

RURAL SOCIETIES: INSTITUTIONS, HISTORY AND DEVELOPMENT

Course optional

Credits: 3 ECTS

Term: 2º (March-May)

Language: English

Room: 18.0.A14

TEACHER

Prof. Juan Carmona (UC3M)

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Tutorials: arranged by email.

COURSE OUTLINE:

The fact that up to 80% of the active population is employed in agriculture makes the study of agrarian societies a key feature in development economics. This course aims to provide students with a detailed knowledge of institutional economics and contract choice. In particular it shows the problems associated with government organizations, collective action among farm groups, and social capital. It analyzes problems such as technological change, cooperatives, land reform, commodity chains in a historical context, allowing a better understanding of the problems facing policy makers today.

COURSE REQUIREMENTS

The course consists of 22 hours taught in 11 sessions of two hours. Students will be expected to assist all classes, having read the assigned reading (s) so that they can participate in debates. They will be expected to make **three short class presentations** (en groups of 2-3) on the obligatory readings (15 minutes presentation + 5 minutes of comments + 3 questions for the class to debate), and write a short essay of 1,000 words on one of them. In addition, they will have to make **one class presentation** (in group of three) the 13th of May on any subjects linked to the program (20 minutes + 3 questions for debate).

Finally students are expected to write a 2000 word essay on one of the topics of the course. Students are required to follow the basic rules of writing scientific papers, and show an appreciation of both the theoretical literature, and empirical knowledge, of their subject.

EVALUATION

Active participation in class discussion of the readings (20%), presentations (25%), essay on a reading (5%), 2000 word essay (50%). Students can only pass if achieve a minimum of a four (out of ten) for each section, and a minimum of five overall.

Class Participation

Class participation is vital in this class. It is expected that you will have done all of the readings in advance of the class for which they are assigned. For most of the course, we will be discussing the five assigned books. This will consist of a 15-minute student presentation (see below) introducing the main topics, and then a discussion for the remainder of class. You are expected to speak in every class, and you will be graded on the quality of your comments. It will be obvious if you are unprepared, and this will be reflected in your grade.

Homework

With the exception of the first class and the group presentations at the end of the semester, there will be homework due at the beginning of every class. The homework is simple: please come prepared with 5 questions related to the readings for class. They can be questions you would like answered, questions you think would open up conversation, or questions linking multiple readings. These questions can be printed out or hand-written, but you must turn in one copy at the beginning of class. These questions are meant to facilitate conversation. When the conversation stalls, I may choose one of you at random to read one of your questions to the class. Homework will be graded on a 0-2 scale. You will receive 0 points if you do not turn it in, 1 point if it is unclear from your questions whether you have done the reading, and 2 points for a satisfactory job.

Individual Presentations

Each class will be split into two parts, corresponding to two readings. At the beginning of each part of each class, one student will be assigned to present an overview of the material. The presentation should take 15 minutes. Each student will make only one presentation during the semester. Presentations will begin the third week of the semester. I will be randomly assigning each student to a presentation after the second week. Your slot may be subject to change as students add and drop the course.

https://www.jaredcrubin.com/teaching/path_to_modern_economy_syllabus

PROGRAM

Topic 1: Agricultural transformation & economic development (15 March)

Topic 2: The village economy and the state (18 March)

- a) The Moral Economy of the Peasant: a critique
- b) The farmer and the state

Obligatory reading: Banerjee, A. V. and E. Duflo (2007). "The Economic Lives of the Poor." *Journal of Economic Perspectives* **21**(1): 141-167.

Topic 3: Institutions: access to land and land markets (22 March)

- a) Institutional change in a comparative perspective
- b) Property rights and land invasions.

Obligatory reading: Feeny, David (1984), "The Development of Property Rights in land: A Comparative Study", in Bates (Edit), *Toward a Political Economy of Development*, U.C.P, 272-99.

Topic 4: Institutions: credit markets. (25 March)

- a) Credit in agrarian economies.
- b) Why is the impact of microcredit so limited?

