

ECON 681  
Fall 2013  
Tu-Th 11:00-12:15  
Tydings 2110

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**ECONOMICS 681  
COMPARATIVE INSTITUTIONAL ECONOMICS I**

**READING LIST AND SYLLABUS**

*Institutional economics* proceeds from the premise that many distinctive aspects of an economy stem from the nature of its institutions, conventionally defined as the humanly constructed rules that structure economic (and political) interactions. The origin and formation of institutions is an essential element of economic history and economic development. The properties and the effects of institutions can only be understood by applying systematic analysis. Such analysis requires theory and empirics, complemented by knowledge of the particularities of the pertinent institutions and their setting. In recent years, economists have come to view culture as having properties and effects very similar to those of institutions and therefore the course examines also the new literature on culture.

The *comparative* element recognizes the fact that institutions are often available only in discrete alternatives, which frequently differ considerably. Therefore, the standard mode of analysis is comparison between quite distinct institutional alternatives. Moreover, an essential characteristic of many institutions is that they apply to a whole society or a distinctive sub-part, such as a sector or a cultural group. Since this implies lessened scope for observational variation if study is confined to one country, cross-country comparisons are an essential element of institutional economics.

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The following reading list includes many more topics than can be covered in a one-semester introductory course. It also has more items within topics than students are expected to read when the topics are taught. The reading list is intended to be more than a reading list for a class; it offers a guide to students who want to study a specific area more deeply than can be accomplished in class. Which readings are most pertinent for the course will be clarified as the semester proceeds.

Availability of copies of the readings: Most of the readings for this course are available on the internet and copies will be easily located using Google. In the few cases where it is not obvious how to access a reading, I have provided some indication of where to look. I can make available copies of readings not available on the internet, either by lending a physical copy or by emailing.

**\*\*\*This reading list is always a work in progress. A small number of readings will be subtracted and added during the course of the semester.\*\*\***

## 0. General Background

Acemoglu, Daron and James Robinson. 2011. *Why Nations Fail: The Origins of Power, Prosperity, and Poverty* Random House.

Jared Diamond . *Guns, Germs, and Steel*. 1997.

Ezra Vogel. *Deng Xiaoping and the Transformation of China*, 2011.

Samuel Bowles. *Machiavelli's Mistake: Good incentives are no substitute for good citizens*. Castle Lecture Series, Yale University. 2010. <http://tuvalu.santafe.edu/~bowles/castle.html>

Robert Boyd. Audio of introductory anthropology course at UCLA. Posted on ELMS.

## I. Introduction

North, Douglass C.. 1991. "Institutions," *The Journal of Economic Perspectives*, Vol. 5, No. 1., pp. 97-112.

Williamson, Oliver E., "The New Institutional Economics: Taking Stock, Looking Ahead" *Journal of Economic Literature* v38, n3 (September 2000): 595-613.

Crawford, S. and E. Ostrom. 1995. "A Grammar of Institutions", *The American Political Science Review*, Vol. 89, No. 3, pp. 582-600

Gibbons, Robert. "Four Formal(izable) Theories of the Firm?", *Journal of Economic Behavior & Organization*, Volume 58, Issue 2, October 2005, Pages 200-245.

Hall, Robert and Jones, Charles. "Why Do Some Countries Produce So Much More Output Per Worker Than Others?" *The Quarterly Journal of Economics* 114, no. 1 (1999): 83-116.

Gintis, Herbert "Solving the Puzzle of Prosociality" *Rationality and Society* 2003 15: 155

Grosjean Pauline. 2012. "A History of Violence: The Culture of Honor and Homicide in the US South" [p1.storage.canalblog.com/15/13/1099015/84138812.pdf](http://p1.storage.canalblog.com/15/13/1099015/84138812.pdf).

## II. Three Fundamental Institutions: Property, Decentralization, and Contract

### II.1 Property

#### II.1.A General

Krier, James E., "Evolutionary Theory And The Origin Of Property Rights" *Cornell L. Rev.*, Vol. 95, P. 139 (2009)

Coase, Ronald H., 1960, "The Problem of Social Cost," *Journal of Law and Economics*, 3, 1-44.

