

14.773: Political Economy of Institutions and Development

Daron Acemoglu and Benjamin Olken

Spring 2020.

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, E51-376

Recitation

F 4-5:30, E51-376

1 Introduction

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

1. *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.
2. *Acemoglu, Daron (2003) "Why Not a Political Coase Theorem?" *Journal of Comparative Economics*, 31, 620-652.
3. Demsetz, Harold (1967) "Toward a Theory of Property Rights," *American Economic Review*, 57, 61-70.
4. Taylor, M Scott (2011) "Buffalo Hunt: International Trade and the Virtual Extinction of the North American Bison." *American Economic Review*, 101(7), 3162-95.
5. Allen, Robert C. (1982) "The Efficiency and Distributional Consequences of Eighteenth Century Enclosures," *Economic Journal*, 92, 937-953.
6. La Porta, Rafael, Lopez-de-Silanes, Florencio, Shleifer, Andrei, and Vishny, Robert W. (1998) "Law and Finance," *Journal of Political Economy*, 106, 1113-1155.
7. *Acemoglu, Daron, Johnson, Simon and Robinson, James A. (2001) "The Colonial Origins of Comparative Development: An Empirical Investigation," *American Economic Review*, 91, 1369-1401.
8. 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.
9. *Dell, Melissa (2010) "The Persistent Effects of Peru's Mining Mita," *Econometrica*, 78(6), 1863-1903.
10. *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.
11. Udry, Christopher and Goldstein, Markus (2008) "The Profits of Power: Land Rights and Agricultural Investment in Ghana", *The Journal of Political Economy*, Vol. 116, No. 6, pp. 981-1022.
12. 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.

13. Pande, Rohini and Udry, Christopher (2005) "Institutions and Development: A View from Below," to appear in the Proceedings of the 9th World Congress of the Econometric Society, Blundell, Richard, Newey, W., and Persson, Torsten
http://www.econ.yale.edu/~rp269/website/papers/institutions_draft.pdf
14. Persson, Torsten and Tabellini, Guido (2003) *The Economic Effects of Constitutions: What Do the Data Say?* MIT Press, Cambridge.
15. Acemoglu, Daron (2005) "Constitutions, Politics and Economic Growth: Review Essay on Persson and Tabellini's *The Economic Effects of Constitutions*," *Journal of Economic Literature*, XLIII, 1025-1048.

2 Distribution and Efficiency

This part of the course will consider how various economic arrangements and policies meant to influence the distribution of resources affect efficiency. The focus is on situations in which a well-defined elite holds political power and political power is not contested.

2.1 Review: Static Models (Recitation)

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 (2008) *Introduction to Modern Economic Growth*, Chapter 22.
2. Austen-Smith, David and Banks, Jeffrey (1999) *Positive Political Theory: Collective Preference*, Ann Arbor; University of Michigan Press.
3. Persson, Torsten and Tabellini, Guido (2000) *Political Economics: Explaining Economic Policy*, Cambridge; The MIT Press, Chapters 2, 3 and 6.
4. 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.
5. *Lindbeck, Assar, and Weibull, Jorgen W. (1987) "Balanced-Budget Redistribution as the Outcome of Political Competition." *Public Choice* 52: 273-297.

2.2 Economic Policies under Elite Control (DA, 1 lecture)

1. * Acemoglu, Daron (2006). “Modelling Inefficient Institutions”, *Advances in Economic Theory World Congress 2006*. Available at:
<https://economics.mit.edu/files/5697>
2. * Acemoglu, Daron (2009). *Introduction to Modern Economic Growth*, Princeton University Press.
 - Chapter 22: Institutions, Political Economy, and Growth
3. Acemoglu, Daron and James A. Robinson (2006). “Economic Backwardness in Political Perspective”, *American Political Science Review* 100 (1), pp. 115-131.
4. Fergusson, Leopoldo (2013). “The Political Economy of Rural Property Rights and the Persistence of the Dual Economy”, *Journal of Development Economics* 103, pp. 167-181.
5. * Acemoglu, Daron (2008). “Oligarchic versus Democratic Societies”, *Journal of the European Economic Association* 6 (1), pp. 1-44.
6. Olson, Mancur (1982). *The Rise and Decline of Nations: Economic Growth, Stagflation, and Social Rigidities*, Yale University Press.
7. Stasavage, David (2014). “Was Weber Right? The Role of Urban Autonomy in Europe’s Rise”, *American Political Science Review* 108 (2), pp. 337-354.
8. Stasavage, David (2017). “When Inclusive Institutions Failed: Lessons from the Democratic Revolutions of the Middle Ages”, mimeo. Available at:
<https://stasavage.com/research/>

2.3 Labor Coercion (DA, 1 lecture)

This literature focuses on one type of economic institution under the domination of one group, coercive labor relations, to provide more insights on how different types of inefficiencies can emerge.

1. *Brenner, Robert (1976) “Agrarian Class-Structure and Economic-Development in Pre-Industrial Europe,” *Past and Present*, 70, 30-75.
2. Aston, T.H. and Philpin, C.H.E. (1987) *The Brenner Debate: Agrarian Class Structure and Economic Development in Pre-Industrial Europe*, Cambridge: Cambridge University Press.

