

# 14.773: Political Economy of Institutions and Development

Daron Acemoglu and Benjamin Olken

Spring 2012

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*

to be determined

# 1 Introduction

## 1.1 Does Political Economy Matter? (BO, 1 lecture)

Lecture: Tuesday, February 7.

1. \* Acemoglu, Daron, Johnson, Simon and Robinson, James A. (2001) "The Colonial Origins of Comparative Development: An Empirical Investigation," *American Economic Review*, 91(5), 1369-1401.
2. \* Jones, Benjamin F. and Olken, Benjamin A. (2005) "Do Leaders Matter? National Leadership and Growth Since World War II," *Quarterly Journal of Economics*, 120 (3), 835-864.
3. \* Dell, Melissa (2010) "The Persistent Effects of Peru's Mining Mita," *Econometrica*, Vol. 78, No. 6, 1863-1903.
4. 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.
5. 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.
6. Acemoglu, Daron, Davide Cantoni, Simon Johnson and James A Robinson (2009) "The Consequences of Radical Reform: The French Revolution," mimeo.
7. La Porta, Rafael, Lopez-de-Silanes, Florencio, Shleifer, Andrei, and Vishny, Robert W. (1998) "Law and Finance," *Journal of Political Economy*, 106, 1113-1155.
8. Papaioannou and Michalopoulos, "Divide and Rule or the Rule of the Divided? Evidence from Africa" NBER Working Paper #17184.
9. Nunn, Nathan (2008) "Long Term Effects of Africa's Slave Trades" *Quarterly Journal of Economics*, MIT Press, vol. 123(1), pages 139-176
10. Jones and Olken, "Hit or Miss? The Effect of Assassinations on Institutions and War" (2009), *American Economic Journal: Macroeconomics*, 1:2, 55-8.

## 2 Corruption (BO, 5 lectures)

Lectures: Thursday, February 9; Tuesday, February 14; Thursday, February 16, Thursday, February 23, Tuesday, February 28.

Note: There will be no class on Tuesday, February 21 since Monday, February 20 is a holiday and MIT moves Monday's schedule to Tuesday.

## 2.1 Magnitude and efficiency costs

1. \*Fisman, Ray (2001) "Estimating the Value of Political Connections," American Economic Review, 91, 1095-1102.
2. \*Banerjee, Abhijit, Rema Hanna, and Sendhil Mullainathan (2009), "Corruption." mimeo, Harvard.
3. \*Bertrand, Marianne, Djankov, Simeon, Hanna, Rema and Mullainathan, Sendhil, (2007) "Obtaining a Driver's License in India: An Experimental Approach to Studying Corruption," QJE, Vol 122 (4) 11639-1676.
4. \*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.
5. Fisman, Ray and Wei, Shang-Jin "Tax Rates and Tax Evasion: Evidence from "Missing Imports" in China", Journal of Political Economy, 112, 2004.
6. Fisman, Ray, David Fisman, Julia Galef, and Rakesh Khurana (2006), "Estimating the value of connections to Vice-President Cheney," mimeo, Columbia.
7. 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.
8. Hsieh, Chang-Tai and and Enrico Moretti (2006), "Did Iraq Cheat the United Nations? Underpricing, Bribes, and the Oil for Food Program", Quarterly Journal of Economics.
9. Reinikka, Ritva and Svennson, Jacob (2004) "Local Capture: Evidence from a Central Government Transfer Program in Uganda," Quarterly Journal of Economics, 119, 679-705.
10. Mauro, Paulo (1995), "Corruption and Growth," QJE, Vol 110 (30), 681-712.
11. Sequiera, Sandra and Simeon Djankov (2008), "On the Waterfront: An Empirical Study of Corruption in Ports," mimeo, Harvard University.
12. Niehaus and Sukhtankar, "The Marinal Rate of Corruption in Public Programs", Working Paper, UCSD.
13. Riordan, William (1905), *Plunkitt of Tammany Hall: A Series of Very Plain Talks on Very Practical Politics*.
14. Wade, Robert (1982), "The System of Administrative and Political Corruption: Canal Irrigation in South India"

