

Institutions Slides

Econ 560

Barry W. Ickes

The Pennsylvania State University

Fall 2008

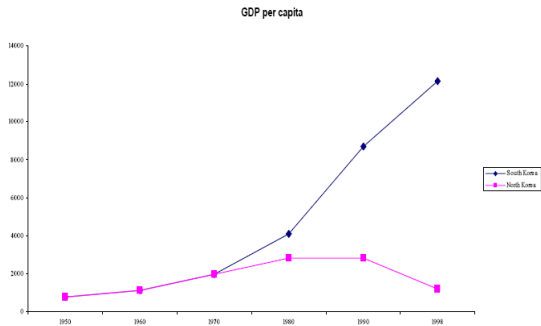
North Korea and South Korea

Lecture Note

Growth

Acemoglu-
Johnson-
Robinson

Figure 3
GDP per capita in North and South Korea, 1950-98

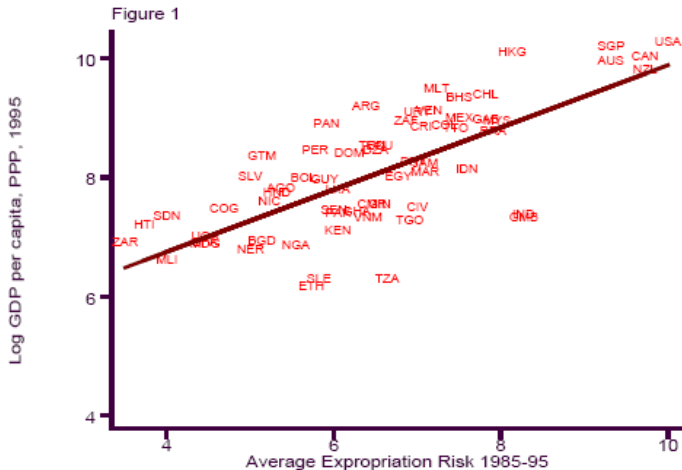


Expropriation Risk and GDP

Lecture Note

Growth

Acemoglu-
Johnson-
Robinson

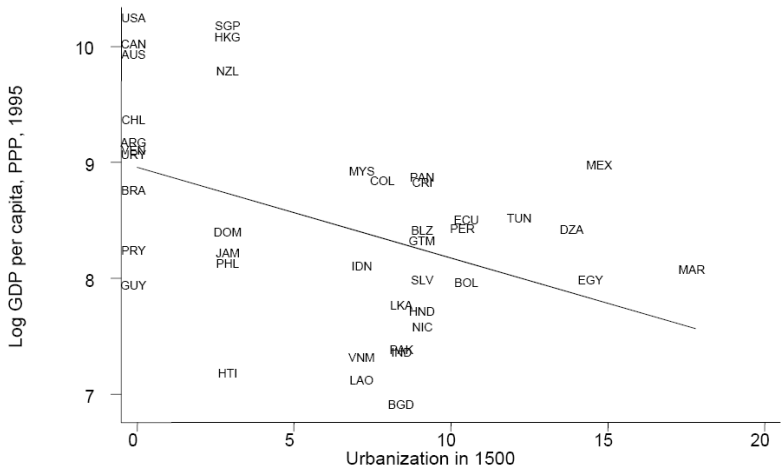


Urbanization then GDP today

Lecture Note

Growth

Acemoglu-
Johnson-
Robinson

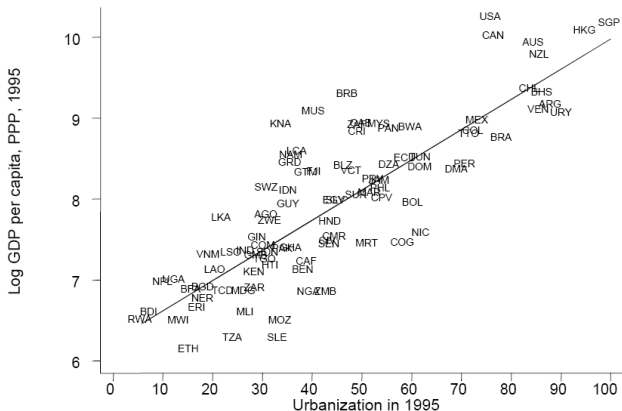


Urbanization today GDP today

Lecture Note

Growth

Acemoglu-
Johnson-
