

The Political Economy of Development

PPHA41120/ECON35570/PLSC46600

Chris Blattman **Eduardo Montero**

Spring 2023 DRAFT Syllabus

Course Information

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Office Hours: Wednesdays 3–5pm (link to online signup)

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Office Hours: Thursdays 3-5pm (link to online signup)

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Lecture Mondays & Wednesdays 9:00-10:20pm, Keller 2112

Who may take this course? This course is intended as an advanced research seminar for Ph.D. students in economics, public policy, and political science. It can be used to fulfill the development field at Harris and the economics department. Other Ph.D. students are welcome but will benefit from some experience in game theory and causal inference. MACRM students are also welcome. Other Master's students are not eligible and should take one of the Harris MA classes taught by the professors (Order & Violence or Economic Development & Policy). There are no exceptions.

Auditing PhD students may audit this course.

Course description

This course is intended as an introduction for Ph.D. students to the research literature in the political economy of development. Its purpose is to:

- Give you a sense of the frontier research topics
- Introduce you to some of the canon
- Give you a command of how social science tools are used in this area
- Highlight important and under-researched questions, ripe for a dissertation

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. There is a “book of the day” for each reading which we will talk about briefly.

Though the research papers in this course tend to be short and focused on very specific questions that one can hopefully answer in a convincing way, often inspiration, ideas and questions themselves come from very different sorts of research, qualitative, ethnographic and works which have studied a subject in a very different way than you might. We hope you’ll come away from the class with some appreciation of this perspective and the rich set of ideas and questions it provides for us. There is a great deal of knowledge about the world out there even if it isn’t presented in ways which attempt to establish causal hypotheses. Even more important, sometimes the thirst to establish causal hypotheses leads us to set aside things which ultimately turn out to be very important.

This is a very eclectic subject but the theme that unites it is an argument that traditional approaches to trying to understand economic development, particularly in terms of the ‘fundamentals’ of standard economic models, cannot satisfactorily account for the evidence. ‘Satisfactorily’ is a bit “in the eye of the beholder” and this course will necessarily be a bit subjective. Nevertheless, we’ll try to argue using many different sources of evidence from regressions, through case studies and ethnographic material, that it is very unlikely that the tools development economists have used for the past 50 years to study why poor countries stay poor and why rich countries got rich, are sufficient for the task.

First half: Chris Blattman

My goal in the first half of the course is to illustrate what I think are some of the newer and most exciting directions in the political economy of development.

We will start with a look at a classic subject: ethnic politics and identity, then social identity and preferences more generally. One aspect of social identity (besides preferences) is norms and informal institutions. The economics literature has tended to focus on formal institutions rather than informal institutions such as norms. We will talk about what these norms are, their roots in identity, why they are important, and how malleable they are.

On the subject of violence and conflict, we will start with the major game theoretic theories of conflict and move to more behavioral and non-standard explanations. Like voting, violent

conflict is one of the social phenomena where standard approaches only seem to get you so far, and a major frontier of research is whether or not more non-standard theories can close the gap or not.

We will then move on to related frontiers: the industrial organization of violence, international crime, and gangs.

Second half: Eduardo Montero

The goal for the second half of the course is to introduce and evaluate theories on the political and economic development of societies. It will introduce work at the research frontier that seeks to understand key features of economic development processes across countries and to inform the design of public policies. While most of the studies covered in the course belong to the field of development economics and political economy, there is overlap with other fields in economics (e.g., economic history and cultural economics), as well as with other disciplines outside economics (e.g., history, psychology, political science, and anthropology). The reading list is long, to give you an opportunity to dive deeper into some of the topics in this area if you want to specialize in a given topic.

Grading

The default is to give you a letter grade. Students are also welcome to take the class pass/fail if they prefer. Students should independently confirm that their program will accept a pass/fail grade towards their degree.

30%: Weekly 1-page comments

30% of the course grade will be based on 9 weekly comments submitted throughout the quarter.

You may submit a comment for either the Monday or the Wednesday class. It will be graded by the TA but instructors will commonly look at comments in advance, to prepare for class. The comment *must be submitted by 6pm the evening before the relevant class*. This way the instructors have time to review your comments before class.

Your comments should be roughly 1-2 pages long, and be related to the theme of one of the classes of the week. It should address one of the following:

- A critical analysis or discussion of one of the required readings. This is akin to a short referee report. It should focus only on major comments or critiques. These may include:

- Major issues or limitations (of the data, empirical strategy, etc.)
 - Theoretical strengths and weaknesses
 - Ideas about how to answer the question better or differently
 - Why this is or is not a major contribution to the literature
 - *Most importantly*, constructive comments about how to solve issues or move forward in future
- Comments on a group of papers, or the state of the literature – both critical and constructive
 - A research idea inspired by one of the papers, or on a topic *related to the themes or readings of the day*
 - *Last week of class only*: You'll be assigned to write constructive comments for 1–2 of your classmates on their research presentation. To grade these, the TA will take into account the recipient's assessment of the usefulness of your comments.