3. *Acemoglu, Daron and Alexander Wolitzky (2011) “The Economics of Labor Coercion,” *Econometrica*, March 2011, 79(2), pp. 555-600.
4. Chwe, Michael (1990) “Why Were Workers Whipped? Pain in a Principal-Agent Model,” *Economic Journal*, 100, 1109-1121.
5. Basu, Kaushik (1986) “One Kind of Power,” *Oxford Economic Papers*, 38, 259-282.
6. Barzel, Yoram (1977) “An Economic Analysis of Slavery,” *Journal of Law and Economics*, 20, 87-110.
7. Bloom, J. (1998) *The End of the Old Order in Rural Europe*, Princeton: Princeton University Press.
8. Domar, Evsey D. (1970) “The Causes of Slavery or Serfdom: A Hypothesis,” *Journal of Economic History*, 30, 18-32.
9. Lagerlöf, N. (2009) “Slavery and Other Property Rights,” *Review of Economic Studies*, 76, 319-342.
10. *Dell, Melissa (2010) “The Persistent Effects of Peru’s Mining Mita,” *Econometrica*, 78(6), 1863-1903.
11. *Naidu, Suresh and Noam Yuchtman (2013) “Coercive Contract Enforcement: Law and the Labor Market in 19th Century Industrial Britain,” *American Economic Review*, 103(1), 107-144.
12. *Acemoglu, Daron, Camilo Garcia-Jimeno and James Robinson (2012) “Finding El Dorado: Slavery and Long-run Development in Columbia” *Journal of Comparative Economics*, 40(4), pp. 534-564.

3 Dynamics of Political Power

This part of the course turns to how political power evolves and interacts with economic decisions.

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

This lecture provides a basic introduction of voting over 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, Egorov, Georgy and Sonin, Konstantin (2008) “Coalition Formation in Nondemocratic Societies.” *Review of Economic Studies*, 75: 987-1009.
2. Roberts, Kevin (2005) “Dynamic Voting in Clubs” <http://www.nuff.ox.ac.uk/Users/Roberts/papers.html>.
3. *Acemoglu, Daron, Georgy Egorov and Konstantin Sonin (2015) “Political Economy in a Changing World,” *Journal of Political Economy*, 123(5): 1038-1086.
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. 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. Benabou, Roland and Ok, Efe, “Social Mobility and the Demand for Redistribution”, *Quarterly Journal of Economics*, May, 2001.
8. Acemoglu, Daron, Egorov, Georgy and Sonin, Konstantin (2016) “Reevaluating De Tocqueville: Social Mobility and Stability of Democracy,” NBER Working Paper.
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,” *American Economic Review*, 102(4), 1446-1476.
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.

3.2 Review: Dynamic Games (Recitation)

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. *Fudenberg, Drew and Tirole, Jean (1991) *Game Theory*, Cambridge; MIT Press. Chapters 4, 5 and 13.

2. *Acemoglu, Daron (2008) *Introduction to Modern Economic Growth*, Appendix Chapter C.
3. *Acemoglu, Daron (2005) “Modelling Inefficient Institutions,” *Advances in Economic Theory World Congress 2006*,
<https://economics.mit.edu/files/5697>

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 Political Economy of Weak States and State Building (DA, 2 lectures)

These lectures will discuss the role of the state and how weak states can become a barrier to economic development. They will then turn to see how and under what circumstances states form and why weak states persist.

1. Tilly, Charles (1990) *Coercion, Capital and European States, AD 990-1990*, Blackwell, Cambridge MA.
2. Mann, Michael (1986) *The Sources of Social Power, Volume I*, Cambridge University Press, New York.
3. 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)
4. *Gennaioli, Nicola and Ilia Rainer (2007) “The Modern Impact of Pre-Colonial Centralization in Africa”, *Journal of Economic Growth*, 12(3), 185-234.
5. *Michalopoulos, Stelios and Elias Papaioannou (2013) “Pre-Colonial Ethnic Institutions and Contemporary African Development”, *Econometrica*, 81(1), 113–152.
6. Bockstette, Valerie, Areendam Chanda and Louis Putterman (2002) “States and Markets: The Advantage of an Early Start”, *Journal of Economic Growth*, 7: 347-69.
7. 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.