Robinson

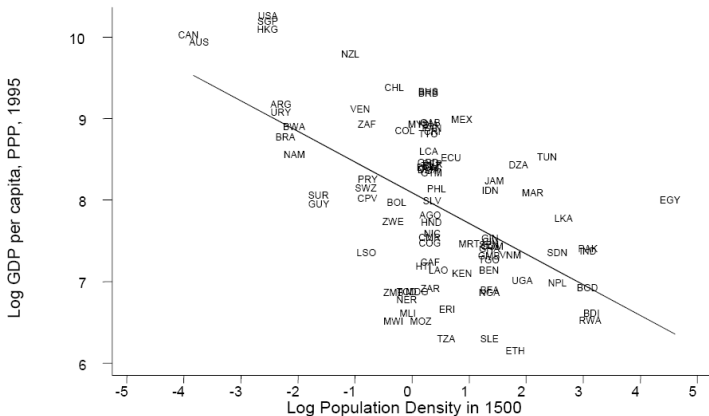


Population then GDP today

Lecture Note

Growth

Acemoglu-Johnson-Robinson

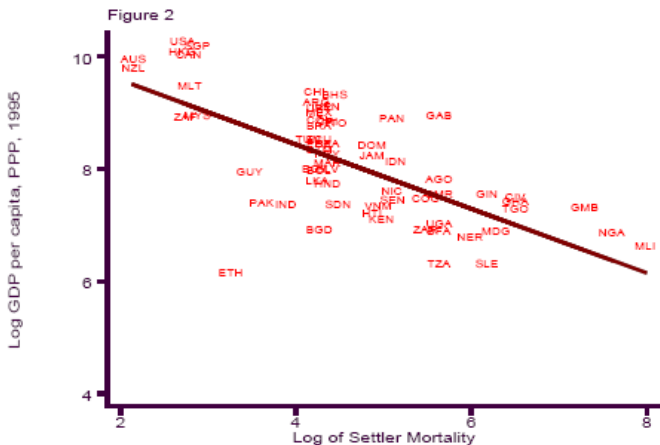


Settler Mortality and GDP

Lecture Note

Growth

Acemoglu-
Johnson-
Robinson

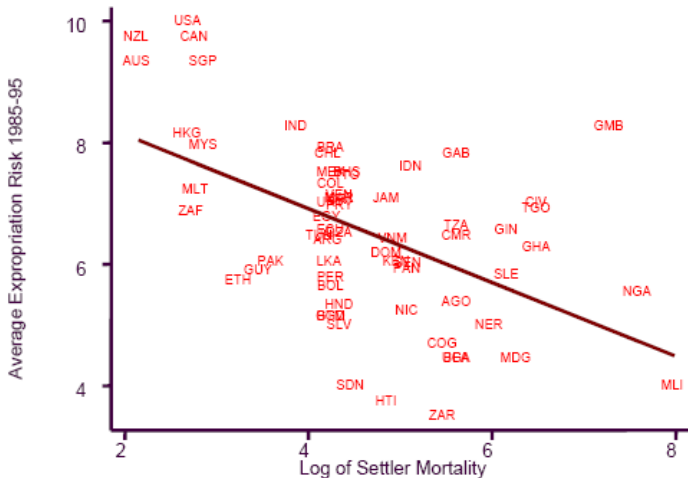


Settler Mortality and Expropriation Risk

Lecture Note

Growth

Acemoglu-
Johnson-
Robinson



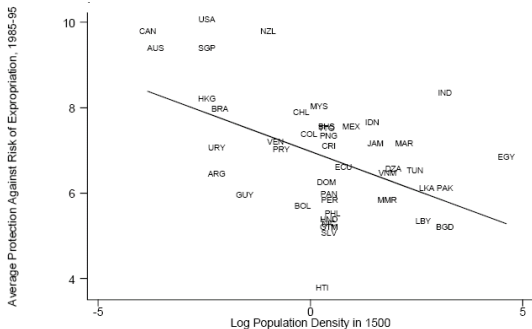
Population Density and Expropriation Risk

Lecture Note

Growth

Acemoglu-
Johnson-
Robinson

Figure 13
Log population density in 1500 and average protection
against risk of expropriation 1985-95

