

FECHAS: 2 al 17 de Julio
Horario: 1:00 a 4: 00 p.m.

Professor James A. Robinson

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The Political Economy of Latin American Development: July 2 – July 17, 2013
UNIVERSIDAD DE LOS ANDES

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 Monday July 22. 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 2 (Robinson): Facts and questions about economic and political development in Latin America in the long-run. Why Political economy?

Acemoglu, Daron (2009). *Introduction to Modern Economic Growth*, Chapter 1. Princeton University Press, Princeton, NJ.

Acemoglu, Daron and James A. Robinson (2012). *Why Nations Fail*, Chapters 2 and 3. Crown Publishers, New York.

[Acemoglu, Daron, Davide Cantoni, Simon Johnson and James A. Robinson \(2011\). "Consequences of Radical Reform: The French Revolution," American Economic Review, 101, 3286-3307.](#)

[Acemoglu, Daron, Simon Johnson and James A. Robinson \(2001\). "The Colonial Origins of Comparative Development: An Empirical Investigation", in *American Economic Review*, Vol. 91, No. 5, pp. 1369-1401.](#)

Malinowski, Bronislaw. 1921. "The Primitive Economics of the Trobriand Islanders," *Economic Journal*, 31: 1—16

Lecture 2 Wednesday July 3 (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 "A History of Violence: The Culture of Honor as a Determinant of Homicide in the US South", Unpublished, University of San Francisco.](#)

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

Banfield, Edward (1958). *The Moral Basis of a Backward Society*. The Free Press, New York.

[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*, Vol. 1A, Chapter 6. North-Holland, Amsterdam.](#)

Lecture 3 Thursday July 4 (Querubin): 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*, Chapter 4. Cambridge University Press, New York.

Persson, Torsten and Guido Tabellini (2004). "Constitutional Rules and Fiscal Policy Outcomes", in *American Economic Review*, Vol. 94, No. 1, pp. 25-45.

Lecture 4 Friday July 5 (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 5 Monday July 8 (Querubin): 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.

Robinson, James A., and Daron Acemoglu. "De Facto Political Power and Institutional Persistence." *American Economic Review* 96, no. 2 (2006): 326-330.

Lecture 6 Tuesday July 9 (Querubin): Corruption and Fraud

[Fisman, Ray \(2001\). "Estimating the Value of Political Connections", in *American Economic Review*, 91, No. 4, pp. 1095-1102.](#)

[Ferraz, Claudio and Frederico Finan \(2008\). "Exposing Corrupt Politicians: The Effects of Brazil's Publicly Released Audits and Electoral Outcomes", in *Quarterly Journal of Economics*, Vol. 123, No. 2, pp. 703-745.](#)

[Ferraz, Claudio and Frederico Finan \(2011\). "Electoral Accountability and Corruption: Evidence from the Audits of Local Governments", in *American Economic Review*, Vol. 101, No. 4, pp. 1274-1311.](#)

[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 7 Wednesday July 10 (Fergusson): The political economy of bad institutions.

[Acemoglu, Daron and James A. Robinson \(2000\). "Political Losers as Barrier to Economic Development," in *American Economic Review*, Vol. 90, No. 2, pp. 126-130.](#)

[The political economy of rural property rights and the persistence of the dual economy, *Journal of Development Economics*, Volume 103, July 2013, Pages 167-181](#)

[Baland, Jean Marie and James A. Robinson \(2008\). "Land and Power: Theory and Evidence from Chile", in *American Economic Review*, Vol. 98, No. 5, pp. 1737-1765.](#)

Lecture 8 Thursday July 11 (Fergusson): Preference aggregation in uncivilized environments/Empirical determinants and consequences of conflict and civil war

[Leopoldo Fergusson & Juan F. Vargas & Mauricio A. Vela, 2013. "Sunlight Disinfects? Free Media in Weak Democracies," *Documentos Cede* 2013-14, Universidad de los Andes-Cede.](#)

[Leopoldo Fergusson & Juan F. Vargas, 2013. "Don't Make War, Make Elections. Franchise Extension and Violence in XIXth-Century Colombia," *Documentos Cede* 2013-14, Universidad de los Andes-Cede.](#)

[Fergusson, Leopoldo, James A. Robinson, Ragnar Torvik and Juan F. Vargas \(2012\).](#)

["The Need for Enemies: Theory and Evidence from Colombia" NBER Working Paper 18313.](#)

[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?", in *American Economic Review*, Vol. 97, No. 5, pp. 1978-1993.](#)

Lecture 9 Friday July 12 (Fergusson): The role of natural resources.

