

Institutions and Development I: Political Institutions

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COURSE DESCRIPTION

Institutions, which are the rules of the game in society, constitute the choices available to economic and political actors and groups. In this course, we focus on the consequences of formal and informal political institutions for economic and political development. Formal political institutions govern the scope of state authority to manage the economy, bureaucracy, the manner of elections, power sharing between local governments, and legal relations in society. Informal political institutions specify authority relations that are political yet outside the scope of the state. Throughout the course, we will consider how the structure of political institutions explains critical political and economic outcomes, such as economic development, state strength or weakness, and provision of public goods.

This course is divided into three modules. The first module provides a conceptual framework for understanding the consequences of institutions. We begin by defining development, which is the main outcome of interest in the course. We then proceed to consider major analytical perspectives on institutions: efficiency, path dependence, and distributive politics. The second module considers major categories of political institutions, including the scope of the state, bureaucracy, electoral institutions, political decentralization, and legal institutions. The third module considers how communities govern themselves and various ways that informal political institutions contribute to economic development. We conclude by considering the various ways that efforts to improve prospects for development by redefining and restricting institutions can often lead societies astray in their quest to improve the human condition.

By the end of the course, our goal is to understand all major perspectives on institutions as well as to understand precisely the ways in which changes in political institutions—or institutional design—affects prospects for economic development.

EXPECTATIONS

This course is a research seminar. All students are expected to have done the readings for that week in advance. Class participation should reflect careful reflection on the materials for that week. In the beginning of each class, I will provide a brief overview of the materials for that week as well as help you understand the contribution of the authors. As this is a small seminar, your thoughtful participation plays an important role.

The course grade you earn is based on the following:

- Three short papers: 15% each (45% total)
- Class participation: 15%
- Final Research Paper: 40%

You must submit hard copies of all written assignments in the beginning of class on the day they are due. In addition, you must submit an electronic copy of all written assignments to me via email.

Due dates for the short research papers are indicated in the syllabus below.

Your final research paper consists of several components, in addition to the final paper. Due dates for these components are indicated in the syllabus below. These components include:

- Paper topic description
- Two-page paper overview
- Seven-paper overview

We will discuss the contours of the final research paper and its requirements in class.

GRADING POLICY

GSPIA's grading policy is based on the premise that work at the graduate level is fundamentally different from that at undergraduate institutions. In general, expectations regarding student performance will be higher. Grades in the "A" range will be reserved for students who perform exceptionally well in all components of the course. Grades in the "B" range will be considered satisfactory graduate-level performance. Grades in the "C" range are an indication of below satisfactory performance at the graduate level, with marks of "C-" and below not counted toward a student's degree requirements. Students receiving grades of "C+" or lower on early assignments are urged to meet with the instructor at the earliest opportunity to identify potential problems and develop strategies for improvement.

Students occasionally request an extension at the end of the semester if they cannot complete their assignments due to unforeseen work commitments, family problems, illness and so on. A "G" grade will

be given *only under exceptional circumstances*, at the discretion of the instructor, and should be discussed with the instructor before the end of the term. Poor time management is not considered an “exceptional circumstance.” According to GSPIA policy, a student must remove the G grade by completing the assigned work for the course as soon as possible in the semester following the course.

Finally, you should note that the assigned readings for the course provide only the skeletal framework for the topics we will discuss. Therefore, in your assignments, you are encouraged to use other research materials, resources, data, readings, etc.

SPECIAL NEEDS

If you have a disability for which you may be requesting an accommodation, you are encouraged to contact both your instructor and Disability Resources and Services, 140 William Pitt Union, (412) 648-7890/ (412) 383-7355 (TTY), as early as possible in the term. DRS will verify your disability and determine reasonable accommodations for this course.

CHEATING AND PLAGIARISM

Plagiarism is use of written material from any source without proper citation. It is a serious violation of academic ethics. Note that I adhere strictly to the school policy on plagiarism. Any paper found to have plagiarized material will automatically receive a failing grade, and serious cases of plagiarism can result in a failing grade for the class, so take the time to familiarize yourself with the rules of citation and with GSPIA's policy (found in the GSPIA handbook of academic policies and procedures). If you have any questions on how to cite sources correctly, please ask me directly. Unless clearly specified, you are expected to complete all assignments individually.