15. Klitgaard, Robert (1990), *Tropical Gangsters*, New York: Basic Books.

## **2.2 The corrupt official's decision problem: balancing risks, rents, and incentives**

1. \*Becker, Gary and Stigler, George, "Law Enforcement, Malfeasance, and Compensation of Enforcers," *Journal of Legal Studies* 3(1), pp 1-18, 1974.
2. \*Olken, Benjamin (2007). "Monitoring Corruption: Evidence from a Field Experiment in Indonesia," *Journal of Political Economy*.
3. \*Duflo, Esther, Hanna, Rema, and Stephen Ryan (2007). "Monitoring Works: Getting Teachers to Come to School." Working Paper, MIT Poverty Action Lab.
4. \*Niehaus, Paul and Sandip Sukhtankar (2009), "Corruption Dynamics: The Golden Goose Effect," BREAD WP 223.
5. Mookerjee, Dilip and IPL Png (1995), "Corruptible Law Enforcers: How Should They Be Compensated?", *Economic Journal* 105, 145-159
6. Di Tella, Rafael and Ernesto Schargrotsky, (2003) "The Role of Wages and Auditing During a Crackdown on Corruption in the City of Buenos Aires," *Journal of Law and Economics* 46, 269-292
7. 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, Proceedings*, 6.2-3, April-May, forthcoming.

## **2.3 The IO of corruption**

1. \*Shleifer, Andrei and Vishny, Robert (1993) "Corruption," *Quarterly Journal of Economics*, 108 (3) 599-617.
2. \*Olken, Benjamin and Barron, Patrick (2009), "The Simple Economics of Extortion: Evidence from Trucking in Aceh", *Journal of Political Economy* 117 (3), pp 417-452.
3. \*Banerjee, Abhijit (1997) "A Theory of Misgovernance" *Quarterly Journal of Economics*, 112, 1289-1332.
4. Burgess, Robin, Matthew Hansen, Benjamin Olken, Peter Potapov, and Stefanie Sieber, "The Political Economy of Deforestation in the Tropics," NBER Working Paper Number 17417, 2001.

5. Svensson, Jacob (2003) "Who must pay bribes and how much? Evidence from a cross-section of firms," *Quarterly Journal of Economics*, 118, 207-30.
6. Tran, Anh (2008), "Can Procurement Auctions Reduce Corruption? Evidence from the Internal Records of a Bribe-Paying Firm," mimeo, Harvard University.
7. Menes, Rebecca, "Limiting the Reach of the Grabbing Hand: Graft and Growth in American Cities, 1880 to 1930," in Edward Glaeser and Claudia Goldin (eds), *Corruption and Reform: Lessons from America's Economic History*, University of Chicago Press and NBER, 2006.

## 2.4 Politics and General Equilibrium Implications

### *Politicians and firms*

1. \*Shleifer, Andrei and Vishny, Robert (1994) "Politicians and Firms," *Quarterly Journal of Economics*, 109(4), 995-1025.
2. \*Khwaja, Asim and Atif Mian (2005), "Do Lenders Favor Politically Connected Firms? Rent Provision in an Emerging Financial Market," *QJE*, 1371-1411.

### *Elections as a Disciplinary Device*

1. \* Ferraz, Claudio and Frederico Finan (2008), "Exposing Corrupt Politicians: The Effects of Brazil's Publicly Released Audits and Electoral Outcomes," *QJE*, 703-745.
2. Banerjee, Abhijit, Selvan Kumar, Rohini Pande, and Felix Su, "Do Informed Voters Make Better Choices? Experimental Evidence from Urban India," mimeo, Harvard.
3. Alberto Chong, Ana De La O, Dean Karlan, and Leonard Wantchekon, "Looking Beyond the Incumbent: The Effects of Exposing Corruption on Electoral Outcomes," NBER Working Paper #17679, 2011.

