T407016 // AUTUMN 2026 // UNIVERSITÉ DE GENÈVE

COMPARATIVE POLITICS

Session 10. Institutions and development.

THU 26 NOV 2026 | UNI MAIL M2160 | DR. JIHYE PARK

FINAL EXAM · THURSDAY 17 DECEMBER

One handwritten sheet



FRONT BACK

SIZE

One A4 sheet. You may write on both sides.

HANDWRITTEN

Every word on it is in your own handwriting. Typed, printed or photocopied pages are not allowed.

CONTENT

Your choice entirely, as long as it covers only the course readings.

Tuesday's exam review goes through the format. **Start your sheet now and add today's readings tonight.**

PREVIOUSLY

Last week, this week

COMPLEMENT 02

- What a regression does
- Standard errors, tests and intervals
- Interactions and fixed effects

SESSION 10

- Acemoglu, Johnson and Robinson on colonial origins
- Glaeser and colleagues on what comes first
- One group exercise

Last week taught how to read a regression table. **Today two tables ask why some countries are rich at all.**

OPENER · ANY VOLUNTEERS?

One country until the Korean War, two dictatorships until 1980

Why is South Korea rich and North Korea poor?

01

What differed between the two regimes before 1980?

02

Did South Korea's democracy come before its growth or after it?

03

Would you call the difference institutions or choices?

THE QUESTION · WHY ARE SOME COUNTRIES RICH?

Three suspects

INSTITUTIONS

North, AJR

Secure property and checks on government lead people to invest in physical and human capital and to use it well.

GEOGRAPHY

Montesquieu, Sachs

Climate and disease hold back the tropics directly, whatever the rules.

HUMAN CAPITAL

Lipset, Glaeser et al.

Educated citizens settle conflicts by voting and bargaining, and better institutions follow.

AJR pp. 1369, 1373. Glaeser et al. p. 272. **Both readings accept that institutions and income go together. They fight over which way the arrow runs.**

ACEMOGLU, JOHNSON AND ROBINSON 2001 · TABLE 2

A strong correlation

OLS, 64 FORMER COLONIES

0.52

Log points of income per point of protection against expropriation, on a 0 to 10 scale

>50%

Share of income differences tied to the index, worldwide

Nigeria scores 5.6 and Chile 7.8. The estimate predicts a twofold income gap. The real gap is elevenfold.

WHY IT IS NOT YET CAUSAL · P. 1379

- **Reverse causality.** Rich economies can afford, or prefer, better institutions.
- **Omitted variables.** Many causes of income also shape institutions.
- **Coders' bias.** Analysts scoring after the fact may see better institutions in richer places.
- **Measurement error.** One index captures the whole "cluster of institutions" poorly.

The first three push the estimate up and the last pulls it toward zero. **An instrument can deal with all four at once.**

AJR · THE ARGUMENT

Settle or extract

Settler mortality ▶ Settlements ▶ Early institutions ▶ Current institutions ▶ Income today

NEO-EUROPES

Where Europeans could live, settlers copied home institutions, with private property and checks on government. Australia, New Zealand, Canada and the United States.

EXTRACTIVE STATES

Where they could not, colonizers built states to move resources to the metropole. The Belgian Congo is the extreme case.

PERSISTENCE

Independence changed who collected the rents. The control structures stayed in place.

AJR pp. 1370, 1376. **Where the colony was matters more than who colonized it.**

AJR · SECTION I

Where Europeans could live

MORTALITY STEERED SETTLEMENT · P. 1374

- Sierra Leone Company, 1792 to 1793. 72 percent of European settlers died in the first year.
- Mungo Park's expedition, 1805. 87 percent died on the overland trip to the Niger.
- The Pilgrims chose North America over Guyana because Guyana was deadlier.
- In 1795 Britain ruled out the Gambia River for its convicts and sent them to Australia.

