

14.773: Political Economy of Institutions and Development

Daron Acemoglu and Benjamin Olken

Spring 2013

This course is intended as an introduction to the newly emerging field of political economy of institutions and development. Its purpose is to give you both a sense of the frontier research topics and a good command of the tools in the area. The reading list is intentionally long, to give those of you interested in the field an opportunity to dig deeper into some of the topics in this area. The lectures will cover the material with *'s in detail and also discuss the material without *'s, but in less detail.

Grading: The course grade will be a combination of a final exam and approximately 6 problem sets, with 25% weight on problem sets.

Course Information:

Professors

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Lecture

TTh 10:30-12, E51-151

Recitation

F 16-17.30, E51-151

1 Introduction

1.1 Does Political Economy Matter? (DA, 1 lecture)

1. Acemoglu, Daron, *Lecture Notes*, Chapters 1 and 2.
2. * Acemoglu, Daron, Johnson, Simon and Robinson, James A. (2001) "The Colonial Origins of Comparative Development: An Empirical Investigation," *American Economic Review*, 91, 1369-1401.
3. * Acemoglu, Daron, Johnson, Simon and Robinson, James (2002) "Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution," *Quarterly Journal of Economics*, 107, 1231-1294.
4. * Acemoglu, Daron (2003) "Why Not a Political Coase Theorem?" *Journal of Comparative Economics*, 31, 620-652.
5. Acemoglu, Daron (2005) "Constitutions, Politics, and Economics: A Review Essay on Persson and Tabellini's the Economic Effects of Constitutions" *Journal of Economic Literature*, XLIII, 1025-1048.
6. * Acemoglu, Daron, Johnson, Simon and Robinson, James (2006) "Institutions as a Fundamental Cause of Long-Run Growth" in *Handbook of Economic Growth*, Aghion, Philippe and Durlauf, Steven, eds. Amsterdam; North-Holland.
7. * Acemoglu, Daron and Robinson, James (2006) *Economic Origins of Dictatorship and Democracy*, Cambridge University Press, Chapters 1 and 2.
8. Acemoglu, Daron, Davide Cantoni, Simon Johnson and James A Robinson (2011) "The Consequences of Radical Reform: The French Revolution," *American Economic Review*, 101(7): 3286-3307.
9. Allen, Robert C. (1982) "The Efficiency and Distributional Consequences of Eighteenth Century Enclosures," *Economic Journal*, 92, 937-953.
10. Banerjee, Abhijit and Iyer, Lakshmi (2005) "History, Institutions and Economic Performance: The Legacy of Colonial Land Tenure Systems in India." *American Economic Review*, 95, 1190-1213.
11. * Dell, Melissa (2011) "The Persistent Effects of Peru's Mining Mita," *Econometrica*. 2010;78(6):1863-1903.
12. Demsetz, Harold (1967) "Toward a Theory of Property Rights," *American Economic Review*, 57, 61-70.

13. * Jones, Benjamin F. and Olken, Benjamin A. (2005) "Do Leaders Matter? National Leadership and Growth Since World War II," *Quarterly Journal of Economics*, 120, 835-864.
14. La Porta, Rafael, Lopez-de-Silanes, Florencio, Shleifer, Andrei, and Vishny, Robert W. (1998) "Law and Finance," *Journal of Political Economy*, 106, 1113-1155.
15. * North, Douglass C. and Weingast, Barry R. (1989) "Constitutions and Commitment: Evolution of Institutions Governing Public Choice in Seventeenth Century England," *Journal of Economic History*, 49, 803-832.
16. Pande, Rohini and Udry, Christopher (2005) "Institutions and Development: A View from Below," in the *Proceedings of the 9th World Congress of the Econometric Society*, Blundell, Richard, Newey, W., and Perrson, Torsten.
17. Persson, Torsten and Tabellini, Guido (2003) "The Economic Effects of Constitutions: What Do the Data Say?" *MIT Press*, Cambridge.
18. * Udry, Christopher and Goldstein, Markus (2008) "The Profits of Power: Land Rights and Agricultural Investment in Ghana," *Journal of Political Economy*, 116(6): 981-1022.

