice in 17th-Century England." *Journal of Economic History*.

*Suggested Readings:*

Horowitz, Donald L. 2002. "Constitutional Design: Proposals versus Processes." in *The Architecture of Democracy: Constitutional Design, Conflict Management, and Democracy* 15: 20-22.

Mittal, Sonia and Barry Weingast. 2013. "The Self-Enforcing Constitution: With an Application to Democratic Stability in America's First Century." *Journal of Law and Economic Organization* 29 (2): 278-302.

Ordeshook, Peter C., and Olga Shvetsova. 1997. "Federalism and Constitutional Design." *Journal of Democracy* 8.1: 27-42.

**Week 6 (Oct. 5): Electoral Systems**

Carey, John M. and Matthew S. Shugart. 1995. "Incentives to Cultivate a Personal Vote: A Rank Ordering of Electoral Systems." *Electoral Studies* 14: 417-39.

Iversen, Torben, and David Soskice. 2006. "Electoral Institutions and the Politics of Coalitions: Why Some Democracies Redistribute More than Others." *American Political Science Review* 100.02: 165-181.

Scheve, Kenneth and David Stasavage. 2009. "Institutions, Partisanship, and Inequality in the Long Run." *World Politics* 61 (April): 215-53.

*Suggested Readings:*

Roberts, Kenneth M., and Erik Wibbels. 1999. "Party systems and electoral volatility in Latin America: a test of economic, institutional, and structural explanations." *American Political Science Review* (1999): 575-590.

Gandhi, Jennifer and Ellen Lust-Okar. 2009. "Elections under Authoritarianism." *Annual Review of Political Science* 12: 403-22.

Cox, Gary W. 1990. "Centripetal and Centrifugal Incentives in Electoral Systems." *American Journal of Political Science* 34: 903-35.

Przeworski, Adam, Fernando Limongi, and Salvador Giner. 1995. "Political Regimes and Economic Growth." *Democracy and Development*. Palgrave Macmillan UK. 3-27.

### **Week 7 (Oct. 12): Midterm**

In class, no readings

### **Week 8 (Oct. 19): Bureaucracies**

-Data presentations start

Evans, P., & Rauch, J. E. 1999. "Bureaucracy and Growth: A Cross-National Analysis of the Effects of "Weberian" State Structures on Economic Growth." *American Sociological Review*, 748-765.

Rauch, James E., and Peter B. Evans. 2000. "Bureaucratic Structure and Bureaucratic Performance in Less Developed Countries." *Journal of Public Economics* 75.1: 49-71.

*Suggested Readings:*

Ehrlich, Isaac, and Francis T. Lui. 1999. "Bureaucratic corruption and Endogenous Economic Growth." *Journal of Political Economy* 107.S6.

### **Week 9 (Oct. 26): Geography and Endowments**

-Final paper research proposal due

Rodrik, Dani, Arvind Subramanian and Francesco Trebbi. 2004. "Institutions Rule: The Primacy of Institutions Over Geography and Integration in Economic Development." *Journal of Economic Growth* 9: 131-165.

Sachs, Jeffrey D. 2003. "Institutions Don't Rule: Direct Effects of Geography on Per Capita Income." *NBER Working Paper No. 9490*.

Ross, Michael L. 2012. "The Oil Curse." Princeton University Press, Ch. 6.

Hausman, "Prisoners of Geography" *Foreign Policy* (2001) pp. 45-53.

*Suggested Readings:*

Nunn, Nathan, and Diego Puga. 2012. "Ruggedness: The Blessing of Bad Geography in Africa." *Review of Economics and Statistics* 94.1: 20-36.

*Bottom Billion* Chapter 4

Gallup, John Luke, and Jeffrey D. Sachs. 2001. "The Economic Burden of Malaria." *The American Journal of Tropical Medicine and Hygiene* 64.(1 suppl ): 85-96.

### **Week 10 (Nov. 2): Social Cleavages**

Chandra, Kanchan. 2006. "What is Ethnic Identity and Does it Matter?" *Annual Review of Political Science* 9: 397-424.

Habyarimana, James, Macartan Humphreys, Daniel Posner and Jeremy Weinstein. 2007. "Why Does Ethnic Diversity Undermine Public Goods Provision?" *American Political Science Review* 101,4: 709-25.

Iversen, Torben, and Frances Rosenbluth. 2006. "The Political Economy of Gender: Explaining Cross-National Variation in the Gender Division of Labor and the Gender Voting Gap." *American Journal of Political Science* 50(1).

