

Governance, Industrial Organization and Development

Course title – Intitulé du cours	Governance, Industrial Organization and Development
Level / Semester – Niveau /semestre	M2 / S1
School – Composante	Ecole d'Economie de Toulouse
Teacher – Enseignant responsable	GAY Victor
Other teacher(s) – Autre(s) enseignant(s)	
Other teacher(s) – Autre(s) enseignant(s)	
Other teacher(s) – Autre(s) enseignant(s)	
Other teacher(s) – Autre(s) enseignant(s)	
Other teacher(s) – Autre(s) enseignant(s)	
Lecture Hours – Volume Horaire CM	30
TA Hours – Volume horaire TD	
TP Hours – Volume horaire TP	
Course Language – Langue du cours	Anglais
TA and/or TP Language – Langue des TD et/ou TP	Anglais

Teaching staff contacts – Coordonnées de l'équipe pédagogique :

victor.gay@tse-fr.eu, MF 516

On demand by e-mail

Course's Objectives – Objectifs du cours :

Objectives:

The goal of this course is to provide students with an overview of the role of institutions for long-run development and the processes through which these institutions emerge. While a significant portion of the course will have a historical perspective, it will also consider how these ideas apply to current developing economies.

In methodological terms, the course will provide simple theoretical frameworks to help students think complex causal relationships as well as empirical methods to disentangle causality from correlation. Moreover, students will have the opportunity to think about the material in depth through one group presentation of an academic papers and a group project.

Description:

The existence of an effective state is usually taken as a given in economics when analyzing issues of market failures, public goods provision, and optimal taxation. However, this starting point is generally unwarranted in the perspective of many developing economies today and across most of human history. In fact, weak or failing states are the rule rather than the exception. Understanding how effective states emerge is of paramount importance as it is one of the main correlates of development today. This course will explore two interrelated issues: how effective states emerge and how institutions can be conducive to long-run development.

The course will provide simple theoretical tools (from game theory, political economy, public finance and industrial organization) to think about these complex causal relationships. Moreover, beyond nourishing the narrative, the course will also emphasize an empirical approach to assess the validity of the conceptual framework.

Prerequisites – Pré requis :

Although the course will not use difficult mathematics or econometrics, familiarity with game theory and incentive theory will be helpful for the theoretical part, and familiarity with panel data econometrics for the empirical part.

Grading system – Modalités d'évaluation :

Organization:

Each week will consist of two 1.5-hour sessions: one standard lecture and one discussion session. The lecture will provide an overview of a topic while the discussion session will focus on two academic papers.

To ensure active student participation and learning, two groups of 2-3 students will present and discuss the main results of the assigned academic papers. Every student in the class will be expected to have read both papers before the session and be ready to discuss them.

Each group will also present a project that applies the tools from the course to a concrete contemporaneous (or historical) problem.

Grading: 50%: group project; 25%: paper presentation; 25%: in-class participation.

Bibliography/references – Bibliographie/références :

- Acemoglu, Johnson and Robinson. 2005. "Institutions as a Fundamental Cause of Long-Run Growth." In *Handbook of Economic Growth*, Volume 1A.
- Besley and Persson. 2011. *Pillars of Prosperity. The Political Economics of Development Clusters*. Princeton University Press.
- Nunn. "Historical Development." In *Handbook of Economic Growth*, Volume 2A, 2014, 347-402.
- Dincecco. 2017. *State Capacity and Economic Development*. Cambridge University Press.
- Johnson and Koyama. 2017. "State and Economic Growth: Capacity and Constraints." *Explorations in Economic History*.

Session planning – Planification des séances :

Outline (subject to changes):

- Week 1. Overview. Trends in long-run development. Measuring institutions. Broad relationship between institutions and development. Data issues.
- Weeks 2-3. Fiscal capacity. Taxation, bureaucracy, welfare state.

- Weeks 4-5. Legal capacity. Property rights.
- Weeks 6-7. Political institutions. Representation, political agency and accountability. Democracy and growth.
- Weeks 8-9. Issues in developing economies. Foreign aid, corruption, deregulation.
- Week 10. Group presentations.