2 Modeling of Political Economy

2.1 Static Models (DA, 2 lectures)

This lecture will provide an introduction to models of collective choice and voting, and will consider an application of voting with multidimensional policy spaces to the problem of clientelism in the context of development economics.

1. * Acemoglu, Daron, *Lecture Notes*, Chapter 4.
2. * Acemoglu, Daron (2008) *Introduction to Modern Economic Growth*, Chapter 22.
3. Acemoglu, Daron and Robinson, James (2006) "Chapter 4: Democratic Politics" and "Appendix to Chapter 4: Distribution of Power in Democracy" in *Economic Origins of Dictatorship and Democracy*, Acemoglu, Daron and Robinson, James, eds. Cambridge University Press.
4. Austen-Smith, David and Banks, Jeffrey (1999) *Positive Political Theory: Collective Preference*, Ann Arbor; University of Michigan Press.
5. * Lindbeck, Assar, and Weibull, Jorgen W. (1987) "Balanced-Budget Redistribution as the Outcome of Political Competition." *Public Choice* 52: 273-297.

6. Person, Torsten and Tabellini, Guido (2000) *Political Economics: Explaining Economic Policy*, Cambridge; The MIT Press, Chapters 2, 3 and 6.

2.2 Review of Dynamic Games (recitation material)

This review lecture will go over the analysis of dynamic games, in particular, differences between Markov Perfect Equilibria and Subgame Perfect Equilibria, their properties and how they can be computed in simple games.

1. * Acemoglu, Daron, *Lecture Notes*, Chapter 3.
2. * Fudenberg, Drew and Tirole, Jean (1991) *Game Theory*, Cambridge; MIT Press. Chapters 4, 5 and 13.
3. * Acemoglu, Daron (2008) *Introduction to Modern Economic Growth*, Appendix Chapter C.

2.3 Introduction to Dynamic Voting and Constitutional Choice (DA, 2 lectures)

This lecture provides a basic introduction of voting over a distributive policies in dynamic models, and contrasts myopic versus non-myopic behavior by voters. It will also introduce ideas related to endogenous institutions and laws. We will focus on dynamic, game-theoretic models.

1. * Acemoglu, Daron, *Lecture Notes*, Chapters 6, 7, 22 and 23.
2. * Acemoglu, Daron, Egorov, Georgy and Sonin, Konstantin (2008) “Coalition Formation in Non-democracies.” *Review of Economic Studies*, 75: 987-1009.
3. * Acemoglu, Daron, Golosov, Michael and Tsyvinski, Aleh (2010) “Power Fluctuations and political economy” *Journal of Economic Theory*, 146(3): 1009-1041.
4. * Acemoglu, Daron, Egorov, Georgy and Sonin, Konstantin (2012) “Dynamics and Stability of Constitutions, Coalitions and Clubs,” *American Economic Review*, 102(4): 1446-76.
5. * Acemoglu, Daron, Georgy Egorov and Konstantin Sonin (2012) “Markov Voting Equilibria,” mimeo.
6. Acemoglu, Daron, Egorov, Georgy and Sonin, Konstantin (2012) “Social Mobility and Support for Democracy,” mimeo.
7. Alesina, Alberto and Rodrik, Dani (1994) “Distributive Politics and Economic Growth” *Quarterly Journal of Economics*, 109: 465-490.

