

Essays on Economic Theory of Underdevelopment Traps

ピセ, セイン

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氏 名 : Peseth Seng (ピセ セイン)
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論 文 内 容 の 要 旨

While many countries have been developing at amazing speed, a group of countries at the bottom are falling behind and falling apart, getting stuck in underdevelopment traps. Designing effective development policies that can get those countries out of the traps requires critical understanding of the causes of these traps. This dissertation provides theoretical economic analysis on the issues related to economic development and underdevelopment traps.

Chapter 1 presents the basic concepts of underdevelopment traps, and the overview of this dissertation, by including discussion on the significances of the main issues analyzed in the subsequent chapters.

Chapter 2 is a survey of theoretical literature on political economy of development. It discusses theories that explain the political and institutional foundations of economic performance and public accountability. This review aims at obtaining some insights into two fundamental issues in political economy of development: (1) identifying appropriate political institutions conducive to economic development; and (2) holding a government accountable and virtuous.

Chapter 3 develops an economic model of the resource curse, one common cause of underdevelopment traps, by incorporating the role of institution and foreign investment. Recent literature has stressed that poor institution, such as rent-seeking and patronage, is the cause of the curse. Recent trend also shows an increasing role of new source of foreign investment from the South, especially, in the resource sector of developing countries. Motivated by this trend, this chapter proposes a new model to analyze whether the institutions of the source countries of foreign investment matter for development when the resource curse is considered. The prevalence of South investors may become complementarity of domestic rent-seekers, by raising the profitability of rent-seeking activity relative to production. This may crowd out entrepreneurs from production sectors of the economy and results in the country get stuck in the higher rent-seeking activity and lower development equilibrium.

Chapter 4 develops a model of intergenerational cultural transmission of underdevelopment traps. This model provides the analysis on the interaction between the development of social capital (trustworthiness) and the development of traditional production (natural resource-based and agricultural production) looking from the perspective of cultural economics. Some reforms or policies that may leads to the development of traditional production vis-à-vis that of the modern production may ruin the development of social capital, which eventually cause the economy to be caught in the traps of low social capital and less efficient production.

Chapter 5 constructs a principal-agent model that gives insights into the understanding of the persistence of corruption from the perspective of political economics. Political expectation or beliefs of the voters about the corruption can be self-fulfilling, which eventually creates vicious cycle of persistent high corruption and low development trap. In democratic regime, election and voting mechanism created by the voters are tools that hold the politicians accountable and refraining from corrupted behaviors. That is, to vote for the good politician (reward), but against the bad one (punishment). However, the voters who are skeptical about corruption, holding the beliefs that all politicians are similarly corrupted, tends to be more tolerant of corrupted behaviors. Such skepticism and tolerance will create a voting mechanism that is less effective in holding the politician accountable.

Chapter 6 provides the summary of main results in the dissertation, with suggestion on policy implications and direction for future research.