This course exposes students to core topics of political economy in developing democracies, while also covering the intuition (not the statistics) of the main empirical methods for causal identification (e.g., difference-in-differences, regression discontinuity, instrumental variables). What is the role of institutions in explaining long-term differences in economic development? What are the persistent consequences of colonialisat practic qué throughout the world? Did the elites or the people lead to democracy? Does education lead to democracy? Do traditional leaders contribute to political and economic development? Why have only certain communities been able to solve their collective-action problems to provide public goods? How are certain candidates and parties able to circumvent electoral accountability through clientelism and vote buying? How can voters ensure that elected officials implement their preferred policies and avoid that they engage in malfeasant behavior? What is the role of media in promoting electoral accountability? Is information enough for electoral accountability? What is the role that bureaucratic capacity play in service delivery?

**Course requirements**

1. **Participation:** This course is a seminar and students are expected to attend and be prepared to discuss the assigned readings, and participate in class discussions every week. (30% of your grade).

2. **Memos:** Three (3) times during the semester, students will submit via both email and Canvas a memo that is approximately 750-1000 words long (approximately 3-4 pages). One memo should be submitted for Weeks 1 to 4, another for Weeks 5 to 7, and the last one for Weeks 9 to 10. In the memo, students should think critically about the readings for those weeks. You may address one of the questions for debate in one of the weeks, or focus on causal identification issues, or ideally both. The goal of the memos is not to provide a summary of the papers for a particular week but to either articulate the overarching issue, or criticize the empirical methods used by one or both sides of the argument, or do a bit of both. Memos will be graded on the degree to which they reflect that the student has thoroughly done the
readings and thought critically about their argument and the empirical identification strategy. (30% of grade).

3) **Bonus:** There will be the chance to volunteer to do a 5- to 10-minute exposition about the intuition behind one of the empirical methods for causal identification (e.g., DiD, IV, RDD) used in the papers covered during discussions (10% of grade).

4) **Paper.** There will be a 10-page paper due at the end of the term but that you will build on it throughout the course. You have to pick a topic or idea you want to explore, and the assignment consists of developing an argument around it, ideally doing some empirical analysis. There will be partial submission deadlines. Students will submit the final paper via both email and Canvas on December 6th (30% of your grade).

**Collaboration policy**
No collaboration is allowed. Students can provide each other offer feedback, and discuss the intuition behind empirical methodological issues, but all idea generation and writing for handed-in assignments must be done individually. In all these assignments students you must adhere to standard citation practices in the discipline and cite any articles, books, websites, etc. that they have used for their work. You can find about Harvard’s academic integrity policy on [https://college.harvard.edu/academics/academic-integrity](https://college.harvard.edu/academics/academic-integrity)

**Recommended material**
I will provide you with all the readings for every week, which is the only material required. However, you might want to get a copy of Angrist and Pischke (2014) since it will be a wonderful aid for methodological doubts that you might have not just for this course but for the rest of your undergraduate studies at Harvard University. You do not need to follow all or any of the technical aspects but simply get the intuition behind identification problems and approaches to deal with them. To be clear, let me reiterate that this is just a recommendation.


**Glossary**
We started a glossary last time since there are lots of new terms that you might learn, and we felt it was a good idea to collectively contribute to this public good. [https://docs.google.com/document/d/1gdjkipiPNAqdsduQQkslc_VkS1E7L08Aye495F1O4pA/edit](https://docs.google.com/document/d/1gdjkipiPNAqdsduQQkslc_VkS1E7L08Aye495F1O4pA/edit)
Summary of lectures

Lecture 0 (September 4th): Introduction to the course

Lecture 1 (September 11th): Institutions and long-term economic development (IV)

Lecture 2 (September 18th): Colonialism and long-term economic consequences (IV, RDD)

Lecture 3 (September 25th): Democratization

Lecture 4 (October 2nd): Education and political participation (DiD)

Lecture 5 (October 9th): Traditional leaders, politics and development (DiD, RDD)

The first memo (on lectures 1 to 4) has to be turned in class.

Lecture 6 (October 16th): Collective action and ethnic fragmentation (IV)

Lecture 7 (October 23rd): Clientelism and Vote Buying

Lecture 8 (October 30th): Incentivizing politicians

The second memo (on lectures 5 to 5) has to be turned in class.

Lecture 9 (November 6th): Media and accountability

Lecture 10 (November 13th): Informational interventions and accountability

Lecture 11 (November 20th): Bureaucratic capacity

The third memo (on lectures 8 to 10) has to be turned in class.

Weekly outline

Lecture 0 (September 4th) Introduction to the course

Probably in less than half an hour, I will walk you through the course requirements and course outline.

