

ECONOMIC DEVELOPMENT AND POLICY

Spring 2017

Instructor: Johann Caro-Burnett	Time: Tu & Th, 10:30 - 12:00
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Course Website:

- <https://sites.google.com/site/johanncaro/teaching>

Office Hours: Sat, 10:00 - 11:00

Objectives: This course is designed for graduate students at IDEC. It will have a combination of theoretical and empirical studies related to Political Economy and its implications on Economic Development. At the end of the course, a successful student should be able to:

- Understand the main topics of research in the literature of Political Economy and how it relates to Development,
- Understand and identify various models and know how and when to use them, and
- Specialize in one subtopic.

Prerequisites: There are no formal prerequisites to this course. Nevertheless, it is strongly suggested to have either basic game theory and econometrics knowledge, or a strong willingness to learn it.

Grading:

- 40% Attendance and class participation.
- 60% Final evaluation.

You have to prepare a 15 minutes presentation from one paper listed as **supplementary** from the reading list. Once you have selected your desired paper, send me an email with the title. The evaluation will be based on three elements from your presentation: (i) understanding the motivation and research question of the paper, (ii) critically comment on the techniques used, (iii) clearly stating and interpreting the findings of the paper.

Make-up class Lecture usually holds on Tuesdays and Thursdays, However, there are some exceptions to our schedule.

I will miss lecture on days: April 11th, May 23th, May 25th. We will replace those lectures on the following days:

- April 22nd (Saturday) - 10:30am 12pm
- May 13th (Saturday) - 4pm 5:30pm
- May 20th (Saturday) - 10:30am 12pm

Additionally, there is a holiday on the first week of May. So, we will not have class on Tuesday and Thursday of that week. Instead, we will have class on **Monday**, May 1st at the usual time.

Course Outline:**Voter Turnout****Lecture 1, April 13th (Thursday)**

- Gerber, Alan and Donald Green (2000). The Effects of Canvassing, Telephone Calls, and Direct Mail on Voter Turnout: A Field Experiment. *The American Political Science Review*, 94, 3, 653-663.
- Gerber, Alan, Donald Green and Christopher Larimer (2008). Social Pressure and Voter Turnout: Evidence from a Large Scale Field Experiment. *American Political Science Review*, 102, 1, 33-48.

Lecture 2, April 18th (Tuesday)

- Coate, Stephen and Michael Conlin (2004). A Group Rule-Utilitarian Approach to Voter Turnout: Theory and Evidence. *American Economic Review*, 94, 5, 1476-1504.
- Hastings, Justine, Thomas Kane, Doug Staiger and Jeffrey Weinstein (2007). The Effects of Randomized School Admissions on Voter Participation. *Journal of Public Economics*, 915-937.

Supplementary Readings

- Feddersen, Timothy and Wolfgang Pesendorfer (1998) Convicting the Innocent: The Inferiority of Unanimous Jury Verdicts under Strategic Voting, *American Political Science Review* 92(1): pp. 23-35.
- Myerson, Roger and Robert Weber (1993) A Theory of Voting Equilibria, *American Political Science Review* 87(1): pp. 102-114.
- Palfrey, Thomas and Howard Rosenthal (1985), Voter Participation and Strategic Uncertainty, *American Political Science Review* 79 (1), pp 62-78.
- Feddersen, Timothy and Wolfgang Pesendorfer (1997) Voting Behavior and Information Aggregation in Elections with Private Information, *Econometrica* 65(5): pp. 1029-1058.
- Feddersen, Timothy and Wolfgang Pesendorfer (1999) Abstention in Elections with Asymmetric Information and Diverse Preferences, *American Political Science Review* 93(2), pp. 381-398.
- Bordignon, Massimo, Tommaso Nannicini, and Guido Tabellini (2011) Moderating Political Extremism: Single Round vs. Runoff Elections under Plurality Rule, Unpublished paper, Bocconi University, September 2011 version.
- Feddersen, Timothy and Alvaro Sandroni (2006), A Theory of Participation in Elections, *American Economic Review* 96 (4), 1271-1282.
- Gerber, Alan S., Donald P. Green and Ron Shachar (2003) Voting May Be Habit-Forming: Evidence from a Randomized Field Experiment, *American Journal of Political Science* 47(3): 540-550.
- Nickerson, David W. (2008) Is Voting Contagious? Evidence from Two Field Experiments, *American Political Science Review* 102(1), pp. 49-57.
- Green, Donald P., Alan S. Gerber, and David W. Nickerson (2003) Getting Out the Vote in Local Elections: Results from Six Door-to-Door Canvassing Experiments, *Journal of Politics* 65(4): pp. 1083-1096.
- Washington, Ebonya (2006) How Black Candidates Affect Voter Turnout, *Quarterly Journal of Economics* 121(3): pp. 973-998.

