

# Development, Sustainability & Culture (WM0942TU): work group 1b

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# Today

- You have read Acemoglu & Robinson, Chapter 3
- Very short repetition of teaching about institutions
- Case: Video on Bordertown
- Institutional Analysis of your country & project

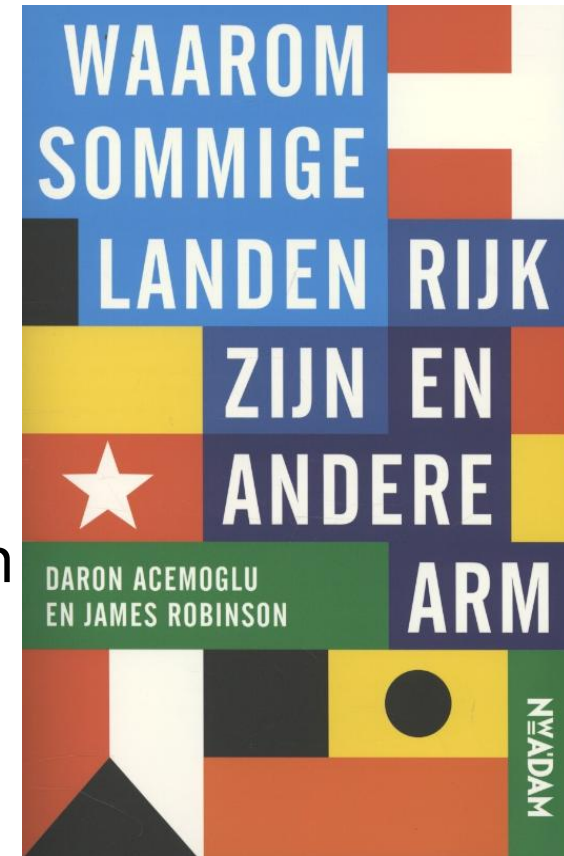
# Institutie

- Woordenboek: instelling
- Instelling = organisatie (Engelstalig), manier van denken en voelen (dat is het niet!), vastgesteld gebruik, gewoonte
- Sociologie = sociale ordening, regels
- Omgekeerde van chaos, wanorde, ongeregelde bende

# Theory of Acemoglu & Robinson

Geeft antwoord op vragen als:

- Hoe heeft het Westen zich ontwikkeld?
- Wat zijn de oorzaken en achtergronden van de ontwikkelingsproblematiek?
- Achterblijvende of onderontwikkeling?



# What is the theory of Acemoglu & Robinson?

- Striking examples from the book?
- Key concepts?
- What is the mechanism?



## Reading (from chapter 15)

De kern van onze theorie is dat er een nauw verband bestaat tussen inclusieve economische en politieke instituties en welvaart. Inclusieve economische instituties, die eigendomsrechten beschermen, voor een gelijk speelveld zorgen en investeringen in nieuwe technologieën en vaardigheden stimuleren, dragen meer bij aan economische groei dan extractieve economische instituties, die erop gericht zijn de massa uit te buiten ten bate van een kleine minderheid en die geen bescherming van eigendomsrechten bieden of economische activiteit stimuleren. Inclusieve economische instituties worden ondersteund door en ondersteunen op hun beurt weer inclusieve politieke instituties. Dat zijn instituties die zorgen voor een brede en pluralistische spreiding van de politieke macht en voor een bepaalde mate van politieke centralisatie; hierdoor wordt het mogelijk rust en orde te brengen, de basis te leggen voor de bescherming van eigendomsrechten en een inclusieve markteconomie te creëren.

# Bordertown (2006)

- Series of female homicides in Juarez, Mexico (“feminicidio”)
- Murders not solved
- JL is an American journalist unraveling the wrong, taking great risks
- Backgrounds?



# Backgrounds: institutions in Bordertown

- What is new & surprising for JL? How does Bordertown differ from situations in the USA when it comes to “institutions”?
- Institutions constitute incentives. What institutions are directly “incentivizing” the murders in Bordertown?
- What (other) institutions are responsible for the murder cases not being solved?

# Incentives

- Patriarchal backlash against working women, in the competition for work between men and women
- Organized crime, including prostitution

# Causes of murders not being solved

- Machismo & Marianismo ideologies
- Organized crime and drug trafficking
- Maquiladora assembly plants industry / NAFTA (1994)  
→ huge economic interests protected by the Mexican government
- Dysfunctional justice system
- In sum: failed state, no law enforcement, because of “extractive institutions” situation; ordinary people have no power

## 2. Institutional Analysis (part 1: the country)

- Read and use: Acemoglu & Robinson, Chapter 3
- What is the character of the political institutions? Inclusive or extractive?
  - Democracy (one person one vote / equal rights) or autocratic rule (favours & corruption)?
  - Pluralism or control by elite?
  - Meritocracy or heredity?
  - Private or state property?
- What is the character of the economic institutions? Free market / level playing field vs monopolies / state-owned companies
- What is the measure of centralization of the state? Is there a strong state, able to enforce law and order? Or are the institutions “empty”, not working?

## 2. Institutional Analysis (part 2: the internship project)

- Which institutions are relevant for your internship project?
- Make an assessment of these institutions in terms of inclusive and extractive
- Which reforms are necessary to guarantee the development success of your project?
- Or, practical, what can you do to neutralize negative institutions?

- Discuss in your (internship) groups the issues of the Institutional Analysis

# Questions

## Country:

- What is the character of the political institutions? Inclusive or extractive?
  - Democracy (one person one vote / equal rights) or autocratic rule (favours & corruption)?
  - Pluralism or control by elite?
  - Meritocracy or heredity?
  - Private or state property?
- What is the character of the economic institutions? Free market / level playing field vs monopolies / state-owned companies
- What is the measure of centralization of the state? Is there a strong state, able to enforce law and order? Or are the institutions “empty”, not working?

## Internship:

- Which institutions are relevant for your internship project?
- Make an assessment of these institutions in terms of inclusive and extractive
- Which reforms are necessary to guarantee the development success of your project?
- Or, practical, what can you do to neutralize negative institutions?

# Assignments

- This Friday:
  - submit Institutional Analysis
  - two feedbacks on the Development & Poverty Analysis
- Before next week workgroup, read
  - Kroesen Chs 1, 6 & 7
  - Kroesen 3 page summary Ubuntu paper
- Next week Friday: two feedbacks on Institutional Analysis