Lueck, Dean and Thomas J. Miceli "Property Rights And Property Law" In Polinsky & Shavell eds., *Handbook of Law and Economics*. Available online at [ssrn.com](http://ssrn.com)

Ellickson, Robert C. "Property in Land," 102 *Yale Law Journal* 1315 (1993)

Hylton, Keith N. (2006) "Property Rules and Liability Rules, Once Again," *Review of Law & Economics*: 2( 2).

#### II.1.B. Analysis of Property Rights in Standard Environments

Besley, Timothy and Maitreesh Ghatak, "Property Rights and Economic Development" *Handbook of Development Economics: Volume V* edited by Dani Rodrik and Mark Rosenzweig.

Segal, Ilya and Michael D. Whinston. 2012. "Property Rights" In R. Gibbons and J. Roberts, eds., *Handbook of Organizational Economics*, Princeton University Press.

Johnson, Simon, John McMillan, and Christopher Woodruff (2002). "Property Rights and Finance," *American Economic Review*, 92(5): 1335-1356.

Acemoglu, Daron, Johnson, Simon, "Unbundling Institutions", *Journal of Political Economy*, October 2005, v. 113, iss. 5, pp. 949-95.

Hornbeck, Richard. "Barbed Wire: Property Rights and Agricultural Development," *Quarterly Journal of Economics*, Vol. 125, No. 2, pp. 767-810 (May 2010).

#### II.1.C. The Effects of Ownership on the Institutional Environment

See section III.3.

#### II.1.D. Effects of Non-standard Ownership Forms

Ericson, Richard, "The Classical Soviet-Type Economy: Nature of the System and Implications for Reform", *Journal of Economic Perspectives*, 5(4), Fall 1991, pages 11-27.

Shleifer, Andrei, and Vishny, Robert W., "Politicians and Firms" *Quarterly Journal Of Economics*, November 1994.

Hansmann, Henry. "When Does Worker Ownership Work? ESOPs, Law Firms, Codetermination, and Economic Democracy." *Yale Law Journal* 1990. 99(8) pp. 1749-1816.

## II.2 Decentralization

Oates, Wallace E.. " An Essay on Fiscal Federalism," *Journal of Economic Literature*, September 1999.

Dewatripont, Mathias, and Eric Maskin, "Credit and Efficiency in Centralized and Decentralized Economies, *Review of Economic Studies*, October 1995.

Weingast, Barry (1997), "The Political Foundations of Democracy and the Rule of Law," *American Political Science Review*, 91, pp.245-63.

Cukierman, Alex. "Central Bank Independence and Monetary Control", *The Economic Journal*, Vol. 104, No. 427. (Nov., 1994), pp. 1437-1448.

Qian, Yingyi and Gerard Roland (1998), "Federalism and the Soft Budget Constraint," *American Economic Review*, 88: 1143-62.

Che, Jiahua, and Yingyi Qian, "Insecure Property Rights and Government Ownership of Firms," *Quarterly Journal of Economics*, May, 1998.

Alesina, Alberto and Roberto Perotti. 2004. "European Union: A Politically Incorrect View." *Journal of Economic Perspectives*, 18:4, 27-48.

Treisman, Daniel. 2007. *The Architecture of Government: Rethinking Political Decentralization*, Cambridge.

## II.3 Transactions, Relationships, and Contract

### II.3.A *The Transactional Problem: Theory and Predictions*

Nowak, Martin. "Five Rules for the Evolution of Cooperation" *Science* 8 December 2006.

Williamson, Oliver. "Transaction Cost Economics: The Natural Progression." *American Economic Review*, June 2010.

Bajari, Patrick and Steven Tadelis. 2001. "Incentives versus Transaction Costs: A Theory of Procurement Contracts", *The RAND Journal of Economics*, Vol. 32, No. 3, pp. 387-407

Bolton, Patrick and Mathias Dewatripont, *Contract Theory* MIT Press, 2005.

