

ECON-E724 – Fall 2015
Institutions and Economic and Political Development

Prof. Lee J. Alston

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Seminar in Economic Theory, 14410

TR 1:00–2:15 p.m.

Ostrom Workshop, 513 N. Park Ave.

Tocqueville Room, 1st Floor

COURSE DESCRIPTION:

This course explores the institutions underpinning modern economic and political development. My premise is that economic and political development relate to each other. In addition, my view is that institutions are the primary determinant of economic development rather than geography or technology or demography. These are more proximate causes. The readings will cover a wide range of institutional approaches. The analyses will cover many regions of the world. We will discuss both development and stasis. The course requires extensive input from the students. Considerable emphasis will be placed on participation in discussions and a demonstration of the mastering of the tools of economic history in evaluating materials in class and completing a research paper.

For every session a particular student will be the residual claimant of the readings, i.e., when in doubt ask Justin or Rachel. A sign-up sheet is available if you have particular preferences. A major research paper is required and you will present the first draft in class.

Required Readings:

All readings on the syllabus are required. Links to selected readings as well as working papers can be found on my personal web page. Other articles are available through JSTOR. You need to buy the two books listed on page 4. If you wish more sources relevant to any area that we cover, please let me know and I can give you references.

Components of Grade:

Class Participation	40%
Residual Claimancy	10%
Paper – First Draft/Presentation	30%
Paper – Second Draft	20%

Class Schedule:

Aug 25 Introduction

Aug 27, and Sept 1 **I. Methods and Materials of Economic History**

1. Alston, Lee J. 2015. "The New Institutional Economics." Posted introduction.
2. Alston, Lee J. 2008. "The 'Case' for Case Studies in the New Institutional Economics." In *New Institutional Economics: A Guidebook*, edited by Jean-Michel Glachant and Eric Brousseau. Cambridge University Press.
3. Nunn, Nathan. 2009. "The Importance of History for Economic Development." *Annual Review of Economics* 1: 65–92.
4. Fogel, Robert. 1982. "Circumstantial Evidence in 'Scientific' and Traditional History." In *Philosophy of History and Contemporary Historiography*, edited by Carr et al. University of Ottawa Press.

Sept 3 and 8 **II. Property Rights**

Sept 10 – No Class

1. Coase, Ronald H. 1960. "The Problem of Social Costs." *Journal of Law and Economics* 3 (Oct.): 1–44.
2. Coase, Ronald H. 1974. "The Lighthouse in Economics." *Journal of Law and Economics* 17(2) (Oct.): 357–376.
3. Alston, Lee J., Gary D. Libecap, and Robert Schneider. 1996. "The Determinants and Impact of Property Rights: Census Data and Survey Results for Land Titles on the Brazilian Frontier." *Journal of Law, Economics, and Organization* 12: 25–61.
4. Alston, Lee J. and Bernardo Mueller. 2008. "Property Rights and the State." In *Handbook of New Institutional Economics*, pp. 573–590.
5. Alston, Lee J., Edwynna Harris, and Bernardo Mueller. 2012. "Development of Property Rights: Endowments, Norms and Politics." *Journal of Economic History* 72: 741–770.

Sept 15 and 17 **III. Factor Endowments**

1. Sokoloff, Kenneth and Stanley Engerman. 2000. "Institutions, Factor Endowments, and Paths of Development in the New World." *Journal of Economic Perspectives* 14(3): 217–232.
2. Nunn, Nathan and Diego Puga. 2012. "Ruggedness: The Blessing of Bad Geography in Africa." *Review of Economics and Statistics* 94(1) (Feb.): 20–36.
3. Alston, Lee J. and Joseph P. Ferrie. 1993. "Paternalism in Agricultural Labor Contracts in the U.S. South: Implications for the Growth of the Welfare State." *American Economic Review* 83(4) (Sept.): 852–876.
4. Haber, Stephan. 2012. "Rainfall and Democracy: Climate, Technology, and the Evolution of Economic and Political Institutions." Working Paper.

Sept 22 and 29

IV. The Long Term Effect of Institutions on Growth

Sept 24 – No Class

1. Acemoglu, Daron, Simon H. Johnson, and James A. Robinson. 2004. “Institutions and the Fundamental Cause of Long-Run Growth.” CEPR Discussion Paper no. 4458, June.
2. Banerjee, Abhijit and Lakshmi Iyer. 2005. “History, Institutions and Economic Performance: the Legacy of Colonial Land Tenure Systems in India.” *American Economic Review* 95: 1190–1213.
3. Nunn, Nathan. 2008. “The Long Term Effects of Africa’s Slave Trades.” *Quarterly Journal of Economics* 123: 139–176.
4. Dell, Melissa. 2010. “The Persistent Effects of Peru’s Mining Mita.” *Econometrica* 78(6): 1863–1903.