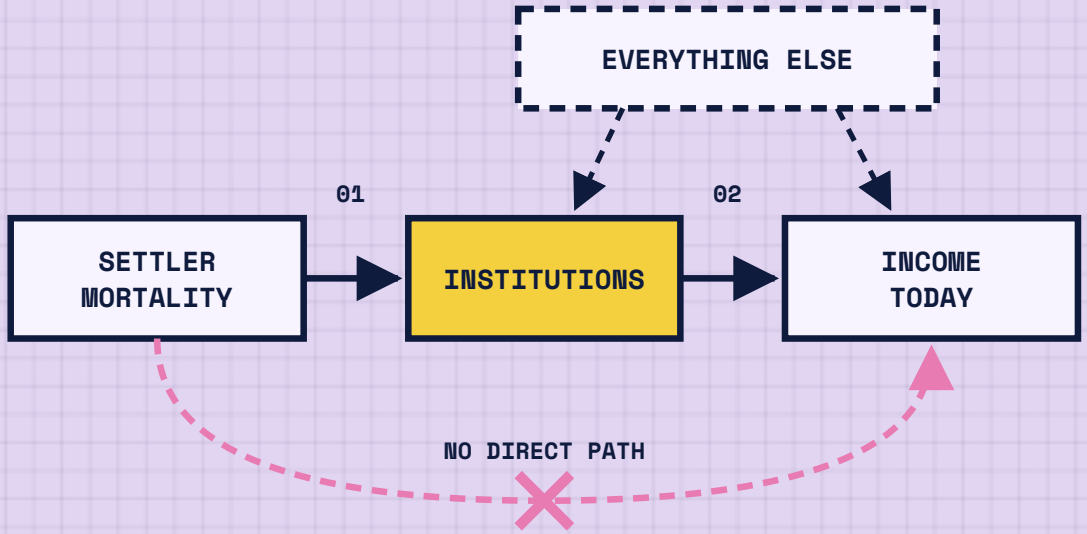
ELSEWHERE, EXTRACTION · P. 1375

- Congo. Taxes on Africans approached 60 percent of income in the 1920s and 1930s.
- Dahomey. The French took half of GDP from 1905 to 1914.
- Northern Rhodesia, 1930 to 1940. Britain kept £2.4 million in Copperbelt taxes and granted £136,000 for development.

Extraction outlived independence. Guatemala kept forced labor until 1945 and Mobutu brought it back in Zaire. **Most scholars trace Mobutu's rule to Belgian colonial practice (note 10).**

CONCEPT · INSTRUMENTAL VARIABLES

Borrowing a clean push



01 Find something that moved institutions for reasons unrelated to income today. That is the instrument.

02 First stage. Predict institutions from the instrument alone. A strong link is testable.

03 Second stage. Regress income on the predicted institutions. Reverse causality and omitted variables sit in the part the instrument leaves out.

04 The exclusion restriction. The instrument reaches income only through institutions. No test can prove it, so authors argue it from history.

Doing both stages at once is called two-stage least squares, or 2SLS. **The estimate is only as good as the exclusion restriction.**

AJR · SECTION III

A strangers' disease

ANNUAL DEATHS PER 1,000 SOLDIERS, FROM CURTIN (P. 1372)



- Malaria and yellow fever caused 80 percent of European deaths in the tropics.
- Adults who grew up with them had immunity, so the diseases killed newcomers.
- Settler mortality comes from military records after 1815, with bishops filling in Latin America.

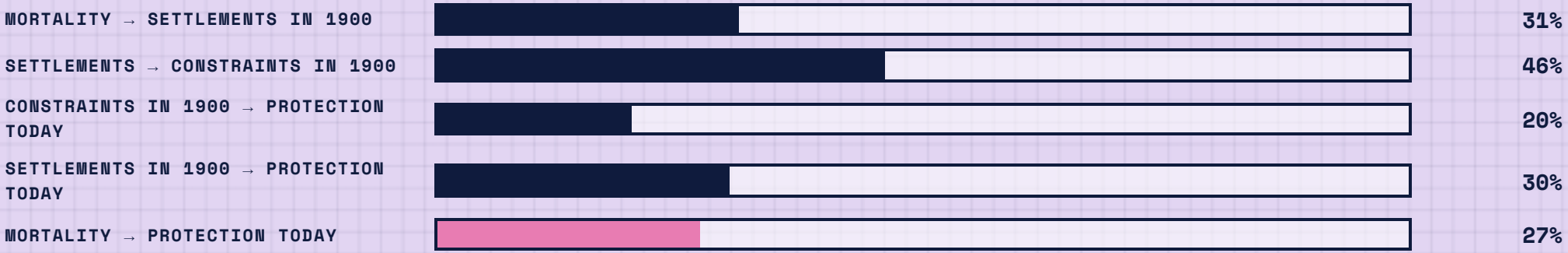
> **Yellow fever in West Africa "was a strangers' disease, attacking those who grew up elsewhere."**