Dixit, Avinash. 2003. "Trade Expansion and Contract Enforcement." *Journal of Political Economy*, 111:6, 1293-1317.

### II.3.B *Solutions to the Transactional Problem: Formal and Informal*

Hermalin, Benjamin E., Avery W. Katz, and Richard Craswell "The Law and Economics of Contracts", Polinsky & Shavell eds., *Handbook of Law and Economics*, <http://ssrn.com/abstract=907678>

Kreps, D. and R. Wilson. "Reputation and Imperfect Information." *Journal of Economic Theory*, 1982. <http://www.dklevine.com/archive/krepwilson.pdf>

Kandori, M. "Social Norms and Community Enforcement," *Review of Economic Studies*, 1992.

Greif, Avner. "Contract Enforceability and Economic Institutions in Early Trade: the Maghribi Traders' Coalition" *American Economic Review* v83, n3 (June 1993): 525-48.

Djankov, Simeon, Rafael La Porta, Florencio Lopez-de-Silanes, and Andrei Shleifer. "Courts", *Quarterly Journal of Economics*, May, 2003.

### II.3.C *Empirical Studies on Transactions*

Masten, Scott E. and Keith J. Crocker. "Efficient Adaptation in Long-Term Contracts: Take or Pay Provisions for Natural Gas" *American Economic Review*, 1985.

Joskow "Contract Duration and Relationship-Specific Investment: Empirical Evidence from Coal Markets" *American Economic Review*, 1987

Lafontaine, Francine and Margaret E. Slade, "Vertical Integration and Firm Boundaries: The Evidence" *Journal of Economic Literature*, 45: 629-685, 2007.

Lafontaine, Francine and Margaret E. Slade, 2012. "Interfirm Contracts: Evidence", *Handbook of Organizational Economics*, R. Gibbons and J. Roberts (eds.), Princeton forthcoming

Akerberg, Daniel A. and Maristella Botticini, "Endogenous Matching and the Empirical Determinants of Contract Form", *Journal of Political Economy*, 2002, vol. 110, no. 3.

Hendley, Kathryn, and Peter Murrell "Which mechanisms support the fulfillment of sales agreements? Asking decision-makers in firms." *Economics Letters*, 2003.

Johnson, Simon, John McMillan And Christopher Woodruff. "Courts And Relational Contracts," *J. of Law, Econ., and Org.* 18:1, Pp. 221-277, 2002.

Bajari, Patrick, Stephanie Houghton and Steven Tadelis. 2011. "Bidding for Incomplete Contracts: An Empirical Analysis of Adaptation Costs". *AER*, forthcoming.

## **III. Institutional Change and Institutional Choice: Origins and Causes**

### **III.1 The 'Accidents' of History**

See also Section V: case studies on England, Italy, and Legal Origins.

Nunn, Nathan. "The Importance of History for Economic Development", *Annual Review of Economics*, Vol.1, No. 1, September 2009, pp. 65-92.

Acemoglu, Daron, Simon Johnson, and James Robinson. "The Colonial Origins of Comparative Development: An Empirical Investigation", *American Economic Review*, December, 2001, volume 91, pp. 1369-1401.

Naritomi, Joana, Rodrigo Soares, and Juliano J. Assunção. 2012. "Institutional Development and Colonial Heritage within Brazil." *Journal of Economic History*, 72(2), June, 393-422.

Banerjee, Abhijit, and Lakshmi Iyer. "History, Institutions and Economic Performance: the Legacy of Colonial Land Tenure Systems in India." *American Economic Review* 95, no. 4 (September 2005): 1190-1213.

Nathan Nunn and Leonard Wantchekon. 2011. "The Slave Trade and the Origins of Mistrust in Africa," *American Economic Review*, Vol. 101, No. 7, December 2011, 3221-3252.

### **III.2 Persistence**

David, Paul A. "Path dependence: a foundational concept for historical social science", *Cliometrica* (2007) 1:91–114

Greif, Avner, 1994, "Cultural Beliefs and the Organization of Society: A Historical and Theoretical Reflection on Collectivist and Individualist Societies", *Journal of Political Economy*, 102, 912-950.

