CALL FOR PAPERS:

ECONOMICS OF TRANSITION SYMPOSIUM ON
INSTITUTIONS AND ECONOMIC PERFORMANCE

Economics of Transition invites submissions for a symposium on Institutions and Economic Performance to be published in a future issue of the journal. Papers will be presented in a special session at the Annual International Conference on Transition Economics organized by the William Davidson Institute (WDI) and the Centre for Economic Policy Research (CEPR) that will take place in Hanoi, Vietnam, May 27-30, 2004.

The role of institutions in the development process has received a lot of attention in recent years. This is motivated by increasing sophisticated documentations of the extent to which institutions vary across countries, and evidence that suggests that economic performance is positively correlated with the quality of institutions, at least if we set the benchmark to be the institutional environment that prevails in the OECD countries.

The question, of course, is to what extent we can interpret these relationships as causal links, worthy of the attention of policy makers. The fact that economic performance and quality of institutions clearly affect each other – e.g., more developed countries can afford to have better institutions - makes it hard to interpret this correlation. Moreover it is entirely possible that both institutions and economic development are driven by some third underlying factor, such as culture or geography or natural resources.

Very recently there has been a spurt in empirical research trying to address these questions in innovative ways, often based on new data sets. While insightful, it is hard to argue that these studies have entirely settled the issue of the effect of institutions on economic performance.

There is clearly scope for further work that offers fresh thinking about the identification issues, using new data sets or novel natural experiments. There are, in addition, some conceptual problems with the literature as it stands that need to be addressed.

First, “institutions” is a broad term. In the literature mentioned above, these are implicitly taken to be those that relate to the security of property rights and how unrestricted trade and contracting possibilities are. But often these are black-boxed in a way that suggests that anything that promotes economic development is a potential candidate for a good institution. We need to disaggregate or unbundle institutions.

Second, according to Douglass North institutions are rules of the game. There are millions of games that govern our social, political and economic life, and interact
in complex ways to affect economic performance. Marriage is an institution, so is the process to choose policy makers, and regulations faced by a new entrepreneur. Looked at this way, institutions must matter. It is comforting to know that at the aggregate level there is evidence suggesting that they do. However it is a bit like saying people respond to incentives. What conclusions one draws from that – for example, whether one should offer tax cuts, or give immunity to murderers - is not clear. We need to know which games are more important, and given that, what rules work better.

Third, institutions are chosen. This choice may reflect a transactions-cost minimizing process. It may reflect the social preferences – say between equity and efficiency. It may reflect a credible signal on the part of the policymakers as to their vision for the future. It may be the result of a complex collective action problem whose outcome is not necessarily efficient. All this suggest that institutional transplantation represents a huge leap of faith. We need to know more about institutional choice.

Fourth, current institutions may create interest groups, winners and losers, and shape preferences and expectations in a way that constrains future institutional choice. Therefore, institutional transition is a difficult problem to study, and one where we might expect significant history dependence. We need to know more about the dynamics of institutional change.

We solicit papers, theoretical or empirical, which throw new light on these questions as well as carry forward the existing research programme that seeks to evaluate the effect of institutions on economic performance using novel methods and/or new data sets.

If your paper is selected, you will be invited to present it in a special session entitled *Institutions and Economic Performance* at the Annual International Conference on Transition Economics organized by the William Davidson Institute (WDI) and the Centre for Economic Policy Research (CEPR) that will take place in Hanoi, Vietnam, May 27-30, 2004. These papers will be considered for publication in a special issue of the journal subject to the usual refereeing process.

**Submissions should be sent no later than December 15, 2003. Authors will receive an initial response by February 15th 2004. We will accept submission either by hardcopy or in electronic format.**

You also need to register for the Annual International Conference on Transition Economics by filling in an application at: [http://www.wdi.bus.umich.edu/events/ann_int_conf_04.htm](http://www.wdi.bus.umich.edu/events/ann_int_conf_04.htm)

Please state that you are submitting your paper for the *Economics of Transition* symposium on *Institutions and Economic Performance*. 
Please send electronic submission in PDF format with the subject line 'Institutions and Economic Performance symposium submission' to: eot@ucl.ac.uk

For hardcopy submission, please send four (4) copies of the manuscript to:

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