Lecture 1 (September 11th) Institutions and long-term economic development (IV)

There is an open debate between those that argue that institutions cause long-term economic development (Acemoglu et al. 2001, 2002), and those that argue that the analysis that Acemoglu et al. (2001, 2002) conduct and on which base they argument is flawed (Albouy 2012, Glaeser et al. 2004). At the core of this debate is the use of instrumental variables (IV) to achieve casual identification.
References


Lecture 2 (September 18th) Colonialism and long-term economic consequences (IV, RDD)

This week we will see a few papers that show the persistent consequences of colonialist practices in Africa, India, and Peru. You will revisit the use of instrumental variables in Iyer (2010) and Nunn (2008), and will start becoming familiar with regression discontinuity designs (RDD).

References


Lecture 3 (September 25th) Democratization IV

The literature on the drivers of democratization is largely about the debate of whether democratization is driven by elites (e.g, Lizzeri and Persico 2004) or the people (e.g., Acemoglu and Robinson 2001, 2006). This week we will mostly focus on empirical papers that provide evidence for both sides (Aidt and Franck 2015, Castañeda et al. 2018, Jha 2015). Acemoglu and Robinson (2001, 2006) and Lizzeri and Persico (2004) rely heavily on formal models, but it is highly recommended that you give them a quick look to get an intuition about their arguments.

References

Lecture 4 (October 2\textsuperscript{nd}) Education and political participation (DiD)

Following the debate of week 2, Acemoglu et al. (2008) challenge Glaeser et al. (2007)'s analysis suggesting that education leads to democracy, which is originally an idea from Lipset (1960) and Deutsch (1961). Both Acemoglu et al. (2008) and Glaeser et al. (2007) use mostly country level to make their argument. Larreguy and co-authors take a more micro approach and show--- across a series of papers (Croke et al. 2016, Larreguy and Liu 2017, and Larreguy and Marshall 2017)--- that the effect of education of political participation is actually non-linear with regime type. While there seem to be many papers assigned the papers by Larreguy and co-authors follow a very similar structure and read pretty much like one.

References


Lecture 5 (October 9\textsuperscript{th}) Traditional leaders, politics and development (DiD, RDD)

There is a debate between those who argue that traditional leaders are good for the development of their communities (Baldwin 2013, 2019, Baldwin and Holzinger 2019), and those who suggest (Koter 2013, de Kadt and Larreguy 2017, Nathan 2019) that they forestall it.

References [Only one of the three Baldwin’s papers]

Lecture 6 (October 16th) Collective action and ethnic fragmentation (IV)

There is widespread evidence that ethnic divisions undermine collective action, and specifically public good provision. Alesina et al. (1999) and Miguel and Gugerty (2005) are two very well cited papers. Habyarimana et al. (2007) is a wonderful exploration of the reasons behind that evidence. Yanagizawa-Drott (2014) documents how ethnic homogeneity might not only lead to public good provision but also to organized violence.

References

Lecture 7 (October 23rd) Clientelism and Vote Buying

The literature on clientelism and vote-buying has been prolific in past decade ignited with the debate between Stokes (2005) and Nichter (2008). Focusing on the agency problem between local political intermediaries (brokers), they respectively argue that the efficiency of vote buying transactions is explained by the relationship between brokers and their clients, and turnout buying. Finan and Schechter provide compelling evidence that the targeting of citizens who are likely to reciprocate might also explain the effectiveness of vote-buying transactions. Larreguy and co-authors instead focus on the agency problem between political candidates and brokers.

References
Lecture 8 (October 30th) Incentivizing politicians

Political accountability is one of the biggest challenges of both advanced and developing democracies. In other words, how can voters ensure that elected officials implement their preferred policies and avoid that they engage in malfeasant behavior? There are two main ways to ensure accountability that the literature has explored: mitigate moral hazard in office by providing reelection incentives (Ferraz and Finan 2011b, ) or making sure that the right type of people is selected for office (Ferraz and Finan 2011a, Gagliarducci and Nannicini 2013, Gulzar and Khan 2016).

References


Lecture 9 (November 6th) Media and accountability (border design)

Media is believed to a significant role in political accountability by informing voters about the performance of their elected officials in office. The evidence supports that, in places with more media coverage, policies are better implemented (Besley and Burgess 2002, Stromberg 2004), politicians work harder (Snyder and Stromberg 2010), and politicians are punished at the polling both when revealed to be malfeasant (Ferraz and Finan 2008, Larreguy et al. 2017).

References

Lecture 10 (November 13th) Informational interventions and accountability

In light of the evidence of the supporting role of media in political accountability, several researchers have tried to understand better how voters respond to information by conducting field experiments where they randomly provide score cards or leaflets with politically relevant information. The findings from this literature contrast significantly with those of the media literature.

References


Lecture 11 (November 20th) Bureaucratic capacity

The literature initially focused on the lack of political accountability to explain failures service delivery disregarding the role of that bureaucratic capacities plays in that matter. Recent work has started filling that gap taking a very similar approach to the literature on how to incentivize politicians that we cover in week 10, and thus focusing on moral hazard mitigation and the selection of the right type of bureaucrats. Most of the recommended papers touch more on the agency problem between politicians and bureaucrats but I thought that they were worth flagging in case you are interested in the topic.


No class on November 27th because of Thanksgiving