Curtin, quoted on p. 1381. **If the diseases spared locals, they should hurt income today only through what the settlers built.**

AJR · TABLE 3 AND FIGURE 3

Each link holds

SHARE OF VARIATION EXPLAINED (R^2), ONE PREDICTOR AT A TIME



> **Mortality rates "faced by the settlers more than 100 years ago explains over 25 percent of the variation in current institutions."**

The last row is the first stage. Figure 3 draws it as an almost straight line. **The deadlier the colony for Europeans, the weaker property rights are today.**

AJR · TABLE 4

Bigger than the correlation

0.94

2SLS estimate, log points of income per point of protection

0.52

The OLS estimate from Table 2, for comparison

7-fold

Income gap implied between Nigeria and Chile. The real gap is 11-fold.

WHY BIGGER

Measurement error shrinks OLS toward zero, and AJR judge it larger than the biases pushing it up.

GEOGRAPHY DROPS OUT

With institutions instrumented, latitude takes the wrong sign and the Africa dummy loses its effect.

OTHER SAMPLES

1.28 without the Neo-Europes. 0.58 without Africa. 0.98 with output per worker.

AJR pp. 1385-1387. The 7-fold figure is an upper bound, since part of the Nigeria-Chile gap in the index is noise. **Africa is poorer, they conclude, because of worse institutions.**

AJR · TABLES 5 TO 8

What it survives

COLONIZER | LEGAL ORIGIN | RELIGION | TEMPERATURE | HUMIDITY | SOIL | NATURAL RESOURCES | LANDLOCKED

EUROPEAN DESCENT | ETHNIC FRAGMENTATION | MALARIA TODAY | LIFE EXPECTANCY | INFANT MORTALITY

BRITISH COLONIES ONLY

1.07 across 25 colonies. Britain did better elsewhere "in large part because Britain colonized places where settlements were possible."

YELLOW FEVER

A dummy for epidemics before 1900 replaces mortality as the instrument. The disease is mostly gone today. The estimate is 0.91.

A DIRECT PATH?

Add log mortality next to institutions instrumented another way. Its coefficient is –0.07, close to zero.

Controls that poverty itself shapes, like malaria today, pull the estimate down. **With malaria it falls to 0.69, and malaria shows no effect of its own.**

GLAESER, LA PORTA, LOPEZ-DE-SILANES AND SHLEIFER 2004 · TWO VIEWS

Which comes first?

INSTITUTIONS FIRST

Constrain government, property becomes secure, investment follows. Montesquieu, Smith, North and AJR. "Close to an intellectual consensus."

DEVELOPMENT FIRST

Build human and physical capital, even under a dictator, and better institutions follow. Lipset, and growth in South Korea, Taiwan and China under one-party rule.

FIGURE 1 · THE KOREAS

	NORTH	SOUTH
Constraints, 1950-1980	1.71	2.16
Income, 1980	$768	$1,589

Executive constraints run from 1 to 7.

> **"It would be wrong to attribute South Korea's growth to these institutions rather than the choices made by its dictators."**

Glaeser et al. pp. 272-273. **South Korea's democracy came after 1980, after the growth.**

GLAESER ET AL. · SECTION 2

Measuring choices

North defines institutions as constraints on government, and constraints must last

EXPROPRIATION RISK

AJR's own measure

The USSR and Singapore ranked among the ten safest in 1984. Iran went from 1 to 9 between 1982 and 1997, Libya and Syria from 1.5 to 9.

GOVERNMENT EFFECTIVENESS

Survey-based index

Singapore, run by one party that chose to respect private property, scores highest in the world.

EXECUTIVE CONSTRAINTS

Polity IV

Haiti scores 1 under the dictatorship, 6 when Aristide is elected in 1990, 1 after he is ousted, 7 on his return and 3 by 2000.

