

George Hu  
12 December 2018  
ECON 0510 Final Essay

The question of policy implementation in development economics commonly faces the first barrier of political institutions (Banerjee & Duflo, 2012). Yet despite the notion of corrupt autocratic regimes in the developing world stifling attempts at poverty alleviation, political institutions, as defined by the prevalence of corruption and adherence to open democracy, are not the single distinctive barrier to economic development (Diamond, 2012). Given the number of exceptions where extractive institutions implement “good policy” and the inherent lack of causal relation between institutions and geographic and economic factors in development, political institutions are irrelevant for many avenues of economic development.

In *Why Nations Fail*, Acemoglu and Robinson (2013) utilize natural experiments to justify their contention that nations which were colonized through extractive institutions have been stuck in a cycle of poor political institutions, preventing economic development; however, these natural experiments over the scope of centuries are riddled with exceptions and confirmation biases. Proponents of this sort of “institutional determinism” point towards example nations with similar environmental factors, like South Korea and North Korea, and explain how their differing institutions—North Korea being extractive based on Soviet influence, and South Korea being inclusive based on western influence—have caused great divides in economic outcomes (Banerjee & Duflo, 2012). Yet while undemocratic corrupt institutions are certainly not ideal, the causal relationship between totalitarianism and stifled economic development has many counter examples, suggesting a not fully sound economic basis (Diamond, 2012). Persian Gulf nations like Qatar and UAE were solely developed under the British who instated extractive institutions based off oil, yet despite the installment of totalitarian monarchies after decolonization, these nations implemented successful public health programs to now rank among the richest in the world, as measured by GDP per capita (Zahlan, 2016). Many other counter examples exist—in spite of Suharto’s iron grip over Indonesia, education infrastructure greatly expanded, which has been shown by (Duflo, 2001) to have increased incomes. The economic incentives of authoritarian regimes are generally self-centered, but that does not necessarily preclude sound economic development policy. Akin to the “bread and circuses” of Ancient Rome, despotic leaders within extractive institutions can occasionally have incentive to appease the populace through national welfare, which has definitively occurred many times in the past (Banerjee & Duflo, 2012).

Furthermore, there exist many avenues of economic development, such as geographic disease prevalence, female agency, and local nutrition that are completely irrelevant to political institutions. The presence of malaria or other vector-borne diseases in the first place is not contingent on political institutions; Northwest Europe, including Britain and other nations, had an inherent advantage in economic development compared to Sub-Saharan Africa (Diamond, 2012). The agency of women, which has been shown to have positive outcomes on family sizes and investment in offspring, is often not dependent on institutions as well; Southeast Asia, in particular Vietnam, historically has had favorable family planning outcomes (lower birthrates and fewer “missing women”) due to their ancient societies developing with matrilineal heads in the region (Sen, 1990). On the other hand, patriarchal aspects dominated in most other nations irrelevant of whether it was an extractive or inclusive institution (Sen, 1990). Similarly, sufficient nutritional intake, as defined by macro and micronutrient consumption, has many facets unrelated to political institutions (Zimmermann et al., 2005). Economists hypothesize that

height deficiencies in India are due to the regional cuisine being low in protein (Shridhar et al., 2014), and a randomized control trial by Zimmermann et al. shows that cereal-based diets in parts of the developing world, like rural Morocco, contribute greatly to iron deficiency.

Political institutions, which through corruption and other measures cast doubt on policy implementation, should remain a pertinent concern for development economics. Yet to relate many improvable economic factors unrelated to institutions and ignore counterexamples to political institutions being the sole determinant of development is folly; international public health must be examined with institutions in mind, but also with environmental, cultural, and economic factors tantamount.

#### References

- Acemoglu, D., & Robinson, J. A. (2013). *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*. New York, NY: Crown Business.
- Banerjee, A. V., & Duflo, E. (2012). *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*. New York, NY: PublicAffairs.
- Diamond, J. (2012, June 7). What Makes Countries Rich or Poor? Retrieved from <https://www.nybooks.com/articles/2012/06/07/what-makes-countries-rich-or-poor/>
- Duflo, E. (2001). Schooling and Labor Market Consequences of School Construction in Indonesia: Evidence from an Unusual Policy Experiment. *American Economic Review*, 91(4), 795-813. doi:10.1257/aer.91.4.795
- Sen, A. (1990, December 20). More Than 100 Million Women Are Missing. Retrieved from <https://www.nybooks.com/articles/1990/12/20/more-than-100-million-women-are-missing/>
- Shridhar, K., Dhillon, P. K., Bowen, L., Kinra, S., Bharathi, A. V., Prabhakaran, D., . . . Ebrahim, S. (2014). Nutritional profile of Indian vegetarian diets – the Indian Migration Study (IMS). *Nutrition Journal*, 13(1). doi:10.1186/1475-2891-13-55
- Zahlan, R. S. (2016). *The Making of the Modern Gulf States: Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman*. London: Routledge, Taylor and Francis Group.
- Zimmermann, M. B., Chaouki, N., & Hurrell, R. F. (2005). Iron deficiency due to consumption of a habitual diet low in bioavailable iron: A longitudinal cohort study in Moroccan children. *The American Journal of Clinical Nutrition*, 81(1), 115-121. doi:10.1093/ajcn/81.1.115

George,

Nice essay! Well written and perfectly discussed.

5