

Fecha: July 5 – July 22, 2011 (Excluye miércoles 20 de julio festivo)
Horario: 9:00p.m – 12:00 m.

The Political Economy of Latin American Development:

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 26. 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 5 (Robinson): Facts and questions about economic and political development in Latin America in the long-run. Why Political economy?

[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 Radical Reform: The French Revolution,” NBER Working Paper #14831.](#)

[Persson, Torsten and Guido Tabellini \(2004\) “Constitutional rules and fiscal policy outcomes,” American Economic Review, 94, 25-46, 2004](#)

Lecture 2 Wednesday July 6 (Robinson): Alternative Fundamental Explanations. The possible role of culture.

[Tabellini, Guido \(2008\) “Culture and Institutions: Economic Development in the Regions of Europe,” forthcoming in the Journal of the European Economic Association.](#)

[Grosjean, Pauline \(2011\) “A History of Violence: The Culture of Honor as a Determinant of Homicide in the US South”](#)

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

[Waldmann, Peter \(2007\) "Is there a Culture of Violence in Colombia?" International Journal of Conflict and Violence, 1, 61-75.](#)

Lecture 3 Thursday July 7 (Robinson): Towards a political economy 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 8 (Querubín): 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 9 (Querubín): Introduction to political economy #2. Probabilistic Voting.

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

Lecture 6 Monday July 11 (Querubín): Endogenous Political Institutions #1: Democracy

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

Lecture 7 Tuesday July 12 (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.](#)

[Rossi, Martin \(2011\) "Family Business: Causes and Consequences of Political Dynasties.", Unpublished manuscript.](#)

Lecture 8 Wednesday July 13 (Querubín): Corruption and Fraud

[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.](#)

[Ferraz, Claudio and Frederico Finan \(2011\), "Electoral Accountability and Corruption in Local Governments: Evidence from Audit Reports", American Economic Review, Forthcoming](#)

[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 9 Thursday July 14 (Fergusson): The political economy of bad institutions.

[Acemoglu, Daron and James A. Robinson \(2000\) "Political Losers as Barriers to Economic Development," American Economic Review, 90, 126-30.](#)

[Fergusson, Leopoldo \(2011\) "The Political Economy of Rural Property Rights and the Persistence of the Dual Economy", <http://econ-www.mit.edu/grad/leopoldo/research>](#)

[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](#)

Lecture 10 Friday July 15 (Fergusson): Preference aggregation in uncivilized environments/Empirical determinants of conflict and civil war

[Besley, Timothy and Torsten Persson \(2008\) "The Incidence of Civil War: Theory and Evidence," they both have the paper on their web pages.](#)

[Dube, Oendrilla and Juan-Fernando Vargas \(2007\) "Commodity Price Shocks and Civil Conflict: Evidence from Colombia," Unpublished manuscript.](#)

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

Lecture 11 Saturday July 16 (Fergusson): Empirical Consequences of conflict and civil war.

[Alberto Abadie and Javier Gardeazabal \(2003\) "The Economic Costs of Conflict: A Case Study of the Basque Country," American Economic Review, American Economic Association, vol. 93\(1\), pages 113-132, March.](#)

[Galiani, Sebastian, Martin Rossi, and Ernesto Schargrotsky \(2006\) "Conscription and Crime," World Bank Policy Research, Working Paper No. 4037.](#)

[Guidolin, Massimo and 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 12 Monday July 18 (Fergusson): The role of natural resources.

[Torvik, Ragnar \(2002\) "Natural resources, rent-seeking and welfare", Journal of Development Economics, 2002, 455-470.](#)

[Robinson, James A., Ragnar Torvik and Thierry Verdier \(2006\) "Political foundations of the resource curse", Journal of Development Economics 79 \(2006\): 447-68.](#)

(see alternative version of the model at: <http://www.svt.ntnu.no/iso/ragnar.torvik/simple%20model.pdf>)

[Mehlum, Halvor, Karl Ove Moene and Ragnar Torvik \(2006\) "Institutions and the resource curse," Economic Journal, 116, 1-20.](#)

[Monteiro, Joana and Claudio Ferraz \(2010\), "Does Oil Make Leaders Unaccountable? Evidence from Brazil's Offshore Oil Boom", Working Paper, http://mitsloan.mit.edu/neudc/papers/paper_336.pdf](http://mitsloan.mit.edu/neudc/papers/paper_336.pdf)

Lecture 13 Tuesday July 19 (Fergusson): 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," *American Economic Journal: Applied Economics*, 2011, 3\(2\), 196-214](#)

[McMillan, John and Pablo Zoido \(2004\) "How to Subvert Democracy: Montesinos in Peru," *Journal of Economic Perspectives*, Fall 2004, 18.](#)

[Robinson, James A. and Ragnar Torvik \(2009\) "The Real Swing Voter's Curse," *American Economic Review*, 99, 310-315.](#)

Lecture 14 Thursday July 21 (Robinson) Institutional Origins in Latin America

[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,"](#)

[Dell, Melissa \(2010\) "The Persistent Effects of Peru's Mining Mita," *Econometrica*, 78:6, 1863-1903.](#)

Lecture 15 Friday July 22 (Robinson) The Colombian Equilibrium

[Acemoglu, Daron, James Robinson and Rafael Santos-Villagran \(2009\), "The Monopoly of Violence: Evidence from Colombia", NBER Working Paper No. 15578.](#)

León, Juanita (2009) "Roberto Mira can't Sleep: The Mass Displacement from Peque," in her book *Country of Bullets*.

Fergusson, Leopoldo, James A. Robinson, Ragnar Torvik and Juan F. Vargas (2011) "The Need for Enemies: Theory and Evidence from Colombia" work in progress.

Fecha de retiro: El estudiante podrá retirar el curso, sin devolución, hasta un día hábil antes de la fecha de entrega del examen final.

Nota:

La nota final se aproxima de la siguiente manera: desde .25 y .75 para arriba se aproxima al siguiente número superior y de .24 y .74 para abajo se aproxima al siguiente número inferior. Ejemplo; 3.25 pasa a 3.5 y 3.24 pasa a 3.0.