The comment should be detailed, specific, intelligent, and careful. This is not 1–2 pages of hasty comments, but should reflect some deep and serious thinking about the papers or the subject areas after having read the papers for the week.

Note, the idea is not only to inculcate a critical view (“here is what is wrong with this paper or the literature”) but also constructive suggestions on a path forward. As one professor once told me: “I love it when people find problems with my papers, but I love it more when they suggest solution.”

This is hard, of course, and you won't always succeed. That's fine. The point is to try and to hone this ability over the quarter. Like anything, it improves with practice.

Your TA will grade these with a check plus, check, or check minus (or zero in the event nothing is submitted) and the professors will review them before class. They may call on you in class to

50% Research proposal presentation

50% of the course grade will be based on a full research proposal which every student has to present.

You only need to present and submit slides. We do not expect a written proposal document.

The research proposal must be related to the political economy of development. While we are somewhat flexible on topic, it should be in the spirit of “development” in that it is not focused on a contemporary OECD country. Thus it could be a historical project or one

focused on a low- or middle-income country. It should also be in the spirit of “political economy” in that there is a clear political angle to the research.

Students who have existing research proposals are welcome to develop them further in this class, *but they must be able to demonstrate serious and substantive progress over the quarter*. So we would ask that you share with us a recent proposal or presentation of the work at the beginning of the semester to be able to illustrate progression over the 9 weeks of the class.

Note, however, that in our experience projects of this kind have performed poorly in the past, because substantive progress and innovation was not apparent.

A 1–2 page idea/outline is due in Week 6.

The last week of the quarter and exam week will be devoted to student presentations of their proposal. We find this a useful deadline for people and a great way to get feedback on a project. This approach has also led to dissertation projects and published papers in the past.

The aim is not to have a well crafted research paper by the end of the quarter but rather to have a good question or puzzle that interests you, where you can place it in a literature and come up with a research design and plan. This is usually empirical, but you don’t even need to have run a regression, but know what data would you use, what is the hypothesis, what model would you estimate?

For MACRM students, this is a good path to a statement of purpose to a PhD program. For PhD students, this is a good first step in a dissertation project or side paper.

We understand that auditors may want to present their research proposals as well, but that is generally not possible.

10% Seminar attendance and participation

We reward attendance and (if there is discussion in that class) active participation. *This implies adequate preparation for the class, including all required readings, even if you have not done a 1-page comment for that day.*

10% R Assignment

You will be asked to complete a short R assignment designed to provide students with a basic familiarity with the spatial tools and analysis capabilities in R. Students will be guided through some basic reading and manipulation of spatial data used in development economics research, as well as the creation of maps. (Due data: Week 8.)

Weekly schedule – Blattman half

(**) means it is a required reading prior to class. (*) means we will discuss in in class and you should read the introduction at minimum.

1 Social identity, preferences, and engineering

1.1 Social and ethnic identities (March 20)

- (**) Blouin, A., & Mukand, S. (2019). “Erasing Ethnicity? Propaganda, Nation Building and Identity in Rwanda.” *Journal of Political Economy* 127(3).
- (*) Burgess, Robin, Remi Jedwab, Edward Miguel, Ameet Morjaria, and Gerard Padro i Miquel. (2015) “The value of democracy: Evidence from road building in Kenya.” *American Economic Review* 105(6): 1817-51.
- (*) Atkin, David, Moses Shayo and Eve Sihra. 2021. “How Do We Choose Our Identity? A Revealed Preference Approach Using Food Consumption” *Journal of Political Economy* 18(1).
- (*) Akerlof, George A., and Rachel E. Kranton. 2000. “Economics and Identity.” *Quarterly Journal of Economics* 115(3): 715–53.
- (*) Dube, O., Blumenstock, J., & Callen, M. 2022. “Measuring Religion from Behavior: Climate Shocks and Religious Adherence in Afghanistan.” *National Bureau of Economic Research* w30694.
- Hjort, J. (2014). “Ethnic divisions and production in firms.” *The Quarterly Journal of Economics*, 129(4), 1899-1946.
- Sanchez de la Sierra, Raul. 2021. “Whither Formal Contracts?” *Econometrica*, 89(5), 2341-2373.
- Fearon, J. D., & Laitin, D. D. 1996. Explaining interethnic cooperation. *American Political Science Review*, 90(4), 715-735.
- Hodler, Roland, and Paul A. Raschky. “Regional favoritism.” *The Quarterly Journal of Economics* 129, no. 2 (2014): 995-1033.
- Fearon, James D., and David D. Laitin. “Violence and the social construction of ethnic identity.” *International Organization* 54, no. 4 (2000): 845-877.