### *General equilibrium implications*

4. Kreuger, Anne O. (1974), "The Political Economy of the Rent-Seeking Society," *AER*, 291-303.
5. Murphy, Kevin, Shleifer, Andrei and Vishny, Robert. "Why Is Rent-Seeking so Costly to Growth?" *American Economic Review*, Papers and Proceedings, 83, 409-414.
6. Acemoglu, Daron and Verdier, Thierry (1998) "Property Rights, Corruption and the Allocation of Talent: A General Equilibrium Approach." *Economic Journal*, 108, 1381-1403.
7. Acemoglu, Daron and Verdier, Thierry (2000) "The Choice Between Corruption and Market Failures," *American Economic Review*, 90, 194-211.6

## 3 Modeling of Political Economy

### 3.1 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.

Lectures: Thursday, March 1; Tuesday, March 6.

1. \* Acemoglu, Daron, *Lecture Notes*, Chapter 4.
2. \* Acemoglu, Daron (2008) *Introduction to Modern Economic Growth*, Chapter 22.
3. Austen-Smith, David and Banks, Jeffrey (1999) *Positive Political Theory: Collective Preference*, Ann Arbor; University of Michigan Press.
4. Person, Torsten and Tabellini, Guido (2000) *Political Economics: Explaining Economic Policy*, Cambridge; The MIT Press, Chapters 2, 3 and 6.
5. 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.
6. \* Lindbeck, Assar, and Weibull, Jorgen W. (1987) “Balanced-Budget Redistribution as the Outcome of Political Competition.” *Public Choice* 52: 273-297.
7. Lizzeri, Alessandro and Nicola Persico (2005) “A drawback of electoral competition.” *Journal of the European Economic Association* 3 (4), 1318-1348.

### 3.2 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.

### 3.3 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.

Lectures: Thursday, March 8; Tuesday, March 13.

1. \* Acemoglu, Daron, *Lecture Notes*, Chapters 6, 7, 22 and 23.
2. \* Roberts, Kevin (2005) "Dynamic Voting in Clubs," <http://www.nuff.ox.ac.uk/Users/Roberts/pap>
3. \* Acemoglu, Daron, Georgy Egorov and Konstantin Sonin (2012) "Markov Voting Equilibria," mimeo.
4. Alesina, Alberto and Rodrik, Dani (1994) "Distributive Politics and Economic Growth" *Quarterly Journal of Economics*, 109: 465-490.
5. Hassler Jon, Mora, Sevi, Storlesseten, Kjetil and Zilibotti, Fabrizio (2003) "Survival of the Welfare State," *American Economic Review*, 93, 87-112.
6. Benabou, Roland and Ok, Efe, "Social Mobility and the Demand for Redistribution", *Quarterly Journal of Economics*, May, 2001.
7. Acemoglu, Daron, Egorov, Georgy and Sonin, Konstantin (2012) "Social Mobility and Support for Democracy," mimeo.
8. \* Acemoglu, Daron, Egorov, Georgy and Sonin, Konstantin (2008) "Coalition Formation in Nondemocratic Societies." *Review of Economic Studies*, 75: 987-1009.
9. Mailath, George J., Morris, Stephen and Postelwaite, Andrew (2001) "Laws and Authority," <http://www.econ.yale.edu/~sm326/authority.pdf>
10. \* Acemoglu, Daron, Egorov, Georgy and Sonin, Konstantin (2011) "Dynamics and Stability of Constitutions, Coalitions and Clubs," forthcoming *American Economic Review*
11. \* Barbera, Salvador and Jackson, Matthew (2004) "Choosing How to Choose: Self-Stable Majority Rules and Constitutions," *Quarterly Journal of Economics*, 119, 1011-1048.
12. \* Dixit, Avinash, Grossman, Gene M., and Gul, Faruk (2000) "The Dynamics of Political Compromise," *Journal of Political Economy* 108, 531-568.
13. \* Acemoglu, Daron, Golosov, Michael and Tsyvinski, Aleh (2010) "Power Fluctuations and the Structure of Taxation" *Journal of Economic Theory*.