8. * Barbera, Salvador and Jackson, Matthew (2004) "Choosing How to Choose: Self-Stable Majority Rules and Constitutions," *Quarterly Journal of Economics*, 119, 1011-1048.
9. Benabou, Roland and Efe A. Ok. (2001) "Social Mobility And The Demand For Redistribution: The Poupou Hypothesis" *Quarterly Journal of Economics*, 116(2): 447-487.
10. * Dixit, Avinash, Grossman, Gene M., and Gul, Faruk (2000) "The Dynamics of Political Compromise," *Journal of Political Economy* 108, 531-568.
11. Hassler Jon, Mora, Sevi, Storlesseten, Kjetil and Zilibotti, Fabrizio (2003) "Survival of the Welfare State," *American Economic Review*, 93, 87-112.
12. Mailath, George J., Morris, Stephen and Postelwaite, Andrew (2001) "Laws and Authority," <http://www.princeton.edu/~smorris/pdfs/laws&authority.pdf>
13. * Roberts, Kevin (2005) "Dynamic Voting in Clubs." Mimeo.

3 Modeling Institutions

This part of the course will focus on using the insights from the previous part to develop political economy models of institutions where we study simultaneously the consequences and the origins of institutions.

3.1 Economic Institutions under Elite Domination (DA, 1 lecture)

This lecture presents some tractable models of the determination of economic institutions and policies when a particular group is in power. The potential inefficiencies that arise because of the desire of the group in power to extract rents is contrasted with policy determination in the classical public finance approach.

1. * Acemoglu, Daron, *Lecture Notes*, Chapter 11.
2. * Acemoglu, Daron (2005) "Modelling Inefficient Institutions," *Advances in Economic Theory World Congress 2006*, <http://economics.mit.edu/files/5697>
3. Acemoglu, Daron and Robinson, James A. (2006) "Economic Backwardness in Political Perspective," *American Political Science Review*, 100(1): 115-131.
4. * Acemoglu, Daron (2008) *Introduction to Modern Economic Growth*, Chapter 22.
5. Atkinson, Anthony and Stiglitz, Joseph E. (1980) *Lectures on Public Economics*, New York; McGraw-Hill, Chapter 11

6. Mirrlees, James (1985) "The Theory of Optimum Taxation", in the *Handbook of Mathematical Economics*, eds. Arrow and Intriligator, Vol.III, North-Holland, 1985

3.2 The Role of the State and Different Political Regimes (DA, 1 lecture)

This lecture will discuss how democratic and oligarchic societies may generate different types of growth-enhancing and growth-retarding policies, and how inefficient political systems may endogenously change or remain in place despite their adverse effects. This will open the way for the later discussion of the endogenous emergence of (political) institutions. It will also discuss the role of the state in fostering or preventing economic growth.

Lecture: Tuesday, March 20.

1. * Acemoglu, Daron, *Lecture Notes*, Chapters 14 and 15.
2. * Acemoglu, Daron (2005) "Politics and Economics in Weak and Strong States" *Journal of Monetary Economics*, 52, 1199-1226.
3. * Acemoglu, Daron (2008) *Introduction to Modern Economic Growth*, Chapter 23.
4. * Acemoglu, Daron (2008) "Oligarchic versus Democratic Societies," *Journal of European Economic Association*, 6(1):1-44.
5. Besley, Timothy and Persson, Torsten (2011) *Pillars of Prosperity: The Political Economics of Development Clusters*, Princeton University Press.
6. Ellickson, Robert C. (1991) *Order Without Law*, Cambridge: Harvard University Press. Part I Shasta County.
7. Evans, Peter (1989) "Predatory, Developmental and Other Apparatuses: A Comparative Political Economy Perspective on the Third World State," *Sociological Forum*. 4(4):561-587 (December, 1989).
8. Herbst, Jeffery I. (2000) *States and Power in Africa: Comparative Lessons in Authority and Control*, Princeton University Press, Princeton NJ.
9. Krusell, Per and Rios-Rull, Jose-Victor (1996). "Vested Interests in a Positive Theory of Stagnation and Growth," *Review of Economic Studies* 63, 301-329.
10. Olson, Mancur (1982) *The Rise and Decline of Nations: Economic Growth, Stagflation, and Economic Rigidities*, Yale University Press, New Haven and London.
11. Tilly, Charles (1985) "War Making and State Making as Organized Crime," in P. Evans, D. Rueschmeyer and T. Skocpol eds. *Bringing the State Back In*, Cambridge University Press.

