

Universidad de los Andes
Facultad de Economía
Escuela Internacional de Verano 2005
Curso: Latin American Development in the Long-Run

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Fecha: 11 al 29 de julio de 2005

Área de énfasis: Macroeconomía y Políticas Públicas

Nota: La fecha límite para retirarse del curso será el viernes 29 de julio. Si el examen final se programa para ese día, el retiro deberá hacerse a más tardar el 28 de julio.

The main topic of this course is to discuss the factors that have shaped the long-run economic and political development of Latin America. We focus on both cross-country and within-country differences. After discussing various types of hypotheses the main focus will be on the political economy of institutions.

Lecture 1 Monday July 11: Facts and questions about economic and political development in the long-run.

Tables from the World Development Report 2004. Tables from **Angus Maddison (2001)** *The World Economy: A Millennial Perspective*, OECD, Paris.

Daron Acemoglu, Simon Johnson and James A. Robinson (2002) “Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution,” *Quarterly Journal of Economics*, 118, 1231-1294.

Lecture 2 Tuesday July 12: The basic economic approach. Factor accumulation.

We hope this is familiar ground, but growth theory is a useful place to start.

Robinson, James A. (2003) High Development Theory Lecture Notes #1.

Barro, Robert J. and Xavier Sala-i-Martin (2004) *Economic Growth*, 2nd Edition, Chapter 1.

Lecture 3 Wednesday July 13: Geography.

Diamond, Jared (1997) *Guns, Germs and Steel*, New York; W.W. Norton & Co.

Gallup, John L., Alejandro Gaviria and Eduardo Lora (2003) *Is Geography Destiny?: Lessons from Latin America*, Stanford University Press; Stanford.

Robinson, James A. (2003) High Development Theory Lecture Notes #3.

Lecture 4 Thursday July 14: Staple Theory/Resource Curse/Factor Endowments

McGreevey, William (1971) *An Economic History of Colombia 1845-1930*, New York; Cambridge University Press. Chapter 9 “Colombian Counterpoint.”

Matsuyama, Kiminori (1992) “Agricultural Productivity, Comparative Advantage and Economic Growth,” *Journal of Economic Theory*, 58, 317-334.

Robinson, James A. (2003) High Development Theory Lecture Notes #4.

Lecture 5 Friday July 15: Market Failures/Economic Institutions (October 17)

(a) Property rights.

North, Douglass C. and Robert P. Thomas (1973) *The Rise of the Western World*, New York; Cambridge University Press. Chapters 1 and 2.

Acemoglu, Daron, Simon Johnson and James A. Robinson (AJR) (2001) “Colonial Origins of Comparative Development: An Empirical Investigation,” *American Economic Review*, 91, 1369-1401.

(b) Absence of Relevant Markets

Banerjee, Abhijit and Andrew F. Newman (1993) “Occupational Choice and the Process of Development,” *Journal of Political Economy*, 101, 274-298.

Lecture 6 Monday July 18: Coordination failures and development traps.

Krugman, Paul (2000) “The Rise and Fall of Development Economics,” <http://web.mit.edu/krugman/www/dishpan.html>.

Murphy, Kevin J., Andrei Shleifer and Robert W. Vishny (1990) “Industrialization and the Big Push,” *Journal of Political Economy*, 97, 1003-1026.

Lecture 7 Tuesday July 19: Introduction to political economy.

Acemoglu, Daron and James A. Robinson (2005) *Economic Origins of Dictatorship and Democracy*, Chapters 4 and 5. <http://www.people.fas.harvard.edu/%7Ejrobinson/recentbooks/index.htm>

Lecture 8 Wednesday July 20: Political Economy of growth.

Persson, Torsten and Guido Tabellini (1994) “Is Inequality Harmful to Growth?” *American Economic Review*, 84, 600-621.

Lecture 9 Thursday July 21: Towards a theory of Institutions.

Acemoglu, Daron, Simon Johnson and James A. Robinson (2004) “Institutions as the Fundamental Cause of Long-Run Growth,” NBER Working Paper #10481, forthcoming in Philippe Aghion and Steven Durlauf eds. *Handbook of Economic Growth*, Amsterdam; North-Holland.

Lecture 10 Friday July 22: Institutional origins in Latin America.

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.

Acemoglu, Daron, María Angélica Bautista and James A. Robinson (2004) “The Persistence of Institutions in Colombia,” Unpublished.

Haber, Stephen H. (2002) “Political Institutions and Banking Systems: Lessons from the Economic Histories of Mexico and the United States, 1790-1914,” Unpublished, Department of Political Science, Stanford University.

Lecture 11 Monday July 25: Formation of State Institutions. Implications.

Mazzuca, Sebastián (2005) “Mercaderes y Guerreros en la Formación de Estados,” *Desarrollo Económico*, 177 (may-jul).

Edward L. Gibson, Ernesto Calvo, and Tulia Falleti (1999) [“Reallocative Federalism: Territorial Overrepresentation and Public Spending in the Western Hemisphere,”](#) manuscript, Department of Political Science, Northwestern University.

Samuels, David and Richard Snyder (2001) “Devaluing the Vote in Latin America,” *Journal of Democracy* 12.1, 146-159.

Guillermo O'Donnell (1993) “On the State, Democratization, and Some Conceptual Problems: A Latin American View with Glances at Some Post-Communist Countries,” *World Development* 21, 1355-70. (Spanish version included in O'Donnell, *Contrapuntos*, Buenos Aires, Paidós, 1997)

Jones, Mark P., Pablo Sanguinetti, and Mariano Tommasi (2000) “Politics, Institutions, and Fiscal Performance in a Federal System: an analysis of the Argentine provinces,” *Journal of Econometrics*, 96.2, 305-29.

Lecture 12 Tuesday July 26: Formation of Electoral Institutions.

Boix, Carles (1999) “Setting the Rules of the Game: The Choice of Electoral Systems in Advanced Democracies,” *American Political Science Review*, 93, 609-624.

Benoit, Kenneth (2004) “Models of electoral system change,” *Electoral Studies* 23, 363–389.

Mazzuca, Sebastián and James Robinson (2003) “Power and Proportionality.”

Mazzuca, Sebastián and James Robinson (2005) “Soldiers, Votes, and Seats: the transition to PR in Colombian Politics,” manuscript, Political Science Department, UC Berkeley.

Lecture 13 Wednesday July 27: A Second Model of Electoral Competition: Probabilistic Voting

Robinson, James A. (2002) Lecture Notes on Political Economy #3.

Lecture 14 Thursday July 28: Electoral Institutions. Implications.

Persson, Torsten and Guido Tabellini (2000) *Political Economics: Explaining Economic Policy*, MIT Press, Cambridge MA, Chapter 8.

Carey, John M. and Mathew S. Shugart (1995) "Incentives to Cultivate a Personal Vote: A Rank-Ordering of Electoral Formulas," *Electoral Studies*, 14, 417-439.

Lecture 15 Friday July 29: Political Conflict and Credible Commitments. Policy versus Institutional Concessions.

Acemoglu, Daron (2003) "Why not a Political Coase Theorem?" *Journal of Comparative Economics*, 31, 620-652.

Powell, Robert (2004) "The Inefficient Use of Power: Costly Conflict with Complete Information," *American Political Science Review*, 98, 231-241.