Nunn, Nathan. "Culture and the Historical Process," *Economic History of Developing Regions*, Vol. 27, 2012, S108-S126

Daron Acemoglu and James A. Robinson. "Persistence of Power, Elites and Institutions" *American Economic Review*, 98(1), pp. 267-93. March 2008

Tabellini, Guido. 2008. "The Scope of Cooperation: Values and Incentives." *Quarterly Journal of Economic*, 123(3): 905–50.

Luigi Guiso, Paola Sapienza, and Luigi Zingales "Long Term Persistence", August 2008.  
<http://www.kellogg.northwestern.edu/faculty/sapienza/htm/putnam.pdf>

Torsten Persson and Guido Tabellini "Democratic capital: The nexus of political and economic change" *American Economic Journal: Macroeconomics*, Volume 1, Issue 2, July 2009

### III.3 Wealth: resources, productivity, and inherited institutions

Frankel, Jeffrey. 2012. "The Natural Resource Curse: A Survey" in *Export Perils*, edited by Brenda Shaffer, University of Pennsylvania Press.

Mehlum, Halvor, Karl Moene, and Ragnar Torvik (2006) "Institutions and the resource curse." *The Economic Journal*, 116 (January), 1–20.

Acemoglu, Daron, Simon Johnson, James A. Robinson, and Pierre Yared. "Income and Democracy" *American Economic Review*, 98(3), pp. 808-42. June 2008.

Hayek, F. *The Road to Serfdom*. London, G. Routledge & sons, 1944.

Anderson, James H., Georges Korsun and Peter Murrell, "Which enterprises (believe they) have soft budgets after mass privatization? Evidence from Mongolia." *Journal of Comparative Economics*, 2000.

Kelejian, Harry H., Peter Murrell, and Oleksandr Shepotylo. 2013. "Spatial Spillovers in the Development of Institutions", *Journal of Development Economics*.

### III.4. Culture, Custom, and Convention

#### III.4.A General

Guiso, Luigi, Paola Sapienza, and Luigi Zingales. "Does Culture Affect Economic Outcomes?" *Journal of Economic Perspectives*, Spring 2006.

Sugden, Robert. "Spontaneous Order", *The Journal of Economic Perspectives*, Vol. 3, No. 4. (Autumn, 1989), pp. 85-97.

Tabellini, Guido. "Institutions and Culture" *Journal of the European Economic Association*, Vol.6(2-3), 2008.

#### III.4.B Theory

Bikhchandani, Sushil, David Hirshleifer, and Ivo Welch. 1992. "A Theory of Fads, Fashion, Custom, and Cultural Change as Informational Cascades," *Journal of Political Economy* 100(5).

H. Peyton Young, "The Economics of Convention" *The Journal of Economic Perspectives*, Vol. 10, No. 2. (Spring, 1996), pp. 105-122.

Burke, Mary and Peyton Young, "Social Norms" *The Handbook of Social Economics*, edited by Alberto Bisin, Jess Benhabib, and Matthew Jackson. Amsterdam: North-Holland..

Milgrom, Paul, Douglass North, and Barry Weingast, "The Role of Institutions in the Revival of Trade: The Medieval Law Merchant" *Economics and Politics*, 2, March 1990, 1-23.  
<http://www.milgrom.net/articlesmain.htm>

Bisin, Alberto and Thierry Verdier "Beyond the Melting Pot: Cultural Transmission, Marriage and the Evolution of Ethnic and Religious Traits" *QJE* 2000.

Tabellini, Guido. 2008. "The Scope of Cooperation: Values and Incentives." *Quarterly Journal of Economic*, 123(3): 905–50.

Manapat, Michael, Martin A. Nowak, and David G. Rand. 2012. "Information, irrationality, and the evolution of trust".

### III.4.C Empirical

Herrmann, B., Thöni, C., Gächter, S. (2008): "Antisocial Punishment across Societies", *Science*, 319, pp. 1362-1367

Henrich, Joseph et al. "Markets, Religion, Community Size, and the Evolution of Fairness and Punishment" *Science* March 2010 Vol 327.