- Marx, Benjamin, Thomas M. Stoker, and Tavneet Suri. 2019. “There Is No Free House: Ethnic Patronage in a Kenyan Slum.” *American Economic Journal: Applied Economics*, 11 (4): 36-70.
- Alesina, Alberto, and Eliana La Ferrara. “Ethnic diversity and economic performance.” *Journal of Economic Literature* 43, no. 3 (2005): 762-800.
- Francois, Patrick, Ilia Rainer, and Francesco Trebbi. “How is power shared in Africa?” *Econometrica* 83, no. 2 (2015): 465-503.
- Esteban, Joan, and Debraj Ray. 2008. ”On the Saliency of Ethnic Conflict.” *American Economic Review*, 98 (5): 2185-2202.
- Easterly, W., & Levine, R. (1997). Africa’s growth tragedy: policies and ethnic divisions. *The quarterly journal of economics*, 112(4), 1203-1250.
- Montalvo, J. G., & Reynal-Querol, M. (2005). Ethnic polarization, potential conflict, and civil wars. *American Economic Review*, 95(3), 796-816.
- La Ferrara, E. (2019). Presidential address: Aspirations, social norms, and development. *Journal of the European Economic Association*, 17(6), 1687-1722.
- Skarbek, D. (2014). *The social order of the underworld: How prison gangs govern the American penal system*. Oxford University Press.
- Greif, A. (2006). *Institutions and the path to the modern economy: Lessons from medieval trade*. Cambridge University Press.
- Lars Ivar Oppedal Berge, Kjetil Bjorvatn, Simon Galle, Edward Miguel, Daniel Posner, Bertil Tungodden and Kelly Zhang. (2020). ”Ethnically Biased? Experimental Evidence from Kenya”, *Journal of the European Economic Association*.
- Shayo, Moses. 2020. ”Social Identity and Economic Policy.” *Annual Review of Economics*.
- Chen, Y., & Li, S. X. (2009). Group identity and social preferences. *American Economic Review*, 99(1), 431-57.
- Bauer, M., Blattman, C., Chytilová, J., Henrich, J., Miguel, E., & Mitts, T. (2016). “Can war foster cooperation?” *Journal of Economic Perspectives*, 30(3), 249-74.
- Habyarimana, James, Macartan Humphreys, Daniel N. Posner, and Jeremy M. Weinstein. “Why does ethnic diversity undermine public goods provision?.” *American Political Science Review* 101, no. 4 (2007): 709-725.

- Cikara, M., Bruneau, E., Van Bavel, J. J., and Saxe, R. (2014). “Their pain gives us pleasure: How intergroup dynamics shape empathic failures and counter-empathic responses.” *Journal of experimental social psychology*, 55, 110-125.
- Elster, Jon. “Social Norms and Economic Theory.” *Journal of Economic Perspectives* 3 (1989): 99–117.
- Charness, Gary, and Matthew Rabin. ”Understanding social preferences with simple tests.” *The Quarterly Journal of Economics* 117, no. 3 (2002): 817-869. Harvard
- Tajfel, H., Billig, M. G., Bundy, R. P., & Flament, C. (1971). Social categorization and intergroup behaviour. *European journal of social psychology*, 1(2), 149-178.

1.2 Social engineering (March 22 & 27)

- (**) Lowe, Matthew. (2021). “Types of contact: A field experiment on collaborative and adversarial caste integration.” *American Economic Review*, 111(6), 1807-44.
- (**) Blattman, Christopher, Sebastian Chaskel, Julian C. Jamison, and Margaret Sheridan. forthcoming. “Cognitive behavior therapy reduces crime and violence over 10 years: Experimental evidence.” *American Economic Review: Insights*.
- (*) Cantoni, Davide, Yuyu Chen, David Y. Yang, Noam Yuchtman, and Y. Jane Zhang. “Curriculum and ideology.” *Journal of Political Economy* 125.2 (2017): 338-392.
- (*) Depetris-Chauvin, Emilio, Ruben Durante and Filipe Campante. 2020. “Building Nations Through Shared Experiences: Evidence from African Football.” *American Economic Review*, forthcoming.
- (*) Bursztyn, Leonardo, Alessandra L. Gonzalez & David Yanagizawa-Drott “Misperceived Social Norms: Women Working Outside the Home in Saudi Arabia.” *American Economic Review* 110(10).
- Mousa, Salma. “Building social cohesion between Christians and Muslims through soccer in post-ISIS Iraq.” *Science* 369, no. 6505 (2020): 866-870.
- Dunning, T., & Harrison, L. 2010. “Cross-cutting cleavages and ethnic voting: An experimental study of cousinage in Mali.” *American Political Science Review*, 104(1), 21-39.
- Gulesci, S., Jindani, S., La Ferrara, E., Smerdon, D., Sulaiman, M., & Young, H. (2021). A stepping stone approach to understanding harmful norms.

