

Development Economics: Economic Growth, Institutions and Politics

Tel Aviv University

Professor: Sebastian Galiani
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Office Hours:

By appointment by email: sgaliani@umd.edu

Course Objectives:

Enrich students' understanding of economic, social, and political development by immersing them in the theory and empirical evidence that underpins these multifaceted fields. This comprehensive approach aims to cultivate a coherent view of development, enabling students to analyze the intricate interplay of history, geography, factor endowments, geopolitics, institutions, and culture.

Through exposure to theory, causal inference and historical case studies, students will gain a deeper appreciation for the complexities that shape development trajectories across nations and regions. By delving into the role of historical legacies, geographic factors, and the distribution of resources, they will develop a nuanced understanding of the forces at play in shaping societies.

Moreover, this exploration will shed light on the pivotal role of geopolitics in influencing economic and political progress, uncovering how global dynamics impact local developments. Furthermore, the examination of cultural influences will unveil the impact of norms, values, and traditions on societal progress.

Ultimately, this well-rounded approach to education aims to prepare students to conduct research in this field, and more broadly in economics.

Course Evaluation: Essay on a topic to be selected. Due date: August 17, 2025.

Reading List:

1. Development Economics: A long run perspective

Angus Maddison (2001): The World Economy: A Millennial Perspective, OECD.

Richard Easterlin (2001): Growth Triumphant: The Twenty-First Century in Historical Perspective, The University of Michigan Press.

Lant Pritchett (1997): "Divergence, Big Time", *Journal of Economic Perspectives*.

Francois Bourguignon and Christian Morrison (2002): "Inequality among world citizens: 1820-1992", *American Economic Review*.

Xavier Sala-i-Martin (2006), "The World Distribution of Income: Falling Poverty... and Convergence, Period", *Quarterly Journal of Economics*.

Mark Koyama and Jared Rubin (2022): How the world became rich: The historical origin of economic growth, Polity Books. Chapter 1.

2. Development Economics: A Historic Perspective

Andrew Leigh (2024): How Economics Explains the World: A Short History of Humanity, Harpers.

David Christian, Cynthia Stokes Brown and Craig Benjamin (2014): Big History: Between Nothing and Everything, McGraw Hill.

Francisco Comin, Mauro Hernandez & Enrique Llopis (eds.) (2013): Historia Económica Mundial: Siglos X-XX, Critica.

Joerg Baten (ed.) (2016), A History of the Global Economy: 1500 to the Present, Cambridge University Press.

3. Economic Growth

Charles Jones and Dietrich Vollrath (2013): Introduction to Economic Growth, Norton.

Elhanan Helpman (2004): The Mystery of Economic Growth, Harvard University Press.

Oded Galor (2022): The Journey of Humanity: The Origins of Wealth and Inequality, Dutton.

Mark Koyama and Jared Rubin (2022): How the world became rich: The historical origin of economic growth, Polity Books. Chapter 5.

4. The Rise of Europe

Douglass North and Robert Thomas (1973): The Rise of the Western World: A New Economic History, Cambridge University Press.

Daron Acemoglu, Simon Johnson and James Robinson (2005): "Rise of Europe: Atlantic Trade, Institutional Change and Economic Growth", *American Economic Review*.

Douglass North and Barry Weingast (1989): "Constitutions and Commitment: Evolution of the Institutions Governing Public Choice in Seventeenth Century England", *Journal of Economic History*.

Steven Pincus and James Robinson (2014): "What Really Happened during the Glorious Revolution?", in S. Galiani and I. Sened (eds), Institutions, Property Rights, and Economic Growth: The Legacy of Douglass North, Cambridge University Press.

Mark Koyama and Jared Rubin (2022): How the world became rich: The historical origin of economic growth, Polity Books. Chapters 7-11.

5. Institutions, Colonization and Economic Development

Daron Acemoglu, Simon Johnson and James Robinson (2001): "The Colonial Origins of Comparative Development: An Empirical Investigation", *American Economic Review*.

Daron Acemoglu and Simon Johnson and James Robinson (2002): "Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution", *Quarterly Journal of Economics*.