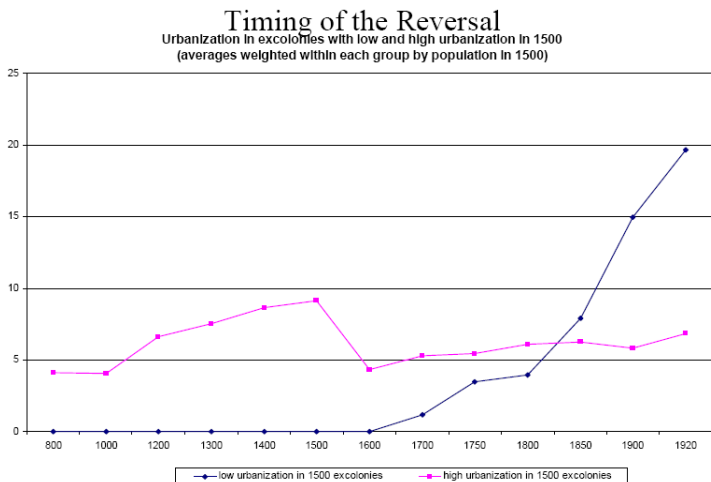


Timing of Reversal

Lecture Note

Growth

Acemoglu-
Johnson-
Robinson



GDP and Institutions

GDP per capita and Institutions								
<i>Dependent Variable is log GDP per capita (PPP basis) in 1995</i>								
Institutions as measured by:	Average Protection Against Expropriation Risk, 1985-95		Constraints on Executive in 1990		Constraints on Executive in 1900		Constraints on Executive in First Year of Independence	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Panel A: Second Stage Regressions</i>								
Institutions	0.52 (0.10)	0.88 (0.21)	0.84 (0.47)	0.50 (0.11)	0.46 (0.16)	0.51 (0.14)	0.37 (0.12)	0.46 (0.16)
Urbanization in 1500	-0.02 (0.02)		0.03 (0.08)		-0.02 (0.04)		-0.02 (0.03)	
Log Population Density in 1500		-0.08 (0.10)		-0.10 (0.10)		-0.16 (0.10)		-0.13 (0.10)
<i>Panel B: First Stage Regressions</i>								
Log Senier Mortality	-1.21 (0.23)	-0.47 (0.14)	-0.75 (0.44)	-0.88 (0.20)	-1.31 (0.46)	-0.81 (0.19)	-1.81 (0.40)	-0.78 (0.25)
Urbanization in 1500	-0.04 (0.04)		-0.09 (0.07)		-0.06 (0.07)		-0.04 (0.06)	
Log Population Density in 1500		-0.21 (0.11)		-0.35 (0.15)		-0.20 (0.14)		-0.24 (0.17)
R-Squared	0.53	0.29	0.17	0.37	0.25	0.31	0.56	0.26
Number of Observations	38	64	37	67	39	70	38	67
<i>Panel C: Coefficient on Institutions without Urbanization or Population Density in 1500</i>								
Institutions	0.56 (0.09)	0.96 (0.17)	0.77 (0.33)	0.54 (0.09)	0.48 (0.14)	0.61 (0.13)	0.39 (0.11)	0.52 (0.15)

Dependent Variable is log GDP per capita (PPP basis) in 1995. The measure of institutions used in each regression is indicated at the head of each column. Regressions with constraints on the executive in the first year of independence also include time since independence as a regressor. Urbanization in 1500 is percent of the population living in towns with 5,000 or more people. Population density is calculated as total population divided by arable land area. Constraints on the executive in 1990, 1900 and the first year of independence are all from the Polity III dataset. Panel A reports the second stage estimates from IV regression with first stage shown in Panel B. Panel C reports second stage estimates from the IV regression, instrumenting institutions without urbanization and population density. Log senier mortality estimates are from Acemoglu, Johnson and Robinson (2001). For detailed sources and descriptions see Appendix Table A1.

UK Industrialization and Institutions

The Interaction of UK Industrialization and Local Institutions

	Former Colonies, using only pre-1950 data	Former Colonies, using only pre-1950 data	Former Colonies, using data through 1950 (all data)	Former Colonies, using average institutions for each country, using only pre-1950 data	Former Colonies, using average institutions for each country, using all data	Former Colonies, using average institutions for each country, instrumenting using either country, all only pre-1950 data	Former Colonies, using average institutions for each country, instrumenting using either country, all data	Former Colonies, using average institutions for each country, instrumenting using either country, all data	Former Colonies, using average institutions for each country, instrumenting using either country, all data	All European countries, using data through 1950
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
<i>Panel A: Dependent Variable is Industrial Production Per Capita</i>										
UK Industrialization*Institutions	0.13 (0.03)	0.08 (0.03)	0.13 (0.03)	0.21 (0.02)	0.28 (0.02)	0.16 (0.03)	0.25 (0.02)	0.13 (0.06)	0.20 (0.05)	0.06 (0.01)
Institutions	8.97 (2.30)	9.71 (2.58)	-3.36 (4.46)							4.34 (0.96)
UK Industrialization*Latitude								0.30 (0.49)	0.52 (0.36)	
R-Squared	0.75	0.44	0.74	0.87	0.94	0.85	0.94	0.83	0.93	0.78
Number of Observations	59	59	75	59	75	59	75	59	75	138
<i>Panel B: Dependent Variable is Log GDP Per Capita</i>										
Log UK Industrialization*Institutions	0.08 (0.02)	0.10 (0.05)	0.06 (0.03)	0.13 (0.02)	0.12 (0.02)	0.15 (0.03)	0.10 (0.03)	0.09 (0.05)	0.07 (0.05)	0.02 (0.01)
Institutions	-0.03 (0.03)	0.16 (0.04)	-0.08 (0.03)							-0.01 (0.01)
Log UK Industrialization*Latitude								0.59 (0.40)	0.27 (0.38)	
R-Squared	0.95	0.59	0.92	0.96	0.93	0.96	0.93	0.96	0.93	0.95
Number of Observations	79	79	131	79	131	79	131	79	131	103
Country Dummies	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Period Dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Panel regressions, country and period dummies are included as indicated at the foot of each column. Dependent variable in Panel A is industrial output per capita, with up to 10 observations per country, 1750-1980, from Bakouch (1982). Dependent variable in Panel B is log GDP per capita from Maddison (1995). The independent variable of interest is total UK industrial output interacted with constraints on the executive in each country from the Polity IV dataset. The main effect of institutions is evaluated at the mean value of UK industrialization. Polity IV provides information only for independent countries; if a country was a colony at a particular date, we assign the lowest value of constraints on the executive. For detailed sources and descriptions see Appendix Table A1.