

Why Nations Fail: PPHA 32720

James Robinson

Fall 2016

This course is an introduction for Masters Students to the field of comparative development through the lens of the political economy of institutions. The course will use my book with Daron Acemoglu *Why Nations Fail* (WNF) as background to much of the material but I will also discuss a lot of papers in this context. The course is also considerably more eclectic than WNF and will introduce you to other approaches to thinking about development. The last few lectures focus on what we know about policy for development and what conceptual approaches are promising.

Grading: The course grade will be determined on the basis of a mid-term and a final exam at the end of the Quarter.

Course Information:

Professor

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Office Harris 176.

Office Hours: Thursday 3-5pm.

Teaching Assistant

TBA.

Lecture

Tuesday and Thursday 1.30-2.50

Location: TBA

1 What is the ‘Problem of Development’? (September 27)

- WNF Chapter 1.
- Facts, data, questions, puzzles.
- **Diamond, Jared (1997)** *Guns, Germs and Steel*, New York: W.W. Norton & Co.
- **Chong, Alberto, Rafael LaPorta, Florencio Lopez-de-Silanes, and Andrei Shleifer (2014)** “Letter Grading Government Efficiency,” *Journal of European Economic Association* 12 (2): 277-299.

2 Traditional Fundamentals (September 29)

- WNF Chapter 2.
- **Lewis, W. Arthur (1954)** “Economic Development with Unlimited Supplies of Labour,” *The Manchester School*, 22, 2, 139–191.
- **Solow, Robert M. (1956)** “A contribution to the theory of economic growth,” *Quarterly Journal of Economics*, 70 (1): 65–94.
- **Hsieh, Chiang-Tai and Peter Klenow (2010)** “Development Accounting,” *American Economic Journal: Macroeconomics*, 2, 207-223.

3 An Alternative Approach (October 4)

- **Murphy, Kevin J., Andrei Shleifer and Robert W. Vishny (1989)** “Industrialization and the Big Push,” *Journal of Political Economy*, 97 (5): 1003-1026.
- **Krugman, Paul (1993)** “The Rise and Fall of Development Economics,” <http://web.mit.edu/krugm>
- **Schelling, Thomas (1978)** *Micromotives and Macrobehavior*, New York: W.W. Norton & Co.

4 Some Implicit Structure: Institutions and the Dalton-Hopkins Debate (October 6)

- **Malinowski, Bronislaw (1922)** “The primitive economics of the Trobriand Islanders,” *Economic Journal*, 31, 121, 1-16.

- **Hopkins, Anthony G. (1973)** *An Economic History of West Africa*, London: Longman.
- **Dalton George H. (1976)** “Review: An Economic History of West Africa by A. G. Hopkins,”

African Economic History, 1, 51-101.

5 Evidence for the impact of Institutions (October 11)

- WNF Chapters 3 and 13.
- **Acemoglu, Daron, Johnson, Simon and Robinson, James A. (2001)** “The Colonial Origins of Comparative Development: An Empirical Investigation,” *American Economic Review*, 91, 1369-1401.
- **Hornbeck, Richard (2010)** “Barbed Wire: Property Rights and Agricultural Development,” *Quarterly Journal of Economics*, 125(2): 767-810.
- **Engerman Stanley L. and Kenneth L. Sokoloff (1997)** “Factor Endowments, Institutions and Differential Paths of Growth among New World Economies,” in Stephen H. Haber ed. *How Latin America Fell Behind*, Stanford University Press, Stanford CA.

6 What sort of Institutions? (October 13)

- WNF Chapter 3 and 13.
- **Douglas, Mary (1962)** “Lele economy compared with the Bushong: a study of economic backwardness,” in *Markets in Africa*, ed. by Paul Bohannon and George Dalton, Evanston: Northwestern University Press.
- **Young, Peyton (2015)** “The Evolution of Social Norms,” *Annual Review of Economics* 7 (2015), 359-387.
- **Evans, Peter B. and James E. Rauch (1999)** “Bureaucracy and Growth: A Cross-National Analysis of the Effects of ‘Weberian’ State Structures on Economic Growth,” *American Sociological Review*, 64, 748-765.

7 Determinants of Institutions: Controlling the Economy (October 18)

- WNF Chapters 3, 4 and 10.
- **Holder, Roland and Paul A. Raschky (2014)** “Regional Favoritism,” *Quarterly Journal of Economics*, 129 (2): 995-1033.
- **Lundahl, Mats (1982)** “The Rationale of Apartheid,” *American Economic Review*, 72, 5, 1169-1179.
- **Bates, Robert H. (1981)** *Markets and States in Tropical Africa*, Berkeley: University of California Press.

