

JULIO 6 – JULIO 23

Fechas: Julio 6 a Julio 23 (incluye sábados 10 y 17 de julio, excluye martes 20 de julio)

Horario: 9:00am – 12:00m

Prerrequisitos: Macroeconomía III, Microeconomía III, Econometría I, Sexto semestre

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: The grade for the course will be determined by a take home examination over the final weekend of the course to be handed in on Tuesday July 27. We will hand out some previous exam questions in advance to give an idea of the things you are supposed to understand.

Lecture 1 Tuesday July 6 (Robinson): Facts and questions about economic and political development in the long-run. 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.

Acemoglu, Daron, Davide Cantoni, Simon Johnson and James A. Robinson (2009) “Consequences of Radial Reform: The French Revolution,” NBER Working Paper #14831.

Lecture 2 Wednesday July 7 (Robinson): Fundamental Explanations. The possible role of culture.

Acemoglu, Daron 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.

Tabellini, Guido (2008) “Culture and Institutions: Economic Development in the Regions of Europe,” forthcoming in the *Journal of the European Economic Association*, look on his web page.

Guiso, Luigi, Paola Sapienza and Luigi Zingales (2008) “Long-Term Persistence,” NBER Working Paper #14278.

Lecture 3 Thursday July 8 (Robinson): 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 4 Friday July 9 (Robinson): Introduction to political economy #1. Some basics of collective choice in “civilized” environments. Preference aggregation and the median voter theorem.

Acemoglu, Daron and James A. Robinson (2006) *Economic Origins of Dictatorship and Democracy*, New York: Cambridge University Press, Chapter 4.

Lecture 5 Saturday July 10 (Robinson): Introduction to political economy #2. Probabilistic Voting.

Persson, Torsten and Guido Tabellini (2000) *Political Economics: Explaining Economic Policy*, Cambridge: MIT Press. Chapter 3.

Robinson, James A. and Ragnar Torvik (2009) “The Real Swing Voter's Curse,” *American Economic Review*, 99, 310-315.

Lecture 6 Monday July 12 (Fergusson): The political economy of bad institutions.

Fergusson, Leopoldo (2009) “Endogenous Economic Dualism”

Baland, Jean Marie and James A. Robinson (2008) “Land and Power: Theory and Evidence from Chile”, *American Economic Review* 98, no. 5 (2008): 1737–65

Acemoglu, Daron and James A. Robinson (2000) “Political Losers as Barriers to Economic Development,” *American Economic Review*, 90, 126-30.

Lecture 7 Tuesday July 13 (Fergusson): Endogenous Political Institutions #1: The state.

Acemoglu, Daron (2005) “Politics and Economics in Weak and Strong States,” *Journal of Monetary Economics*, 52, 1199-1226.

Besley, Timothy and Torsten Persson (2009) “The Origins of State Capacity: Property Rights, Taxation and Politics,” *American Economic Review*, 99, 1218-1244.

Acemoglu, Daron, James Robinson and Rafael Santos-Villagran (2009), “The Monopoly of Violence-Evidence from Colombia”, NBER Working Paper No. 15578.

Chaves, Isaías, Leopoldo Fergusson and James A. Robinson (2008) “He who Counts Elects: The Determinants of Fraud in the 1922 Colombian Presidential Election,” NBER Working Paper #15127.

Lecture 8 Wednesday July 14 (Fergusson): Preference aggregation in uncivilized environments/Empirical determinants of conflict and civil war.

Acemoglu, Fergusson, and Johnson (2010), "Population and Social Conflict," mimeo.

Blattman, Christopher and Edward Miguel (2010), "Civil War," Journal of Economic Literature 2010, 48:1, 3-57

Dube, Oendrilla and Juan-Fernando Vargas (2007) “Commodity Price Shocks and Civil Conflict: Evidence from Colombia,” <http://juan.f.vargas.googlepages.com/ColombiaPaper091208.pdf>

Miguel, Edward, Shanker Satyanath and Ernest Sergenti (2004) “Economic Shocks and Civil Conflict: An Instrumental Variables Approach,” *Journal of Political Economy*, 112,

Jones, Benjamin and Benjamin Olken (2009), Hit or Miss? The Effect of Assassinations on Institutions and War, *American Economic Journal: Macroeconomics* 1 (2), pp. 55-87, July.

Lecture 9 Thursday July 15 (Fergusson): Empirical Consequences of conflict and civil war.