Luigi Guiso, Paola Sapienza, and Luigi Zingales, "Cultural Biases in Economic Exchange" *QJE* August 2009.

Algan, Yann and Pierre Cahuc "Inherited Trust and Growth" *American Economic Review* 100 (December 2010): 2060–2092.

Chen, Keith. 2013. "The Effect of Language on Economic Behavior: Evidence from Savings Rates, Health Behaviors, and Retirement Assets" *American Economic Review*.

### III.5 Politics and Political Economy

Acemoglu, Daron and James A. Robinson. "Persistence of Power, Elites and Institutions" *American Economic Review*, 98(1), pp. 267-93. March 2008

Olson, Mancur, "Democracy, Dictatorship and Development," *American Political Science Review* Vol. 87 No. 3, September 1993.

Libecap, Gary "Economic Variables and the Development of the Law: The Case of Western Mineral Rights", *Journal of Economic History*, June 1978.

Dewatripont, Mathias, and Gerard Roland, "The Design of Reform Packages under Uncertainty" *American Economic Review* 1995.

Grajzl, Peter and Peter Murrell, 2006. "Lawyers and Politicians: The Impact of Organized Legal Professions on Institutional Reforms" *Constitutional Political Economy*, 17(4), pp. 251-276.

### III.6 Choosing, designing institutions

Djankov, S., E. Glaeser, R. La Porta, F. Lopez-de-Silanes, and A. Shleifer "The New Comparative Economics", *Journal of Comparative Economics*, December, 2003.

Acemoglu, Daron and Simon Johnson, "Unbundling Institutions", *Journal of Political Economy*, October 2005, v. 113, iss. 5, pp. 949-95.

La Porta, R., F Lopez-de-Silanes, Pop-Eleches, C. and A. Shleifer "Judicial Checks and Balances" *Journal of Political Economy*, 2004.

Glaeser E. and A. Shleifer, "The Rise of the Regulatory State", *Journal of Economic Literature*, Vol. 41, No. 2 (Jun., 2003), pp. 401-425.

Grajzl, Peter and Peter Murrell, "Allocating Law-Making Powers: Self-Regulation vs. Government Regulation" *Journal of Comparative Economics*, 2007.

Grajzl, Peter and Valentina Dimitrova-Grajzl "The Choice in the Lawmaking Process: Legal Transplants vs. Indigenous Law" *Review of Law & Economic*. Vol. 5 : Iss. 1, Article 26.

Sutter, Matthias, Stefan Haigner, and Martin G. Kocher. 2010. "Choosing the Carrot or the Stick? Endogenous Institutional Choice in Social Dilemma Situations" *Review of Economic Studies*, 77(4) pp. 1540-1566.



## **IV. The Effects of Institutions and Culture**

### **IV.1 Cross-country studies: macroeconomics of institutional development and growth**

Acemoglu, Daron, Simon Johnson, and James Robinson. "The Colonial Origins of Comparative Development: An Empirical Investigation", *American Economic Review*, December, 2001, volume 91, pp. 1369-1401.

Rodrik, Dani, Arvind Subramanian, and Francesco Trebbi "Institutions Rule: The Primacy of Institutions over Geography and Integration in Economic Development", *Journal of Economic Growth*, vol. 9, no.2, June 2004

Glaeser, Edward, Rafael LaPorta, Florencio Lopes-de-Silanes, and Andrei Shleifer (2004) "Do Institutions Cause Growth?", *Journal of Economic Growth* 9(3): 271-303.

Algan, Yann and Pierre Cahuc "Inherited Trust and Growth" *American Economic Review* 100 (December 2010): 2060–2092.

### **IV.2 Miscellaneous micro-economic studies**

La Porta, Rafael, Florencio Lopez-de-Silanes, and Andrei Shleifer. "The Economic Consequences of Legal Origins" *Journal of Economic Literature* 2008, 46:2, 285–332.

Rajan, Raghuram G. and Luigi Zingales "Financial Dependence and Growth" *The American Economic Review*, Vol. 88, No. 3 (Jun., 1998), pp. 559-586.

