

Statistical Methods for Cross-National Research

Adam Przeworski

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This is an advanced seminar devoted to conceptual, statistical, and practical problems entailed in identifying causes in history. A "seminar" is a forum for a collaborative exploration of ideas, and this is what this seminar will be. While the final question is "how to?," which is to say methodological, we will spend at least one half of the course studying explanations of development and underdevelopment of particular countries or regions. Only then will we delve into analytical issues: concepts of causation, problems generated by endogeneity, and finally assumptions required to identify causes. The entire course is just a fishing expedition, which may end up without providing answers. Hence, the course will probably contribute little to further your academic career, which is more safely pursued by using the same methods everyone else does.

Note that we will run into some subtle mathematical and statistical issues. Hence, you will need some statistical background (at the level of Quant II) and some understanding of dynamic difference and differential equations.

Class meetings will combine lectures, student presentations, and discussions. A final paper will be the main basis for grading. The pace of the course will depend on student progress.

If possible, read in the order indicated.

Note: The course will meet twice a week during the first seven weeks of the semester, so that students will have the remainder of the period to write papers. The first class meeting will be on Wednesday, January 18.

1. Introduction

Why did the Industrial Revolution occur in England? Why did some countries develop and others did not? What is history? Why does the past predict the future? Causality in history. Events and conditions. Structures and actions. Path-dependence. Causality and counterfactuals. Endogeneity. Identifying causal effects.

2. The "Mechanics" of Development

The Lucas model as a benchmark. Is this all we can say about international differences of development? Determinism, contingency, probability, and indeterminacy.

Read:

Lucas, Robert E. Jr. 2000. "Some Macroeconomics for the 21st Century." *Journal of Economic Perspectives* 14: 159-168.

3. "Geography" vs. Institutions: Reversals?

Does "reversal" constitute sufficient evidence for the irrelevance of "geography"? Endogeneity. Were fortunes reversed? Initial conditions, constant conditions, transitory conditions, crucial events.

Read:

Sachs, Jeffrey D. 2001. "Tropical Underdevelopment." *NBER Working Paper* 8119. <http://www.nber.org/papers/w8119>.

Acemoglu, Daron, Simon Johnson, and James A. Robinson. 2002. "Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution." *The Quarterly Journal of Economics* 117: 1231-1294.

Przeworski, Adam. 2004. "Geography vs. Institutions: Were Fortunes Reversed?" Ms. Department of Politics, New York University.

4. Why England and not China?

Why did England take off in the 18th century and China did not until recently? Why did the industrial revolution occur in England and not on the Continent? How to identify causes?

Read:

Mokyr, Joel. 1990. Chapters 9 and 10 from *The Lever of Riches: Technological Creativity and Economic Progress*. New York: Oxford University Press.

Pomeranz, Kenneth. 2000. "Introduction" to *The Great Divergence*. Princeton: Princeton University Press.

5-6. Why did X "fall behind"?

Is this a right question? What should be the norm? Are causes idiosyncratic to countries or regions?

Read:

Collier, Paul, and Jan Willem Gunning. 1999. "Why Has Africa Grown Slowly?" *Journal of Economic Perspectives* 13: 3-22.

Good, David F., and Tongshu Ma. 1999. "The economic growth of Central and Eastern Europe in comparative perspective, 1870-1989." *European Review of Economic History* 2: 103-37.

Kuran, Timur. 2004. "Why the Middle East is Economically Underdeveloped: Historical Mechanisms of Institutional Stagnation." *Journal of Economic Perspectives* 18: 71-90.

Przeworski, Adam, and Carolina Curvale. 2005. "Does politics explain the economic gap between the United States and Latin America?" Paper presented at the Seminar on "Why Latin America Fell Behind?" Buenos Aires: Universidad di Tella.

Roy, Tirthankar. 2002. "Economic History and Modern India." *Journal of Economic Perspectives* 16: 109-130.

7. Back to a General Framework

Patterns of development. Turning points. Growth regimes. Are institutions the cause?

Read:

Reynolds, Lloyd G. 1983. "The Spread of Economic Growth to the Third World." *Journal of Economic Literature* 21: 941-980.

Pritchett, Lant. 2000. "Understanding Patterns of Economic Growth: Searching for Hills among Plateaus, Mountains, and Plains." *World Bank Economic Review* 14: 221-50.

Jerzmanowski, Michał. 2006. "Empirics. of hills, plateaus, mountains, and plains: a Markov-switching approach to growth." *Journal of Development Economics* 81: 357-85.

8. Historical Explanations

Causality. Determinism. Teleology. Functionalism. Contingency: structure and agency. Indeterminacy.

Read:

Kim, Jeagwon. 1999. "Causation." In Robert Audi (ed.), *The Cambridge Dictionary of Philosophy*. 2nd edition. Cambridge: Cambridge University Press.

Carr, Edward Hallett. 1967 [1961]. Chapter 4 of *What Is History?* New York: Vintage Books.

9. Causal Mechanisms

Initial conditions plus increasing returns. Constant conditions. Transitional conditions. Non-linearities. and traps. Crucial events. Path dependence. Alternative mechanisms that generate path dependence.

Read:

Page, Scott E. 2006. "Path Dependence." *Quarterly Journal of Political Science* 1: 87-115.

10. Causality and Counterfactuals

Can causality be assessed without counterfactuals? The logical problem with counterfactuals. Causality and manipulability. Disciplining counterfactuals. Causality and endogeneity.

Read:

Holland, Paul W. 1986. "Statistics and Causal Inference." *Journal of the American Statistical Association* 81: 945-960.

Przeworski, Adam. Forthcoming. "Is the Science of Comparative Politics Possible?" In Charles Boix and Susan C. Stokes (eds.), *Oxford Handbook of Comparative Politics*. New York: Oxford University Press.

11. Which Counterfactuals?

Justifying counterfactuals. Using actual observations. Using perceived but unrealized possibilities. Using theories. Other possibilities?

Read:

Kaniyathu, Sunny John. 2006. "Counterfactuals to Colonialism." Ms. Department of Politics, New York University.

Hawthorne, Geoffrey. 1991. Chapters 1 and 5 of *Plausible Worlds*. Cambridge: Cambridge University Press.

12. Endogeneity and Causality

Hierarchy of causes. Causal primacy. Conditions and actions. Historical trajectories. What if everything is endogenous?.

Read:

Przeworski, Adam. 2004. "The Last Instance? Are Institutions the Primary Cause of Economic Development?" *European Journal of Sociology* 15: 165-188.

Skim:

Galor, Oded, and David N. Weil. 2000. "Population, Technology, and Growth: From Malthusian Stagnation to the Demographic Transition and Beyond." *American Economic Review* 90: 806-828.

13. Overview

How to evaluate causal explanations? Statistical approaches. "Natural experiments." Analytical narratives. Should we accept idiosyncratic explanations?

Read:

Dunning, Thad. 2005. "Improving Causal Inference: Strength and Limitations of Natural Experiments." Paper presented at the Annual Meeting of the American Political Science Association, Washington, D.C., September 5.