

Economic Development

Peter T. Leeson

Course: Econ 866 Email: PLeeson@gmu.edu Office hours: By appointment

Credits: 3 Thursday, 4:30-7:10 pm [in person] Buchanan Hall D100

1 Purpose

This course considers why some nations are rich while others are poor. Its goal is to provide you with a framework for exploring that question and to examine problems and solutions that scholars have identified when considering issues of economic development. Toward that end the course critically engages key ideas and themes in corresponding academic literature.

2 Grading

Your grade in this course is based on (1) ten quizzes and (2) leading/participating in course discussions. Each quiz is worth five points and will ask a question about the assigned readings. There are no make-up quizzes. Collectively the quizzes constitute 50% of your final grade. Additionally you will participate in all course discussions and lead one of them (to which I will assign you today). I will assess your contributions in both capacities. Your performance leading/participating in course discussions constitutes the remaining 50% of your final grade. Final letter grades correspond to the following scale: A [100-94%]; A- [93-90%]; B+ [89-87%]; B [86-84%]; B- [83-80%]; C [79-74%]; F [\leq 73%].

3 Readings

The subsections that follow contain assigned readings, divided by theme. All readings are mandatory. You can find the journal articles online and procure the books on Amazon, from the library, or online. If a link is provided for a reading below, you will find the reading at that link. Here are the books you need to procure for this course:

- Bauer, Peter, T. 2000. *From Subsistence to Exchange and Other Essays*. Princeton: Princeton University Press.
- Leeson, Peter T. 2014. *Anarchy Unbound: Why Self-Governance Works Better than You Think*. Cambridge: Cambridge University Press.
- North, Douglass C. 1990. *Institutions, Institutional Change and Economic Performance*. Cambridge: Cambridge University Press.
- Sen, Amartya. 1999. *Development as Freedom*. New York: Anchor Books.
- Tullock, Gordon. 1997. *The Case Against the Common Law*. Durham, SC: Carolina Academic Press.

3.1 Concepts for Thinking about Development

- Acemoglu, Daron. 2010. “Theory, General Equilibrium, and Political Economy in Development Economics.” *Journal of Economic Perspectives* 24: 17-32.
- Boettke, Peter J., Christopher J. Coyne, Peter T. Leeson, and Frederic Sautet. 2005. “The New Comparative Political Economy.” *Review of Austrian Economics* 18: 281-304.
- Demsetz, Harold. 1967. “Toward a Theory of Property Rights.” *American Economic Review* 57: 347-359.
- Leeson, Peter T. 2011. “Government, Clubs, and Constitutions.” *Journal of Economic Behavior and Organization* 80: 301-308.
- Madison, James. 1788. “Federalist No. 51.”
billofrightsinstitute.org/founding-documents/primary-source-documents/the-federalist-papers/federalist-papers-no-51
- Mises, Ludwig von. 1920. “Economic Calculation in the Socialist Commonwealth.”
mises.org/econcalc/econcalc.pdf

3.2 Goals, Economic Policy, and Development

- Boettke, Peter J., and J. Robert Subrick. 2003. “Rule of Law, Development and Human Capabilities.” *Supreme Court Economic Review* 10: 109-127.
- Grier, Kevin B., and Robin M. Grier. 2021. “The Washington Consensus Works: Causal Effects of Reform, 1970-2015.” *Journal of Comparative Economics* 49: 59-72.
- Leeson, Peter T. 2010. “Two Cheers for Capitalism?” *Society* 47: 227-233.

- Rodrik, Dani. 2010. "Diagnostics Before Prescription." *Journal of Economic Perspectives* 24: 33-44.
- Rodrik, Dani. 2006. "Goodbye Washington Consensus, Hello Washington Confusion?" *Journal of Economic Literature* 44: 973-987.
- Sen, Amartya. 1999. *Development as Freedom*. New York: Anchor Books. Chapters 1-3.