8. Gennaioli, Nicola and Hans-Joachim Voth (2015) “State Capacity and Military Conflict” *The Review of Economic Studies*, Vol. 82, No. 4, pp. 1409-1448.
9. Herbst, Jeffery I. (2000) *States and Power in Africa: Comparative Lessons in Authority and Control*, Princeton University Press, Princeton NJ.
10. Besley, Timothy and Persson, Torsten (2011) *Pillars of Prosperity: The Political Economics of Development Clusters*, Princeton University Press.
11. Osafo-Kwaako, Philip and James A. Robinson (2013) “Political Centralization in Pre-Colonial Africa,” , *Journal of Comparative Economics*, 41(1), 534-564.
12. Blair, Robert (2013) “Peacebuilding and State Legitimacy: Evidence from Two Lab in the Field Experiments in Liberia” Yale mimeo.
13. *Sanchez de la Sierra, Raul (2018) “On the Origins of the State: Stationary Bandits and Taxation in Eastern Congo” forthcoming *Journal of Political Economy*.
14. Acemoglu, Daron (2005) “Politics and Economics in Weak and Strong States” *Journal of Monetary Economics*, 52, 1199-1226.
15. *Besley, Timothy and Torsten Persson (2009) “The Origins of State Capacity: Property Rights, Taxation and Politics”, *American Economic Review*, 99(4), 1218-44.
16. *Acemoglu, Daron and James A. Robinson (2018) “The Emergence of Weak, Despotism and Inclusive States” mimeo.
17. *Acemoglu, Daron and James A. Robinson (2019) *The Narrow Corridor: States, Societies, and the Fate of Liberty*, Penguin, New York, Chapters 1, 2, 6 and 9.
18. Acemoglu, Daron, and James A. Robinson (2016) “Paths to Inclusive Political Institutions” *Economic History of Warfare and State Formation, Essays in Honor of Mark Harrison*, Springer Singapore, 3-50.
19. Waldner, David (1999) *State-Building and Late Development*, Ithaca, Cornell University Press.
20. Acemoglu, Daron, Camilo Garcia-Jimeno, and James A. Robinson (2015). “State Capacity and Economic Development: A Network Approach” *American Economic Review*, Vol. 105, No. 8, pp. 2364-2409.
21. Koyama, Mark, Chiaki Moriguchi, and Tuan-Hwee Sng (2015). “Geopolitics and Asia’s Little Divergence: A Comparative Analysis of State Building in China and Japan after 1850 ” unpublished, George Mason University.

4.2 Democratization and Persistence (DA, 2 lectures)

These two lectures 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. Finally, it will discuss various ways in which the distribution of power may persist despite institutional change.

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. *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.
6. Collins, William and Robert A. Margo (2007) "The Economic Aftermath of the 1960s Riots in American Cities: Evidence from Property Values" *Journal of Economic History*, 67(4), 849-883.
7. *Madestam, Andreas, Daniel Shoag, Stan Veuger and David Yanagizawa-Drott 2013) "the Political Protests Matter? Evidence from the Tea Party Movement" *Quarterly Journal of Economics*, 128(4), 1633-1685.
8. Llavador, Humberto and Oxoby, Robert J. (2005) "Partisan Competition, Growth, and the Franchise," *Quarterly Journal of Economics*, 120, 1155-1192.
9. Jack, William and Lagunoff, Roger (2006) "Dynamic Enfranchisement," *Journal of Public Economics*, 90(4-5), 551-572
10. Moore, Barrington (1966) *The Social Origins of Dictatorship and Democracy: Lord and Peasant in the Making of the Modern World*, Beacon Press, Boston MA.
11. Lagunoff, Roger (2006) "Markov Equilibrium in Models of Dynamic Endogenous Political Institutions" <http://www.georgetown.edu/faculty/lagunoff/>

12. Lagunoff, Roger (2006) "Dynamic Stability and Reform of Political Institutions," <http://www.georgetown.edu/faculty/lagunoff/>
13. Arthur, W. Brian. (1989) "Competing Technologies, Increasing Returns and Lock-In by Historical Events," *Economic Journal*, 1989, 99(1), pp. 106-131.
14. Coate, Stephen and Morris, Stephen E. (1999) "Policy Persistence." *American Economic Review*, 1999, 89(5), pp. 1327-1336.
15. Page, Scott (2006) "Path Dependence," *Quarterly Journal of Political Science*, 1, 87-115.
16. *Acemoglu, Daron and Robinson, James A. (2008) "Persistence of Power, Elites and Institutions," *American Economic Review* 98(1), 267-291.
17. Albertus, Michael and Victor Menaldo (2013) "Gaming Democracy: Elite Dominance During Transition and the Prospects for Redistribution," *British Journal of Political Science*.
18. *Baland, Jean-Marie and James A. Robinson (2008) "Land and Power: Theory and Evidence from Chile," *American Economic Review*, 98, 1737-65.
19. *Anderson, Siwan, Patrick François and Ashok Kotwal (2015) "Clientelism in Indian Villages," *American Economic Review*, 105(6), 1780-1816.
20. Thelen, Kathleen (2004) *How institutions evolve: the political economy of skills in Germany, Britain, the United States, and Japan*, New York; Cambridge University Press.
21. Lizzeri, Alessandro and Nicola Persico (2005) "A drawback of electoral competition." *Journal of the European Economic Association* 3 (4), 1318-1348.
22. Acemoglu, Daron, Davide Ticchi and Andrea Vindigni (2010) "Emergence and Persistence of Inefficient States," *Journal of European Economic Association*, 9(2), pp. 177-208.
23. Horacio Larreguy (2012) "Monitoring Political Brokers: Evidence from Clientelistic Networks in Mexico" mimeo.
24. François, Patrick, Ilia Rainer and Francesco Trebbi (2015) "How Is Power Shared in Africa?" *Econometrica*, 83(2), 465-503.
25. *Acemoglu, Daron, James A. Robinson and Ragnar Torvik (2012) "Why Do Voters Dismantle Checks and Balances?" *Review of Economic Studies*.