A dictator who chooses to respect property scores as high as a government that is forced to. **These indices record outcomes, so they rise as countries get richer.**

GLAESER ET AL. · TABLES 1 TO 3

Shallower than schooling

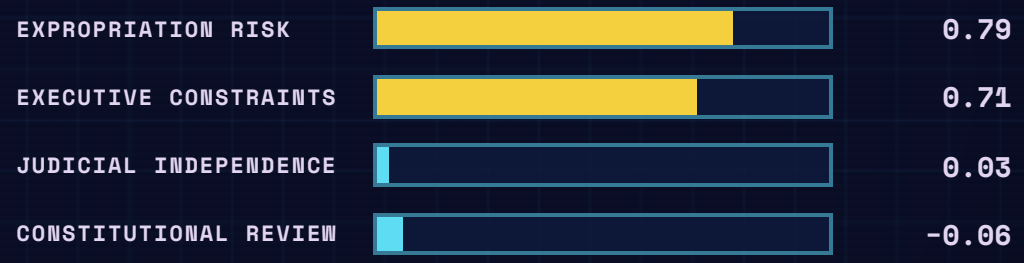
HOW MUCH 1960 PREDICTS 2000 (R^2)



SWING WITHIN A COUNTRY, 1960-2000



CORRELATION WITH INCOME IN 2000



The last two are written rules from constitutions

The swing is the average within-country standard deviation on a 0 to 1 scale. **If depth means staying put, schooling is deeper than institutions.**

GLAESER ET AL. · TABLES 4 TO 6

What predicts growth?

AVERAGED OVER THE PERIOD · TABLE 4

Executive constraints and expropriation risk averaged over 1960 to 2000 go with growth over the same years. Judicial independence, constitutional review and the electoral system show no link.

MEASURED AT THE START · TABLES 5 AND 6

Initial executive constraints predict growth in no decade except the 1980s. Initial schooling predicts it in every decade, and the pattern reaches back to 1870 for the few countries with data.

An average over the period can rise because the country grew. **A starting value cannot be caused by the growth that came after it.**

GLAESER ET AL. · TABLES 7 TO 9

Poor countries, run by dictators

0 of 42

Stable democracies among the least-schooled countries of 1960

28 of 42

Of the same countries, autocracies on average from 1960 to 2000

50%

Their years under autocrats who ended up ruling more than ten years

2×

Growth of the best-schooled countries against the least schooled

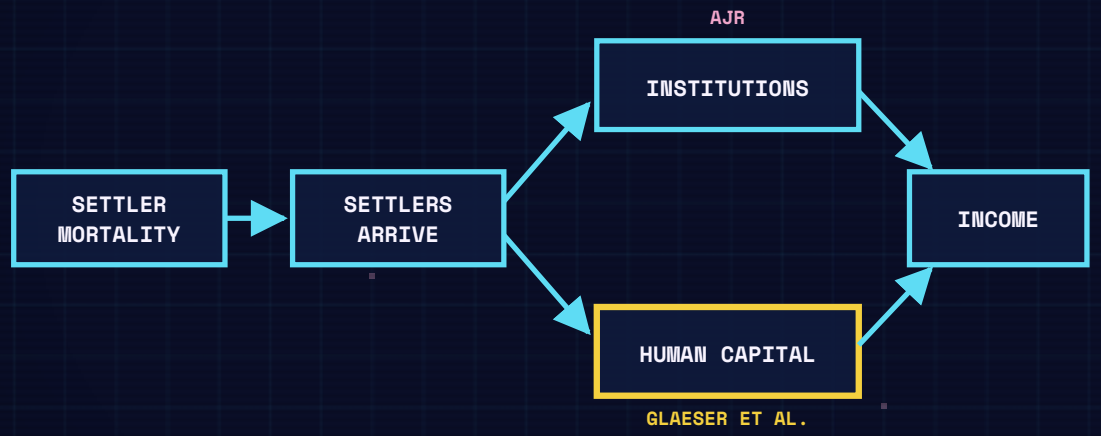
Nearly all poor countries in 1960 were dictatorships. Some escaped poverty and others stayed poor, and growth varied more across autocracies than across democracies.

The only dictatorships with mid-level schooling were Paraguay, Singapore and Taiwan. The only stable democracies with mid-level schooling were Italy and Costa Rica.

Glaeser et al. pp. 285-287. **They read the difference as the dictators' choices at work.**

GLAESER ET AL. · SECTION 5

What did the settlers bring?