## 4 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.

### 4.1 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.

Lecture: Thursday, March 15.

1. \* Acemoglu, Daron, *Lecture Notes*, Chapter 11.
2. \* Acemoglu, Daron (2005) “Modelling Inefficient Institutions,” *Advances in Economic Theory World Congress 2006*,  
[http://econ-www.mit.edu/faculty/download\\_pdf.php?id=1214](http://econ-www.mit.edu/faculty/download_pdf.php?id=1214)
3. \* Acemoglu, Daron (2008) *Introduction to Modern Economic Growth*, Chapter 22.
4. Acemoglu, Daron and Robinson, James A. (2006) “Economic Backwardness in Political Perspective,” *American Political Science Review*, 2006 February.
5. Mirrlees, James (1985) “The Theory of Optimum Taxation”, in the *Handbook of Mathematical Economics*, eds. Arrow and Intriligator, Vol.III, North-Holland, 1985
6. Atkinson, Anthony and Stiglitz, Joseph E. (1980) *Lectures on Public Economics*, New York; McGraw-Hill, Chapter 11

### 4.2 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 (2008) *Introduction to Modern Economic Growth*, Chapter 23.
3. \* Acemoglu, Daron (2008) "Oligarchic versus Democratic Societies," *Journal of European Economic Association*
4. Olson, Mancur (1982) *The Rise and Decline of Nations: Economic Growth, Stagflation, and Economic Rigidities*, Yale University Press, New Haven and London.
5. Ellickson, Robert C. (1991) *Order Without Law*, Cambridge: Harvard University Press. Part I Shasta County.
6. 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.
7. \* Acemoglu, Daron (2005) "Politics and Economics in Weak and Strong States" *Journal of Monetary Economics*, 52, 1199-1226.
8. Tilly, Charles (1990) *Coercion, Capital and European States, AD 990-1990*, Blackwell, Cambridge MA.
9. 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.
10. Herbst, Jeffery I. (2000) *States and Power in Africa: Comparative Lessons in Authority and Control*, Princeton University Press, Princeton NJ.
11. 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).
12. Besley, Timothy and Persson, Torsten (2011) *Pillars of Prosperity: The Political Economics of Development Clusters*, Princeton University Press.
13. \* Acemoglu, Daron, James A. Robinson and Rafael Santos (2009) "The Monopoly of Violence: Evidence from Colombia" mimeo.

### 4.3 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 (2006) *Economic Origins of Dictatorship and Democracy*, Cambridge University Press, Chapters 5 and 6.
3. 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.
4. \* 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*, CXV, 1167-1199.
5. Llavador, Humberto and Oxoby, Robert J. (2005) "Partisan Competition, Growth, and the Franchise," *Quarterly Journal of Economics*, 120, 1155-1192.
6. Jack, William and Lagunoff, Roger (2003) "Dynamic Enfranchisement," Department of Economics, Georgetown University.
7. Moore, Barrington (1966) *The Social Origins of Dictatorship and Democracy: Lord and Peasant in the Making of the Modern World*, Beacon Press, Boston MA.
8. Lagunoff, Roger (2006) "Markov Equilibrium in Models of Dynamic Endogenous Political Institutions" <http://www.georgetown.edu/faculty/lagunoff/>
9. \* Lagunoff, Roger (2006) "Dynamic Stability and reform of Political Institutions," <http://www.georgetown.edu/faculty/lagunoff/>

#### 4.4 Modeling Persistence and Change in Institutions (DA, 1 lecture)

This lecture expands on the analysis of dynamic models presented so far to show how institutional change can coexist with institutional persistence in different spheres.

Lecture: Tuesday, April 3.