4.3 Political (and other) Preferences (BO, 1 lecture)

Note: Ben will lecture on 3/5 and Daron will lecture on 4/21

1. * Madestam, Andreas and David Yanagizawa-Drott (2012). “Shaping the Nation: The Effect of Fourth of July on Political Preferences and Behavior in the United States.” Mimeo.
2. * Bursztyn, Leonardo, Georgy Egorov and Stefano Fiorin (2017). “From Extreme to Mainstream: How Social Norms Unravel.” Mimeo.
3. * Cantoni, Davide, Yuyu Chen, David Y. Yang, Noam Yuchtman, Y. Jane Zhang (2017). “Curriculum and Ideology.” *Journal of Political Economy*, 125(2): 338-392.
4. Alesina, Alberto and Nicola Fuchs-Schündeln (2007). “Good-Bye Lenin (Or Not?): The Effect of Communism on People’s Preferences.” *American Economic Review*, 97(4): 1507-1528.
5. Alesina, Alberto and Eliana La Ferrara (2005). “Preferences for Redistribution in the Land of Opportunities.” *Journal of Public Economics*, 89(5–6): 897–931.
6. Bursztyn, Leonardo, Alessandra L. Gonzalez and David Yanagizawa-Drott (2018). “Misperceived Social Norms: Female Labor Force Participation in Saudi Arabia.” Mimeo.
7. Fuchs-Schündeln, Nicola and Matthias Schündeln (2015). “On the Endogeneity of Political Preferences: Evidence from Individual Experience with Democracy.” *Science*, 347(6226): 1145-1148.
8. Bursztyn, Leonardo and Davide Cantoni (2016). “A Tear in the Iron Curtain: The Impact of Western Television on Consumption Behavior.” *Review of Economics and Statistics* 98(1): 25-41.
9. Jensen, Robert and Emily Oster (2009). “The Power of TV: Cable Television and Women’s Status in India.” *Quarterly Journal of Economics* 124(3): 1057–1094.
10. La Ferrara, Eliana, Alberto Chong and Suzanne Duryea (2012). “Soap Operas and Fertility: Evidence from Brazil.” *American Economic Journal: Applied Economics* 4 (4), 1–31.
11. Kuziemko, Ilyana, Michael I. Norton, Emmanuel Saez and Stefanie Stantcheva. (2015). “How Elastic Are Preferences for Redistribution? Evidence from Randomized Survey Experiments.” *American Economic Review*, 105 (4): 1478-1508.
12. Alberto Alesina, Stefanie Stantcheva and Edoardo Teso (2017). “Intergenerational Mobility and Preferences for Redistribution.” *NBER Working Paper No. 23027*.

5 Beliefs, Norms and Institutions

This part of the course turns to the interplay between beliefs, norms and political choices.

5.1 Beliefs, Information and Politics (DA, 1 lecture)

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

1. *Piketty, Thomas, (1995) “Social Mobility and Redistributive Politics,” *Quarterly Journal of Economics*, 110: 551-584.
2. Austen-Smith, David (1991) “Rational Consumers and Irrational Voters,” *Economics and Politics*, 3:73-92.
3. Feddersen, Timothy and Wolfgang Pesendorfer (1996) “The Swing Voter’s Curse,” *American Economic Review*, 86: 408-424.
4. Fey, Mark and J. Kim (2002) “The Swing Voter’s Curse: A Comment,” *American Economic Review*, 92: 1264-1268.
5. *Strulovici, Bruno (2010) “Voting and Experimentation,” *Econometrica*.
6. Acemoglu, Daron, Egorov, Georgy and Sonin, Konstantin (2012) “A Political Theory of Populism,” *Quarterly Journal of Economics* 128(2), pp. 771-805.
7. *Acemoglu, Daron and Alexander Wolitzky (2014) “Cycles of Conflict: An Economic Model” *American Economic Review*.

5.2 Culture, Norms and Political Economy (DA, 3 lectures)

These 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. *Note*: This topic will be split and some material will be covered in Daron’s 4/21 lecture.