- Log settler mortality correlates at −0.73 with schooling in 2000, against −0.54 with executive constraints and −0.51 with expropriation risk.
- It also tracks malaria risk today at 0.67. With all available countries, malaria risk predicts institutions alongside it (Table 10).
- Instrument schooling and constraints together and schooling predicts income in 2000. Constraints show no effect (Table 11).

> **"The instrumental variable approach does not tell us what causes growth."**

Glaeser et al. pp. 289-296. **If settlement raised income through schooling too, the exclusion restriction fails.**

GLAESER ET AL. · TABLE 12

Schooling first, then institutions

DOES POLITICS RAISE SCHOOLING?

No

Initial executive constraints, democracy or autocracy predict no change in schooling over the next five years. Initial income does.

DOES SCHOOLING IMPROVE POLITICS?

Yes

Initial schooling predicts rising executive constraints and democracy and falling autocracy over the next five years. Initial income does not.

> **"There was nothing pre-destined about Deng, one of the best dictators for growth, succeeding Mao, one of the worst."**

Country fixed effects, as in Complement 02, so each estimate uses change within countries. **Glaeser and colleagues side with Lipset (pp. 296-298).**

TWO ANSWERS COMPARED

Same correlation, opposite arrows

	ACEMOGLU, JOHNSON AND ROBINSON	GLAESER AND COLLEAGUES
Institutions are	A cluster, proxied by expropriation risk	Durable constraints, like written rules
Design	Settler mortality as an instrument	Starting values and timing
Settlers carried	Their institutions	Themselves, and their human capital
South Korea	Gains from better institutions in the 1960s	Growth under dictators, democracy after
For poor countries	Improve institutions	Build schooling, choose good policies

AJR call institutions a black box (p. 1395). Glaeser and colleagues still grant that institutions matter and ask for measures of actual rules (p. 298). **Can both be right?**

GROUP EXERCISE · ELECTIONS NOW OR LATER?

A development bank asks your group to explain four former colonies

Why did these four grow so differently, and should the poorest hold elections now?

COUNTRY	SETTLER MORTALITY	PROTECTION	SCHOOLING 1960	CONSTRAINTS 1960 → 2000	GROWTH 1960-2000	ALSO IN THE FILE
A	15	9.4	7.5	7 → 7	2.1%	Settlers won an elected assembly in the 1850s
B	70	8.6	4.2	1 → 6	5.8%	One-party rule built schools until elections in 1988
C	280	4.6	1.4	3 → 2	0.4%	Colonial taxes took half of farm income
D	520	8.1	1.9	1 → 1	3.6%	Ruled since 1975 by a general who has never seized a firm

Settler mortality · deaths per 1,000 European soldiers a year, early 1800s. Protection · 0 to 10 against expropriation, higher is safer, 1985-1995 average. Schooling · average years. Constraints · executive constraints, 1 to 7. Comparing magnitudes is enough.

01 Explain with Acemoglu, Johnson and Robinson. Rank the four on settler mortality and on protection. Where does the chain to income hold, and which country breaks it?

02 Explain with Glaeser and colleagues. Which protection scores would they distrust, and why? In B, did schooling or constraints come first?

03 C's transitional government must choose. Option 1 holds free elections next year under a constitution with a strong parliament. Option 2 postpones elections for ten years while an appointed cabinet guarantees property and expands schooling. Which option does each reading back? Choose as a group and name the biggest risk.

The countries and figures are invented.

NEXT UP

Before Thursday 3 December

Week 12. Globalization, compensation and domestic politics.

READ

Rodrik, Dani. 1998. "Why Do More Open Economies Have Bigger Governments?" *Journal of Political Economy* 106(5), 997-1032.

READ

Park, Jihye. 2026. "Aid, lending, and TRIPS." *The Review of International Organizations*, Online First.

- **Tue 1 Dec** — **Complement on exam review** M2170
- **Thu 3 Dec** — **Quiz 5 opens the class. It covers Week 11.**
- **Thu 17 Dec** — **Final exam, in class. Bring your handwritten sheet.**

PROGRESS SAVED

QUESTIONS?

Office hours Thursdays 14:30 to 16:00 in M4328

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BEFORE YOU LEAVE

Rate each group member's participation in today's exercise. **Required before you leave the room.**