- Provides assistance during an academic evaluation to another person in a manner not authorized by the instructor.
- Receives assistance during an academic evaluation from another person in a manner not authorized by the instructor.
- Practices any form of deceit in an academic evaluation proceeding.
- Submits the work of another person in a manner that represents the work to be one's own.

STATEMENT ON CLASSROOM RECORDING

To address the issue of students recording a lecture or class session, the University's Senate Educational Policy Committee issued the recommended statement on May 4, 2010. While it is optional, the Committee recommends that faculty consider adding the statement to all course syllabi.

"To ensure the free and open discussion of ideas, students may not record classroom lectures, discussion and/or activities without the advance written permission of the instructor, and any such recording properly approved in advance can be used solely for the student's own private use."

READING MATERIALS

The following books are available for purchase at the University Bookstore. All books are required, with the exception of *Development as Freedom*, by Amartya Sen. If you have not read this book, I strongly recommend you review it before class. It will help frame how we define the term "development" during the semester

Articles and book chapters assigned for the course will be available on Courseweb.

Recommended

- Sen, Amartya. 2000. *Development as Freedom*. Reprint. New York: Anchor.

Required

- Acemoglu, Daron, and James Robinson. 2012. *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*. New York: Crown Business.
- Bates, Robert H. 2005. *Markets and States in Tropical Africa: The Political Basis of Agricultural Policies: With a New Preface*. 2nd ed. Berkeley, C.A.: University of California Press.
- Berkowitz, Daniel, and Karen B. Clay. 2011. *The Evolution of a Nation: How Geography and Law Shaped the American States*. Princeton, N.J.: Princeton University Press.
- Knight, Jack. 1992. *Institutions and Social Conflict*. New York: Cambridge University Press.
- Kohli, Atul. 2004. *State-Directed Development: Political Power and Industrialization in the Global Periphery*. New York: Cambridge University Press.
- Kuran, Timur. 2010. *The Long Divergence: How Islamic Law Held Back the Middle East*. Princeton, N.J.: Princeton University Press.
- Ostrom, Elinor. 1990. *Governing the Commons: The Evolution of Institutions for Collective Action*. New York: Cambridge University Press.
- Persson, Torsten., and Guido Enrico Tabellini. 2003. *The Economic Effects of Constitutions*. Cambridge, MA: MIT Press.
- Pierson, Paul. 2004. *Politics in Time: History, Institutions, and Social Analysis*. Princeton, N.J.: Princeton University Press.
- Scott, James C. 1999. *Seeing Like a State: How Certain Schemes to Improve the Human Condition Have Failed*. New Haven, CT: Yale University Press.

Introduction: Analyzing Institutions

WEEK 1: AUGUST 29 – DEFINING DEVELOPMENT

- Sen, Amartya. 2000. *Development as Freedom*. Reprint. New York: Anchor. (recommended)

WEEK 2: SEPTEMBER 5 – DEFINING INSTITUTIONS AND THE INSTITUTIONAL APPROACH

- North, Douglass. 1990. *Institutions, Institutional Change, and Economic Performance*. New York: Cambridge University Press. (selected chapters)
- Helmke, Gretchen, and Steven Levitsky. 2004. "Informal Institutions and Comparative Politics: a Research Agenda." *Perspectives on Politics* 2(4): 725–740.
- Coase, R. H. 1960. "The Problem of Social Cost." *Journal of Law and Economics* 3: 1–44.
- Fosu, A. 2006. "Institutions, Governance and Economic Development in Africa: An Overview." *Journal of African Economies* 15(Supplement 1): 1–9.
- Pande, Rohini, and Christopher R. Udry. 2005. *Institutions and Development: A View from Below*. New Haven, CT: Yale University, Center for Economic Growth.

WEEK 3: SEPTEMBER 12 – DO INSTITUTIONS MATTER?

PAPER TOPIC DUE

- Sachs, Jeffrey D. *Institutions Don't Rule: Direct Effects of Geography on Per Capita Income*. Working Paper. National Bureau of Economic Research, February 2003. <http://www.nber.org/papers/w9490>.
- Acemoglu, Daron, and James Robinson. 2012. *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*. New York: Crown Business.
- Jared Diamond/Acemoglu and Robinson debate.