Obligatory readings:

Guinnane, T. (1994) "A Failed Institutional Transplant: Raiffeisen's Credit Cooperatives in Ireland, 1894-1914", *Explorations in Economic History*, **31**, pp.38-61;

Topic 5: The economics of contract choice (29 March)

- a) The nature of the farm
- b) Contract choice, state intervention and agrarian growth

Obligatory readings:

Hayami, Y. and Otsuka, K (1993), "Contract choice and Enforcement in an Agrarian Community. The Case of Upland Farming in Indonesia", in Hayami and Otsuka, *The Economics of Contract Choice*, Oxford, pp. 107-127.

Carmona, J. and J. Simpson (1999), "The "Rabassa Morta" in Catalan Viticulture: The Rise and Decline of a Long-Term Sharecropping Contract, 1670s-1920s" *The Journal of Economic History*, Vol. 59, pp. 290-315.

Topic 6: Technological Change (01 April)

- a) Theories of technological change and the farm
- b) Mechanical and biological technologies

Obligatory reading:

Olmstead, A. L. and P. W. Rhode (2001). "Reshaping the Landscape: The Impact and Diffusion of the Tractor in American Agriculture, 1910-1960." *Journal of Economic History* 61(3): 663-698.

Topic 7: Government, commodity chains and vertical integration (08 April)

- a) Farmers and commodity chains
- b) Food regulation and industrial organization.

Obligatory reading:

Fernández, Eva and James Simpson (2017) 'Product quality or market regulation? Explaining the slow growth of Europe's wine cooperatives, 1880-1980', *Economic History Review*, 70, pp.122- 142.

Topic 8: Collective action and social capital (05 April)

- a) Social capital and common-pool resources (CPR)
- b) Institutions and irrigation

Obligatory reading:

Ostrom, E. and R. Gardner (1993). "Coping with Asymmetries in the Commons: Self Governing Irrigation Systems Can Work." *Journal of Economic Perspectives* 7(4): 93-112.

Bardhan, Pranab (2005), *Scarcity, Conflicts and Cooperation*, MIT Press. chapter 11 .

Topic 9. Institutional innovation: the politics of farm cooperatives (12 April)

- a) Farm cooperatives and collective action
- b) Farm cooperatives and government market intervention

Obligatory reading:

O'Rourke, K. (2007). "Culture, conflict and cooperation: Irish dairying before the Great War." *The Economic Journal* 117(October): 1357-1379.

Topic 10: Agrarian reform and government intervention (10 May)

- a) Why agrarian reform?
- b) The state and the village: a case study

Obligatory reading:

Griffin, Kachman & Ichowitz, (2002) "Poverty and the distribution of land." *Journal of Agrarian Change*: 279-330.

Albertus, Diaz-Cayeros, Magaloni & Weingast,(2016), "Authoritarian Survival and Poverty Traps: Land Reform in Mexico" *World Development*, 77, 154-170.

Simpson and Carmona (2017), "Too many workers or not enough land? Why land reform fails in Spain during the 1930s", *Historia Agraria* , 2017, 72, 37-68.

Topic 11: Student presentations (13 May).

- a) Student presentation 1
- b) student presentation 2
- c) Student presentation 3

BIBLIOGRAPHY

A bibliography is assigned for each topic. The readings below are simply for orientation.

General.