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," forthcoming *American Economic Review*.
3. Arthur, W. Brian. (1989) "Competing Technologies, Increasing Returns and Lock-In by Historical Events," *Economic Journal*, 1989, 99(1), pp. 106-131.
4. Coate, Stephen and Morris, Stephen E. (1999) "Policy Persistence." *American Economic Review*, 1999, 89(5), pp. 1327-1336.

5. 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.
6. Brenner, Robert (1976) “Agrarian Class Structure and Economic Development in Pre-Industrial Europe,” *Past and Present*, 70, 30-75.
7. Page, Scott (2006) “Path Dependence,” *Quarterly Journal of Political Science*, 1, 87-115.
8. Thelen, Kathleen (2004) *How institutions evolve: the political economy of skills in Germany, Britain, the United States, and Japan*, New York; Cambridge University Press.

## 5 Beliefs, Culture and Institutions

### 5.1 Beliefs, Information and Politics (DA, 2 lectures)

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

Lectures: Thursday, April 5; Tuesday, April 10.

1. \* Acemoglu, Daron, *Lecture Notes*, Chapter 7.
2. \* Piketty, Thomas, (1995) “Social Mobility and Redistributive Politics,” *Quarterly Journal of Economics*, 110: 551-584.
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. \* Strulovici, Bruno (2010) “Voting and Experimentation,” *Econometrica*.
7. \* Acemoglu, Daron, Egorov, Georgy and Sonin, Konstantin (2010) “A Political Theory of Populism,” NBER working paper.

## 5.2 Culture, Values and Cooperation (DA, 3 lectures)

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.

Lectures: Thursday, April 12; Thursday, April 19; Tuesday, April 24

Note: Tuesday, April 17 is a student holiday at MIT.

1. \* 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.
2. \* Tabellini, Guido (2008) "Culture and Institutions." *Journal of European Economic Association*, 2008, 255-294.
3. Tabellini, Guido (2010) "Culture and Institutions: Economic Development in the Regions of Europe." *Journal of European Economic Association*, 8, 677-716.
4. \* Guiso, Luigi, Paola Sapienza and Luigi Zingales (2006) "Does Culture Affect Economic Outcomes?" *Journal of Economic Perspectives*, 20, 23-48.
5. Guiso, Luigi, Paola Sapienza and Luigi Zingales (2009) "Cultural Biases in Economic Exchange," *Quarterly Journal of Economics*, 124, 1095-1131.
6. Fernandez, Raquel and Alessandra Fogli (2009) "Culture: An Empirical Investigation of Beliefs, Work and Fertility," *American Economic Journal: Macroeconomics*, 1, 146-177.
7. Roland, Gerard and Yury Gorodnichenko (2010) "Culture, Institutions and the Wealth of Nations" Berkeley mimeo.
8. \* Voth, Hans-Joachim and Nico Voigtlander (2001) "Persecution Perpetuated: The Medieval Origins of Antisemitic Violence in Nazi Germany" NBER working paper.
9. \* Bisin, Alberto and Thierry Verdier (2001) "The Economics of Cultural Transmission and the Dynamics of Preferences," *Journal of Economic Theory*, 97, 298-319.
10. 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.
11. \* Tabellini, Guido (2008) "The Scope of Cooperation: Values and Incentives," *Quarterly Journal of Economics*, 123, 905-950.
12. Doepke, Matthias and Fabrizio Zilibotti (2008) "Occupational Mobility in the Spirit of Capitalism," *Quarterly Journal of Economics*, 123, 747-793.

13. \* Acemoglu, Daron and Matthew Jackson (2010) "History and Expectations in the Evolution of Cooperation," NBER working paper.
14. \* Benabou, Roland and Jean Tirole (2011) "Laws and Social Norms" mimeo.
15. \* Acemoglu, Daron and Matthew Jackson (2012) "Norms and the Enforcement of Laws" mimeo.

## 6 Politicians, Voters, and the Media

### 6.1 Are politicians and voters well aligned in practice? (BO, 2 lectures)

Lectures: Thursday, April 26; Tuesday, May 1.