WEEK 4: SEPTEMBER 19 – PATH DEPENDENCE AND HISTORICAL INSTITUTIONALISM

- Pierson, Paul. 2004. *Politics in Time: History, Institutions, and Social Analysis*. Princeton, N.J.: Princeton University Press.
- North, Douglass, John Joseph Wallis, and Barry R. Weingast. *Violence and Social Orders: A Conceptual Framework for Interpreting Recorded Human History*. New York: Cambridge University Press, 2009. excerpts

WEEK 5: SEPTEMBER 26 – DISTRIBUTIVE POLITICS AND INEFFICIENT INSTITUTIONS

PAPER 1 DUE

- Acemoglu, Daron. 2003. "Why Not a Political Coase Theorem? Social Conflict, Commitment, and Politics." *Journal of Comparative Economics* 31(4): 620–652.
- Knight, Jack. 1992. *Institutions and Social Conflict*. New York: Cambridge University Press.

Formal Political Institutions

WEEK 6: OCTOBER 3 – STATE-LED DEVELOPMENT

- Gerschenkron, Alexander. *Economic Backwardness in Historical Perspective*. Cambridge, MA: Harvard University Press, 1962. excerpts
- Kohli, Atul. 2004. *State-Directed Development: Political Power and Industrialization in the Global Periphery*. New York: Cambridge University Press.

WEEK 7: OCTOBER 10 – PUBLIC POLICY AND BUREAUCRACY

TWO-PAGE OVERVIEW OF RESEARCH QUESTION DUE IN CLASS

- La Porta, R. "The Quality of Government." *Journal of Law, Economics, and Organization* 15, no. 1 (March 1, 1999): 222–279.
- Bates, Robert. 1981. *Markets and States in Tropical Africa*. Berkeley: University of California Press.

WEEK 8: OCTOBER 17 – CONSTITUTIONS AND ELECTORAL SYSTEMS

- Persson, Torsten and Guido Enrico Tabellini. 2003. *The Economic Effects of Constitutions*. Cambridge, MA: MIT Press.

WEEK 9: OCTOBER 24 – DECENTRALIZATION

- Treisman, Daniel. *The Architecture of Government: Rethinking Political Decentralization*. New York: Cambridge University Press, 2007 (excerpts)
- Bardhan, Pranab. 2002. "Decentralization of Government and Development," *Journal of Economic Perspectives*.
- Montiniola, Gabriella, Yingyi Qian, and Barry Weingast. 1997. "Federalism, Chinese Style," *World Politics*.
- Weingast, Barry. 1997. "The Political Foundations of Democracy and the Rule of Law," *American Political Science Review*.

WEEK 10: OCTOBER 31 – LAW AND DEVELOPMENT (FORMAL LAW)

PAPER 2 DUE

- Berkowitz, Daniel, and Karen B. Clay. 2011. *The Evolution of a Nation: How Geography and Law Shaped the American States*. Princeton, N.J.: Princeton University Press.

Informal Institutions

WEEK 11: NOVEMBER 7 – THE SELF-GOVERNANCE APPROACH

- Ostrom, Elinor. 1990. *Governing the Commons*. Cambridge University Press.
- Agrawal, Arun, and Clark C. Gibson. "Enchantment and Disenchantment: The Role of Community in Natural Resource Conservation." *World Development* 27, no. 4 (April 1999): 629–649.

WEEK 12: NOVEMBER 14 – RELIGION AND DEVELOPMENT

SEVEN-PAGE RESEARCH OVERVIEW DUE

- Barro, Robert J., and Rachel M. McCleary. "Religion and Economic Growth across Countries." *American Sociological Review* 68, no. 5 (October 1, 2003): 760–781.
- Timur Kuran. 2010. *The Long Divergence*. Princeton University Press

WEEK 14: NOVEMBER 21 – NO CLASS, THANKSGIVING

WEEK 13: NOVEMBER 28 – CUSTOMARY LAW AND DEVELOPMENT (INFORMAL LAW)

- Murtazashvili, Jennifer. The Political Economy of Customary Governance. Book manuscript.
- Gaspart, Frederic, and Jean-Philippe Platteau. "Strategic Behavior and Marriage Payments: Theory and Evidence from Senegal." *Economic Development and Cultural Change* 59, no. 1 (October 2010): 149–185.

Wrapping Up

WEEK 15: DECEMBER 5 – PERILS OF INSTITUTIONAL DESIGN

PAPER 3 DUE

- Scott, James C. 1999. *Seeing like a State*. Yale.

WEEK 16: DECEMBER 12 – FINAL RESEARCH PAPERS DUE