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### **Latin American Development in the Long-Run: June 11-29, 2007**

The main topic of this course is to discuss the factors that have shaped the long-run economic and political development of Latin America with a special emphasis on Colombia. 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.

Evaluation: One take-home exam which students will receive on the last day of classes, i.e., Friday June 29<sup>th</sup>. It must be hand in on Monday July 2<sup>nd</sup>.

**Lecture 1 Monday June 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 June 12:** Investigating the causal effects of institutions in the long-run.

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

**Lecture 3 Wednesday June 13:** The short-run. Macroeconomic policy as a proximate cause. The possible role of culture.

**Daron Acemoglu, Simon Johnson and James A. Robinson and Yunyong Thaicharoen (2003)** “Institutional Causes, Macroeconomic Symptoms: Volatility, Crises and Growth,” *Journal of Monetary Economics*, 50, 49-123.

**Tabellini, Guido (2005)** “Culture and Institutions: Economic Development in the Regions of Europe,” Search for his web page on google you can download the paper.

**Lecture 4 Thursday June 14:** Introduction to political economy. Some basics of collective choice. The role of institutions. De facto and de jure power.

**Acemoglu, Daron and James A. Robinson (2006)** *Economic Origins of Dictatorship and Democracy*, Cambridge University Press. Chapters 4 and 5.

**Lecture 5 Friday June 15:** Towards a theory of Institutions.

**Acemoglu, Daron, Simon Johnson and James A. Robinson (2005)** “Institutions as the Fundamental Cause of Long-Run Growth,” in Philippe Aghion and Steven Durlauf eds. *Handbook of Economic Growth*, Amsterdam; North-Holland.

**Lecture 6 Monday June 18:** Some simple analytics of institutional choice.

**Acemoglu, Daron (2005)** “Modelling Inefficient Institutions,” forthcoming *Advances in Economic Theory* Econometric Society World Congress 2006,  
[http://econ-www.mit.edu/faculty/download\\_pdf.php?id=1214](http://econ-www.mit.edu/faculty/download_pdf.php?id=1214)

**Lecture 7 Tuesday June 19:** 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.

**Haber, Stephen H. (2002)** “Political Institutions and Economic Development: Lessons from the Economic Histories of Mexico and the United States, 1790-1914,”  
<http://www.stanford.edu/~haber/papers/Haber,%20Political%20Institutions%20and%20Economic%20Developmen--ver.pdf>

**Lecture 8 Wednesday June 20:** Institutional persistence and change.

**Acemoglu, Daron and James A. Robinson (2006)** “Persistence of Power, Elites and Institutions,” NBER Working Paper #12108.

**Acemoglu, Daron, María Angélica Bautista, Pablo Querubín and James A. Robinson (2006)** “Causes and Consequences of a Landed Oligarchy: A Study of Cundinamarca, Colombia,” forthcoming in Elhanan Helpman ed. *The Political Economy of Institutions*, Harvard University Press.

**Lecture 9 Thursday June 21:** Politics in weakly institutionalized societies.

**Padró-i-Miquel, Gerard (2004)** “The Control of Politicians in Divided Societies: The Politics of Fear,” <http://econ-www.mit.edu/graduate/candidates/research.htm?student=gpim>

**Lecture 10 Friday June 22:** Clientelism, populism and the form of redistribution with an application to Colombia.

**Meisel, Adolfo (1996)** “Why no Hyperinflation in Colombia? On the Determinants of Stable Economic Policies,” [Borradores de Economía](#) 000708, Banco de la República.

**Urrutia, Miguel (1991)** “The Absence of Populism in Colombia,” in Sebastián Edwards and Rudiger Dornbusch eds. *The Macroeconomics of Populism in Latin America*, Chicago; University of Chicago Press.

**Robinson, James A. (2005)** “A Normal Latin American Country? A Perspective on Colombian Development” on my web site.

**Lecture 11 Monday June 25:** Formation of State Institutions. Implications.

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

**Edward L. Gibson, Ernesto Calvo, and Tulia Falletti (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 June 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.

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

**Mazucca, Sebastián and James Robinson (2006)** “Political Conflict and Power Sharing in the Origins of Modern Colombia,” NBER Working Paper #12099.

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

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

**Lecture 14 Thursday June 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 June 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.