12. Tilly, Charles (1990) *Coercion, Capital and European States, AD 990-1990*, Blackwell, Cambridge MA.

3.3 Institutional Change and Democratization (DA, 1 lecture)

This lecture will first provide a basic model of nondemocratic politics and highlight central commitment problems involved in such interactions. It will then introduce the basic models of institutional change in the context of transitions from nondemocratic to democratic politics.

Lecture: Thursday, March 22.

1. * Acemoglu, Daron, *Lecture Notes*, Chapters 17, 18 and 20.
2. * Acemoglu, Daron and Robinson, James A. (2000) "Why Did the West Extend the Franchise? Growth, Inequality and Democracy in Historical Perspective", *Quarterly Journal of Economics*, 15: 1167-1199.
3. * Acemoglu, Daron and Robinson, James (2006) *Economic Origins of Dictatorship and Democracy*, Cambridge University Press, Chapters 5 and 6.
4. Jack, William and Lagunoff, Roger (2006) "Dynamic Enfranchisement," *Journal of Public Economics*, 90, 551-572.
5. * Lagunoff, Roger (2006) "Dynamic Stability and reform of Political Institutions," *Games and Economic Behavior*, 67: 569-583 (2009).
6. Lagunoff, Roger (2008) "Markov Equilibrium in Models of Dynamic Endogenous Political Institutions" <http://www.georgetown.edu/faculty/lagunoff/>
7. Llavador, Humberto and Oxoby, Robert J. (2005) "Partisan Competition, Growth, and the Franchise," *Quarterly Journal of Economics*, 120, 1155-1192.
8. Moore, Barrington (1966) *The Social Origins of Dictatorship and Democracy: Lord and Peasant in the Making of the Modern World*, Beacon Press, Boston MA.
9. North, Douglass C. and Weingast, Barry R. (1989) "Constitutions and Commitment: Evolution of Institutions Governing Public Choice in Seventeenth Century England," *Journal of Economic History*, 49, 803-832.

3.4 Persistence and Dysfunctional Democracies (DA, 2 lectures)

This lecture expands on the analysis of dynamic models presented to discuss persistence of economic and political institutions and also how democracies that follow elite-dominated regimes may have generate a variety of different type of inefficiencies, including implicit elite dominance, clientelism, emerges of inefficient state institutions, and violence.

Note: Due to the Spring break there will be no class on Tuesday, March 27, and Thursday, March 29.

1. * Acemoglu, Daron, *Lecture Notes*, Chapter 21.
2. * Acemoglu, Daron and Robinson, James A. (2008) "Persistence of Power, Elites and Institutions," *American Economic Review*, 98(1): 267-293.
3. * Acemoglu, Daron, Davide Ticchi and Andrea Vindigni (2011) "Emergence and Persistence of Inefficient States," *Journal of European Economic Association*, 9(2), pp. 177-208.
4. * Acemoglu, Daron, James A. Robinson and Ragnar Torvik (2012) "Why Do Voters Dismantle Checks and Balances?" forthcoming *Review of Economic Studies*.
5. * Acemoglu, Daron, James A. Robinson and Rafael Santos (2013) "The Monopoly of Violence: Evidence from Colombia" *Journal of European Economic Association*, 11(1): 5-44.
6. Arthur, W. Brian. (1989) "Competing Technologies, Increasing Returns and Lock-In by Historical Events," *Economic Journal*, 1989, 99(1), pp. 106-131.
7. Baland, Jean-Marie and Robinson, James A. (2008) "Land and Power: Theory and Evidence from Chile," *American Economic Review* 98(5): 1737-1765.
8. Brenner, Robert (1976) "Agrarian Class Structure and Economic Development in Pre-Industrial Europe," *Past and Present*, 70, 30-75.
9. Coate, Stephen and Morris, Stephen E. (1999) "Policy Persistence." *American Economic Review*, 1999, 89(5), pp. 1327-1336.
10. Engerman, Stanley L. and Sokoloff, Kenneth L. (1997) "Factor Endowments, Institutions, and Differential Growth Paths among New World Economies" in *How Latin America Fell Behind*, Stephen Haber ed., Stanford: Stanford University Press, 1997.
11. * Larreguy, Horacio (2012) "Monitoring Political Brokers: Evidence from Clientelistic Networks in Mexico" Mimeo.
12. * Lizzeri, Alessandro and Nicola Persico (2005) "A drawback of electoral competition." *Journal of the European Economic Association* 3 (4), 1318-1348.
13. Page, Scott (2006) "Path Dependence," *Quarterly Journal of Political Science*, 1, 87-115.
14. Robinson, James A, and Verdier, Thierry (2003) The Political Economy of Clientelism. Mimeo.