Political Preferences and Vote Choice**Lecture 3, April 20th (Thursday)**

- Alesina, Alberto and Nicola Fuchs-Schndeln (2007). Good Bye Lenin (or Not?): The Effect of Communism on Peoples Preferences. *American Economic Review*, 97, 4, 1507-1528.
- Edlund, Lena and Rohini Pande (2002). Why Have Women Become Left-Wing? The Political Gender Gap and the Decline in Marriage, *Quarterly Journal of Economics*, 917-961.

Lecture 4, April 22nd (Saturday)

- Kuziemko, I., R. Buell, T. Reich, and M. Norton (2014). Last-place Aversion: Evidence and Redistributive Implications, *Quarterly Journal of Economics*, 129 (1): 105-149.
- Luttmer (2001). Group Loyalty and the Taste for Redistribution. *Journal of Political Economy*, 109, 3, 500-528.

Supplementary Readings

- S. Stokes, 'Perverse Accountability: A Formal Model of Machine Politics with Evidence from Argentina, *American Political Science Review* 2005, 99(3), 315-325.
- F. Finan and L. Schechter, "Vote-Buying and Reciprocity, *Econometrica* 2012, 80(2), 863-882.
- A.Lizzeri & N. Persico, Why Did the Elites Extend the Suffrage? Democracy and the Scope of Government, with an Application to Britains Age of Reform, *QJE* 2004, 119(2), 705-763.
- J. Robinson and T. Verdier, The Political Economy of Clientelism, *Scandinavian Journal of Economics*, 2013, 115(2), 260-291.
- P. Bardhan and D. Mookherjee, 'Political Clientelism-cum-Capture: Theory and Evidence from West Bengal, working paper, 2012.

Vote-buying

Lecture 5, April 25th (Tuesday)

- Ansolabehere, Stephen, John de Figueiredo and James Snyder (2002). Why is There So Little Money in Politics? *Journal of Economic Perspectives*, 17, 1, 105-130.
- Blanes i Vidal, Jordi, Mirko Draca and Christian Fons-Rosen (2012). Revolving Door Lobbyists. *American Economic Review*, 102(7): 37313748

Lecture 6, April 27th (Thursday)

- Gerber, Alan (1998). Estimating the Effect of Campaign Spending on Senate Election Outcomes Using Instrumental Variables. *American Political Science Review*, 92, 2, 401-411.
- Levitt, Steven (1994). Using Repeat Challengers to Estimate the Effect of Campaign Spending on Election Outcomes in the US House. *The Journal of Political Economy*, 102, 4, 777-798.

Supplementary Readings

- Khwaja, Asim and Atif Mian (2005), Do Lenders Favor Politically Connected Firms? Rent Provision in an Emerging Financial Market, *Quarterly Journal of Economics*, 120(4), 1371-1411.
- Shleifer, Andrei and Vishny, Robert (1994), Politicians and Firms, *Quarterly Journal of Economics*, 109(4), 995-1025.
- Burgess, Robin, Matthew Hansen, Benjamin Olken, Peter Potapov, and Stefanie Sieber (2012), The Political Economy of Deforestation in the Tropics, *Quarterly Journal of Economics*, 127(4), 1707-1754.

- Mironov, Maxim and Ekaterina Zhuravskaya (2014), Corruption in Procurement and Shadow Campaign Financing: Evidence from Russia, mimeo.
- Fisman, Raymond, Florian Schulz and Vikrant Vig (2013), Private Returns to Public Office, Journal of Political Economy.
- Bandiera, Oriana, Andrea Prat, and Tommaso Valletti. Active and Passive Waste in Government Spending: Evidence from a Policy Experiment. *American Economic Review*, 99(4): 1278-1308, September 2009.
- Lewis-Faupel, Sean, Yusuf Neggers, and Rohini Pande. Can Electronic Procurement Improve Infrastructure Provision? Evidence from Public Works in India and Indonesia. July 2014. NBER Working Paper #20344.
- Banerjee, Abhijit, Rema Hanna, Jordan Kyle, Ben Olken and Sudarno Sumarto. 'The Power of Transparency: Information, Identification Cards and Food Subsidy Programs in Indonesia.'
- Banerjee, Abhijit, Clement Imbert Esther Duflo, Santhosh Mathew and Rohini Pande. Can E-Governance Reduce Capture of Public Programs: Experimental Evidence from a Financial Reform of Indias Employment Guarantee
- Muralidharan, Karthik, Paul Niehaus and Sandip Sukhtankar. Building State Capacity: Evidence from Biometric Smartcards in India (October 2014) NBER Working Paper 19999 (Updated in October 2014)