- ACEMOGLU, JOHNSON & ROBINSON (2005), "Institutions as a fundamental cause of long-run growth", en *Handbook of Economic Growth*, vol.1A, Elsevier.
- BANERJEE, A. & ESTHER DUFLO (2011), *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*, PublicAffairs
- BARDHAN, Pranab (2005), *Scarcity, conflicts, and Cooperation*, MIT Press.
- BATES, Robert (1989), *Beyond the miracle of the market. The political Economy of the Agrarian Development in Kenya*, Cambridge University Press.
- BEHRMAN, Jere & T.N. SRINIVASAN (1995), *Handbook of Development Economics*, Elsevier. Especially vol. IIIB.
- FEDERICO, Giovanni (2006), *Feeding the world. An economic history of agriculture. 1800-2000*, Princeton, Princeton University Press.
- HAYAMI, Yujiro (1997) *Development Economics. From the Poverty to the Wealth of Nations*, Oxford, Clarendon Press.
- HAYAMI, Yujiro y Vernon W. RUTTAN (1985) *Agricultural Development. An International Perspective*, Baltimore and London, The Johns Hopkins University Press.
- HOFF, Karla, BRAVERMAN Y STIGLITZ (eds), *The Economics of rural Organization*, Oxford University Press.
- MÉNARD, Claude and Mary SHIRLEY (2005), *Handbook of New Institutional Economics*, Springer.
- NORTH, D. (1990), *Institutions, institutional change and economic performance*, Cambridge, CUP [hay traducción castellana].
- (2005), *Understanding the process of economic change*, Oxford, OUP.
- POPKIN, S. (1979). *The Rational Peasant. The Political Economy of Rural Society in Vietnam*. Berkeley, University of California.
- RAY, Debraj (1998) *Development Economics*, Princeton University Press [hay traducción castellana].

Agricultural transformation & economic development

- FEDERICO, Giovanni (2006), *Feeding the world*, Princeton.
- SCHULTZ, Theodore W. (1964:1976) *Transforming Traditional Agriculture*, New Haven and London, Yale University Press.
- BOSERUP, Ester (1965) *The Conditions of Agricultural Growth*, New York, Aldine Publishing Company.
- GRIGG, David (1982) *The Dynamics of Agricultural Change: The Historical Experience*, London, Hutchinson.

Institutions: land and labour markets

- ALSTON, Lee, Gary LIBECAP and Bernardo MUELLER (1997), "Violence and the Development of Property Rights to Land in the Brazilian Amazon", in Droback and Nye (edit), *The Frontiers of the New Institutional Economics*, Academic Press, pp.145-163.
- ALSTON, L. J., HARRIS, and MUELLER. (2012). "The Development of Property Rights on Frontiers: Endowments, Norms, and Politics." *Journal of Economic History* 72: 741-770.
- BARZEL, Yoram (1989), *Economic analysis of property rights*, Cambridge, CUP.
- BOSERUP, Ester, (1984 [1967]), *Población y cambio tecnológico*, Barcelona, Crítica.
- EGGERTSSON, THRAINN (1995), *El comportamiento económico y las instituciones*, Madrid, Alianza, cap. 4 y 8.
- ENSMINGER, Jean (1997), "Changing Property Rights: Reconciling Formal and Informal Rights to Land in Africa", in Droback and Nye (edit), *The Frontiers of the New Institutional Economics*, Academic Press, pp.165-196.
- DEININGER and FEDER (2001), "Land institutions", in Gardner and Rauser (eds), *Handbook of Agricultural and Resource economics*, Vol. 1A, pp.288-331.
- FEDER, Gershon (1993), "The Economics of Land and Titling in Thailand" in Hoff, Braverman y Stiglitz (eds), *The Economics of rural Organization*, Oxford University Press, pp.259-268.
- FEENY, David (1988), "The Development of Property Rights in Land: A Comparative Study", in Robert Bates (edit), *Toward a Political Economy of Development. A rational Choice Perspective*, University of California Press, pp.272-299.
- MINGOT-ADHOLLA, Shem et alii (1993), "Indigenous Land Rights Systems in sub-Saharan Africa: A Constraint on Productivity?" in Hoff, Braverman y Stiglitz (eds), *The Economics of rural Organization*, Oxford University Press, pp.269-291.
- PLATTEAU, Jean-Philippe (1996), "The Evolutionary Theory of Land Rights as Applied to Sub-Saharan Africa: A Critical Assessment", *Development Economics*, 27, 29-86.

The village economy and the state

- POPKIN, S. (1979). *The Rational Peasant. The Political Economy of Rural Society in Vietnam*. Berkeley, University of California.
- SCOTT, J. C. (1976). *The Moral Economy of the Peasant. Rebellion and subsistence in southeast Asia*. New Haven, Yale University Press. D174.33 SCO.
- SCOTT, J. C. (1998). *Seeing like a State*. New Haven, Yale.

