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 identify 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 evaluates 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 economic (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)


1.2 Social engineering (March 22 & 27)


2 Violence and conflict

2.1 Rationalist warfare (March 27 & 29)


2.2 Agency problems and nonstandard preferences (March 29)


• Chapters 1,2 of Blattman, Christopher. 2022. “Why We Fight: The Roots of War and the Paths to Peace.” Viking Press.


• Fehr, Ernst, and Simon Gächter. ”Fairness and Retaliation: The Economics of Reciprocity.” The Journal of Economic Perspectives 14, no. 3 (2000): 159-81.


2.3 Frontiers of violence research (April 3)


• 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.”


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3 Organized crime

3.1 Rebel and criminal rule (April 10)

• (** Melnikov, Nikita, Carlos Schmidt-Padilla and Maria Micaela Sviatschi. 2020. “Gangs, Labor Mobility, and Development.”


• 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.


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”


• 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.


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.

4 Understanding Corruption & Extortion

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


4.2 The Economics of Extortion (April 19)


5 Understanding Comparative Economic Development: Institutions & Culture

5.1 Paths of Divergence in the Americas (April 24)


• (** Dell, Melissa. 2010. “The Persistent Effects of Peru’s Mining Mita,” Econometrica, 78(6), 1863–1903


5.2 Divergence in Sub-Saharan Africa (April 26)


1–2 page Research proposal due on April 30.

5.3 Culture: Definitions & Persistence and Change (May 1)


5.4 The Interplay of Culture and Institutions (May 3)

6 Improving Development Policies

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


R Assignment Due May 8

6.2 External Influence (May 10)


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