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

[Torvik, Ragnar \(2002\). "Natural resources, rent-seeking and welfare", in *Journal of Development Economics*, Vol. 67, No. 2, pp. 455-470.](#)

[Robinson, James A., Ragnar Torvik and Thierry Verdier \(2006\). "Political Foundations of the Resource Curse", in *Journal of Development Economics*, Vol. 79, No. 2, pp. 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", in *Economic Journal*, Vol. 116, No. 1, pp. 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

Lecture 10 Monday July 15 (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", in *Brookings Papers on Economic Activity*, Spring, pp. 351-417.](#)

[Hsieh, Chang-Tai, Edward Miguel, Daniel Ortega, and Francisco Rodriguez \(2008\). "The Price of Political Opposition: Evidence from Venezuela's Maisanta", in *American Economic Journal: Applied Economics*, Vol. 3, No. 2, pp. 196-214.](#)

[McMillan, John and Pablo Zoido \(2004\). "How to Subvert Democracy: Montesinos in Peru", in *Journal of Economic Perspectives*, Vol. 18, No. 4, pp. 69-92.](#)

[Robinson, James A. and Ragnar Torvik \(2009\). "The Real Swing Voter's Curse", in *American Economic Review*, Vol. 99, No. 2, pp. 310-315.](#)

Lecture 11 Tuesday July 16 (Robinson) The Latin American Equilibrium

[Coatsworth, John \(2008\). "Inequality, Institutions and Economic Growth in Latin America", in *Journal of Latin American Studies*, Vol. 40, No. 3, pp. 545–569.](#)

[Dell, Melissa \(2010\). "The Persistent Effects of Peru's Mining Mita", in *Econometrica*, Vol. 78, No. 6, pp. 1863–1903.](#)

[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.](#)

García-Jimeno, Camilo and James A. Robinson (2011) "The Myth of the Frontier" in Dora L. Costa and Naomi R. Lamoreaux, eds. *Understanding Long-Run Economic Growth*. Chicago: University of Chicago Press.

Acemoglu, Daron, Camilo García-Jimeno, and James A. Robinson (2012). "Finding Eldorado: Slavery and Long-Run Development in Colombia", forthcoming in the *Journal of Comparative Economics*.

Acemoglu, Daron, Camilo García-Jimeno, and James A. Robinson (2013) "The State and Economic Development: Evidence from Colombia", Work in progress.

Lecture 12 Wednesday July 17 (Robinson) The Colombian Equilibrium

Acemoglu, Daron, James A. Robinson and Rafael Santos (2013) "The Monopoly of Violence: Theory and Evidence from Colombia," NBER Working Paper #15578, forthcoming in the *Journal of the European Economics Association*.

Robinson, James A. (2007) "Un Típico País Latinoamericano? Una Perspectiva sobre el Desarrollo," in *Economía Colombiana del Siglo XX: Un Análisis Cuantitativo* edited by James A. Robinson and Miguel Urrutia, Bogotá; Fondo de Cultura Económica.

Robinson, James A. (2012) "Colombia: The Orangután in the Tuxedo," <http://www.li.com/docs/default-document-library/prosperity-in-depth-the-orangutan-in-a-tuxedo.pdf?sfvrsn=4>

Restrepo, Juan Diego, María Teresa Ronderos and James A. Robinson (2012) "Acting like a State: The Case of the Frente José Luis Zuluaga,"

Tabellini, Guido. 2008. "The Scope of Cooperation: Values and Incentives," *Quarterly Journal of Economics*, 123 (3): 905--950.

[Waldmann, Peter \(2007\). "Is there a Culture of Violence in Colombia?", in *International Journal of Conflict and Violence*, Vol. 1, No. 1, pp. 61-75.](#)