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. *Acemoglu, Daron and James A. Robinson (2019) *The Narrow Corridor: States, Societies, and the Fate of Liberty*, Penguin, New York, Chapters 2, 4 and 6.
8. Lowes, Sara, Nathan Nunn, James Robinson and Jonathan Weigel (2015) “Understanding Ethnic Identity in Africa: Evidence from the Implicit Association Test” NBER working paper.
9. Roland, Gerard and Yury Gorodnichenko (2017) “Culture, Institutions and the Wealth of Nations,” *Review of Economics and Statistics*, 99(3), 402–416.
10. Acemoglu, Daron, Ufuk Akcigit and Murat Alp Celik (2014) “Young, Restless and Creative: Openness to Disruption and Creative Innovations”, mimeo.
11. *Voth, Hans-Joachim and Nico Voigtlander (2012) “Persecution Perpetuated: The Medieval Origins of Antisemitic Violence in Nazi Germany” *Quarterly Journal of Economics*.
12. *Acemoglu, Daron, Tristan Reed and James Robinson (2014) “Chiefs: Economic Development and Elite Control of Civil Society in Sierra Leone” *Journal of Political Economy*, 122(2): 319-368.
13. Voth, Hans-Joachim, Shanker Satyanath and Nico Voigtlander (2014) “Bowling for Fascism” NBER working paper.
14. *Bisin, Alberto and Thierry Verdier (2001) “The Economics of Cultural Transmission and the Dynamics of Preferences,” *Journal of Economic Theory*, 97, 298-319.
15. 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.
16. *Tabellini, Guido (2008) “The Scope of Cooperation: Values and Incentives,” *Quarterly Journal of Economics*, 123, 905-950.
17. Doepke, Matthias and Fabrizio Zilibotti (2008) “Occupational Mobility in the Spirit of Capitalism,” *Quarterly Journal of Economics*, 123, 747-793.

18. *Acemoglu, Daron and Matthew Jackson (2015) “History and Expectations in the Evolution of Cooperation,” *Review of Economic Studies*, 82: 423-456.
19. Benabou, Roland and Jean Tirole (2011) “Laws and Social Norms” mimeo.
20. *Acemoglu, Daron and Matthew Jackson (2016) “Norms and the Enforcement of Laws” *Journal of the European Economic Association*.
21. Heldring, Leander (2016) “Violence and the State: Evidence from Rwanda’s Decade of Atrocities” mimeo.

6 Conflict (BO, 3 lectures: 3/31, 4/2)

6.1 Theory: Why Does Conflict Take Place? Bargaining Failures and Other Reasons

- * Fearon, James D. (1995). “Rationalist Explanations for War.” *International Organization* 49(3): 379-414.
- * Jackson, Matthew O. and Massimo Morelli (2007). “Political Bias and War.” *American Economic Review* 97(4): 1353-1373.
- Baliga, Sandeep and Tomas Sjöström (2011). “Conflict Games with Payoff Uncertainty.” Mimeo.
- Caselli, Francesco and Wilbur John Coleman II (2013). “On the Theory of Ethnic Conflict.” *Journal of the European Economic Association* 11(1): 161-192.
- Chassang, Sylvain and Gerard Padró I Miquel (2010). “Conflict and Deterrence Under Strategic Risk.” *Quarterly Journal of Economics* 125(4): 1821-1858.
- Dal Bó, Ernesto and Pedro Dal Bó (2011). “Workers, Warriors, and Criminals: Social Conflict in General Equilibrium.” *Journal of the European Economic Association* 9(4): 646-677.
- Powell, Robert (2004). “The Inefficient Use of Power: Costly Conflict with Complete Information.” *American Political Science Review* 98(2): 231-241 .
- Shelling, Thomas C. (1980). *The Strategy of Conflict*, Harvard University Press.

6.2 Empirics

6.2.1 Why does conflict occur? Costs, benefits, and other factors

- * Dube, Oeindrila and Juan F. Vargas (2013). “Commodity Price Shocks and Civil Conflict: Evidence from Colombia.” *Review of Economics Studies* 80(4): 1384-1421.
- * Nunn, Nathan and Nancy Qian (2014). “U.S. Food Aid and Civil Conflict,” *American Economic Review* 104(6): 1630- 1666.
- Blattman, Christopher and Jeannie Annan (2016). “Can Employment Reduce Lawlessness and Rebellion? A Field Experiment with High- Risk Men in a Fragile State.” *American Political Science Review* 110(1): 1-17.
- Jones, Benjamin F. and Benjamin A. Olken (2009). “Hit or Miss? The Effect of Assassinations on Institutions and War.” *American Economic Journal: Macroeconomics* 1(2): 55-87.

- Miguel, Edward, Shanker Satyanath and Ernest Sergenti (2004). “Economic Shocks and Civil Conflict: An Instrumental Variables Approach.” *Journal of Political Economy* 112(4): 725-753.
- Hsiang, Solomon M., Marshall Burke and Edward Miguel (2013). “Quantifying the Influence of Climate on Human Conflict.” *Science* 341 (6151): 1235367.
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6.2.2 Counterinsurgency

- * Dell, Melissa and Pablo Querubin (2018). “Nation Building Through Foreign Intervention: Evidence from Discontinuities in Military Strategies.” *Quarterly Journal of Economics* 133(2): 701-764.
- * Beath, Andrew, Fontini Christia and Ruben Enikolopov (2017). “Can Development Programs Counter Insurgencies?: Evidence from a Field Experiment in Afghanistan.” Mimeo.
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6.2.3 The Costs of Conflict