15. Thelen, Kathleen (2004) *How institutions evolve: the political economy of skills in Germany, Britain, the United States, and Japan*, New York; Cambridge University Press.

4 Beliefs, Culture and Institutions

4.1 Beliefs, Information and Politics (DA, 2 lectures)

This lecture will discuss the two-way interaction between between voting and beliefs, shaped by learning.

1. * Acemoglu, Daron, *Lecture Notes*, Chapter 7.
2. * Acemoglu, Daron, Egorov, Georgy and Sonin, Konstantin (2012) “A Political Theory of Populism,” forthcoming *Quarterly Journal of Economics*.
3. Austen-Smith, David (1991) “Rational Consumers and Irrational Voters,” *Economics and Politics*, 3:73-92.
4. * Feddersen, Timothy and Wolfgang Pesendorfer (1996) “The Swing Voter’s Curse,” *American Economic Review*, 86: 408-424.
5. * Fey, Mark and J. Kim (2002) “The Swing Voter’s Curse: a Comment,” *American Economic Review*, 92: 1264-1268.
6. * Piketty, Thomas, (1995) “Social Mobility and Redistributive Politics,” *Quarterly Journal of Economics*, 110: 551-584.
7. * Strulovici, Bruno (2010) “Learning While Voting: Determinants of Collective Experimentation,” *Econometrica*, 78(3): 933–971.

4.2 Culture, Values and Cooperation (DA, 1 lecture)

These two lectures will discuss some of the recent evidence suggesting persistence of culture and values, and recent models of culture and endogenous beliefs and how they interact with political economy and cooperation in society.

1. * Acemoglu, Daron and Matthew Jackson (2012) “History, Expectations, and Leadership in the Evolution of Social Norms.” Mimeo.
2. Benabou, Roland and Jean Tirole (2011) “Laws and Social Norms,” NBER WP.
3. * Bisin, Alberto and Thierry Verdier (2001) “The Economics of Cultural Transmission and the Dynamics of Preferences,” *Journal of Economic Theory*, 97, 298-319.

4. Bisin, Alberto and Thierry Verdier (2000) "Beyond the Melting Pot: Cultural Transmission, Marriage, and the Evolution of Ethnic and Religious Traits," *Quarterly Journal of Economics*, 115, 955-988.
5. Doepke, Matthias and Fabrizio Zilibotti (2008) "Occupational Mobility in the Spirit of Capitalism," *Quarterly Journal of Economics*, 123, 747-793.
6. Fernandez, Raquel and Alessandra Fogli (2009) "Culture: An Empirical Investigation of Beliefs, Work and Fertility," *American Economic Journal: Macroeconomics*, 1, 146-177.
7. * Greif, Avner (1994) "Cultural Beliefs and the Organization of Society: A Historical and Theoretical Reflection on Collectivist and Individualist Societies," *Journal of Political Economy*, 102, 912-950.
8. * Guiso, Luigi, Paola Sapienza and Luigi Zingales (2006) "Does Culture Affect Economic Outcomes?" *Journal of Economic Perspectives*, 20, 23-48.
9. Guiso, Luigi, Paola Sapienza and Luigi Zingales (2009) "Cultural Biases in Economic Exchange," *Quarterly Journal of Economics*, 124, 1095-1131.
10. Roland, Gerard and Yury Gorodnichenko (2011) "Culture, Institutions and the Wealth of Nations" Mimeo.
11. * Tabellini, Guido (2008) "Institutions and Culture." *Journal of European Economic Association*, 2008(2): 255-294.
12. * Tabellini, Guido (2008) "The Scope of Cooperation: Values and Incentives," *Quarterly Journal of Economics*, 123 (3): 905-950.
13. Tabellini, Guido (2010) "Culture and Institutions: Economic Development in the Regions of Europe." *Journal of European Economic Association*, 8, 677-716.
14. * Voth, Hans-Joachim and Nico Voigtlander (2001) "Persecution Perpetuated: The Medieval Origins of Antisemitic Violence in Nazi Germany" NBER WP.