- Blattman, Christopher, Julian C. Jamison, and Margaret Sheridan. “Reducing crime and violence: Experimental evidence from cognitive behavioral therapy in Liberia.” *American Economic Review* 107.4 (2017): 1165-1206.
- Dell, Melissa, and Pablo Querubin. “Nation building through foreign intervention: Evidence from discontinuities in military strategies.” *Quarterly Journal of Economics* 133, no. 2 (2018): 701-764.
- Blattman, Christopher, Alexandra Hartman, and Robert Blair. 2014. “How to Promote Order and Property Rights under Weak Rule of Law? An Experiment in Changing Dispute Resolution Behavior through Community Education.” *American Political Science Review* 108(1): 100–120.
- Lowes, Sara, Nunn, Nathan, Robinson, James A., and Weigel, Jonathan L. (2017). “The evolution of culture and institutions: Evidence from the Kuba Kingdom.” *Econometrica*, 85(4), 1065-1091.
- Mackie, G. (1996). Ending footbinding and infibulation: A convention account. *American sociological review*, 999-1017.
- Jha, Saumitra. 2013. “Trade, Institutions and Ethnic Tolerance: Evidence from South Asia.” *American Political Science Review*, 107(4).
- Blouin, A., & Mukand, S. (2019). “Erasing Ethnicity? Propaganda, Nation Building and Identity in Rwanda.” in *Journal of Political Economy* 127(3).
- Jha, Saumitra, and Steven Wilkinson. ”Does Combat Experience Foster Organizational Skill? Evidence from Ethnic Cleansing during the Partition of South Asia.” *American Political Science Review* 1, no. 1 (2012): 1-25.
- Bazzi, Samuel, Arya Gaduh, Alexander Rothenberg, and Maisy Wong. “Unity in Diversity? How Intergroup Contact Can Foster Nation Building.” (2018).
- Heller, Sara B., Anuj K. Shah, Jonathan Guryan, Jens Ludwig, Sendhil Mullainathan, and Harold A. Pollack. “Thinking, Fast and Slow? Some Field Experiments to Reduce Crime and Dropout in Chicago.” *The Quarterly Journal of Economics*, 2016.
- Ghosal, S., Jana, S., Mani, A., Mitra, S., & Roy, S. (2016). “Sex workers, self-image and stigma: evidence from Kolkata brothels.” Working paper.
- Beber, Bernd, and Christopher Blattman. 2013. “The Logic of Child Soldiering and Coercion.” *International Organization* 67(1): 65–104.
- Clingingsmith, David, Asim Ijaz Khwaja, and Michael Kremer. “Estimating the impact of the Hajj: religion and tolerance in Islam’s global gathering.” *The Quarterly Journal of Economics* 124, no. 3 (2009): 1133-1170.

- Paluck, Elizabeth Levy, and Donald P. Green. “Deference, dissent, and dispute resolution: An experimental intervention using mass media to change norms and behavior in Rwanda.” *American Political Science Review* 103, no. 4 (2009): 622-644.
- Ferrara, Eliana La, Alberto Chong, and Suzanne Duryea. ”Soap operas and fertility: Evidence from Brazil.” *American Economic Journal: Applied Economics* 4, no. 4 (2012): 1-31.
- Jaeger, David A., Esteban F. Klor, Sami H. Miaari, and M. Daniele Paserman. “The struggle for Palestinian hearts and minds: Violence and public opinion in the Second Intifada.” *Journal of Public Economics* 96, no. 3-4 (2012): 354-368.

2 Violence and conflict

2.1 Rationalist warfare (March 27 & 29)

- (**) Baliga, Sandeep, and Tomas Sjöström. “Bargaining and war: A review of some formal models” *Korean Economic Review* 29.2 (2013): 235-266.
- Berman, N., Couttenier, M., Rohner, D., and Thoenig, M. (2017). “This mine is mine! How minerals fuel conflicts in Africa.” *American Economic Review*, 107(6), 1564-1610.
- Fearon, James. 1995. “Rationalist Explanations for War” *International Organization* 49(3): 379-414.
- Introduction and Chapters 3—4 of Blattman, Christopher. 2022. “Why We Fight: The Roots of War and the Paths to Peace.” Viking Press.
- Blattman, Christopher, and Edward Miguel. “Civil war.” *Journal of Economic Literature* 48, no. 1 (2010): 3-57.
- Blattman, Christopher, Alexandra Hartman, and Robert Blair. 2014. “How to Promote Order and Property Rights under Weak Rule of Law? An Experiment in Changing Dispute Resolution Behavior through Community Education.” *American Political Science Review* 108(1): 100–120.
- Dube, O., and Vargas, J. F. (2013). “Commodity price shocks and civil conflict: Evidence from Colombia.” *The Review of Economic Studies*, 80(4), 1384-1421.
- Fearon, James and Xin Jin. 2019. *Armed Conflict Bargaining*.
- Fearon, J. D., & Laitin, D. D. (1996). Explaining interethnic cooperation. *American political science review*, 90(4), 715-735.

