The Political Economy of Development  
PPHA 42310  

James Robinson  

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This course is intended as an introduction for Ph.D. students to the research literature in the political economy of development. Its purpose is to give you both a sense of the frontier research topics and a good command of how social science methodological tools are used in the area. The reading list is intentionally long, to give those of you interested in the field an opportunity to dig deeper into some of the topics in this area. The lectures will cover the material with *’s in detail and also discuss the material without *’s, but in less detail. There is a “book of the day” for each reading which I will talk about briefly. Though the research papers in this course tend to be short and focused on very specific questions that one can hopefully answer in a convincing way, often inspiration, ideas and questions themselves come from very different sorts of research, qualitative, ethnographic and works which have studied a subject in a very different way than you might. I hope you’ll come away from the class with some appreciation of this perspective and the rich set of ideas and questions it provides for us. There is a great deal of knowledge about the world out there even if it isn’t presented in ways which attempt to establish causal hypotheses. Even more important, sometimes the thirst to establish causal hypotheses leads us to set aside things which ultimately turn out to be very important.

This is a very eclectic subject but the theme that unites it is an argument that traditional approaches to trying to understand economic development, particularly in terms of the ‘fundamentals’ of standard economic models, cannot satisfactorily account for the evidence. ‘Satisfactorily’ is a bit “in the eye of the beholder” and this course will necessarily be a bit subjective. Nevertheless, I’ll try to argue using many different sources of evidence from regressions, through case studies and ethnographic material, that it is very unlikely that the tools development economists have used for the past 50 years to study why poor countries stay poor and why rich countries got rich, are sufficient for the task.

The main argument is going to be that societies are organized in very different ways with very different consequences for prosperity. We talk about these differences in organization in terms of the institutional differences in society, the differences in the rules which create very different patterns of incentives and opportunities and very different allocations of resources. Institutions will be thought of in a very broad way, from traditional economic institutions
like property rights, though political institutions, such as how collective decision are made, all the way to social institutions like kinship relationships. This is a much broader agenda that traditional ‘institutionalism’ in economics or political science but I think logically we have to anticipate that any aspect of the way a society is organized could have important consequences for the economy and I’m going to give you a lot of examples of this.

Why then the emphasis on ‘political’ as in ‘political economy of development’. That’s an empirical claim that to understand institutional differences and their consequences for prosperity you need to understand power and how it is exercised. Put simply, the institutions of a society are chosen by the society themselves through some process of collective decision making (preference aggregation). Different distributions of power in society lead to different collective choices and these have different consequences for development. If this is right then understanding comparative development is ultimately going to be about understanding comparative politics.

This is not the only way to think about institutional differences however, as we will see. Standard views in economic theory would suggest institutional differences are efficient and reflect differences in underlying circumstances (factor endowments etc.). Such theories regard the distribution of power in society as irrelevant to understanding institutions and the efficiency of resource allocation (though it may determine the distribution of surplus). If this view is correct (and I’ll present evidence that it isn’t) then institutional differences cannot be the source of comparative economic development. Other views emphasize the cultural origins of institutional differences, I’ll give examples of these and of other views which emphasize the ideological origins of institutional differences. Examples suggest that both of these approaches have explanatory power in some contexts. The main issue is how important quantitatively they are compared to other (e.g. political) approaches. I’m going to mostly emphasize the political approach, but I think you should keep an open mind about the others which have been much less researched and studied empirically.

**Grading:** The course grade will be based on a paper which every student has to write. The last two classes of the quarter will be given over to short presentations of the paper idea. I find this a useful deadline for people and a great way to get feedback on a project. The aim is not to have a well crafted research paper by the end of the quarter but rather to have a good question or puzzle that interests you, where you can place it in a literature and come up with a research design. This is usually empirical, but you don’t even need to have run a regression, but know what data would you use, what is the hypothesis, what model would I estimate? That being said previous incarnations of this course at Harvard were taken by Ph.D. students outside of economics and political science including in sociology and history. If you have no idea about econometrics coming into the course you may struggle to get much out of a lot of the readings but I’m still happy to discuss if it could work for you and what sort of paper you’d write for the course.

**Course Information:**
Professor
James Robinson: jamesrobinson@uchicago.edu
Office Harris 176.
Office Hours: Thursday 3-5pm.
Teaching Assistant
TBA.
Lecture
Tuesday, Thursday 10.30-11.50pm.
1 How Politics Matters for Development (September 27)

I start with a series of examples to motivate why we are interested in the political economy of development.


  http://scholar.harvard.edu/files/dell/files/150502_master.pdf?m=1444163927


2 Why Does Politics cause Poverty? (September 29)


3 Power (October 4)

Power and comparative statics. The power function, different conceptions of power, social networks, asset ownership, interlinkage, collective action.


4 Economic Institutions (October 6)

Some basic econometric evidence on the connection between economic institutions and comparative development.

5 Political Institutions

5.1 The State: Origins (October 11)

Some ideas and evidence about what creates variation in the nature and effectiveness of states.


http://personal.lse.ac.uk/ghatak/handbook.pdf


5.2 The State: Consequences (October 13)


### 5.3 The Regime #1: Dictatorship (October 18)

Models of dictatorship and their predictions about institutions and development.


### 5.4 The Regime #2: Democracy (October 20)

The contrast with democracy.


5.5 The Architecture of Democracy (October 25)

But there are lots of types of democracies organized in many different ways...


6 Social Institutions (October 27)

So far we have considered institutions in conventional ways, economic institutions (property rights), political institutions (the state, the regime), but there are many more institutions than this in society...


7 Social Equilibria: Some Examples (November 1)

Some scholars have tried to paint a broader picture of what an equilibrium with underdevelopment looked like. We already met the Lele, but now we have Chiaramonte, Tzintzuntzan, Tabanan and Modjokuto..


8 Deep Institutional Variation (November 3)

How do such social equilibria get established? Often they are deeply rooted in the past. Showing this empirically is a very active and exciting research agenda.


9 Path Dependence (November 8)

To connect this historic events to the present you need some sense of how they create a specific development path. I give some examples.


10 Interactions (November 10)

So far I have been discussing economic, political and social institutions and emphasizing studies which focus on the origins or consequences of one. But these no doubt interact. How and with what consequences? I think this is another very exciting area of research.


### 11 Persistence (November 15)

Delving deeper into the topic of path dependence I examine some models of and empirical evidence about persistence of institutional equilibria.


12 Institutional and Social Change (November 17)

What causes institutions and societies to change? This was already implicit in the last lecture but here I discuss many more ideas: modernization, technological change, innovation, demographic shocks and dynamics, trade and market expansion (or contraction), socialization experiences, re-coordination of strategies, warfare...


https://eh.net/encyclopedia/mechanical-cotton-picker/


13 Changing Institutions and Societies (November 22)

How do we intervene to change bad institutional equilibria and make them more functional?


November 29, December 1 Student Presentations