5 Voting in Practice (BO, 2 lectures)

Do politicians represent the median voter?

1. *Chattopadhyay, Raghavendra and Duflo, Esther (2004) "Women as Policy Makers: Evidence from an India-wide Randomized Policy Experiment", *Econometrica*, Vol. 72, No. 5, pp. 1409-1443..

2. Levitt, Steve.(1996) “How do Senators Vote? Disentangling the Role of Voter Preferences, Party Affiliation and Senator Ideology”, *American Economic Review*, 86(3):425-441.
3. *Pande, Rohini, (2003) “Can Mandated Political Representation Increase Policy Influence for Disadvantaged Minorities”, *American Economic Review* 93 (4), pp 1132-1151.

Do voters vote the way they want? Vote buying and voter intimidation

1. Collier, Paul and Pedro Vicente (2011), "Votes and Violence: Evidence from a Field Experiment in Nigeria", Mimeo.
2. * Dekel, Eddie, Matthew O. Jackson, and Asher Wolinsky (2008), "Vote Buying: General Elections," *Journal of Political Economy* 116 (2), pp 351-380.
3. * Finan, Frederico and Laura Schecter (2012) "Vote-Buying and Reciprocity", *Econometrica*, 80(2): 863-881.
4. Gonzalez-Ocantos, Ezequiel, Chad Kiewiet de Jonge, Carlos Meléndez, Javier Osorio, David W. Nickerson (2012) " *Vote Buying and Social Desirability Bias: Experimental Evidence from Nicaragua.*" *American Journal of Political Science*, 56(1): 202–217.
5. Hsieh, Chang-Tai, Edward Miguel, Daniel Ortega, and Francisco Rodriguez (2011), *American Economic Journal: Applied Economics* 3(2): 196–214
6. "The Price of Political Opposition: Evidence from Venezuela’s Maisanta", Centre for the Study of African Economies, WP No. 296
7. Nichter, Simeon (2008), "Vote Buying or Turnout Buying? Machine Politics and the Secret Ballot," *APSR* 102 (1), 19-31.
8. Vicente, Pedro (2013), "Is Vote Buying Effective? Evidence from a Field Experiment in West Africa?" Forthcoming *Economic Journal*.

The technology of voting and voter manipulation

1. * Callen, Michael and James Long (2011) "Institutional Corruption and Election Fraud: Evidence from a Field Experiment in Afghanistan," Mimeo.
2. Card, David and Enrico Moretti (2007) “Does Voting Technology Affect Election Outcomes? Touch-Screen Voting and the 2004 Presidential Election,” *Review of Economics and Statistics*, 89(4): pp. 660-673.
3. * Fujiwara, Thomas, "Voting Technology, Political Responsiveness, and Infant Health: Evidence from Brazil." Mimeo.
4. Larreguy, Horacio (2012) “Monitoring Political Brokers: Evidence from Clientelistic Networks in Mexico” Mimeo.