8 Determinants of Institutions: Controlling the Polity (October 20)

- WNF Chapter 8.
- **Dalton, George H. (1965)** “History, Politics and Economic Development in Liberia,” *Journal of Economic History*, 25: 569–91.
- **Hodgkinson, Stephen (2000)** *Property and Wealth in Classical Sparta*, London: Duckworth.
- **Acemoglu, Daron, James A. Robinson and Ragnar Torvik (2016)** “The Political Agenda Effect and State Centralization” <http://scholar.harris.uchicago.edu/sites/default/files/ja>

9 Consequences of Coercion (October 25)

- WNF Chapter 9.
- **Nunn, Nathan (2008)** “The Long Term Effects of Africa’s Slave Trades,” *Quarterly Journal of Economics*, 123 (1): 139–176.
- **Nunn, Nathan and Leonard Wantchekon (2011)** “The Slave Trade and the Origins of Mistrust in Africa,” *American Economic Review*, 101 (7): 3221-3252.
- **Dell, Melissa (2010)** “The Persistent Effects of Peru’s Mining Mita,” *Econometrica*, 78(6), 1863-1903.

10 Mid-Term Exam (October 27)

11 The Nature of an Underdeveloped Society (November 1)

- **Banfield, Edward C. (1958)** *The Moral Basis of a Backward Society*, New York: The Free Press.
- **Foster, George P. (1967)** *Tzintzuntzan: Mexican Peasants in a Changing World*, New York: Little, Brown and Company.

12 Basics of Cooperation, Trust and Public Goods (November 3)

- **Fehr, Ernst, and Klaus M Schmidt (2006)** “The economics of fairness, reciprocity and altruism—experimental evidence and new theories,” *Handbook of the Economics of Giving, Altruism and Reciprocity*, Volume, edited by Serge-Christophe Kolm and Jean Mercier Ythier, Amsterdam: North Holland.
- **Hjort, Jonas (2015)** “Ethnic Divisions and Production in Firms,” *Quarterly Journal of Economics*, 129, 4, 1899-1946.

13 Cross-Society Evidence (November 8)

- **Gaechter, Simon and Jonathan Schultz (2016)** “Intrinsic honesty and the prevalence of rule violations across societies,” *Nature*, 531(7595), 496-499.
- **Herrmann, Benedikt, Christian Thöni and Simon Gächter (2008)** “Antisocial Punishment Across Societies,” *Science*, Vol. 319, Issue 5868, pp. 1362-1367.
- **Henrich, J., Boyd, R., Bowles, S., Camerer, C., Fehr, E., Gintis, H., McElreath, R., et al. (2005)** “Economic man’ in cross-cultural perspective: Behavioral experiments in 15 small-scale societies,” *Behavioral and Brain Sciences*, 28, 795-855
- **Henrich, J., Ensminger, J., McElreath, R., Barr, A., Barrett, C., Bolyanatz, A., Cardenas, J. C., et al. (2010)** “Market, religion, community size and the evolution of fairness and punishment,” *Science*, 327, 1480-1484.

14 Interactions (November 10)

- **Greif, Avner (1994)** “Cultural Beliefs and the Organization of Society: A Historical and Theoretical Reflection on Collectivist and Individualist Societies,” *Journal of Political Economy*, 102, 912-950.
- **Hanna, Rema and Shing-Yi Wang (2015)** “Dishonesty and Selection into Public Service: Evidence from India,” http://scholar.harvard.edu/files/remahanna/files/4_selection_paper
- **Barfort, Sebastian, Nikolaj A. Harmon, Frederik G Hjorth and Asmus Leth Olsen (2015)** “Dishonesty and Selection into Public Service in Denmark: Who Runs the World’s Least Corrupt Public Sector?” http://papers.ssrn.com/sol3/papers.cfm?abstract_i
- **Tabellini, Guido (2008)** “The Scope of Cooperation: Values and Incentives,” *Quarterly Journal of Economics*, 123, 905-950.
- **Lowes, Sara, Nathan Nunn, James A. Robinson and Jonathan Weigel (2015)** “The Interaction of Culture and Institutions: Evidence from the Kuba Kingdom,” NBER Working Paper #21798.

15 Persistence and Change (November 15)

- WNF Chapters 6,7, 11 and 12.
- **Acemoglu, Daron and Robinson, James A. (2008)** “Persistence of Power, Elites and Institutions,” *American Economic Review* 98(1), 267-291.
- **Jost, J. T., & van der Toorn, J. (2012)**. System justification theory. In P. A. M. van Lange, A. W. Kruglanski, & E. T. Higgins (Eds.), *Handbook of theories of social psychology* (Vol. 2, pp. 313-343). London: Sage.
- **Acemoglu, Daron, Simon Johnson, James A. Robinson, and Pierre Yared (2008)** “Income and Democracy,” *American Economic Review*, 98(3), 808-42.
- **Weiss-Shapiro, Rebecca (2012)** “What Wins Votes: Why Some Politicians Opt Out of Clientelism,” *American Journal of Political Science* 56(3): 568-583.
- **Mackie, Gerry (1996)** “Ending Footbinding and Infibulation: A Convention Account,” *American Sociological Review*, 61(6), 999-1017.
- **Efferson, Charles, Sonja Vogt, Amy Elhadi, Hilal El Fadil Ahmed and Ernst Fehr (2015)** “Female genital cutting is not a social coordination norm,” *Science*, 349, no. 6255, 1446-1447.
- **Ensminger, Jean and Jack Knight (1997)** “Changing social norms: Common property, bridewealth, and clan exogamy,” *Current Anthropology* 38 (1), 1-24.