- Joan Esteban, Massimo Morelli, and Dominic Rohner, “Strategic Mass Killings,” *Journal of Political Economy* 123, no. 5 (October 2015): 1087-1132.
- Powell, Robert. 2006. “War as a commitment problem” *International organization* 60.1 (2006): 169-203.
- Acemoglu, D. (2003). Why not a political Coase theorem? Social conflict, commitment, and politics. *Journal of comparative economics*, 31(4), 620-652.
- Ramsay, K. W. (2017). “Information, Uncertainty, and War.” *Annual Review of Political Science*, 20, 505-527.
- Amos Sawyer. 2004. “Violent conflicts and governance challenges in West Africa: the case of the Mano River basin area.” *The Journal of Modern African Studies* 42(03).
- Collier, Paul, and Anke Hoeffler. 2004. “Greed and grievance in civil war.” *Oxford economic papers* 56(4): 563-595.
- 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.
- Bazzi, Samuel, and Christopher Blattman. “Economic shocks and conflict: Evidence from commodity prices.” *American Economic Journal: Macroeconomics* 6, no. 4 (2014): 1-38.

2.2 Agency problems and nonstandard preferences (March 29)

- Jackson, Matthew O., and Massimo Morelli. “Political Bias and War.” *American Economic Review* 97 (2007): 1353-73.
- aselli, F., Morelli, M., and Rohner, D. (2015). “The geography of interstate resource wars.” *The Quarterly Journal of Economics*, 130(1), 267-315.
- Ager, Philipp, Leonardo Bursztyn, and Hans-Joachim Voth. “Killer Incentives: Status Competition and Pilot Performance during World War II.” (2017).
- Passarelli, Francesco, and Guido Tabellini. “Emotions and political unrest.” *Journal of Political Economy* 2017.
- Chapters 1,2 of Blattman, Christopher. 2022. “Why We Fight: The Roots of War and the Paths to Peace.” Viking Press.
- Tezcür, Güneş Murat. “Ordinary People, Extraordinary Risks: Participation in an Ethnic Rebellion.” *American Political Science Review* 110, no. 2 (May 2016): 247-64.

- Varshney, Ashutosh. “Nationalism, ethnic conflict, and rationality.” *Perspectives on politics* 1, no. 1 (2003): 85-99.
- Chapter 1 of Wood, Elisabeth J. 2003. “Insurgent Collective Action and Civil War in El Salvador.” New York: Cambridge University Press.
- Henrich, Joseph, Robert Boyd, Samuel Bowles, Colin Camerer, Ernst Fehr, and Herbert Gintis. 2004. “Foundations of Human Sociality: Economic Experiments and Ethnographic Evidence from Fifteen Small-Scale Societies.” Oxford University Press.
- Fehr, Ernst, and Simon Gächter. ”Fairness and Retaliation: The Economics of Reciprocity.” *The Journal of Economic Perspectives* 14, no. 3 (2000): 159-81.
- Rabin, Matthew. ”Incorporating Fairness into Game Theory and Economics.” *The American Economic Review* 83, no. 5 (December 1, 1993): 1281-1302.

2.3 Frontiers of violence research (April 3)

- Jha, Saumitra, and Moses Shayo. 2019. “Valuing Peace: The Effects of Financial Market Exposure on Votes and Political Attitudes.” *Econometrica* 87(5).
- Dube, O., & Harish, S. P. 2020. “Queens.” *Journal of Political Economy* 128(7).
- Marchais, Gauthier, Christian Mastaki Mugaruka, Raul Sanchez de la Sierra, and David (Qihang) Wu. “The Pro-Social Determinants of Violent Collective Action: Evidence from Participation in Militias in Eastern Congo.”
- Acemoglu, Daron, and Alexander Wolitzky. ” Cycles of Conflict: An Economic Model.” *American Economic Review* 104, no. 4 (2014): 1350-67.
- Chapter 5 of Blattman, Christopher. 2022. “Why We Fight: The Roots of War and the Paths to Peace.” Viking Press.
- König, M. D., Rohner, D., Thoenig, M., & Zilibotti, F. (2017). Networks in conflict: Theory and evidence from the great war of africa. *Econometrica*, 85(4), 1093-1132.
- Couttenier, M., Preotu, V., Rohner, D., & Thoenig, M. (2016). The violent legacy of victimization: post-conflict evidence on asylum seekers, crimes and public policy in Switzerland.
- Arbach, C. E., Ashraf, Q. H., Galor, O., and Klemp, M. (2018). “Diversity and Conflict”.
- Pearlman, Wendy. “Emotions and the Microfoundations of the Arab Uprisings.” *Perspectives on Politics* 11.2 (2013): 387-409.

