

**World Trade Institute (WTI), September 16-20, 2019**  
**“Institutions and the Political Economy of Development”**

Prof. Dr. Axel Dreher, Heidelberg University  
Chair of International and Development Politics  
[axel.dreher@awi.uni-heidelberg.de](mailto:axel.dreher@awi.uni-heidelberg.de)

**Grading**

Class participation (20%); referee report (take-home exam, 80%).

**Organization**

Lectures: 25 hours in total.

The course takes place from Monday 16.09 until Friday 20.09. Class hours are 9.30am-12pm and 1.30pm-4pm. This is an intensive course. Please read all articles marked with an asterisk already before the course-week starts.

Place: Silva Casa Auditorium. World Trade Institute, University Bern. Hallerstrasse 6. 3012-Bern.

**About the Instructor**

Axel Dreher is professor of International and Development Politics at Heidelberg University. He is Affiliated Professor at the University of Goettingen and the KOF Swiss Economic Institute, a Research Fellow at CEPR and CESifo, a member of the European Development Network (EUDN), the Academia Europaea, and a Faculty Associate of AidData. He was President of the European Public Choice Society, and is Editor of the *Review of International Organizations* as well as the chairman of the Development Economics Section of the German Economic Association (Verein fuer Socialpolitik). Most of his work is in the fields of development economics and political economy.

## Content

This course gives a broad overview of the role of international organizations in the political economy of development. It starts with discussing the political economy of foreign aid, migration, and institutions more broadly, and then zooms in on four international organizations: the WTO, the UNSC, the IMF, and the World Bank Group. Most of the lecture will be empirical with a focus on research-, writing-, and publication-strategies.

## Structure

### I. The Political Economy of Foreign Aid

- \*Christian, Paul J. and Christopher B. Barrett, 2017, Revisiting the effect of food aid on conflict: A methodological caution, *World Bank Policy Research Working Paper* 8171.
- \*Clemens, Michael A., Steven Radelet, Rikhil R. Bhavnani and Samel Bazzi, 2012, Counting chickens when they hatch: Timing and the Effects of Aid on Growth, *Economic Journal* 122(561): 590-617.
- \*Doucouliagos, Chris and Martin Paldam, 2009, The Aid Effectiveness Literature – The Sad Result of 40 Years of Research, *Journal of Economic Surveys* 23, 3: 433-461.
- \*Dreher, Axel, Andreas Fuchs, Roland Hodler, Bradley C. Parks, Paul A. Raschky, Michael J. Tierney, 2019, African Leaders and the Geography of China's Foreign Assistance, *Journal of Development Economics*, forthcoming.
- Dreher, Axel and Sarah Langlotz, 2017, Aid and growth. New evidence using an excludable instrument, *Heidelberg University Discussion Paper* 635.
- \*Faye, Michael and Paul Niehaus, 2012, Political Aid Cycles, *American Economic Review* 102, 7: 3516-30.
- Galiani, Sebastian, Stephen Knack, Lixin Colin Xu, and Ben Zou, 2014, The effect of aid on growth: evidence from a quasi-experiment, *Journal of Economic Growth* 22, 1, 1-33.
- Nunn, Nathan and Nancy Qian, 2014, U.S. Food Aid and Civil Conflict, *American Economic Review* 104, 6:1630-1666.
- Rajan, Raghuram G. and Arvind Subramanian, 2008, Aid and Growth: What Does the Cross-Country Evidence Really Show? *Review of Economics and Statistics* 90, 4: 643-665.
- Werker, Eric, Faisal Z. Ahmed, and Charles Cohen, 2009, How Is Foreign Aid Spent? Evidence from a Natural Experiment, *American Economic Journal: Macroeconomics*, 1, 2: 225-44.

### II. The Political Economy of Migration and Institutions

- \*Acemoglu, Daron, Simon Johnson and James Robinson, 2001, The Colonial Origins of Comparative Development: An Empirical Investigation, *American Economic Review* 91, 5: 1369-1401.

