



# Institutions and Development

Raul V. Fabella  
School of Economics  
University of the Philippines



# I. Emerging Mantras



## **Mantra 1: “Institutions Matter.”**

(North, 1990; Rodrik, Subramanian and Trebbi, 2002; Rodrik, 2002; Acemoglu et al, 2001.)



# I. Emerging Mantras



## **Mantra 2: “Geography Matters Indirectly.”**

(Sachs, 2002; Diamond, 1997; Landes, 1999; Bloom and Sachs, 1998.)



# I. Emerging Mantras



**Mantra 3: “Policies DO NOT matter  
as much in the long run.”**  
(Rodrik, Subramanian & Trebbi, 2002;  
Levine & Easterly, 2002)



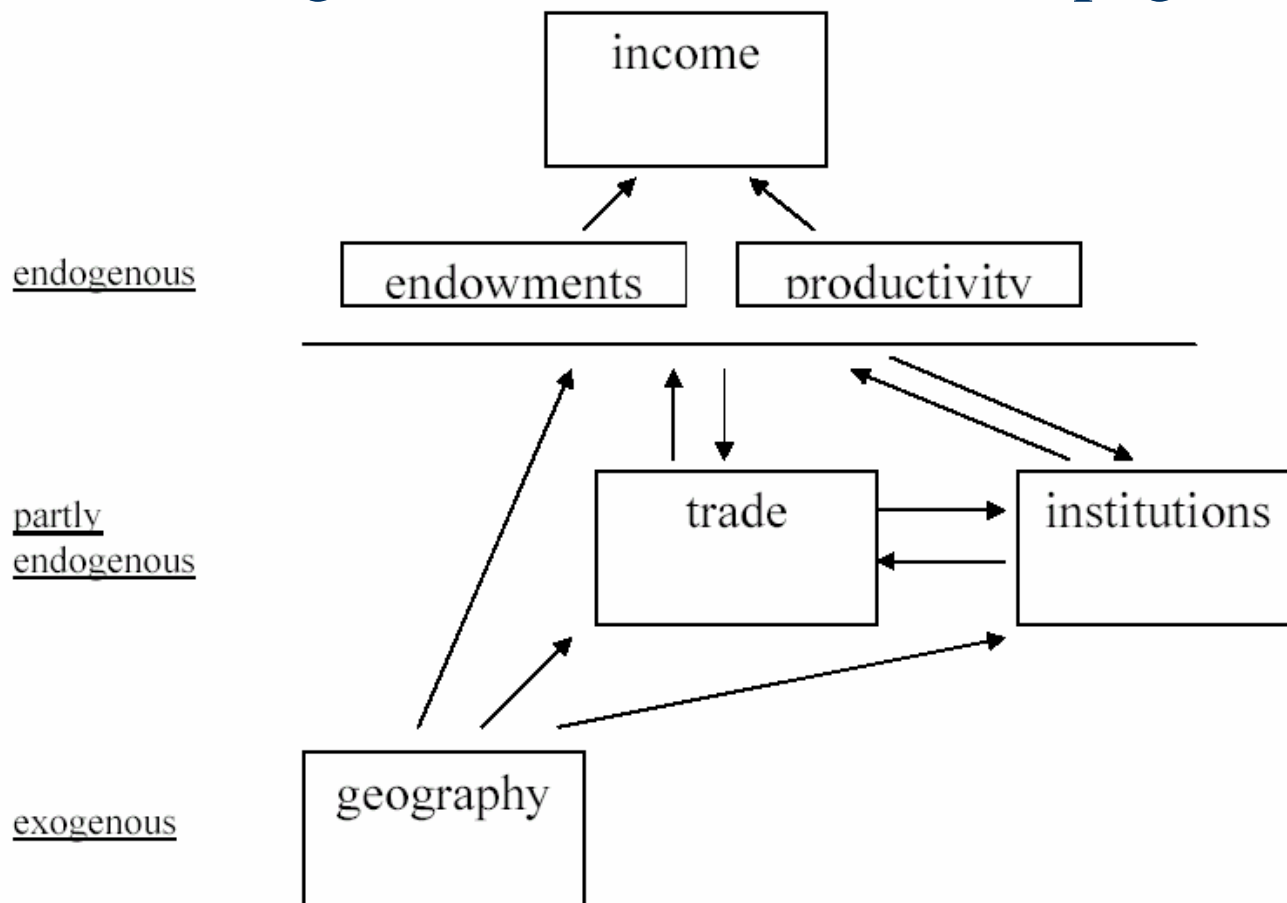
# I. Emerging Mantras



**Mantra 4: “Institutions are Endogenous.”**  
(Aghion, Alesina and Trebbi, 2002;  
Rodrik, 1999.)

# II. Geography, Integration, and Institutions, Rodrik (Feb 2002)

All of growth economics in one page





# III. Questions



**Question 1:** What are the pathways from institutions to economic outcomes?  
(e.g., North, 1990; Shleifer & Vishny, 1998)



# III. Questions



**Question 2:** How do we get rid of bad institutions?  
(e.g., Rodrik, 1999; Root, 1999)

## IV. From Institutions to Collective Action

1. State, Tax, Public Goods
2. Instances of Failure:
  - ◆ The Luzon Expressway
  - ◆ NAIA 3
  - ◆ SUCs
  - ◆ Basketball



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# V. Flowers in the Desert

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1. Telco Revolution
2. Manila Water
3. NLEX



## VI. Are There Lessons Here?