- * Abadie, Alberto and Javier Gardeazabal (2003). “The Economic Costs of Conflict: A Case Study of the Basque Country.” *American Economic Review* 93(1): 113-132.
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7 Media (BO, 3 lectures: 4/7, 4/9, 4/14)

7.1 Media Bias and Voting

- * Gentzkow, Matthew and Jesse M. Shapiro (2006). “Media Bias and Reputation.” *Journal of Political Economy* 114(2): 280-316.
- * Gentzkow, Matthew and Jesse M. Shapiro (2010). “What Drives Media Slant? Evidence from U.S. Daily Newspapers.” *Econometrica* 78(1): 35-71.
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7.2 Social Media and Politics

- * Alcott, Hunt, Luca Braghieri, Sarah Eichmeyer, and Matthew Gentzkow, “The Welfare Effects of Social Media.” Forthcoming, *American Economic Review*.
- * Levy, Ro’ee. “Social Media, News Consumption, and Polarization: Evidence from a Field Experiment.” Mimeo, Yale. https://levyroee.github.io/Papers/Social_Media_and_Polarization

7.3 Media and Accountability

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- * Bidwell, Kelley, Katherine Casey and Rachel Glennerster (2018). “Debates: Voting and Expenditure Responses to Political Communication.” Mimeo.
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7.4 Media, Policy, and Influence: A Two-Way Street

- * Eisensee, Thomas and David Strömberg (2007). “News Droughts, News Floods, and U.S. Disaster Relief.” *Quarterly Journal of Economics* 122(2): 693-728.
- * Durante, Ruben and Ekaterina Zhuravskaya (2018). “Attack When the World Is Not Watching? US News and the Israeli-Palestinian Conflict.” *Journal of Political Economy* 126(3): 1085-1133.
- Strömberg, David (2004). “Radio’s Impact on Public Spending.” *Quarterly Journal of Economics* 119(1): 189-221.

7.5 Government Influence on the Media

- Qian, Nancy and David Yanagizawa-Drott (2017). “Government Distortion in Independently Owned Media: Evidence from U.S. News Coverage of Human Rights.” *Journal of the European Economic Association* 15(2): 463-499.
- Di Tella, Rafael and Ignacio Franceschelli (2011). “Government Advertising and Media Coverage of Corruption Scandals.” *American Economic Journal: Applied Economics* 3(4): 119-151.
- Reuter, Jonathan and Eric Zitzewitz (2006). “Do Ads Influence Editors? Advertising and Bias in the Financial Media.” *Quarterly Journal of Economics* 121(1): 197-227.
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- Gentzkow, Matthew, Nathan Petek, Jesse Shapiro and Michael Sinkinson (2015). “Do Newspapers Serve the State? Incumbent Party Influence on the US Press, 1869-1928.” *Journal of the European Economic Association* 13(1): 29-61.
- DellaVigna, Stefano, Ruben Durante, Brian Knight and Eliana La Ferrara (2016). “Market-Based Lobbying: Evidence from Advertising Spending in Italy.” *American Economic Journal: Applied Economics* 8(1): 224-256.

8 Coordination, the Media, and Politics (BO, 1-2 lectures: 4/16)

- * Barberà, Salvador and Matthew O. Jackson (2018). “A Model of Protests, Revolution, and Information.” Mimeo.
- * Cantoni, Davide, David Y. Yang and Y. Jane Zhang (2017). “Protests as Strategic Games: Experimental Evidence from Hong Kong’s Anti-Authoritarian Movement.” Mimeo.
- * Alatas, Vivi, Arun G. Chandrasekhar, Markus Mobius, Benjamin A. Olken and Cindy Paladines (2018). “When Celebrities Speak: A Nationwide Twitter Experiment Promoting Vaccination in Indonesia.” Mimeo.
- * Madestam, Andreas, Daniel Shoag, Stan Veuger and David Yanigazawa-Drott (2013). “Do Political Protests Matter? Evidence from the Tea Party Movement.” *Quarterly Journal of Economics* 128(4): 1633-1685.

- Enikolopov, Ruben, Alexey Makarin, and Maria Petrova (2017). “Social Media and Protest Participation: Evidence from Russia.” Forthcoming in *Econometrica*.
- Yanagizawa-Drott, David (2014). “Propaganda and Conflict: Theory and Evidence from the Rwandan Genocide.” *Quarterly Journal of Economics* 129(4): 1947-1994.
- King, Gary, Benjamin Schneer and Ariel White (2017). “How the news media activate public expression and influence national agendas.” *Science* 358(6364): 776-780.
- Chong, Alberto, Claudio Ferraz, Frederico Finan, Eliana La Ferrara and Luis Meloni (2017). “Can Entertainment Media Undermine Dictatorships? Evidence from Brazil’s Novelas.” Mimeo.
- Campante, Filipe Ruben Durante and Francesco Sobbrío (2017). “Politics 2.0: The Multifaceted Effect of Broadband Internet on Political Participation.” Forthcoming in *Journal of the European Economic Association*.
- Manacorda, Marco and Andrea Tesei (2016). “Liberation Technology: Mobile Phones and Political Mobilization in Africa.” Mimeo.
- Arias, Eric, Pablo Balan, Horacio Llaeguy, John Marshall, and Pablo Querubin (2017). “How Social Networks Help Voters Coordinate Around Information Provision to Improve Electoral Accountability: Experimental Evidence from Mexico.” Mimeo.
- Banerjee, Abhijit, Emily Breza, Arun G.Chandrasekhar and Benjamin Golub (2018). “When Less Is More: Experimental Evidence On Information Delivery During India’s Demonetization.” *NBER Working Paper No. 24679*.