Mark Koyama and Jared Rubin (2022): How the world became rich: The historical origin of economic growth, Polity Books. Chapter 4 and 6.

6. Property rights

Sebastian Galiani and Ernesto Schargrodsky (2010): "Property Rights for the Poor: Effects of land titling", *Journal of Public Economics*.

Yoram Barzel (1997): Economic Analysis of Property Rights, Cambridge University Press.

7. The State

Joseph Strayer (1973): On the Medieval Origins of the Modern State, Princeton University Press.

Douglass North, John Wallis and Barry Weingast (2009): Violence and Social Orders, Cambridge University Press.

Robert Bates (2001): Prosperity and Violence: The Political Economy of Development, Norton.

Robert Bates (2005): Markets and States in Tropical Africa, Cambridge University Press.

Robert Bates (2008): When Things Fell Apart: State Failure in Late-Century Africa, Cambridge University Press.

8. Institutions

Douglass C. North (1990): Institutions, institutional change and economic performance, Cambridge University Press.

Stefan Voigt (2019): Institutional Economics: An Introduction, Cambridge University Press.

Daron Acemoglu, Simon Johnson and James Robinson (2005): "Institutions as a Fundamental Cause of Long-Run Growth", in P. Aghion and S. Durlauf (eds.), Handbook of Economic Growth, North-Holland.

Douglass North (1993): "Institutions and Credible Commitment", *Journal of Institutional and Theoretical Economics*.

Sebastian Galiani, Gustavo Torrens and Maria Yanguas (2014): The political Coase theorem: Experimental evidence, *Journal of Economic Behavior and Organization*.

Sebastian Galiani, Cheryl Long, Camila Navajas and Gustavo Torrens (2019): "Horizontal and vertical conflict: Experimental evidence", *Kyklos*.

Milton Friedman (1962): Capitalism and Freedom, University of Chicago Press.

John McMillan (2003): Reinventing the Bazaar: A Natural History of Markets, Norton.

Daron Acemoglu and James Robinson (2019): The Narrow Corridor: States, Society and the Fate of Liberty, Penguin Press

9. Democracy

Macpherson, C. (2011): The Life and Times of Liberal Democracy, Oxford University Press.

Daron Acemoglu and James Robinson (2006): Economic Origins of Dictatorship and Democracy, Cambridge University Press.

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

Sebastian Galiani and Gustavo Torres (2014): "Autocracy, democracy and trade policy", *Journal of International Economics*.

10. International Trade

John McLaren (2012): International Trade, Wiley.

Kevin O'Rourke and Jeffrey Williamson (2000): Globalization and History: The Evolution of a 19th Century Atlantic Economy, MIT Press.

Sebastian Galiani, Norman Schofield and Gustavo Torrens (2010): "Factor endowments, democracy and trade policy divergence", *Journal of Public Economic Theory*.

Sebastian Galiani and Paulo Somaini (2009): "The Labyrinth of Solitude: Import Substitution and Path Dependence", *Latin American Economic Review*.

Irene Brambilla, Sebastian Galiani and Guido Porto (2009): "50 Years of Solitude: Argentina Trade Policies in the XX Century", *Latin American Economic Review*.

Charles Jones and Dietrich Vollrath (2013): Introduction to Economic Growth, Norton.

11. Industrial Revolution

Douglass Allen (2009): The British Industrial Revolution in Global Perspective, Cambridge University Press.

12. Coordination Failures and Industrial Policy

Debraj Ray (1998): Development Economics, Princeton University Press. Chapter 5.

Albert Hirschman (1958): The Strategy of Economic Development, Yale University Press.

Ann Harrison and Andres Rodriguez-Clare (2009): "Trade, Foreign Investment, and Industrial Policy for Developing Countries", in Dani Rodrik and Mark Rosenzweig (eds.), Handbook of Development Economics, Volume 5, North-Holland.

13. Factor Endowments and Development

Stanley Engerman and Kenneth Sokoloff (2012): "Economic Development in the Americas since 1500 Endowments and Institutions", Cambridge University Press.

Jeffrey Williamson (2013): Trade and Poverty: When the Third World Fell Behind, MIT Press.

14. International Relations

Martin Daunton (2022): The Economic Government of the World: 1933-2023.