Institutions and Political Outcomes

Lecture 7, May 1st (Monday)

- Dal B, Ernesto and Martn Rossi (2011). Term Length and Political Performance. *Review of Economic Studies*, 78, 4, 1237-63.
- Dal B, Pedro, Andrew Foster and Louis Putterman (2010). Institutions and Behavior: Experimental Evidence on the Effects of Democracy. *American Economic Review*, 100, 2205-2229.

Lecture 8, May 9th (Tuesday)

- Knight, Brian (2000). Supermajority Voting Requirements for Tax Increases: Evidence from the States. *Journal of Public Economics*, 76, 41-67.
- Olken, Benjamin (2010). Direct Democracy and Local Public Goods. *American Political Science Review* 104 (2) 243-267.

Supplementary Readings

- Persson, Torsten, and Guido Tabellini. (1994). Is Inequality Harmful for Growth? *American Economic Review* 84: 600-621.
- Alesina, Alberto, and Dani Rodrik. (1994). Distributive Politics and Economic Growth. *Quarterly Journal of Economics* 109: 465-490.
- Banerjee, A. and E. Duflo (2003), Inequality and Growth: What Can the Data Say? , *Journal of Economic Growth* 8: 267-299.
- Galasso, V. and P. Profeta (2002), The political economy of social security: A survey , *European Journal of Political Economy*, 18, 1-29.
- Fujiwara, Thomas, Voting Technology, Political Responsiveness, and Infant Health: Evidence from Brazil , mimeo Princeton University.

- Banerjee, Abhijit and Rohini Pande, Parochial Politics: Ethnic Preferences and Political Corruption , mimeo, Harvard University, 2011.
- Munshi, Kaivan and Mark Rosenzweig, The Efficacy of Parochial Politics: Caste, Commitment, and Competence in Indian Local Governments , mimeo Yale University, 2011.
- Banerjee, Abhijit and Rohini Somanathan, The Political Economy of Public Goods in India Journal of Development Economics, 82(2), 287-314.
- Banerjee, Abhijit, Dilip Mookherjee, Kaivan Munshi and Debraj Ray, Inequality, Control Rights and Rent-Seeking: Sugar Cooperatives In Maharashtra , Journal of Political Economy, Feb. Vol. 109, Feb., pp. 138190.
- Caro-Burnett, Johann. 'Optimal Voting Rules in International Organizations, with an Application to the United Nations.' (2017)
- Miguel, Edward and Mary Kay Gugerty (2005) Ethnic Diversity, Social Sanctions, and Public Goods in Kenya , Journal of Public Economics 89, 2325-2368.
- Alesina, Alberto and Eliana La Ferrara, Participation in heterogeneous communities, Quarterly Journal of Economics, 2000, 115, 847 904.
- Khwaja, Ijaz, Asim (2008) Can good projects succeed in bad communities? working paper, department of economics, Harvard University.
- Alesina, Alberto, Reza Baqir and Caroline Hoxby, Political Jurisdictions in Heterogenous Communities, Journal of Political Economy, University of Chicago Press, vol. 112(2), pages 348-396.
- Olken, Benjamin A., Do TV and Radio Destroy Social Capital? Evidence from Indonesian Villages, mimeo, MIT.
- Miguel, Ted, Tribe or Nation?: Nation Building and Public Goods in Kenya versus Tanzania, World Politics - Volume 56, Number 3, April 2004, 327-362.
- Olken, Benjamin A. and Monica Singhal (2009), Informal Taxation, mimeo, MIT.
- Alesina, Alberto, Reza Baqir and William Easterly (1999), Public Goods and Ethnic Divisions, QJE 114, 1243-1284.

Democracy and Welfare

Lecture 9, May 11th (Thursday)

- Burgess, R., Jedwab, R., Miguel, E., Morjaria, A., and Miquel, G. (2013). The Value of Democracy: Evidence from Road Building in Kenya. The American Economic Review 105.6 (2015): 1817-1851.
- Llavador, Humberto and Oxoby, Robert J. (2005) Partisan Competition, Growth, and the Franchise, Quarterly Journal of Economics, 120, 1155-1192.