6 Collective Action (BO, 3 lectures)

Constraints on Collective Action:

1. Alesina, Alberto, Reza Baqir and William Easterly (1999), "Public Goods and Ethnic Divisions," *Quarterly Journal of Economics* 114: 1243-1284.
2. Alesina, Alberto, Reza Baqir and Caroline Hoxby, (2004) "Political Jurisdictions in Heterogenous Communities", *Journal of Political Economy*, 112(2): 348-396.
3. Banerjee, Abhijit, Lakshmi Iyer and Rohini Somanathan, "Public Action for Public Goods", in *Handbook of Development Economics*, Chapter 4, Shultz, T. Paul ed.
4. Glennerster, Rachel, Ted Miguel, and Alexander Rothenberg, "Collective Action in Diverse Sierra Leone Communities." Mimeo.
5. Habyarimana, James, Macartan Humphries, Daniel N. Posner, and Jeremy M. Weinstein, (2007) "Why Does Ethnic Diversity Undermine Public Goods Provision?" *American Political Science Review*, 101: 709-725
6. Khwaja, Asim (2009) "Can good projects succeed in bad communities?" *Journal of Public Economics*, 93(7-8) 899-916.
7. Miguel, Ted (2004) "Tribe or Nation?: Nation Building and Public Goods in Kenya versus Tanzania", *World Politics*, 56(3): 327-362.
8. Miguel, Edward and Mary Kay Gugerty (2005) "Ethnic Diversity, Social Sanctions, and Public Goods in Kenya", *Journal of Public Economics*, 89: 2325-2368.
9. Olken, Benjamin A. (2009) "Do TV and Radio Destroy Social Capital? Evidence from Indonesian Villages," *American Economic Journal: Applied Economics* 1(4): 1-33.
10. Olken, Benjamin A. and Monica Singhal (2011), "Informal Taxation," *American Economic Journal: Applied Economics* 3(4), pp. 1-28
11. Olson, Mancur (1965) *The Logic of Collective Action*.
12. Putnam, Robert D. (1993): "*Making democracy work: civic traditions in Modern Italy*", Princeton University Press.
13. * Ray, Debraj and Esteban, Joan Maria (2001) "Collective Action and the Group Size Paradox", *American Political Science Review*, 95: 663-672.

Promoting Collective Action

1. *Banerjee, Abhijit et al, (2010), "Pitfalls of Participatory Programs: Evidence from three randomized experiments in education in India," *American Economic Journal: Economic Policy*, 2(1): 1–30.
2. *Björkman, Martina and Svensson, Jakob, (2009). "Power to the People. Evidence from a Randomized Experiment of a Citizen Report Card Project in Uganda", *Quarterly Journal of Economics*, 124 (2): 735-769.
3. Casey, Katherine, Rachel Glennerster, and Edward Miguel (2012) "Reshaping Institutions: Evidence on Aid Impacts Using a Pre-Analysis Plan," *Quarterly Journal of Economics*, 1755–1812
4. De Laat, Joost, Michael Kremer, and Christel Vermeersch (2009), "Teacher Incentives and Local Participation," Mimeo.
5. Gugerty, Mary Kay and Kremer, Michael (2008) "Outside Funding and the Dynamics of Participation in Community Organizations," *American Journal of Political Science*, 52(3): 585–602
6. Menno Pradhan, Daniel Suryadarma, Amanda Beatty, Arya Gaduh, Rima Prama Artha, and Maisy Wong, (2012) "Improving Educational Quality through Enhancing Community Participation: Results from a Randomized Field Experiment in Indonesia". Mimeo.
7. *Olken, Benjamin (2007). "Monitoring Corruption: Evidence from a Field Experiment in Indonesia," *Journal of Political Economy*, 115 (2): 200-249