- Bazzi, Samuel, and Matthew Gudgeon. “The Political Boundaries of Ethnic Divisions. ” (2018).
- Condra, L. N., Long, J. D., Shaver, A. C., & Wright, A. L. (2017). The logic of insurgent electoral violence. *American Economic Review*.
- Arbath, C. E., Ashraf, Q. H., Galor, O., and Klemp, M. (2018). Diversity and Conflict (No. 2018-6).
- Berman, Eli, and David D. Laitin. “Religion, Terrorism and Public Goods: Testing the Club Model.” *Journal of Public Economics* 92, no. 10 (2008): 1942–67.
- Berman, Eli, Jacob N. Shapiro, and Joseph H. Felter. ”Can hearts and minds be bought? The economics of counterinsurgency in Iraq.” *Journal of Political Economy* 119.4 (2011): 766-819.
- Finkel, Evgeny & Scott Gehlbach (2018). “The Tocqueville Paradox: When Does Reform Provoke Rebellion?” Working paper.
- Berman, N., Couttenier, M., Rohner, D., & Thoenig, M. (2017). This mine is mine! How minerals fuel conflicts in Africa. *American Economic Review*, 107(6), 1564-1610.
- Krueger, Alan B. (2008) “What Makes a Terrorist: Economics and the Roots of Terrorism” Princeton: Princeton University Press.
- Blattman, C., and Annan, J. (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.
- Yanagizawa-Drott, David. “Propaganda and Conflict: Evidence from the Rwandan Genocide.” *The Quarterly Journal of Economics* 129, no. 4 (2014): 1947–94.
- Olson, Mancur. 1993. “Dictatorship, Democracy, and Development” *American Political Science Review* 87(3): 567-576.

3 Organized crime

3.1 Rebel and criminal rule (April 10)

- (**) Blattman, Christopher, Gustavo Duncan, Benjamin Lessing, Santiago Tobon. 2021. “Gang rule: Understanding and Countering Criminal Governance.” Working paper.

- (**) Melnikov, Nikita, Carlos Schmidt-Padilla and Maria Micaela Sviatschi. 2020. “Gangs, Labor Mobility, and Development.”
- (*) Sánchez De La Sierra, Raúl. 2020. ” On the origins of the state: Stationary bandits and taxation in eastern congo.” *Journal of Political Economy* 128(1).
- (*) De Feo, G. and De Luca, G. D. (2017). “ Mafia in the ballot box”. *American Economic Journal: Economic Policy*, 9(3):134-167.
- Introduction and Chapter 1 of Gambetta, Diego. 1996. “The Sicilian Mafia: the business of private protection.” Harvard University Press.
- Lessing, Benjamin, and Graham Denyer Willis. ”Legitimacy in criminal governance: Managing a drug empire from behind bars.” *American Political Science Review* 113, no. 2 (2019): 584-606.
- Vaishnav, M. (2017). *When crime pays: money and muscle in Indian politics*. Yale University Press.
- Mesquita, Ethan Bueno de. ”Territorial Conflict over Endogenous Rents.” *The Journal of Politics* 82, no. 1 (2020).
- Asher, S., Novosad, P. Asher, S., & Novosad, P. (2016). *Dirty Politics: Mining Booms and Politician Behavior in India*. Working paper.
- Farrell, Henry. 2015. “Dark Leviathan: The Silk Road Might Have Started as a Libertarian Experiment, but It Was Doomed to End as a Fiefdom Run by Pirate Kings.” *Aeon*, February.
- Tilly, Charles (1985). “War making and state making as organized crime,” in *Bringing the State Back In*, eds P.B. Evans, D. Rueschemeyer, & T. Skocpol. Cambridge: Cambridge University Press, 1985.
- Olson, Mancur. 1993. “Dictatorship, Democracy, and Development” *American Political Science Review* 87(3): 567-576.

3.2 Industrial organization of crime (April 12)

- Sanchez de la Sierra, Raul, Kristof Titeca, Haoyang (Stan) Xie, Albert Jolino Malukisa, Aimable Amani Lameke. “ The Real State: Inside The Congo’s Traffic Police Agency”
- Dell, Melissa. ” Trafficking networks and the Mexican drug war.” *American Economic Review* 105.6 (2015): 1738-79.