Lecture 10, May 13th (Saturday)

- Meng, Xin, Nancy Qian, and Pierre Yared (2015). "The Institutional Causes of Famine in China, 1959-61." Review of Economic Studies, forthcoming.
- Sasaki, Takao, and Stephen C. Pratt (2011). "Emergence of group rationality from irrational individuals." Behavioral Ecology.

Supplementary Readings

- 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.
- 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.
- Aidt, Toke S. and Peter S. Jensen (2013) Workers of the World Unite! Franchise Extensions and the Threat of Revolution in Europe, 1820-1938, University of Cambridge mimeo.
- Jack, William and Lagunoff, Roger (2006) Dynamic Enfranchisement, *Journal of Public Economics*, 90(4-5), 551-572.
- Moore, Barrington (1966) *The Social Origins of Dictatorship and Democracy: Lord and Peasant in the Making of the Modern World*, Beacon Press, Boston MA.
- Lagunoff, Roger (2006) Markov Equilibrium in Models of Dynamic Endogenous Political Institutions.
- Lagunoff, Roger (2006) Dynamic Stability and Reform of Political Institutions.

State Building and Institutional Change

Lecture 11, May 16th (Tuesday)

- Bockstette, Valerie, Areendam Chanda and Louis Putterman (2002). States and Markets: The Advantage of an Early Start, *Journal of Economic Growth*, 7: 347-69.
- Besley, Timothy and Torsten Persson (2009). The Origins of State Capacity: Property Rights, Taxation and Politics, *American Economic Review*, 99(4), 1218-44.

Lecture 12, May 18th (Thursday)

- Acemoglu, Daron (2005) Politics and Economics in Weak and Strong States *Journal of Monetary Economics*, 52, 1199-1226.
- 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.

Supplementary Readings

- 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).
- Gennaioli, Nicola and Ilija Rainer (2007). The Modern Impact of Pre-Colonial Centralization in Africa, *Journal of Economic Growth*, 12(3), 185-234.
- Michalopoulos, Stelios and Elias Papaioannou (2013). Pre-Colonial Ethnic Institutions and Contemporary African Development, *Econometrica*, 81(1), 1131-52.
- Osafo-Kwaako, Philip and James A. Robinson (2013). Political Centralization in Pre-Colonial Africa, *Journal of Comparative Economics*, 41(1), 534-564.
- Acemoglu, Daron, Golosov, Michael and Tsyvinski, Aleh (2010) Power Fluctuations and the Structure of Taxation *Journal of Economic Theory*.
- Acemoglu, Daron, Camilo Garcia-Jimeno and James Robinson (2013) State Capacity and Economic Development: A Network Approach, *American Economic Review*.

- Acemoglu, Daron, James A. Robinson and Rafael Santos (2012) The Monopoly of Violence: Evidence from Colombia Journal of European Economic Association, 11(1), 5-44.
- Blair, Robert (2013) Legitimacy After Violence: Evidence from Two Lab-in-the-Field Experiments in Liberia.
- Sanchez de la Sierra, Raul (2013) On the Origins of the State: Stationary Bandits and Taxation in Eastern Congo

Voter Information and Mobilization

Lecture 13, May 20th (Saturday)

- Banerjee, Abhijit, Selvan Kumar, Rohini Pande, and Felix Su (2011), Do Informed Voters Make Better Choices? Experimental Evidence from Urban India, mimeo.
- Ferraz, Claudio and Frederico Finan (2008), Exposing Corrupt Politicians: The Effects of Brazils Publicly Released Audits and Electoral Outcomes, Quarterly Journal of Economics, 123(2), 703-745.

Supplementary Readings

- Acemoglu, Daron and Abhijit Banerjee. 'Parochial Politics: Ethnic Preferences and Politician Corruption'
- Fujiwara, Thomas, and Leonard Wantchekon. 2013. Can Informed Public Deliberation Overcome Clientelism? Experimental Evidence from Benin. American Economic Journal: Applied Economics, 5(4): 241-55.
- Banerjee, Abhijit, Clement Imbert, Esther Duflo and Rohini Pande. Entry, Exit and Candidate Selection: Experimental Evidence from India.
- Alberto Chong, Ana De La O, Dean Karlan, and Leonard Wantchekon (2013), Looking Beyond the Incumbent: The Effects of Exposing Corruption on Electoral Outcomes, NBER Working Paper No. 17679.

Student's Presentations

Choose one of the papers from the supplementary readings list of any topic (See full instructions above).

Lecture 14, May 30th (Tuesday) Presentations.

Lecture 15, June 1st (Thursday) Presentations.