

Description

750 - Institutions and Economic Development, Spring 2018

The purpose of the course is to provide an introduction to the role of institutions in economic development and structural change. It is structured around three themes: institutional theory, the nature of structural change and the role of institutions in generating the outcomes observed. Each theme is developed over the course of three lectures, followed by a compulsory small group seminar.

The first theme focuses on institutional theories and theoretical frameworks designed to account for the existence and impact of institutional variation. The second introduces the notions of economic development and structural change, including the role of general purpose technologies in that change. Finally, using empirical examples, the third theme discusses the role of institutions in these developments. Instances of *ex ante* and *ex post* institutional change are identified, as are cases of institutional variation, complementarities and competition. The interaction and tension between developments at different scales – global, national, sub-national – are identified. Examples from Sweden, Europe and Asia are used.

Intended learning outcomes

On completion of the course participants should be able to

- explain the notion of institutions and why institutions are important to economic development;
- identify and describe core theories and theoretical frameworks;
- apply these concepts, theories and frameworks;
- evaluate the applicability and appropriateness of competing sets of theories in analyzing processes of economic growth and structural change; and, finally,
- to be able to critically evaluate the role of institutions themselves in economic change and development (e.g., for purposes of policy formulation).

Course structure

The core component of the course is a series of twelve lectures (only the first one of which is compulsory), to which are added three compulsory small group seminars, a mid-course literature test and a term paper.

Prerequisites

While not a formal requirement, students are expected to have a basic grounding in economics, e.g. corresponding to the compulsory parts of the BSc level (first and second year) economics courses at the Stockholm School of Economics. In addition, it is most helpful to have acquired an ability to understand and (if need be) critically assess research results and arguments based on multivariate statistical analysis. Practically speaking, introductory level courses in macro-economics (including growth theory), micro-economics, international economics and statistics will all prove helpful. NB This course is designed to supplement rather than overlap with course 652 Economics of organization, the focus here being more on economic development and change at the level of economies and societies, past and present.

Literature

750 - Institutions and Economic Development, Spring 2018

The course is primarily based on a *substantial* amount of *research* articles drawn from the SSE Library databases, including about 650 pp. of compulsory readings for the literature test (to which should be added about 150 pp. from the textbook included), about 400 pp. of compulsory readings for the small group seminars, plus another 500 pp. recommended readings (in part expected to overlap with readings necessary for the term paper).

The textbook used is Lennart Schön, *Sweden's Road to Modernity: an Economic History*, the first edition in English of which was published by SNS Förlag, Stockholm in 2010.

Please note that multiple editions of this textbook exist, including 4 in Swedish alone, published under the title, *En modern svensk ekonomisk historia. Tillväxt och omvandling under två sekler* (SNS Förlag, Stockholm, 2000, 2007, 2012; Studentlitteratur, Lund, 2014). In 2012, a second (this time prohibitively expensive hardback) English edition was published, under the title *An Economic History of Modern Sweden* (Routledge, Abingdon), a paperback version of which thankfully appeared in 2016 and it is also available as an eBook. Note that for the purposes of this course, any of these 6 editions can be used.

Instruction on how to approach the literature will be given as part of the introductory lecture.

Examination

750 - Institutions and Economic Development, Spring 2018

In addition to a mid-course literature test (*dugga*), compulsory attendance in three small group seminars (with at most 6 participants per group) and a term paper form part of the examination of the course.

The literature test and contribution to the small group seminars imply assessment of individual performance. In the case of the small group seminars, contribution is understood to include active participation demonstrating factual knowledge, substantive understanding of the issues under consideration and an ability to add to the discussion in a constructive manner. The capacity to apply analytical, critical and reflective thinking forms a core aspect of the assessment of participants.

The term paper can be written either individually or in pairs, and is evaluated at the level of the individual author or pair of authors, respectively. Ideally it takes the form of an analysis of an individually chosen empirical case, but may also be a pure conceptual or modelling assignment. The criteria for assessment includes the ability to identify appropriate (parts of) institutional theory to be applied to the task at hand, the skills demonstrated in its application (both conceptually and analytically) and, upon completion of the analytical task, the quality in reflecting on the usefulness of the theoretical constructs applied.

Each part accounts for one-third of the final grade, and at least two-thirds will therefore take the form of assessment of individual performance. Grading will be made according to ECTS.