9 Bureaucracy (BO, 2 lectures: 4/24, 4/28)

Note: Daron will lecture on 4/21 and recitation will be held in class on 4/23. Ben will lecture during the recitation slot on 4/24

9.1 Do Bureaucrats Matter?

- * Best, Michael Carlos, Jonas Hjort and David Szakonyi (2017). “Individuals and Organizations as Sources of State Effectiveness, and Consequences for Policy Design.” Mimeo.
- Bertrand, Marianne, Robin Burgess, Arunish Chawla and Guo Xu (2016). “The Costs of Bureaucratic Rigidity: Evidence from the Indian Administrative Service.” Mimeo.
- Do, Quoc-Anh, Kieu-Trang Nguyen and Anh Tran (2017). “One Mandarin Benefits the Whole Clan: Hometown Favoritism in an Authoritarian Regime.” *American Economic Journal: Applied Economics* 9(4): 1-29.

9.2 Incentives for and Allocation of Bureaucrats

- * Khan, Adnan Q., Asim I. Khwaja and Benjamin A. Olken (2016). “Tax Farming Redux: Experimental Evidence on Performance Pay for Tax Collectors.” *Quarterly Journal of Economics* 131 (1): 219-271.
- * Khan, Adnan Q., Asim I. Khwaja and Benjamin A. Olken (2018). “Making Moves Matter: Experimental Evidence on Incentivizing Bureaucrats through Performance-Based Posting.” Forthcoming in the *American Economic Review*.
- Duflo, Esther, Rema Hanna and Stephen P. Ryan (2012). “Incentives Work: Getting Teachers to Come to School.” *American Economic Review* 102(4): 1241-1278.
- Banerjee, Abhijit, Esther Duflo and Rachel Glennerster (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.
- Fisman, Raymond and Youngxiang Wang (2017). “The Distortionary Effects of Incentives in Government: Evidence from China’s Death Ceiling Program.” *American Economic Journal: Applied Economics* 9(2): 202-218.
- Serrato, Juan Carlos Suarez, Xiao Yu Wang and Shuang Zhang (2017). “The Limits of Meritocracy: Screening Bureaucrats Under Imperfect Verifiability.” Mimeo.
- Iyer, Lakshmi and Anandi Mani (2012). “Traveling Agents: Political Change and Bureaucratic Turnover in India.” *Review of Economics and Statistics* 94(3): 723-739.
- Mas, Alexandre (2006). “Pay, Reference Points and Police Performance.” *Quarterly Journal of Economics* 121(3): 783-821.

9.3 Selection of Bureaucrats

- * Xu, Guo (2017). “The Costs of Patronage: Evidence from the British Empire.” Mimeo.
- Ashraf, Nava, Oriana Bandiera, and Scott S. Lee (2016). “Do-Gooders and Go-Getters: Selection and Performance in Public Service Delivery.” Mimeo.
- Dal Bó, Ernesto, Federico Finan and Martin A. Rossi (2013). “Strengthening State Capabilities: The Role of Financial Incentives in the Call to Public Service.” *Quarterly Journal of Economics* 128(3): 1169-1218.
- Weaver, Jeff B. (2018). “Jobs for Sale: Corruption and Misallocation in Hiring.” Mimeo.

- Ornaghi, Arianna (2018). “Civil Service Reforms: Evidence from U.S. Police Departments.” Mimeo.
- Colonnelli, Emanuele, Edoardo Teso and Mounu Prem (2017). “Patronage in the Allocation of Public Sector Jobs.” Mimeo.

10 Corruption (BO, 3 lectures: 4/30, 5/5, 5/7)

10.1 Measurement and Efficiency Costs

- * Banerjee, Abhijit, Rema Hanna and Sendhil Mullainathan (2012). “Corruption.” Chapter 27 in *Handbook of Organizational Economics*, edited by Robert Gibbons and John Roberts, Princeton University Press.
- ** Bertrand, Marianne, Simeon Djankov, Rema Hanna and Sendhil Mullainathan (2007). “Obtaining a Driver’s License in India: An Experimental Approach to Studying Corruption.” *Quarterly Journal of Economics*, 122(4): 1639-1676.
- 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): 1278-1308.
- Sukhtankar, Sandip (2015). “The Impact of Corruption on Consumer Markets: Evidence from the Allocation of 2G Wireless Spectrum in India.” *Journal of Law and Economics* 58 (1): 75-108.
- Fisman, Raymond. "Estimating the value of political connections." *American Economic Review* 91.4 (2001): 1095-1102.
- Fisman, David, Raymond J. Fisman, Julia Galef, Rakesh Khurana, and Yongxiang Wang (2012) “Estimating the Value of Connections to Vice-President Cheney,” *The B.E. Journal of Economic Analysis & Policy*: Vol. 13: Iss. 3 (Advances), Article 5
- Colonnelli, Emanuele and Mounu Prem (2017). “Corruption and Firms: Evidence from Randomized Audits in Brazil.” Mimeo.
- Riordan, William L. (1905). *Plunkitt of Tammany Hall: A Series of Very Plain Talks on Very Practical Politics*. The Project Gutenberg, 2001.