16 Development Policy: Evidence and Perspectives (November 22)

- WNF Chapter 15.
- **Dal Bó, Ernesto, Frederico Finan, and Martín Rossi (2013)** “Strengthening State Capabilities: The Role of Financial Incentives in the Call to Public Service,” *Quarterly Journal of Economics*, 128, 1169-1218.
- **Djankov, Simeon, Caralee McLiesh, Tatiana Nenova and Andrei Shleifer (2003)** “Who Owns the Media?” *Journal of Law and Economics*, XLVI, 341-381.
- **Finan, Frederico and Claudio Ferraz (2011)** “Electoral Accountability and Corruption in Local Governments: Evidence from Audit Reports,” *American Economic Review*, 101, 1274-1311.
- **Kwaja, Asim (2009)** “Can good projects succeed in bad communities?” *Journal of Public Economics*, 93, 7–8, 899–916.
- **Rajan, Raghuram G. and Arvind Subramanian (2008)** “Aid and Growth: What Does the Cross-Country Evidence Really Show?” *Review of Economics and Statistics*, 90, 4, 643-665.
- **O’Flaherty, Brendan A. and Jagdish N. Bhagwati (1997)** “Will Free Trade With Political Science Put Normative Economists Out of Work?” *Economics and Politics*, 9, 3, 207–219.

17 Development Policy: Heterogeneous Effects (November 29)

- WNF Chapter 5.
- **Mukand Sharun W. and Dani Rodrik (2016)** “Ideas versus Interests: A Unified Political Economy Framework,” http://drodrik.scholar.harvard.edu/files/dani-rodrik/files/ideasinterestsapr10sm_dr.pdf
- **Wade, Robert H. (1990)** *Governing the Market*, Princeton: Princeton University Press.
- **Killick, Tony (2010)** *Development Economics in Action*, 2nd Edition, New York: Routledge.
- **Holder, Roland and Axel Dreherb (2013)** “Development (paradigm) failures,” *Journal of Development Economics*, 101, 63–74.

- **Blair, Rob, Christopher Blattman and Alexandra Hartman (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, 100-120.
- **Casey, Katherine, Rachel Glennerster, Edward Miguel (2012)** “Reshaping Institutions: Evidence on Aid Impacts Using a Pre-Analysis Plan,” *Quarterly Journal of Economics*, 127(4). 1755-1812.

18 Development Policy: Some New (Old) Ideas (December 1)

- WNF Chapter 14.
- **Melo, Marcus Andre, Njuguna Ng’ethe and James Manor (2012)** *Against the Odds: Politicians, Institutions and the Struggle Against Poverty*, New York: Columbia University Press.
- **Dobyns, Henry F., Paul L. Doughty, Harold D. Lasswell (1971)** *Peasants, Power, and Applied Social Change: Vicos as a Model*, Sage Publishers.
- **Riker, William (1996)** *The Strategy of Rhetoric: Campaigning for the American Constitution*, New Haven: Yale University Press.
- **Camerer, Colin and Ernst Fehr (2006)** “When does ‘Economic Man’ dominate Social Behavior?” *Science*, 311, 47-52.
- **Kim, David A., Alison R Hwang, Derek Stafford, D. Alex Hughes, A James O’Malley, James H. Fowler, Nicholas A Christakis (2015)** “Social network targeting to maximise population behaviour change: a cluster randomised controlled trial,” *The Lancet*, 386, 145-153.
- **Fowler, James H. and Nicholas A. Christakis (2010)** “Cooperative behavior cascades in human social networks,” *Proceedings of the National Academy of Sciences*, 107, 12, 5334–5338,
- **Paluck, Elizabeth L. and Donald P. Green (2009)** “Deference, Dissent, and Dispute Resolution: An Experimental Intervention Using Mass Media to Change Norms and Behavior in Rwanda,” *American Political Science Review*, 103(4): 622-644.
- **Paluck, Elizabeth L., Hana Shepherd and Peter M. Aronow (2016)** “Changing climates of conflict: A social network driven experiment in 56 schools,” *Proceedings of the National Academy of Sciences*, <http://static1.squarespace.com/static/5186d08fe4b065e39b45b>