

Institutional Economics, Informal and Formal

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I. Contents

This course takes as its starting point the new literature on institutional economics. Institutions have proven important for economic and social development. Much discussion nevertheless revolves around which types of institutions matter, and to what extent these institutions change over time. The course covers these and other topics discussed recently in institutional economics.

II. Literature

The readings consist of a series of papers, published in international journals.

III. Preliminary lecture plan

Part 1 Main problems in institutional economics

1. What are institutions
Williamson (), North (1991)
2. Historical institutions in Europe
North and Weingast (1989), Greif (1989)
3. Measuring institutions
Kaufmann et al. (1999), Knack and Langbein (2010)
4. Types of institutions
Acemoglu and Johnson (2005), Munck and Verkuilen (2002)

Part 2 Institutions in development

5. Institutions and growth
Rodrik et al. (2004), Acemoglu et al. (2005)
6. Institutional change
Kingston (2009), Méon et al. (in press)

Part 3 Informal institutions

7. The social capital school
Putnam (1993, ch.)
8. Informal institutions and growth
Zak and Knack (2001), Baumol (1990)
9. Historical roots of informal institutions
Guiso et al. (), Nunn and Wantchekon (2008)
10. Connecting formal and informal institutions
Boix and Posner (1998), Bjørnskov (in press)

Part 4 Institutional failures

11. Why do we have corruption?

Treisman (2000), Dreher et al. (2007)

12. What does corruption do?

Mauro (1995), Méon and Weill (in press)

12. Failed states

Brinkerhoffer (2005), Foreign Policy (2009)

Part 4 Various topics

13. Ideology and institutions

Gerring (1997), Bjørnskov (2008)

14. *Students choice*

IV. Literature

Acemoglu, Daron and Simon Johnson. 2005. Unbundling institutions. *Journal of Political Economy* 113: 949–997.

Acemoglu, Daron, Simon Johnson and James A. Robinson. 2005. Institutions as a fundamental cause of long-run growth. In Philippe Aghion and Stephen N. Durlauf (Eds.), *Handbook of economic growth: volume 1A* (pp. 385–472). Amsterdam: Elsevier.

Baumol, William J. 1990. Entrepreneurship: Productive, unproductive, and destructive. *Journal of Political Economy* 98: 893–921.

Bjørnskov, Christian. 2008. The Growth-Inequality Association: Government Ideology Matters. *Journal of Development Economics* 87: 300-308.

Bjørnskov, Christian. In press. How does Social Trust Lead to Better Governance? Forthcoming in *Public Choice*.

Boix, Carles and Daniel N. Posner. 1998. Social capital: explaining its origins and effects on government performance. *British Journal of Political Science* 28: 686-695.

Brinkerhoffer, Derick. 2005. Rebuilding Governance in Failed States and Post-Conflict Societies: Core Concepts and Cross-Cutting Themes. *Public Administration and Development* 25: 3-14.

Dreher, Axel, Christos Kotsogiannis and Steve McCorrison. 2007. Corruption around the World: Evidence from a Structural Model. *Journal of Comparative Economics* 35: 443-466.

Foreign Policy. 2005. The Failed States Index 2009. *Foreign Policy* 173: 80-83.

- Gerring, John. 1997. Ideology: A Definitional Analysis. *Political Research Quarterly* 4: 957-994.
- Greif, Avner. 1989. Reputations and Coalitions in Medieval Trade: Evidence on Maghribi Traders. *Journal of Economic History* 49, 857-882.
- Guiso, Luigi, Paola Sapienza and Luigi Zingales. 2008. Long Term Persistence. NBER Working Paper 14278.
- Kaufmann, Daniel, Aart Kraay and Pablo Zoido-Lobaton. 1999. Aggregating Governance Indicators. World Bank Policy Research Department Working Paper No. 2195.
- Kingston, Christopher and Guillermo Caballero. 2009. Comparing theories of institutional change. *Journal of Institutional Economics* 5: 151-180.
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- Mauro, Paolo. 1995. Corruption and Growth. *Quarterly Journal of Economics* 110: 167-195.
- Méon, Pierre-Guillaume, Khalid Sekkat and Laurent Weill. 2009. Institutional Changes Now and Benefits Tomorrow: How Soon Is Tomorrow? Forthcoming in *Economics & Politics*.
- Munck, G.L. and J. Verkuilen, 2002, Conceptualizing and Measuring Democracy: Evaluating Alternative Ideas, *Comparative Political Studies* 35, 1: 5-34.
- Rodrik, D., Subramanian, A., & Trebbi, F. (2004). Institutions rule: The primacy of institutions over geography and integration in economic development. *Journal of Economic Growth*, 9(2), 131–165.
- North, Douglass. 1991. Institutions.
- North, Douglass and Barry Weingast. 1989. Constitutions and commitment: The evolution of institutions governing public choice in seventeenth-century England, *Journal of Economic History* 49: 803-832.
- Nunn, Nathan and Leonard Wantchekon. 2008. The Trans-Atlantic Slave Trade and the Evolution of Mistrust in Africa: An Empirical Investigation. AfroBarometer Working Paper 100.
- Putnam, Robert. 1993. *Making Democracy Work*. Princeton University Press, Princeton. *We will be using only the last chapter!*
- Rodrik, Dani, Arvind Subramanian and Francesco Trebbi. 2004. Institutions rule: The primacy of institutions over geography and integration in economic development. *Journal of Economic Growth* 9: 131–165.
- Treisman, Daniel. 2000. The Causes of Corruption: A Cross-National Study. *Journal of Public Economics* 76: 399-457.
- Williamson, Oliver E. 2000. The New Institutional Economics: Taking Stock, Looking Ahead. *Journal of Economic Literature* 38: 595-613.

Zak, Paul and Stephen Knack. 2001. Trust and Growth. *The Economic Journal* 111: 295-321.