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**Kiel Institute Advanced Studies Program: March 14-18, 2011**  
**The Political Economy of Institutions and Development**

The most recent research on comparative development focuses on institutional differences as being the fundamental cause of variation. Institutions are themselves collective choices and the outcome of a political process. Therefore one must study political economy, particularly the political economy of institutions, to understand comparative economic development. In this course I cover the empirical work which has led to this conclusion and some basic theoretical models which can help us understand why different societies political economies differ so much. The course will be structured around my new book with Daron Acemoglu *Why Nations Fail* and I will also use some materials from our previous book *Economic Origins of Dictatorship and Democracy*, Cambridge University Press.

**Lecture 1 Monday March 14:** Facts and questions about economic and political development in the long-run. Basic theoretical approaches.

**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.

**Acemoglu, Daron and James A. Robinson (2011)** *Why Nations Fail*, Chapters 2, 3 and 4.

**Lecture 2 Tuesday March 15:** Introduction to political economy. Some basics of collective choice. The role of institutions. De facto and de jure power. Applying the idea to development.

**Acemoglu, Daron and James A. Robinson (2006)** *Economic Origins of Dictatorship and Democracy*, Cambridge University Press. Chapters 4 and 5.

**Acemoglu, Daron and James A. Robinson (2011)** *Why Nations Fail*, Chapter 2.

**Lecture 3 Wednesday March 16:** Institutional roots of modern economic growth.

**North, Douglass C. and Barry R. Weingast (1989)** “Constitutions and Commitment: Evolution of Institutions Governing Public Choice in 17<sup>th</sup> Century England,” *Journal of History*, 49, 803-832.

**Acemoglu, Daron, Simon Johnson and James A. Robinson (2005)** “Rise of Europe: Atlantic Trade, Institutional Change and Economic Growth,” *American Economic Review*, 95, 546-579.

**Acemoglu, Daron and James A. Robinson (2006)** *Economic Origins of Dictatorship and Democracy*, Cambridge University Press. Chapter 6 .

**Lecture 4 Thursday March 17:** Persistence and change of institutions.

**Acemoglu, Daron and James A. Robinson (2008)** “Persistence of Power, Elites and Institutions,” *American Economic Review*. 98, 267-93.

**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*, 2008(1), 351-418.

**Acemoglu, Daron and James A. Robinson (2011)** *Why Nations Fail*, Chapters 10, 11, 13.

**Lecture 5 Friday March 18:** Why Poor Countries Stay Poor.

**Acemoglu, Daron (2006)** “A Simple Model of Inefficient Institutions,” *Scandinavian Journal of Economics* 108,. 515-546.

**Acemoglu, Daron, James A. Robinson, and Rafael Santos (2009)** “The Monopoly of Violence: Evidence from Colombia,” NBER Working Paper #15578.

**Acemoglu, Daron and James A. Robinson (2011)** *Why Nations Fail*, Chapters 7, 8 and 12.