*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. \*Pande, Rohini, (2003) "Can Mandated Political Representation Increase Policy Influence for Disadvantaged Minorities", *American Economic Review* 93 (\*4), pp 1132-1151.
3. 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.

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

1. \* Dekel, Eddie, Matthew O. Jackson, and Asher Wolinsky (2008), "Vote Buying: General Elections," *Journal of Political Economy* 116 (2), pp 351-380.
2. Nichter, Simeon (2008), "Vote Buying or Turnout Buying? Machine Politics and the Secret Ballot," *APSR* 102 (1), 19-31.
3. Finan, Frederico and Laura Schechter (2009) "Vote-Buying and Reciprocity?", NBER WP No. 14923
4. Vicente, Pedro (2008), "Is Vote Buying Effective? Evidence from a Field Experiment in West Africa?"
5. \* Collier, Paul and Pedro Vicente (2009), "Votes and Violence: Evidence from a Field Experiment in Nigeria", mimeo Oxford University.

6. \* Hsieh, Chang-Tai, Edward Miguel, Daniel Ortega, and Francisco Rodriguez (2008), "The Price of Political Opposition: Evidence from Venezuela's Maisanta", Centre for the Study of African Economies, WP No. 296

*Do voters even know what they want?*

1. \* Beaman, Lori, Raghavendra Chattopadhyay, Esther Duflo, Rohini Pande and Petia Topalova (forthcoming).(2008) "Powerful Women: Does Exposure Reduce Bias?" QJE.
2. \*Mullainathan, Sendhil and Ebonya Washington (2009), "Sticking with Your Vote: Cognitive Dissonance and Political Attitudes," AEJ: Applied 1 (1), pp. 86-111.
3. Wantchekon, Leonard (2003), "Clientelism and Voting Behavior: Evidence from a Field Experiment in Benin", World Politics, 55, nopp. 399-422.

## **6.2 Media and voter information (BO, 2 lectures)**

Lectures: Thursday, May 3; Tuesday, May 8.

*Political influence on media*

1. McMillan, John and Pablo Zoido (2004), "How to Subvert Democracy: Montesinos in Peru," Journal of Economic Perspectives 18, 69-92.
2. Djankov, Simeon, Caralee McLiesh, Tatiana Nenova, and Andrei Shleifer (2003), Journal of Law and Economics 66.

*Media bias and voting*

1. \*Gentzkow, Matthew and Jesse M. Shapiro (2006), "Media Bias and Reputation," Journal of Political Economy 114.
2. Mullainathan, Sendhil and Andrei Shleifer (2005), "The Market for News," American Economic Review 95, 1031-1053.
3. \* DellaVigna, Stefano and Ethan Kaplan (2007), "The Fox News Effect: Media Bias and Voting," QJE.
4. \* Chang, Chun Fang, and Brian Knight (2008), "Media Bias and Influence: Evidence from Newspaper Endorsements." NBER Working Paper #14445.
5. \* Durante, Ruben and Brian Knight (2009), "Partisan Control, Media Bias, and Viewer Responses: Evidence from Berlusconi's Italy," NBER Working Paper #14762.
6. Gentzkow, Matthew and Jesse M. Shapiro (2007), "What Drives Media Slant? Evidence from U.S. Daily Newspapers," mimeo, University of Chicago.

7. Gerber, Alan S., Dean Karlan, and Daniel Bergan (2009), "Does the Media Matter? A Field Experiment Measuring the Effect of Newspapers on Voting Behavior and Political Opinions," *American Economic Journal: Applied Economics* 1 (2), 35-53.
8. Gentzkow, Matthew, Michael Sinkinson, and Jesse M. Shapiro (2009), "The Effect of Newspaper Entry and Exit on Electoral Politics," *AER* 101.
9. Enikolopov, Petrova, and Zhuravskaya, "Media and Political Persuasion: Evidence from Russia", *AER*.