*Suggested Readings:*

Dunning, Thad, and Janhavi Nilekani. 2013. "Ethnic Quotas and Political Mobilization: Caste, Parties, and Distribution in Indian Village Councils," *American Political Science Review*, 107: 35-56.

Fearon, James D. and David D. Laitin. 2003. "Ethnicity, Insurgency, and Civil War." *American Political Science Review* 97,1: 75-90

Daniel Corstange 2012. "Religion, Pluralism, and Iconography in the Public Sphere: Theory and Evidence from Lebanon," *World Politics* 64, 1, Jan., pp. 116-160.

**Week 11 (Nov. 9): Clientelism**

Hicken, Allen, "Clientelism," in *Annual Review of Political Science*, 2011, 14, pp. 289–310.

Wantchekon, Leonard, "Clientelism and Voting Behavior: Evidence from a Field Experiment in Benin," *World Politics*, 55 (2003), pp. 399-422

Scott, James. 1972. "Patron-Client Politics and Political Change in Southeast Asia." *The American Political Science Review* 66(1): 91-113.

*Suggested Readings:*

Stokes, S.C., Dunning, T. Nazareno, M. and Brusco, V. 2013. *Brokers, Voters, and Clientelism: The Puzzle of Distributive Politics*. Cambridge University Press, New York. Ch 3.

Nitchter, Simeon. 2008. "Vote buying or turnout buying? Machine Politics and the Secret Ballot" *Annual Review of Political Science* 102:19-31.

Lindberg, Staffan I and Morrison, Minion KC, 2008. "Are African voters really ethnic or Clientelistic? Survey Evidence from Ghana." *Political Science Quarterly* 123(1):95-122

**Week 12 (Nov. 16): Corruption**

Mauro, Paolo. 1995. "Corruption and Growth." *Quarterly Journal of Economics* 120: 835–864.



Treisman, Daniel. 2007. "What Have We Learned About the Causes of Corruption from Ten Years of Cross-National Empirical Research?" *Annual Review of Political Science* 10: 211-44.

Olken, Benjamin. 2007. "Monitoring Corruption: Evidence from a Field Experiment in Indonesia." *Journal of Political Economy* 115 (April): 200-49.

Razafindrakoto, M. and Roubaud, F. 2010. "Are International Databases on Corruption Reliable? A Comparison of Expert Opinion Surveys and Household Surveys in Sub-Saharan Africa." *World Development*, 38(8): 1057-69.

*Suggested Readings:*

Enikolopov, Ruben, Vasily Korovkin, Maria Petrova, Konstantin Sonin, and Alexei Zakharov "Field Experiment Estimate of Electoral Fraud in Russian Parliamentary Elections," Proceedings of the National Academy of Sciences, January 2013, 110(2): 448-452.

Olken, Benjamin. 2009. "Corruption Perceptions vs. Corruption Reality." *Journal of Political Economy*, 93 (7-8).

Golden, M.A. and Picci, L. 2005. "Proposal for a New Measure of Corruption, Illustrated with Italian Data." *Economics and Politics*, 17(1).

**Week 13 (Nov. 23): No class**

**Week 14 (Nov. 30): Conflict and Change**

Lohmann, Susanne. 1994. "Dynamics of Informational Cascades: The Monday Demonstrations in Leipzig, East Germany, 1989-1991." *World Politics*. 47: 42-101.

Scacco, Alexandra. 2008. "Who Riots? Explaining Individual Participation in Ethnic Violence." Columbia University unpublished paper.

Fearon, James D., and David D. Laitin. 1996. "Explaining Interethnic Cooperation." *American Political Science Review* (4) 90: 715-735.

*Suggested Readings:*

Miguel, E., S. Satyanh, and E. Sergenti. 2004. "Economic Shocks and Civil Conflict: An Instrumental Variables Approach." *Journal of Political Economy* 112 (4): 725-753

Pop-Eleches, Grigore and Joshua A. Tucker. 2013. "Associated with the Past? Communist Legacies and Civic Participation in Post-Communist Countries." *East European Politics and Societies*, 27(1): 45-48

Scott Gehlbach, *Formal Models of Domestic Politics*, Chapter 3, "Special Interest Politics," pp.102-20, Cambridge University Press, 2013

**Week 15 (Dec. 7): Conclusion**

-Roundtable discussion of findings from final paper so far.

*Why Nations Fail*. Chapters 13-14.

*Bottom Billion* Ch. 10-11

Amartya Sen, *Development as Freedom*. Ch. 12, "Individual Freedom as a Social Commitment."

**Final Paper due on Dec. 12 Monday 10a.m.**