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Spring 2008

## **Seminar in Political Economy: Institutional Change**

This is an advanced seminar in political economy. The main question is why institutions change. This is a puzzling question. If institutions are designed to solidify the power that lies elsewhere, in the economy or in the control over arms, then they give rise to increasing returns to power and they would not be changed. If, in turn, they are designed to counteract increasing returns to power, say through a system of checks and balances, then no one should be able to acquire enough power to change these institutions. Obviously, institutions do change, so these assumptions are either invalid or incomplete.

We will study these issues by reading selected formal models. The course is not designed to provide a general overview of the literature but to focus in depth on particular topics. The course is also intended to familiarize students with modeling techniques, so that we will go over selected readings in some detail.

Each student, or perhaps a group of students in cases where the readings are particularly difficult, is expected to present one model in class. These presentations need not go over every equation and every proof, but enough to understand the assumptions, the results, and the arguments that support them.

The pace of the course will be flexible, so that the list that follows should not be treated as a weekly schedule. The topics follow no particular logical order. We will begin with political regimes since this will be the only topic presented by me, so that placing it first will give students the time to prepare their presentations. We will then follow with extensions of suffrage, constitutions, and models that relate institutions to economic development.

Items listed below under “Study” will be discussed systematically in class. “Background” provides related readings that will not be systematically discussed.

*Note:* This seminar will meet twice a week, Mondays and Wednesdays from 2 to 4, during the first half of the semester. During the remaining part of the semester students are expected to write a short paper, which can be a review of the article they presented in class or of some other article, paper, or book dealing with institutional change.

## **0. Introduction**

The puzzle. Overview of the literature. Topics that will not be discussed. Administrative matters.

## **I. Regime Dynamics: Income Dependence**

Study:

Przeworski, Adam. 2005. "Democracy as an equilibrium." *Public Choice* 123: 253-273.

Benhabib, Jess, and Adam Przeworski. 2006. "The Political Economy of Redistribution under Democracy." *Economic Theory* 29: 271-290.

Background:

Przeworski, Adam, and Fernando Limongi. 1997. "Modernization: Theories and Facts." *World Politics* 49: 253-273.

Przeworski, Adam. 2004. "Economic Development and Transitions to Democracy." Ms. Department of Politics, New York University.

Boix, Carles, and Susan C. Stokes. 2003. "Endogenous Democratization." *World Politics* 55: 517-49.

Milanovic, Branko. 2005. "Relationship between Income and Emergence of Democracy Reexamined, 1820-2000: A non-parametric approach." Ms. World Bank.

Gleditsch, Kristian Skrede, and Jinhee L. Choung. No date. "Autocratic transitions and democratization." Ms. Department of Political Science, University of California, San Diego.

## **II. Suffrage Extensions**

Study:

Acemoglu, Daron, and James Robinson. 2000. "Why did the West extend the franchise? Democracy, Inequality, and Growth in Historical Perspective." *Quarterly Journal of Economics* 115: 1167-1199.

Lizzeri, Alessandro, and Nicola Persico. 2004. "Why did the elites extend the suffrage? Democracy and the scope of the government, with an application to Britain's 'Age of Reform'." *Quarterly Journal of Economics* 118: 707-765.

Llavador, Humberto, and Robert Oxoby. 2005. "Partisan Competition, Growth and the Franchise." *Quarterly Journal of Economics* 119: 1155-1189.

Read:

Przeworski, Adam. Forthcoming. "Granted or Conquered? A History of Franchise Extensions." *British Journal of Political Science*.

Background:

Conley, John P., and Akram Temimi. 2001. "Endogenous Enfranchisement When Group Preferences Conflict." *Journal of Political Economy* 109: 79-102.

Jack, William, and Roger Lagunoff. 2003. "Dynamic Enfranchisement." Department of Economics, Georgetown University.

Justman, Moshe, and Mark Gradstein. 1999. "The Industrial Revolution, Political Transition, and the Subsequent Decline in Inequality in 19th Century Britain." *Explorations in Economic History* 36: 109-127.

### **III. Endogenous Institutional Change**

Study:

Acemoglu, Daron, Philippe Aghion, and Fabrizio Zilibotti. 2006. "Distance to Frontier, Selection, and Economic Growth." *Journal of the European Economic Association* 4: 37-74.

Lagerlöf, Nils-Peter. 2002. "The Road To and From Serfdom." Ms. Department of Economics, Concordia University.

Galor, Oded, and David N. Weil. 2000. "Population, Technology, and Growth: From Malthusian Stagnation to the Demographic Transition and Beyond." *American Economic Review* 90: 806-828.

### **IV. Political Barriers to Growth**

Study:

Acemoglu, Daron. 2003. "The Form of Property Rights: Oligarchic vs. Democratic Societies." Working Paper. Department of Economics. MIT.

Comin, Diego, and Bart Hobijn. 2005. "Lobbies and Technology Diffusion." Working Paper 11022. National Bureau of Economic Research.

Aghion, Philippe, Thibault Fally, and Stefano Scarpetta. 2007. "Credit constraints as a barrier to the entry and post-entry growth of firms." *Economic Policy*: 731-779.

## **V. Just Interesting**

Study:

Hausmann, Ricardo, Lant Pritchett, and Dani Rodrik. 2005. "Growth Accelerations." *Journal of Economic Growth* 10: 303-329.

Background:

Reynolds, Lloyd G. 1983. "The Spread of Economic Growth to the Third World." *Journal of Economic Literature* 21: 941-980.