3.3 Aid and Development

- Bauer, Peter T. 2000. *From Subsistence to Exchange*. Princeton: Princeton University Press. All chapters.
- Burnside, Craig, and David Dollar. 2000. "Aid, Policies and Growth." *American Economic Review* 94: 847-868.
- Djankov, Simeon, Jose Montalvo, and Marta Reynal-Querol. 2008. "The Curse of Aid." *Journal of Economic Growth* 13: 169-194.
- Dutta, Nabamita, Peter T. Leeson, and Claudia R. Williamson. 2013. "The Amplification Effect: Foreign Aid's Impact on Political Institutions." *Kyklos* 66: 208-228.
- Leeson, Peter T. 2014. "Homo Economicus Lives: Some Implications for Humanitarian Assistance." *Studies in Emergent Order* 7: 103-112.
- Skarbek, David, and Peter T. Leeson. 2009. "What Can Aid Do?" *Cato Journal* 29: 391-397.
- Williamson, Claudia R., and Shaomeng Jia. 2019. "Aid, Policies, and Growth: Why So Much Confusion?" *Contemporary Economic Policy* 34: 577-599.

3.4 Institutions and Development

- Acemoglu, Daron, Simon Johnson, and James Robinson. 2001. "The Colonial Origins of Comparative Development: An Empirical Investigation." *American Economic Review* 91: 1369-1401.
- Glaeser, Edward L., Rafael La Porta, Florencio Lopez-de-Silanes, and Andrei Shleifer. 2004. "Do Institutions Cause Growth?" *Journal of Economic Growth* 9: 271-303.
- North, Douglass C. 1990. *Institutions, Institutional Change and Economic Performance*. Cambridge: Cambridge University Press. All chapters.

North, Douglass C., and Barry R. Weingast. 1989. "Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England." *Journal of Economic History* 49: 803-832.

3.5 Private Property and Development

Acemoglu, Daron, and Simon Johnson. 2005. "Unbundling Institutions." *Journal of Political Economy* 113: 949-994.

Cai, Meina, Ilia Murtazashvili, and Jennifer Murtazashvili. 2020. "The Politics of Land Property Rights." *Journal of Institutional Economics* 16: 151-167.

La Porta, Rafael, and Andrei Shleifer. 2014. "Informality and Development." *Journal of Economic Perspectives* 28: 109-126.

Leeson, Peter T., and Colin Harris. 2018. "Wealth-Destroying Private Property Rights." *World Development* 107: 1-9.

Murtazashvili, Ilia, and Jennifer Murtazashvili. 2014. "Anarchy, Self-Governance, and Legal Titling." *Public Choice* 162: 287-305.

Williamson, Claudia R., and Carrie B. Kerekes. 2011. "Securing Private Property: Formal versus Informal Institutions." *Journal of Law and Economics* 54: 537-572.

3.6 Public Choice and Development

Acemoglu, Daron. 2003. "Why Not a Political Coase Theorem? Social Conflict, Commitment, and Politics." *Journal of Comparative Economics* 31: 620-652.

Acemoglu, Daron, Tristan Reed, and James Robinson. 2014. "Chiefs: Economic Development and Elite Control of Civil Society in Sierra Leone." *Journal of Political Economy* 122: 319-368.

Barro, Robert J. 1996. "Democracy and Growth." *Journal of Economic Growth* 1: 1-27.

Djankov, Simeon, Edward L. Glaeser, Rafael La Porta, Florencio Lopez-de-Silanes, and Andrei Shleifer. 2003. "The New Comparative Economics." *Journal of Comparative Economics* 31: 595-619.

Leeson, Peter T. 2008. "Media Freedom, Political Knowledge, and Participation." *Journal of Economic Perspectives* 22: 155-169.

Weingast, Barry R. 1995. "The Economic Role of Political Institutions: Market-Preserving Federalism and Economic Development." *Journal of Law, Economics and Organization* 11: 1-31.