- Leeson, Peter T. "An-arrgh-chy: The law and economics of pirate organization." *Journal of political economy* 115, no. 6 (2007): 1049-1094.
- Blattman, Christopher, Gustavo Duncan, Benjamin Lessing, Santiago Tobon. 2020. "How Organized Crime is Organized." Slides.
- Acemoglu, Daron, Giuseppe De Feo, and Giacomo Davide De Luca. 2020. "Weak states: Causes and consequences of the Sicilian Mafia." *The Review of Economic Studies* 87(2).
- Sviatschi, Maria Micaela. 2020. "Making a narco: Childhood exposure to illegal labor markets and criminal life paths." Working paper.
- Sviatschi, Maria Micaela. 2020. "Spreading Gangs: Exporting US Criminal Capital to El Salvador." Working paper.
- Levitt, Steven D., and Sudhir A. Venkatesh. An Economic Analysis of a Drug-Selling Gang's Finances. *Quarterly Journal of Economics* 115 (2000): 755-89.
- Magaloni, Beatriz, Edgar Franco Vivanco, and Vanessa Melo. 2020. "Killing in the Slums: Social Order, Criminal Governance, and Police Violence in Rio de Janeiro." *American Political Science Review*.
- Bellego, Christopher and Joeffrey Drouard. 2020. "Does It Pay to Fight Crime? Evidence from the Pacification of Slums in Rio de Janeiro." Working paper.
- Ferraz, Claudio, Joana Monteiro and Bruno Ottoni. 2018. "Monopolizing Violence in Stateless Spaces: Evidence from the Pacification of Rio Favelas." Working paper.
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- Prakash, N., Rockmore, M., & Uppal, Y. (2016). Do criminally accused politicians affect economic outcomes? Evidence from India. Working paper.
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Weekly schedule – Montero half (8 classes)

This first section continues Professor Blattman’s dive into organized crime and illicit economies in two lectures. The second and third sections introduces and evaluates theories on the political and economic development of societies, and their implications for development policies.

1–2 page Research proposal due on April 17.

4 Understanding Corruption & Extortion

4.1 Corruption: Risks, Rents, Incentives (April 17)

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- Sanchez de la Sierra, Raul, 2023. “Corrupt Hierarchies,” Working Paper.
- (*) Chalendar, Cyril, Ana M Fernandes, Gael Raballand, and Bob Rijkers, 2023. “Corruption in Customs,” *Quarterly Journal of Economics*, 138(1): 575–636,
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- Yang, Dean, 2008. “Can Enforcement Backfire? Crime Displacement in the Context of Customs Reform in the Philippines,” *Review of Economics and Statistics*, 90 (1): 1–14.

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- Shleifer, A., and Vishny, Robert, 1994. "Politicians and Firms," *The Quarterly Journal of Economics*, 995–1025.
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- McMillan, John and Pablo Zoido, 2004. "How to Subvert Democracy: Montesinos in Peru," *Journal of Economic Perspectives*, 18 (4): 69-92

4.2 The Economics of Extortion (April 19)

- (**) 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.
- (**) Brown, Zach Y., Eduardo Montero, Carlos Schmidt-Padilla, and Maria Micaela Sviatschi, 2021. "Market Structure and Extortion: Evidence from 50,000 Extortion Payments," NBER Working Paper # 28299.
- (*) Blattman, Christopher, Gustavo Duncan, Benjamin Lessing, and Santiago Tobón, 2021. "Gang Rule: Understanding and Countering Criminal Governance," Working Paper.
- (*) Sanchez de la Sierra, Raul, 2020. "On the Origins of the State: Stationary Bandits and Taxation in Eastern Congo," *Journal of Political Economy*, 128 (1), 32-74.

- Magaloni, Beatriz, Gustavo Robles, Aila M Matanock, Alberto Diaz-Cayeros, and Vidal Romero, 2020. “Living in Fear: The Dynamics of Extortion in Mexico’s Drug War,” *Comparative Political Studies*, 53 (7), 1124–1174.
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5 Understanding Comparative Economic Development: Institutions & Culture

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- (**) Acemoglu, Daron, Simon Johnson, and James A. Robinson, “The Colonial Origins of Comparative Development: An Empirical Investigation,” *American Economic Review*, Vol. 91, No. 5, Dec. 2001, pp. 1369-1401.
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- Nunn, Nathan. 2008. “Slavery, Inequality, and Economic Development in the Americas: An Examination of the Engerman-Sokoloff Hypothesis,” E. Helpman (ed.), *Institutions and Economic Performance*. Harvard University Press, pp. 148–180.
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5.2 Divergence in Sub-Saharan Africa (April 26)

- (**) Alsan, Marcella. 2015. “The Effect of the TseTse Fly on African Development,” *American Economic Review*, 105(1), 382–410.
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- (*) Nunn, Nathan. 2008. “The Long Term Effects of Africa’s Slave Trades,” *Quarterly Journal of Economics*, 123 (1): 139–176.
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- (*) Michalopoulos, Stelios and Elias Pappaioannou. 2016. “The Long-Run Effects of the Scramble for Africa,” *American Economic Review*, 106 (7), 1802–1848.
- (*) Lowes, Sara and Eduardo Montero. 2021. “Concessions, Violence, and Indirect Rule: Evidence from the Congo Free State,” *Quarterly Journal of Economics*, 136(4): 2047–2091
- (*) Michalopoulos, Stelios and Elias Pappaioannou. 2014. “National Institutions and Sub-national Development in Africa,” *Quarterly Journal of Economics*, 129 (1): 151–213.
- (*) McGuirk, Eoin and Nathan Nunn. 2022. “Nomadic Pastoralism, Climate Change, and Conflict in Africa,” Working Paper.
- Moscona, Jacob, Nathan Nunn, and James A. Robinson. 2020. “Segmentary Lineage Organization and Conflict in Sub-Saharan Africa,” *Econometrica*, 88(5): 1999-2036.

