

Economics 656, Topics in Economic Development  
SUNY-Binghamton, Fall 2013  
Christopher Hanes  
chanes@binghamton.edu  
Library Tower 910  
(607) 777-5487  
Office hours to be announced

Why are some countries richer than others? This class should make you familiar with much of the current empirical literature on that question, with enough background to understand it.

**Requirements:**

- 1) Class presentations on assigned papers from the reading list. In most class meetings, two students will make 15-minute (or so) presentations on assigned papers to start our discussion.
  - 2) One 6-page paper (double-spaced) on an assigned topic, due around midterm.
  - 3) One 9-page paper (double-spaced) which surveys an existing literature and plans a research project, due on the last day of the exam period.
- There is no final exam.

**Readings:**

All readings except those marked with \* are available from the library website online (look up journal name).

AER *American Economic Review*

EDCC *Economic Development and Cultural Change*

JEH *Journal of Economic History*

JEL *Journal of Economic Literature*

JEP *Journal of Economic Perspectives*

JPE *Journal of Political Economy*

QJE *Quarterly Journal of Economics*

**1) Background**

**a) Econometrics and Causality**

Angrist, Joshua and Alan B. Krueger. "Instrumental Variables and the Search for Identification: From Supply and Demand to Natural Experiments." JEP, Autumn 2001 15 (4).

Murray, Michael P. "Avoiding Invalid Instruments and Coping with Weak Instruments." JEP, Fall 2006, 20 (4).

Angrist and Jorn-Steffen Pischke. "The Credibility Revolution in Empirical Economics: How Better Research Design is Taking the Con out of Econometrics." JEP, Spring 2010, 24 (2).

**b) Economic History**

Coelho, Philip R. P. "Review of Jared Diamond's *Guns, Germs and Steel*." JEH, December 1998, 58 (4), pp. 1179-1181.

Gregory Clark, "Human Capital, Fertility, and the Industrial Revolution." *Journal of the European Economic Association*, April-May 2005, 3(2-3).

Douglass C. North, "Institutions," JEP Winter 1991, 5(1).

--- and Barry Weingast, "Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England." *JEH*, December 1989, 49 (4).

Greif, Avner. "Reputation and Coalitions in Medieval Trade: Evidence on the Maghribi Traders." *JEH*, December 1989, 49 (4).

-- "Contract Enforcability and Economic Institutions in Early Trade: The Maghribi Traders' Coalition." *AER*, June 1993, 83 (3).

-- "History Lessons: The Birth of Impersonal Exchange: the Community Responsibility System and Impartial Justice." *JEP*, Spring 2006, 20 (2).

DeLong, J. Bradford and Andrei Shleifer. "Princes and Merchants: European City Growth Before the Industrial Revolution." *Journal of Law and Economics*, October 1993, 36 (2).

Acemoglu, Daron, Simon Johnson and James A. Robinson. "The Rise of Europe: Atlantic Trade, Institutional Change and Economic Growth." *AER*, June 2005, 95(3).

Engerman, Stanley L. and Kenneth Sokoloff. "Factor Endowments, Inequality, and Paths of Development Among New World Economies." *Economia*, Fall 2002, 3(1).

### **c) Rentseeking and multiple equilibria**

Acemoglu, Daron. "Reward Structure and the Allocation of Talent." *European Economic Review*, January 1995, 39.

Kevin Murphy, Andrei Shleifer and Robert W. Vishny, "Why is Rent-Seeking so Costly to Growth?" *AER* May 1993, 83(2).

Acemoglu, Daron and James Robinson. "Political Losers as a Barrier to Economic Development." *AER* May 2000, 90 (2).

## **2) The world today: facts to be explained**

Summers, Robert and Alan Heston. "The Penn World Table (Mark 5)." *QJE*, May 1991, 106(2).

Barro, Robert J. "Economic Growth in a Cross Section of Countries." *QJE*, May 1991, 106(2).

Mankiw, N. Gregory, David Romer and David Weil. "A Contribution to the Empirics of Economic Growth." *QJE*, May 1992, 107 (2).

Hall, Robert E. and Charles I. Jones. "Why Do Some Countries Produce So Much More Output per Worker than Others?" *QJE*, February 1999, 114(1).

## **3) Cross-country Regressions**

Paolo Mauro. "Corruption and Growth." *QJE*, August 1995, 110 (3).