10.2 The Official’s Decision to Be Corrupt: Wages, Incentives, and Selection

- **Olken, Benjamin A. (2007). “Monitoring Corruption: Evidence from a Field Experiment in Indonesia.” *Journal of Political Economy* 115(2): 200-249

- * Becker, Gary S. and George J. Stigler (1974). “Law Enforcement, Malfeasance, and Compensation of Enforcers.” *Journal of Legal Studies* 3(1): 1-18.
- * Ferraz, Claudio and Frederico Finan (2008). “Exposing Corrupt Politicians: The Effects of Brazil’s Publicly Released Audits and Electoral Outcomes.” *Quarterly Journal of Economics* 123(2): 703-745.
- Banerjee, Abhijit, Rema Hanna, Jordan Kyle, Benjamin A. Olken and Sudarno Sumarto (2018). “Tangible Information and Citizen Empowerment: Identification Cards and Food Subsidy Programs in Indonesia.” *Journal of Political Economy* 126(2): 451-491.
- Fisman, Ray and Shang-Jin Wei (2004). “Tax Rates and Tax Evasion: Evidence from ‘Missing Imports’ in China.” *Journal of Political Economy* 112(2): 471-500.
- Niehaus, Paul and Sandip Sukhtankar (2013). “Corruption Dynamics: The Golden Goose Effect.” *American Economic Journal: Economic Policy* 5(4): 230-269.
- Di Tella, Rafael and Ernesto Schargrodsky (2003). “The Role of Wages and Auditing during a Crackdown on Corruption in the City of Buenos Aires.” *Journal of Law and Economics* 46(1): 269-292.
- Zamboni, Yves and Stephan Litschig (2018). “Audit Risk and Rent Extraction: Evidence from a Randomized Evaluation in Brazil.” *Journal of Development Economics* 134: 133-149.
- Muralidharan, Karthik, Paul Niehaus and Sandip Sukhtankar (2016). “Building State Capacity: Evidence from Biometric Smartcards in India.” *American Economic Review* 106 (10): 2895-2929.
- * Hanna, Rema and Shing-Yi Wang (2017). “Dishonesty and Selection into Public Service.” *American Economic Journal: Economic Policy* 9(3): 262-290.
- Barfort, Sebastian, Nikolaj Harmon, Frederik Hjorth, Asmus Leth Olsen (2015). “Dishonesty and Selection into Public Service in Denmark: Who Runs the World’s Least Corrupt Public Sector?” Mimeo.
- Decarolis, Francesco, Raymond Fisman, Paolo Pinotti, and Silvia Vannutelli (2019). “Rules, Discretion, and Corruption in Procurement: Evidence from Italian Government Contracting.” http://sites.bu.edu/fisman/files/2019/12/criminal_procurement_final.pdf
- Gerardino, Maria Paula, Stephan Litschig and Dina Pomeranz (2017). “Can Audits Backfire? Evidence from Public Procurement in Chile.” *NBER Working Paper No. 23978*.

- Avis, Eric, Claudio Ferraz and Frederico Finan (2017). “Do Government Audits Reduce Corruption? Estimating the Impacts of Exposing Corrupt Politicians.” forthcoming in *Journal of Political Economy*.

10.3 The IO of Corruption

- * Shleifer, Andrei and Robert W. Vishny (1993). “Corruption.” *Quarterly Journal of Economics* 108(3): 599-617.
- * Olken, Benjamin A. and Patrick Barron (2009). “The Simple Economics of Extortion: Evidence from Trucking in Aceh.” *Journal of Political Economy* 117(3): 417-452.
- * Burgess, Robin, Matthew Hansen, Benjamin A. Olken, Peter Potapov and Stefanie Sieber (2012). “The Political Economy of Deforestation in the Tropics.” *Quarterly Journal of Economics* 127(4): 1707-1754.
- Banerjee, Abhijit V. (1997). “A Theory of Misgovernance.” *Quarterly Journal of Economics* 112 (4): 1289-1332.
- Menes, Rebecca (2006). “Limiting the Reach of the Grabbing Hand: Graft and Growth in American Cities, 1880 to 1930.” Chapter 2 in *Corruption and Reform: Lessons from America’s Economic History*, edited by Edward L. Glaeser and Claudia Goldin, University of Chicago Press.
- Svensson, Jakob (2003). “Who Must Pay Bribes and How Much? Evidence from a Cross-Section of Firms.” *Quarterly Journal of Economics* 118(1): 207-230.