Guiso, Luigi, Paola Sapienza, and Luigi Zingales. "The Role of Social Capital in Financial Development" *The American Economic Review*, Vol. 94, No. 3 (Jun., 2004), pp. 526-556.

Acemoglu, Daron, Simon Johnson, Pablo Querubin, and James A. Robinson. "When Does Policy Reform Work - The Case of Central Bank Independence" *Brookings Papers on Economic Activity*, 2008, 1, pp. 351-418.

Ayyagari, Meghana, Asli Demirgüç-Kunt and Vojislav Maksimovic. "How Well Do Institutional Theories Explain Firms' Perceptions of Property Rights?" *Review of Financial Studies* 2008 21(4):1833-1871

Chor, Davin. 2010. "Unpacking Sources of Comparative Advantage: A Quantitative Approach" *Journal of International Economics*, Volume 82, Issue 2, November 2010, Pages 152–167.

Nunn, Nathan. "Relationship-Specificity, Incomplete Contracts and the Pattern of Trade," *Quarterly Journal of Economics*, Vol. 122, No. 2, May 2007, pp. 569-600.

Stevenson, Betsey and Justin Wolfers "Bargaining in the Shadow of the Law: Divorce Laws and Family Distress", *Quarterly Journal of Economics* 121(1): 267-288

.....many more could be added

## **V. Case studies**

### **V.1 Transition: destroying the old and constructing the new**

Murrell, Peter "Evolution in Economics and in the Economic Reform of the Centrally Planned Economies." in Clague, Christopher and Gordon C. Rauser, eds. *Emergence of Market Economies in Eastern Europe*, Blackwell Publishers, 1992.

<http://www.econ.umd.edu/~murrell/Reform.html>

Blanchard, Olivier and Michael Kremer. "Disorganization." *Quarterly Journal of Economics*, November 1997.

Djankov, Simeon, and Peter Murrell "Enterprise Restructuring in Transition: A Quantitative Survey" *Journal of Economic Literature*, 2002, pp. 739-792.

Murrell, Peter. "Institutions and Firms in Transition Economies," in *Handbook of New Institutional Economics*, edited by Claude Ménard and Mary Shirley, Springer, 2004.

<http://www.econ.umd.edu/~murrell/articles/Institutions%20and%20Firms%20in%20Transition%20Economies.pdf>

Beck, Thorsten and Luc Laeven, "Institutions and Growth in Transition Economies" *Journal of Economic Growth*, Volume 11, Number 2 / June, 2006.

Babetskii, Ian and Campos, Nauro. "Does Reform Work? An Econometric Survey " *Journal of Comparative Economics* November 2010.

### **V.2 Culture in Italy**

Putnam, Robert. *Making Democracy Work: Civic Traditions in Modern Italy* 1993.

Guiso, Luigi, Paola Sapienza, and Luigi Zingales "Long Term Persistence", August 2008.

<http://www.kellogg.northwestern.edu/faculty/sapienza/htm/putnam.pdf>

### **V.3 England's Early Development**

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

Murrell, Peter. "Design and Evolution in Institutional Development: The Insignificance of the English Bill of Rights." Working Paper, September 2009.

Murrell, Peter and Martin Schmidt "The Coevolution of Culture and Institutions in Seventeenth Century England", July 6, 2011.

Murrell, Peter. 2013. "Institutional and Cultural Determinants of Institutional and Cultural Development: Complementary Insights from Evolutionary Socioeconomic Theory and English History. SSRN.com

## V.4 China: Incremental Reform Using Second-Best Institutions

Vogel, Ezra. *Deng Xiaoping and the Transformation of China*, Harvard, 2011.

Xu, Chenggang "The Fundamental Institutions of China's Reforms and Development" *JEL* 2011.

Qian, Yingyi. "The Process of China's Market Transition (1978-1998): The Historical, Evolutionary and Comparative Perspectives." *Journal of Institutional and Theoretical Economics*. March 2000, 156(1), pp. 151-171.