*Media's impact on policy*

1. \* Besley, Timothy and Robin Burgess (2002), "The Political Economy of Government Responsiveness: Theory and Evidence from India," *QJE*, Vol 117 (4), 1415-1451.
2. \* Snyder, James M. and David Stromberg (forthcoming), "Press Coverage and Political Accountability," *JPE*.
3. \* Eisensee, Thomas and David Stromberg (2007), "News Droughts, News Floods, and U.S. Disaster Relief," *QJE*, Vol 122 (2) 693-728
4. Stromberg, David (2004), "Radio's Impact on Public Spending," *QJE*, Vol 119 (1) 189-221
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## **7 Collective Action (BO, 2 lectures)**

Lectures: Thursday, May 10; Tuesday, May 15.

*Constraints on Collective Action:*

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5. Putnam, Robert D. (1993): "Making democracy work: civic traditions" in Modern Italy, Princeton University Press.
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8. 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
9. Khwaja, Ijaz, Asim (2008) "Can good projects succeed in bad communities?" working paper, department of economics, Harvard University.
10. Olken, Benjamin A., "Do TV and Radio Destroy Social Capital? Evidence from Indonesian Villages," mimeo, MIT.
11. Miguel, Ted, "Tribe or Nation?: Nation Building and Public Goods in Kenya versus Tanzania", World Politics - Volume 56, Number 3, April 2004, 327-362.
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*Promoting Collective Action*

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3. \*Björkman, Martina and Svensson, Jakob, (2009). "Power to the People: Evidence from a Randomized Experiment of a Citizen Report Card Project in Uganda", QJE.
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5. Menno Pradhan, Daniel Suryadarma, Amanda Beatty, Arya Gaduh, Rima Prama Artha, and Maisy Wong, (2011) "Improving Educational Quality through Enhancing Community Participation: Results from a Randomized Field Experiment in Indonesia". Working paper, Wharton.



6. de Laat, Joost, Michael Kremer, and Christel Vermeersch (2009), "Teacher Incentives and Local Participation," mimeo, Harvard University.
7. Gugerty, Mary Kay and Kremer, Michael (2008) "Outside Funding and the Dynamics of Participation in Community Organizations," American Journal of Political Science.

## 8 Conflict (BO, 1 lecture)

Lecture: Thursday, May 17.

*Theory:*

1. Shelling, Thomas C.(1960), The Strategy of Conflict, Harvard University Press.
2. \* Fearon, James (1995), "Rationalist Explanations for War," International Organization 49, 379-414.
3. \* Jackson, Matthew O., and Massimo Morelli (2007), "Political Bias and War," AER 97 (4), pp. 1353-1373.
4. Powell, Robert (2004), "The Inefficient Use of Power: Costly Conflict with Complete Information," American Political Science Review 98 (2), May 2004.
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*Empirics:*

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13. Jones, Benjamin F. and Benjamin A. Olken (2009), "Hit or Miss? The Effect of Assassinations on Institutions and War," *AEJ Macro*, 1:2, 55–87
14. Nunn, Nathan and Nancy Qian, "Feeding Conflict: The Unintended Consequences of U.S. Food Aid on Civil War," mimeo, Harvard.
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16. Collier, Paul and Anke Hoeffler (1998), "On economic causes of civil war," *Oxford Economic Papers* 50, 563-573.
17. Miguel, Edward, Shanker Satyanath and Ernest Sergenti (2004), "Economic Shocks and Civil Conflict: An Instrumental Variables Approach," *Journal of Political Economy* 112 (4).
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19. Guidolin, Massimo and Eliana La Ferrara (2007), "The Economic Effects of Violent Conflicts: Evidence from Asset Market Reactions," mimeo, Bocconi University.
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21. Beath, Andrew, Fotini Christia, Ruben Enikolopov, "Winning Hearts and Minds: Evidence from a Field Experiment in Afghanistan", MIT Political Science Department, WP # 2011-14