Oct 1 and 6

V. Political Institutions and Development

1. North, Douglass C. and Barry R. Weingast. 1989. “Constitutions and Commitment: the Evolution of Institutions Governing Public Choice in Seventeenth-Century England.” *Journal of Economic History* 49(4): 803–832.
2. Stasavage, David. 2002. “Credible Commitment in Early Modern Europe: North and Weingast Revisited.” *Journal of Law, Economics, and Organization* 18(1): 155–186.
3. Stasavage, David. 2007. “Partisan Politics and Public Debt: The Importance of the Whig Supremacy for Britain’s Financial Revolution.” *European Review of Economic History* 11: 123–153.
4. Greif, Avner and Jared Rubin. 2014. “Endogenous Political Legitimacy: The English Reformation and the Institutional Foundation of Limited Government.” Working Paper. Stanford University.

Oct 8 and 13

VI. Violence and Development

1. North, Douglass C., John Joseph Wallis, and Barry R. Weingast. 2009. *Violence and Social Orders: A Conceptual Framework for Interpreting Recorded History*. Cambridge University Press. Chapters 1 and 4.
2. Cox, North and Barry R. Weingast. 2013. “The Violence Trap.” Working Paper.

Podcast with Douglass C. North:

<http://nuscst.nus.edu.sg/PublicEvents/1/MODVideoOnly.asp?KEY=D53FEB20-4A29-47C2-A7B5-754920D62AE5#>

Podcast with Barry R. Weingast on EconTalk:

http://www.econtalk.org/archives/2007/08/weingast_on_vio.html

3. Wallis, John Joseph. 2015. “Leviathan Denied.” Working Manuscript.

Oct 15 and 20 **VII. The U.S. Constitution, Land Policies and Development**

1. McGuire, Robert. 2007. "The Founding Era." In *Government and the American Economy*, edited by Price Fishback et al. University of Chicago Press.
2. Heckelman, Jac and Keith Dougherty. 2007. "An Economic Interpretation of the Constitutional Convention of 1787 Revisited." *Journal of Economic History* 67(4): 829–848.
3. Mittal, Sonia, Jack N. Rakove, and Barry R. Weingast. 2011. "The Constitutional Choices of 1787 and their Consequences." In *Founding Choices*, edited by Douglas A. Irwin and Richard Sylla. University of Chicago Press.
4. Grubb, Farley. 2011. "U.S. Land Policy: Founding Choices and Outcomes." In *Founding Choices*, edited by Douglas A. Irwin and Richard Sylla. University of Chicago Press.
5. Libecap, Gary and Dean Lueck. 2011. "The Demarcation of Land and the Role of Coordinating Institutions." *Journal of Political Economy* 119(3) (June): 426–467.

Oct 22 **VIII. Culture and Development**

1. Mokyr, Joel. 2013. "Cultural Entrepreneurs and the Origins of Modern Economic Growth." *Scandinavian Economic History Review* 61(1): 1–33.
2. Alston, Lee J., Shannon Mattiace, and Tomas Nonnenmacher. 2009. "Coercion, Culture and Debt-Contracts: The Henequen Industry: Yucatán, Mexico, 1870–1915." *Journal of Economic History* 69(1) (March): 104–137.

Oct 27 and 29 **IX. Persistence of the Status Quo**

Eggertsson, Thrainn. 2005. *Imperfect Institutions*. Cambridge University Press.

Nov 3 and 5 **X. How and Why Do We Make Choices?**

Schofield, Norman. 2006. *Architects of Political Change*. Cambridge University Press. Chapters 1, 3–8.

Nov 10, 12, and 17 **STUDENT PRESENTATIONS**

Nov 19 – No Class

Dec 1, 3, and 8 **XI. Beliefs and Critical Transitions**

Alston, Lee J., Marcus Melo, Bernardo Mueller, and Carlos Pereira. Forthcoming 2016. *Brazil in Transition: Beliefs, Leadership and Institutional Change*. Princeton University Press. Posted on web page.

Dec 10 **What Have We Learned?**

Finals Week **Paper Revisions Due**