

Conflict and Institutions in Economic Development

Mini course, PhD-level, 17-19 March 2010
University of Copenhagen

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General description

The aim of this course is to introduce students to frontier research in selected areas of conflict and institutional economics.

During the last decade, numerous studies have confirmed that sustained economic growth only appears to be possible when institutions that are conducive to investment are in place. It is generally believed that a cluster of institutions related to the strength of private property rights for a broad segment of society are central for understanding why investments and long-term growth happen in some countries and not in others.

In this course, we will take as given the notion that institutions matter for economic development and instead focus on how and why strong institutions emerge and what happens when they fail to do so. The analysis starts with the very long run perspective in the spirit of Jared Diamond and considers to what extent current levels of development can be traced back thousands of years to the onset of Neolithic agriculture and even further back in time. We then move on to recent research on a key historical process for economic and political developments in the world during the last half millennium; *colonialism*.

It is very clear from recent research that weak property rights institutions are still a major problem in most developing countries and that it has been the normal situation throughout most of history even in today's developed countries. The latter part of the course therefore focuses on the issue of how resources are distributed when standard market institutions are absent. Conflict and rent seeking theory is addressed, as well as important empirical and theoretical works on resources and conflict. Lastly, we discuss the economic and political importance of ethnic identification and how ethnicity has emerged as a mode of social organization.

Outline

17/3, 10-12 Introduction + Institutions in long-run development

Ashraf, Q. and O. Galor (2008) "Human Genetic Diversity and Comparative Economic Development" working paper, Brown University.

Olsson, O. and D.A. Hibbs (2005) "Biogeography and Long-Run Economic Development" *European Economic Review* 49, 909-938.

Putterman, L. and D. Weil (2008) "Post-1500 Population Flows and the Long-Run Determinants of Economic Growth and Inequality" working paper, Brown University.

Spolaore, E. and R. Wacziarg (2009) "The Diffusion of Development" *Quarterly Journal of Economics*, 124(2), 469-529.

17/3, 14-16 Colonialism and institutions

Acemoglu, D., S. Johnson and J. Robinson (2001) "The Colonial Origins of Comparative Development: An Empirical Investigation" *American Economic Review* 91(5): 1369-1401.

Acemoglu, D., S. Johnson and J.A. Robinson (2002) "Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution", *American Economic Review* 95(June): 546-579.

Acemoglu, D., S. Johnson and J.A. Robinson (2005) "The Rise of Europe: Atlantic Trade, Institutional Change and Economic Growth", *American Economic Review* 95(June): 546-579.

Feyrer, J. and B. Sacerdote (2009) "Colonialism and Modern Income: Islands as Natural Experiments" *Review of Economics and Statistics* 91(2), 245-262.

Olsson (2009) "On the Democratic Legacy of Colonialism" *Journal of Comparative Economics* 37(4), 534-551.

18/3, 10-12 Conflict and rent seeking under imperfect property rights

Grossman, H. and M. Kim (1995) "Swords or Plowshares? A Theory of the Security of Claims to Property" *Journal of Political Economy* 103(6), 1275-1288.

Murphy, K., A. Shleifer, and R. Vishny (1993) "Why is Rent Seeking So Costly to Growth?" *American Economic Review, Papers and Proceedings* 83(2): 409-414.

Skaperdas, S. (1996) "Contest Success Functions" *Economic Theory* 7(2), 283-290.

18/3, 14-16 Resources and conflict

Andre, C. and J-P. Platteau (1998) "Land Relations Under Unbearable Stress: Rwanda Caught in the Malthusian Trap" *Journal of Economic Behavior and Organization* 34(1), 1-47.

Olsson, O. (2007) "Conflict Diamonds" *Journal of Development Economics* 82(2), 267-286.

Olsson, O. and H. Congdon Fors (2004) "Congo: The Prize of Predation" *Journal of Peace Research* 41(3), 321-336.

Mehlum, H., K. Moene, and R. Torvik (2006) "Institutions and the Resource Curse" *Economic Journal* 116(January), 1-20.

Brander, J.A. and M.S. Taylor (1998) "The Simple Economics of Easter Island: A Ricardo-Malthus Model of Renewable Land Use" *American Economic Review* 88(1), 119-138.

19/3, 10-12 Empirical studies of conflict

Blattman, C. and E. Miguel (2009) "Civil War" *NBER Working Paper* 14801, NBER.

Collier, P. and A. Hoeffler (2004) "Greed and Grievance in Civil War" *Oxford Economic Papers* 56(4), 563-595.

Miguel, E., S. Satyanath, E. Sergenti (2004) "Economic Shocks and Civil Conflict: An Instrumental Variables Approach" *Journal of Political Economy* 112(4), 725-753.

Fearon, J. and D. Laitin (2003) "Ethnicity, Insurgency, and Civil War" *American Political Science Review* 97, 75-90.

19/3, 14-16 Political economy of ethnicity and nationalism

Ahlerup, P. and O. Olsson (2009) "The Roots of Ethnic Diversity" *mimeo*.

Alesina, A. and E. La Ferrara (2005) "Ethnic Diversity and Economic Performance" *Journal of Economic Literature*, 43(3), 762-800.

Alesina, A. and E. Spolaore (1997) "On the Number and Size of Nations" *Quarterly Journal of Economics* 112, 1027-1056.

Alesina, A. et al (2003) "Fractionalization" *Journal of Economic Growth* 8(2), 155-194.