- \*Acemoglu, Daron, Simon Johnson, and James Robinson, 2012, The Colonial Origins of Comparative Development: An Empirical Investigation: Reply, *American Economic Review* 102, 6: 3077-3110.
- \*Albouy, David, 2012, The Colonial Origins of Comparative Development: An Empirical Investigation: Comment, *American Economic Review* 102, 6: 3059-3076.
- \*Auer, Raphael, 2013, Geography, Institutions, and the Making of Comparative Development, *Journal of Economic Growth* 18, 2: 179-215.
- \*Docquier, Frederic and Hillel Rapoport, 2012, Globalization, Brain Drain, and Development, *Journal of Economic Literature* 50:3, 681-730.
- McArthur, John and Jeffrey Sachs, 2001, Institutions and Geography: Comment on Acemoglu, Johnson and Robinson (2000), NBER Working Paper No. 8114.
- Mercier, Marion, 2013, The Return of the Prodigy Son: Do Return Migrants Make Better Leaders? IZA Discussion Paper No. 7780.
- Olsson, Ola, 2005, Unbundling Ex-Colonies: A Comment on Acemoglu, Johnson, and Robinson, 2001, Working Papers in Economics, Department of Economics, Göteborg University.
- \*Spilimbergo, Antonio, 2009, Democracy and foreign education, *American Economic Review* 99, 1: 528-43.

### III. The Political Economy of International Organizations

#### The World Trade Organization

- \*Rose, Andrew K., 2004, Do We Really Know That the WTO Increases Trade? *American Economic Review* 94, 1: 98-114.
- Rose, Andrew K., 2004, Do WTO Members Have More Liberal Trade Policy? *Journal of International Economics* 63, 2: 209-235.
- \*Rose, Andrew K., 2007, Do We Really Know That the WTO Increases Trade? Reply, *American Economic Review* 97, 5: 2019-2025.
- \*Subramanian, Arvind and Shang-Jin Wei, 2007, The WTO Promotes Trade, Strongly But Unevenly, *Journal of International Economics* 72, 1: 151-175.
- \*Tomz, Michael, Judith L. Goldstein and Douglas Rivers, 2007, Do We Really Know That the WTO Increases Trade? Comment, *American Economic Review* 97, 5: 2005-2018.

#### The United Nations Security Council

- \*Bashir, Omar S. and Darren J. Lim, 2013, Misplaced Blame: Foreign Aid and the Consequences of UN Security Council Membership, *Journal of Conflict Resolution* 57, 3: 509-523.
- \*Bueno de Mesquita, Bruce and Alastair Smith, 2010, The Pernicious Consequences of UN Security Council Membership, *Journal of Conflict Resolution* 54, 5: 667-686.
- \*Bueno de Mesquita, Bruce and Alastair Smith, 2013, Aid. Blame It All on “Easy Money,” *Journal of Conflict Resolution* 57, 3: 524-537.

- \*Dreher, Axel, Vera Eichenauer and Kai Gehring, 2018, Geopolitics, Aid and Growth: The Impact of UN Security Council Membership on the Effectiveness of Aid, *World Bank Economic Review* 32: 268-286.
- Kuziemko, Ilyana and Werker, Eric, 2006, How Much is a Seat on the Security Council Worth? Foreign Aid and Bribery at the United Nations, *Journal of Political Economy* 114: 905-930.
- \*Mikulaschek, Christoph, 2018, The Power of the Weak: How Informal Power-Sharing Shapes the Work of the UN Security Council, Harvard University.
- Vreeland, James Raymond and Axel Dreher, 2014, The Political Economy of the United Nations Security Council. Money and Influence, Cambridge University Press.

#### The International Monetary Fund & the World Bank

- \*Dreher, Axel, Valentin Lang, B. Peter Rosendorff, and James Raymond Vreeland, 2018, Buying Votes and International Organizations: The Dirty Work-Hypothesis, CEPR Discussion Paper.
- \*Dreher, Axel, Valentin Lang and Katharina Richert, 2019, The Political Economy of International Finance Corporation Lending, *Journal of Development Economics*, forthcoming.
- Dreher, Axel, Jan-Egbert Sturm and James Vreeland, 2009, Global Horse Trading: IMF loans for votes in the United Nations Security Council, *European Economic Review* 53: 742-757.
- Dreher, Axel, Stephan Klasen, James Vreeland and Eric Werker, 2013, The costs of favouritism: Is politically-driven aid less effective? *Economic Development and Cultural Change* 62: 157-191.
- \*Kilby, Christopher, 2015, Assessing the impact of World Bank preparation on project outcomes, *Journal of Development Economics*, 115:111-123.