Adriana Camacho Gonzalez (2007). "Stress and Birth Outcomes Evidence from Terrorist Attacks in Colombia,"

Galiani, Sebastian, Rossi, Martin and Schargrodsy, Ernesto, (2006) *Conscription and Crime* (October 1, 2006), World Bank Policy Research, Working Paper No. 4037.

Massimo Guidolin & Eliana La Ferrara (2007). "Diamonds Are Forever, Wars Are Not: Is Conflict Bad for Private Firms?," *American Economic Review*, 97(5), pages 1978-1993, December.

Lecture 10 Friday July 16 (Fergusson): Endogenous Political Institutions #2: Democracy.

Acemoglu, Daron and James A. Robinson (2006) *Economic Origins of Dictatorship and Democracy*, New York: Cambridge University Press, Chapters 5 and 6.

Lecture 11 Saturday July 17 (Querubín): Institutional Origins

Coatsworth, John H. (2008) "Inequality, Institutions and Economic Growth in Latin America," *Journal of Latin American Studies*, 40, 545–569, 2008.

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%20Development--ver.pdf>

Dell, Melissa (2007) "The Persistent Effects of Peru's Mining *Mita*," Unpublished, Department of Economics, MIT, <http://econ-www.mit.edu/grad/mdell/papers>

Lecture 12 Monday July 19 (Querubín): Institutional persistence and change.

Acemoglu, Daron and James A. Robinson (2008) "Persistence of Power, Elites and Institutions," *American Economic Review*, 98, 267-293.

Acemoglu, Daron, María Angélica Bautista, Pablo Querubín and James A. Robinson (2008) "Economic and Political Inequality: The Case of Cundinamarca, Colombia," in Elhanan Helpman ed. *The Political Economy of Institutions*, Harvard University Press, Cambridge, MA.

Bobonis, Gustavo (2007) "Coercion, Conflict, and Constraints to the Emergence of Public Schooling: Evidence from the 19th Century Coffee Boom," Unpublished, available at <http://www.chass.utoronto.ca/~bobonis/research.htm>

Lecture 13 Wednesday July 21 (Querubín): Corruption and Political Connections

Banerjee, Abhijit (1997) "A Theory of Misgovernance", *Quarterly Journal of Economics*, Vol. 112 (4), pp. 1289-1332.

Fisman, Ray (2001) "Estimating the Value of Political Connections", *American Economic Review*, 91, 1095-1102.

Ferraz, Claudio and Frederico Finan (2008) "Exposing Corrupt Politicians: The Effects of Brazil's Publicly Released Audits and Electoral Outcomes," *Quarterly Journal of Economics*, 703-745.

Olken, Benjamin (2007) "Monitoring Corruption: Evidence from a Field Experiment in Indonesia," *Journal of Political Economy*, 115(2), p.200-240.

Lecture 14 Thursday July 22 (Querubín): Resource Curse Theories

Lane, Phillip and Aaron Tornell (1999) "The voracity Effect" *American Economic Review*, 89 (1): 22-46.

Robinson, James A., Ragnar Torvik and Thierry Verdier (2006) "Political foundations of the resource

curse”, *Journal of Development Economics* 79 (2006): 447-68.

Mehlum, Halvor, Karl Ove Moene and Ragnar Torvik (2006) “Institutions and the resource curse,” *Economic Journal*, 116, 1-20.

Lecture 15 Friday July 23 (Querubín): Dysfunctional Democracy.

Acemoglu, Daron, Simon Johnson, Pablo Querubín and James A. Robinson (2008) “When Does Policy Reform Work? The Case of Central Bank Independence,” *Brookings Papers on Economic Activity*, Spring 2008, 351-417.

Hsieh, Chang-Tai, Edward Miguel, Daniel Ortega, and Francisco Rodriguez (2008) “The Price of Political Opposition: Evidence from Venezuela's Maisanta,”

Camacho, Adriana and Emily Conover (2009), “Political Manipulation of Social Program Eligibility”, Universidad de los Andes, mimeo.

NOTA:

La nota definitiva se aproximará al múltiplo de 0.5 más cercano de acuerdo a la siguiente regla: 2.75 a 3.24 = 3.0; 3.25 a 3.74 = 3.5, etc.

Fecha de retiro: El estudiante podrá retirar el curso, sin devolución, hasta un día hábil antes de la entrega del temario del examen (take-home).