Sachs, Jeffrey D. and Andrew M. Warner, "Fundamental Sources of Long-Run Growth." *AER*, May 1997, 87(2).

Wall, Howard J. "Cricket versus Baseball as an Engine of Growth."\* Royal Economic Society Newsletter, July 1995. Available at <http://citeseerx.ist.psu.edu/viewdoc/summary?doi=10.1.1.195.8444>

Levine, Ross and David Renelt. "A Sensitivity Analysis of Cross-Country Growth Regressions." AER, September 1992, 82(4).

Sala-i-Martin, Xavier X. "I Just Ran Two Million Regressions." AER, May 1997, 87 (2).

Krueger, Alan B. and Mikael Lindahl. "Education for Growth: Why and For Whom?" JEL, December 2001, 39(4).

#### **4) Experiments**

Roth, Alvin, Vesna Prasnikar, Masahiro Okuno-Fujiwara and Shmuel Zamir, "Bargaining and Market Behavior in Jerusalem, Ljubljana, Pittsburgh, and Tokyo: An Experimental Study." AER, December 1991, 81(5).

De Mel, Suresh, David McKenzie and Christopher Woodruff. "Returns to Capital in Microenterprises: Evidence from a Field Experiment." QJE, November 2008, 123 (4).

Banerjee, Abhijit and Esther Duflo. "Giving Credit where It is Due." JEP, Summer 2010, 24 (3).

Bloom, Nicholas et. al. "Does Management Matter? Evidence from India." NBER WP 16658, January 2011.

#### **5) Natural experiments**

Miguel, Edward, Shanker Satyanath and Ernest Sergenti. "Economic Shocks and Civil Conflict: An Instrumental Variables Approach." JPE, 2004, 112 (4).

Reinikka, Ritva and Jakob Svensson. "Local Capture: Evidence from a Central Government Transfer Program in Uganda." QJE, May 2004, 119(2).

Miguel and Raymond Fisman. "Corruption, Norms, and Legal Enforcement: Evidence from Diplomatic Parking Tickets." JPE, 2007, 115 (61).

Khwaja, Asim Ijaz and Atif Mian. "Do Lenders Favor Politically Connected Firms? Rent Provision in an Emerging Financial Market." QJE, November 2005, 120(4).

#### **6) Colonial Origins**

Acemoglu, Daron, Simon Johnson and James A. Robinson. "The Colonial Origins of Comparative Development: An Empirical Investigation." AER December 2001, 91 (5).

--- "Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution." QJE, November 2002, 117 (4).

Banerjee, Abhijit and Lakshmi Iyer. "History, Institutions and Economic Performance: The Legacy of Colonial Land Tenure Systems in India." AER, September 2005, 95(4),

Djankov, Simeon, Rafael La Porta, Florencio Lopez-de-Silanes and Andrei Shleifer. "Courts." QJE, May 2003. 118(2).

La Porta, Rafael, Florencio Lopez-de-Silanes & Andrei Shleifer. "The Economic Consequences of Legal Origins." JEL, June 2008, 46(2).

### **7) Behavior on the job**

Clark, Gregory. "Why Isn't the Whole World Developed? Lessons from the Cotton Mills." JEH, May 1987, 47(1).

-- & Susan Wolcott. "Why Nations Fail: Managerial Decisions and Performance in Indian Cotton Textiles, 1890-1938." JEH, June 1999, 59 (2).

Bloom, Nicholas and John Van Reenen. "Why Do Management Practices Differ Across Firms and Countries?" JEP, Winter 2010.

Bloom, Nicholas, John Van Reenen and Raffaella Sadun. "The Organization of Firms Across Countries." QJE, November 2012, 127(4).

### **8) Land tenure**

Allen, Robert C. "Agriculture during the Industrial Revolution."\* In Roderick Floud and Paul Johnson, eds., *The Cambridge Economic History of Modern Britain: Volume I: Industrialisation, 1700-1860*. Cambridge, 2004.

Goldstein, Markus and Christopher Udry. "The Profits of Power: Land Rights and Agricultural Investment in Ghana." JPE, December 2008, 116 (6).

Besley, Timothy and Robin Burgess. "Land Reform, Poverty Reduction and Growth: Evidence from India." QJE, May 2000, 115 (2).

Banerjee, Abhijit, Paul Gertler and Maitreesh Ghatak. "Empowerment and Efficiency: Tenancy Reform in West Bengal." JPE, 2002, 110 (2).