Technological change.

- DAVID, Paul. 1975. *Technical Choice, Innovation and Economic Growth*. Cambridge University Press.
- HAYAMI, YUJIRO, AND VERNON RUTTAN. 1985. *Agricultural development: an international perspective*. 2nd ed. Baltimore & London: Johns Hopkins University Press.
- MUNDLAK, Yair (?). 2005. Economic growth: lessons from two centuries of American agriculture. *Journal of Economic Literature*:989-1024.
- OLMSTEAD, ALAN L, AND PAUL W. RHODE. 1993. Induced Innovation in American Agriculture: A Reconsideration. *Journal of Political Economy* 101:100-118.
- 2001. Reshaping the Landscape: The Impact and Diffusion of the Tractor in American Agriculture, 1910-1960. *Journal of Economic History* 61 (3):663-698.
- 2008. *Creating abundance. Biological innovation and American agricultural development*. Cambridge University Press.

The economics of contract choice.

- ALLEN, Douglas and Dean LUECK (2002), *The nature of the farm. Contracts, risk and organization in agriculture*, Cambridge, MIT.
- (2005), "Agricultural contracts", in MÉNARD, Claude and Mary SHIRLEY (edits), *Handbook of New Institutional Economics*, Springer, 465-490.
- BARDHAN, Pranab (1989), *The economic theory of agrarian institutions*, Oxford, Clarendon Press
- BEHRMAN, Jere R., (1999), "Labour Markets in Developing Countries", in *Handbook of labor economics*, volume 3, Elsevier, pp. 2859-2939.
- CARMONA, Juan y James SIMPSON (1999). "The "Rabassa Morta" in Catalan Viticulture: The Rise and Decline of a Long-Term Sharecropping Contract, 1670s-1920s" *The Journal of Economic History*, Vol. 59, No. 2. pp. 290-315.
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- WRIGHT, Gavin (1988) "American agriculture and the labor market: what happened to Proletarianization?", *Agricultural History*, 62-3, pp.182-209.

Government, commodity chains and vertical integration .

- CARMONA, Juan y James SIMPSON (2003), cap.8.
- CLARENCE-SMITH, William Gervase y Stephen TOPIK (2003) "Conclusion New Propositions and a Research Agenda", en *The Global Coffee Economy in Africa, Asia, and Latin America, 1500-1989*, Cambridge University Press, pp.385-410.
- LEWIS, Arthur (1978) *Growth and Fluctuations, 1870-1913*, George Allen & Unwin, London.
- MORILLA, José, Alan OLMSTEAD y Paul RHODE (1999) "Horn of Plenty": the Globalization of Mediterranean Horticulture and the Economic Development of Southern Europe, 1880-1930", *Journal of Economic History*, 59, pp-316-52.
- OLMSTEAD, Alan y Paul RHODE (2003) "Hog-Round Marketing, Seed Quality, and Government Policy: Institutional Change in U.S. Cotton Production, 1920-1960", *Journal of Economic History*, 63, pp.447-88.
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Credit markets

- ARMENDARIZ & MORDUCH (2005), *The economics of microfinance*, MIT Press.
- BENERJEE (2014), Microcredit Under the Microscope: What Have We Learned in the Past Two Decades, and What Do We Need to Know?" *Annual Reviews of Economics*.
- BANERJEE, ESTHER DUFLO, GLENNERSTER, KINNAN (2014), "The miracle of microfinance? Evidence from a randomized evaluation", MIT, working paper.
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Collective action and social capital

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Agrarian Reforms

- ALLEN, ROBERT (1992) Enclosures And the Yeoman, Oxford, Clarendon Press, cap. 14 y 15.
- BANERJEE, A., 1999. "Land reforms: Prospects and Strategies". MIT Department of Economics Working Paper No. 99-24.
- BANERJEE, ABHIJIT, PAUL GERTLER and MAITRESH GHATAK (2002), "Empowerment and Efficiency: Tenancy Reform in West Bengal," *Journal of Political Economy* , Vol. 110 (2), pp 239-280.
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