<http://www-econ.stanford.edu/faculty/workp/swp99012.pdf>

Donald Clarke, Peter Murrell, and Susan Whiting, "The Role of Law in China's Economic Development" In *China's Great Economic Transformation*, Loren Brandt and Thomas Rawski eds. Cambridge University, Press 2009 as "Law, Property Rights and Institutions"

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=878672](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=878672).

Qian, Yingyi. "How Reform Worked in China." in *In Search of Prosperity: Analytic Narratives on Economic Growth*. Dani Rodrik, ed. Princeton: Princeton U. Press, pp. 297-333. Working paper version: <http://elsa.berkeley.edu/~yqian/how%20reform%20worked%20in%20china.pdf>

Li, Wei, "A Tale of Two Reforms: The Importance of Initial Market Conditions," *Rand Journal of Economics*, 1999.

Lau, Lawrence; Qian, Yingyi and Roland, Gérard. "Reform without Losers: An Interpretation of China's Dual-Track Approach to Transition," *Journal of Political Economy*, February 2000.

Che and Qian, "Insecure Property Rights and Government Ownership of Firms," *QJE*, May, 1998

Jin, Hehui, and Yingyi Qian, "Public vs. Private Ownership of Firms: Evidence from Rural China," *Quarterly Journal of Economics*, August, 1998. 113, no. 3 : 773-808.

Bai, Chong-En, David D. Li, Yingyi Qian, and Yijiang Wang, "Commitment, Incentives, and Information: The Case of Anonymous Banking" August 2004.

<http://elsa.berkeley.edu/~yqian/anonymous%20banking.pdf>

Qian and Roland (1998), "Federalism and the Soft Budget Constraint," *American Economic Review*, 88: 1143-62.

Lu Yi and Zhigang Tao, "Contract enforcement and family control of business: Evidence from China", *Journal of Comparative Economics* 2009.

Lu, Yi, Ivan P.L. Png, and Zhigang Tao "Do institutions not matter in China? Evidence from enterprise level productivity growth"

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1129647](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1129647)

## V.5 Legal Origins

Glaeser, Edward and Andrei Shleifer, "Legal Origins." *Quarterly Journal of Economics*, 2002.

La Porta, R., F Lopez-de-Silanes, A. Shleifer and R. Vishny (1998), "Law and Finance," *Journal of Political Economy* 106: 1113-1155.

Rafael La Porta, Florencio Lopez-de-Silanes, and Andrei Shleifer. "The Economic Consequences of Legal Origins" *Journal of Economic Literature* 2008, 46:2, 285–332.

Thorsten Beck, Asli Demirgüç-Kunt, and Ross Levine, "Law and finance: why does legal origin matter?" *Journal of Comparative Economics* 31 (2003) 653–675

Daniel Berkowitz, Pistor, Katharina, and Jean-Francois Richard. "Economic Development, Legality and the Transplant Effect," *European Economic Review*. 47(1) February 2003, Pages 165-195.

## VI. Measuring Institutions

Freedom House, *Freedom in the World*. [www.freedomhouse.org](http://www.freedomhouse.org).

D. Kaufmann, A. Kraay, and M. Mastruzzi "Governance Matters IV: Governance Indicators for 1996-2004" <http://www.worldbank.org/wbi/governance/pubs/govmatters4.html>

World Bank, "Governance Diagnostics",  
<http://www.worldbank.org/wbi/governance/capacitybuild/diagnostics.html>

Hendley, Kathryn, Murrell, Peter, 2003. "Which mechanisms support the fulfillment of sales agreements? Asking decision-makers in firms." *Economics Letters* 78 (1), 49–54.

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Schneider, F. "Shadow Economies around the World: What Do We Know?" *European Journal of Political Economy*, 21 (3), p.598-642, Sep 2005.

Azfar, Omar and Peter Murrell "Identifying Reticent Respondents: Assessing the Quality of Survey Data on Corruption and Values" *Economic Development and Cultural Change*, January 2009, 57(2), pp. 387-412.

Kraay, Aart and Peter Murrell "Misundersampling Corruption",  
[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2281013](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2281013)