- Wantchekon, Leonard, Marko Klasnja, and Natalija Novta. 2015. “Education and Human Capital Externalities: Evidence from Colonial Benin,” *Quarterly Journal of Economics*, 130: 703–757.
- Huillery, Elise. 2009. “History Matters: The Long-Term Impact of Colonial Public Investments in French West Africa,” *American Economic Journal: Applied Economics*, 1(2): 176–215.
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5.3 Culture: Definitions & Persistence and Change (May 1)

- (**) Henrich, Joseph. 2015. *The Secret our Our Success: How Culture is Driving Human Evolution, Domesticating our Species, and Making us Smarter*, Princeton: Princeton University Press. Chapters 2 & 3.
- (**) Giuliano, Paola and Nathan Nunn. 2021. “Understanding Cultural Persistence and Change,” *Review of Economic Studies*, 88(4): 1541–1581
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- Montero, Eduardo and Dean Yang. 2022. “Religious Festivals and Economic Development: Evidence from the Timing of Mexican Saint Day Festivals,” *American Economic Review*.
- Rao, Gautam. 2019. “Familiarity Does Not Breed Contempt: Diversity, Discrimination, and Generosity in Delhi Schools,” *American Economic Review*: 109 (3), 774–809.

5.4 The Interplay of Culture and Institutions (May 3)

- (**) Tabellini, Guido. 2008. “The Scope of Cooperation: Values and Incentives,” *Quarterly Journal of Economics*, 123 (3), 905–950.

- (*) Greif, Avner. 1993. “Contract Enforceability and Economic Institutions in Early Trade: The Maghribi Traders’ Coalition,” *American Economic Review*, 83 (3), 525–548
- (*) 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 (5): 912–950
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- Fischer, David Hackett. 1989. *Albion’s Seed: Four British Folkways in America*. New York: Oxford University Press.
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6 Improving Development Policies

6.1 How Can History and Culture Inform Policy? (May 8)

- (**) Lowes, Sara and Eduardo Montero. 2020. “The Legacy of Colonial Medicine Campaigns in Central Africa,” *American Economic Review*, 111(4): 1284-1314

- (**) Ashraf, Nava, Natalie Bau, Nathan Nunn, and Alessandra Voena. 2020. “Bride Price and Female Education,” *Journal of Political Economy*, 128 (2): 591–641
- (*) Alsan, Marcella and Marianne Wanamaker. 2018. “Tuskegee and the Health of Black Men,” *Quarterly Journal of Economics*, 133 (1), 407–455.
- (*) Alsan, Marcella, Owen Garrick, and Grant Graziani. 2020. “Does Diversity Matter for Health? Experimental Evidence from Oakland,” *American Economic Review*.
- Lansing, J. Stephen. 2009. *Priests and Programmers: Technologies of Power in the Engineered Landscape of Bali*. Princeton: Princeton University Press.
- Bahrami-Rad, Duman. 2021. “Keeping It in the Family: Female Inheritance, Inmarriage, and the Status of Women,” *Journal of Development Economics*, 153: 102714
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- Ferguson, James (1985) “The Bovine Mystique: Power, Property and Livestock in Rural Lesotho,” *Man*, 20(4): 647-674

R Assignment Due May 8

6.2 External Influence (May 10)

- (**) Nunn, Nathan. 2019. “Rethinking Economic Development,” *Canadian Journal of Economics*, 52: 1349-1373
- (*) Kuziemko, Ilyana and Eric Werker. 2006. “How Much is a Seat on the UN Security Council Worth?” *Journal of Political Economy*, 114: 905-930.
- (*) Easterly, William, Daniel Berger, Nathan Nunn and Shanker Satyanath. 2013. “Commercial Imperialism? CIA Interventions and Trade during the Cold War,” *American Economic Review*, 103 (2): 863-896.
- (*) Nunn, Nathan and Nancy Qian. 2014. “U.S. Food Aid and Civil Conflict,” *American Economic Review*, 104 (6): 1630-1666.
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- Alfaro-Ureña, Alonso, Ben Faber, Cecile Gaubert, Isabela Manelici, and Jose Pablo Vasquez. 2022. “Responsible Sourcing? Theory and Evidence from Costa Rica” Working Paper

7 Student presentations will be the weeks of May 15 and May 22