Decentralization and local capture

1. * Acemoglu, Daron, Tristan Reed, and James A. Robinson (2013) "Chiefs: Elite Control of Civil Society and Economic Development in Sierra Leone." Mimeo
2. * Alatas, Vivi, Abhijit Banerjee, Rema Hanna, Ririn Purnamasari, and Matthew Wai-Poi (2013) "Does Elite Capture Matter? Local Elites and Targeted Welfare Programs in Indonesia" Mimeo.
3. Bardhan, Pranab and Dilip Mookherjee, "Capture and Governance at Local and National Levels," *American Economic Review*, 90(2): .135-139.
4. Beath, Andrew, Fotini Christia, Ruben Enikolopov (2012) "Direct Democracy and Resource Allocation: Experimental Evidence from Afghanistan," Mimeo.
5. * Martínez-Bravo, Mónica, Gerard Padró i Miquel, Nancy Qian, and Yang Yao (2012) "The Effects of Democratization on Public Goods and Redistribution: Evidence from China" NBER WP.

7 Corruption (BO, 5 lectures)

7.1 Magnitude and efficiency costs

1. *Banerjee, Abhijit, Rema Hanna, and Sendhil Mullainathan (2012), "Corruption." Forthcoming in the *Handbook of Organizational Economics*.
2. *Bandiera, Oriana, Andrea Prat, and Tommaso Valletti (2009), "Active and Passive Waste in Government Spending: Evidence from a Policy Experiment," *American Economic Review*, 99 (4), pp 1278-1308.
3. *Bertrand, Marianne, Djankov, Simeon, Hanna, Rema and Mullainathan, Sendhil, (2007) "Obtaining a Driver's License in India: An Experimental Approach to Studying Corruption," *Quarterly Journal of Economics*, 122(4) :11639-1676.
4. Chaudhury, Nazmul, Hammer, Jeffrey, Kremer, Michael, Muralidharan, Karthik, and F. Rogers, Halsey (2006). "Missing in Action: Teacher and Health Worker Absence in Developing Countries," *Journal of Economic Perspectives*, 20(1): 91-116.
5. Cheung, Yan Leung, P. Raghavendra Rau, and Aris Stouraitis (2012) "How much do firms pay as bribes and what benefits do they get? Evidence from corruption cases worldwide," NBER WP.
6. *Fisman, Ray (2001) "Estimating the Value of Political Connections," *American Economic Review*, 91: 1095-1102.
7. Fisman, Ray and Wei, Shang-Jin (2004) "Tax Rates and Tax Evasion: Evidence from "Missing Imports" in China", *Journal of Political Economy*, 112(2): 471-500.
8. Fisman, Ray, David Fisman, Julia Galef, and Rakesh Khurana (2006), "Estimating the value of connections to Vice-President Cheney," mimeo, Columbia.
9. Hsieh, Chang-Tai and Enrico Moretti (2006), "Did Iraq Cheat the United Nations? Underpricing, Bribes, and the Oil for Food Program", *Quarterly Journal of Economics*, 121(4): .
10. Klitgaard, Robert (1990), *Tropical Gangsters*, New York: Basic Books.
11. Mauro, Paulo (1995), "Corruption and Growth," *Quarterly Journal of Economics*, 110(30): 681-712.
12. Niehaus, Paul and Sandip Sukhtankar (2012) "The Marginal Rate of Corruption in Public Programs", Mimeo.
13. Reinikka, Ritva and Svensson, Jacob (2004) "Local Capture: Evidence from a Central Government Transfer Program in Uganda," *Quarterly Journal of Economics*, 119: 679-705.

14. Riordan, William (1905), *Plunkitt of Tammany Hall: A Series of Very Plain Talks on Very Practical Politics*.
15. Sequiera, Sandra and Simeon Djankov (2011), "Corruption and Firm Behaviour: Evidence from African Ports," Mimeo.
16. Wade, Robert (1982), "The System of Administrative and Political Corruption: Canal Irrigation in South India"

7.2 The corrupt official's decision problem: balancing risks, rents, and incentives

1. Banerjee, Abhijit, Duflo, Esther, and Glennerster, Rachel, (2008). "Putting a Band-Aid on a Corpse: Incentives for Nurses in the Indian Public Health Care System," *Journal of European Economic Association*, 6(2-3): 487–500.
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