3.7 Law and Development

Benson, Bruce L. 1989. "The Spontaneous Evolution of Commercial Law." *Southern Economic Journal* 55: 644-661.

Friedman, David. 1979. "Private Creation and Enforcement of Law: A Historical Case." *Journal of Legal Studies* 8: 399-415.

La Porta, Rafael, Florencio Lopez-de-Silanes, Cristian Pop-Eleches, and Andrei Shleifer. 2004. "Judicial Checks and Balances." *Journal of Political Economy* 112: 445-470.

La Porta, Rafael, Florencio Lopez-de-Silanes, and Andrei Shleifer. 2008. "The Economic Consequences of Legal Origins." *Journal of Economic Literature* 46: 285-332.

Tullock, Gordon. 1997. *The Case Against the Common Law*. Durham, SC: Carolina Academic Press. All chapters.

3.8 Anarchy and Development

Anderson, Terry L., and P.J. Hill. 1979. "An American Experiment in Anarcho-Capitalism: The Not So Wild, Wild West." *Journal of Libertarian Studies* 3: 9-29.

Geloso, Vincent, and Peter T. Leeson. 2020. "Are Anarcho-Capitalists Insane? Medieval Icelandic Conflict Institutions in Comparative Perspective." *Revue d'Économie Politique* 130: 957-974.

Leeson, Peter T. 2014. *Anarchy Unbound: Why Self-Governance Works Better than You Think*. Cambridge: Cambridge University Press. Chapters 1, 3-4, 8-9.

Rajan, Raghuram. 2004. "Assume Anarchy." *Finance and Development* September: 56-57.

3.9 Culture and Development

Acemoglu, Daron, Davide Cantoni, Simon Johnson, and James Robinson. 2011. "The Consequences of Radical Reform: The French Revolution." *American Economic Review* 101: 3286-3307.

Aghion, Philippe, Yann Algan, Pierre Cahuc, and Andrei Shleifer. 2010. "Regulation and Distrust." *Quarterly Journal of Economics* 125: 1015-1049.

- Boettke, Peter J., Christopher J. Coyne, and Peter T. Leeson. 2008. "Institutional Stickiness and the New Development Economics." *American Journal of Economics and Sociology* 67: 331-358.
- Di Tella, Rafael, Sebastian Galiani, and Ernesto Schargrodsky. 2007. "The Formation of Beliefs: Evidence from the Allocation of Land Titles to Squatters." *Quarterly Journal of Economics* 122: 209-241.
- Tabellini, Guido. 2010. "Culture and Institutions: Economic Development in the Regions of Europe." *Journal of the European Economic Association* 8: 677-716.
- Williamson, Claudia R. 2009. "Informal Institutions Rule: Institutional Arrangements and Economic Performance." *Public Choice* 139: 371-387.

3.10 State Capacity and Development

- Besley, Timothy, and Torsten Persson. 2010. "State Capacity, Conflict, and Development." *Econometrica* 78: 1-34.
- Dincecco, Mark. 2015. "The Rise of Effective States in Europe." *Journal of Economic History* 75: 901-918.
- Johnson, Noel D., and Mark Koyama. 2017. "State and Economic Growth: Capacity and Constraints." *Explorations in Economic History* 64: 1-20.
- Geloso, Vincent, J., and Alexander W. Salter. 2020. "State Capacity and Economic Development: Causal Mechanism or Correlative Filter?" *Journal of Economic Behavior and Organization* 170: 372-385.
- Leeson, Peter T. 2014. *Anarchy Unbound: Why Self-Governance Works Better than You Think*. Cambridge: Cambridge University Press, chap. 10.
- Piano, Ennio E. 2019. "State Capacity and Public Choice: A Critical Survey." *Public Choice* 178: 289-309.

4 GMU Common Policy Addendum

<https://stearnscenter.gmu.edu/home/gmu-common-course-policies/>