Field, Erica. "Entitled to Work: Urban Property Rights and Labor Supply in Peru." QJE, November 2007, 122 (4).

### **9) Democracy**

Acemoglu, Daron, Simon Johnson, James Robinson and Pierre Yared. "Income and Democracy." AER, June 2008, 98 (3).

Ferraz, Claudio and Fred Finan. "Exposing Corrupt Politicians: the Effects of Brazil's Publicly Released Audits on Electoral Outcomes." QJE, 2008, 123 (2).

Dal Bo, Pedro, Andrew Foster & Louis Putterman. "Institutions and Behavior: Experimental Evidence on the Effects of Democracy." AER December 2010, 100(5).

### **10) Foreign aid**

Alesina, Alberto and David Dollar. "Who Gives Foreign Aid to Whom and Why?" *Journal of Economic Growth*, March 2000, 5(1).

Przeworski, Adam and James Raymond Vreeland. "The Effect of IMF Programs on Economic Growth." *Journal of Development Economics*, August 2000, 62(2).

Djankov, Simeon, Jose Montalvo and Marta Reynal-Querol. "The Curse of Aid." *Journal of Economic Growth*, September 2008, 13(3).

Easterly, William and Tobias Pfitze. "Where Does the Money Go? Best and Worst Practices in Foreign Aid." *JEP*, Spring 2008, 22(2).

## **11) Inequality and development**

Barro, Robert. "Inequality and Growth in a Panel of Countries." *Journal of Economic Growth*, March 2000, 5(1).

Forbes, Kristin. "A Reassessment of the Relationship between Inequality and Growth." *AER*, September 2000, 90(4).

Banerjee, Abhijit and Esther Duflo. "Inequality and Growth: What Can the Data Say?" *Journal of Economic Growth*, September 2003, 8(3).

## **12) Case studies**

### **a) Africa**

Easterly, William and Ross Levine. "Africa's Growth Tragedy: Policies and Ethnic Divisions." *QJE*, November 1997, 112(4).

Miguel, Edward. "Tribe or Nation? Nation-building and Public Goods in Kenya versus Tanzania." *World Politics*, April 2004, 56(3).

Nunn, Nathan. "The Long-Term Effects of Africa's Slave Trades." *QJE*, February 2008, 123(1).

### **b) China**

Mokyr, Joel. "China and Europe."\* Chapter 9, *The Lever of Riches*, 1990.

Lin, Justin Yifu. "The Needham Puzzle: Why the Industrial Revolution Did Not Originate in China." *EDCC*, January 1995, 43 (2).

Flynn, Dennis O. Review of Kenneth Pomeranz, *The Great Divergence*. *JEL*, June 2001, 39 (2).

Landes, David S. "Why Europe and the West? Why Not China?" *JEP*, Spring 2006, 20 (2).

Ma, Debin. "Why Japan, Not China, Was the First to Develop in East Asia: Lessons from Sericulture, 1850-1937." *EDCC*, January 2004, 52 (2).

-- "Growth, Institutions and Knowledge: A Review and Reflection on the Historiography of 18th-19th Century China." *Australian Economic Review*, November 2004, 44 (3).

-- "Law and Economy in Traditional China: A 'Legal Origins' Perspective on the Great Divergence." In Debin Ma and Jan Luiten van Zanden, *Law and Long-Term Economic Change: an Eurasian Perspective*, Stanford University Press 2011, available as CEPR Working Paper 8385, May 2011, at [http://personal.lse.ac.uk/mad1/ma\\_pdf\\_files/DP8385.pdf](http://personal.lse.ac.uk/mad1/ma_pdf_files/DP8385.pdf)

Greif, Avner and Guido Tabellini. "Cultural and Institutional Bifurcation: China and Europe Compared." *AER*, May 2010, 100 (2).

Bosworth, Barry and Susan M. Collins. "Accounting for Growth: Comparing China and India." *JEP*, Winter 2008, 22 (1).

Lin, Justin Yifu. "Rural Reform and Agricultural Growth in China." *AER*, March 1992, 82 (1).

Xu, Chengang. "The Fundamental Institutions of China's Reforms and Development." *JEL*, December 2011, 49 (4).

Brandt, Loren, Debin Ma and Thomas G. Rawski. "From Divergence to Convergence: Re-evaluating the History Behind China's Economic Boom." *JEL* forthcoming. Available at <http://eprints.lse.ac.uk/41660/1/WP158.pdf>