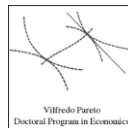




CENTRO STUDI LUCA D'AGLIANO



Centre for Economic
Policy Research
Research Excellence, Policy Relevance



UNIVERSITA' DEGLI STUDI DI TORINO

FIFTEENTH SUMMER SCHOOL IN INTERNATIONAL AND DEVELOPMENT ECONOMICS

Institutions, Politics and Development

Kaivan Munshi and Rohini Pande

Tuesday 6 September to Friday 9 September 2016
University of Milan, Palazzo Feltrinelli, Gargnano (BS), Italy

Syllabus

Rohini Pande (Harvard University)

Institutions and Development: Leveraging Incentives and Information for Effective Implementation

This mini-course takes an agency-theory perspective to the issue of building state capacity in low-income countries. Recent empirical work on political economy of development suggests that low technical capacity among public sector employees, combined with misaligned incentives and poor information flows, constrains state capacity in several low income settings. Weak state capacity may further interact with discriminatory social norms to limit the impact of policies that seek to make societies more inclusive.

We will discuss how academic research can be applied to first diagnose the reasons for weak state capacity and then to test the validity of the diagnosis and then evaluate potential policy responses.

Lecture 1: From Diagnostics to Policy Design: Taking Stock of the Institutions and State Capacity Literature

(i) The classic view from cross-country regressions:

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.

Acemoglu, Daron, Simon Johnson, and James A. Robinson, "[Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution](#)," The Quarterly Journal of Economics, Vol 107, No.4 (Nov 2002), pp. 1231-1294.

(ii) The Empirical Challenge: Data and Identification:

Pande, Rohini and Christopher Udry, "[Institutions and Development: A View from Below](#)," The Proceedings of the 9th World Congress of the Econometric Society, ed. R. Blundell, W. Newey, and T. Perrson, Nov 2005, pp.349 - 403.

Pande, Rohini, Benjamin A. Olken, "[Corruption in Developing Countries](#)," Annual Review of Economics. July 2012; Vol 4 (1), pp.479-509.

(iii) The Policy Challenge: Incentives and Information:

Besley, Timothy and Torsten Persson, "[The Causes and Consequences of Development Clusters: State Capacity, Peace, and Income](#)," Annual Review of Economics, 2014, Vol 6, pp. 927-948.

Lecture 2: Making Politics Effective: Using Information for Incentives and Screening

(i) Political Agency Models:

Jones, Benjamin F., and Benjamin A. Olken, "[Do Leaders Matter? National Leadership and Growth since World War II](#)," The Quarterly Journal of Economics, Aug 2005, Vol 120 (3), pp. 835–864.

(ii) Reportcards:

Ferraz, Claudio, and Frederico Finan, "[Exposing Corrupt Politicians: The Effect of Brazil's Publicly Released Audits on Electoral Outcomes](#)," The Quarterly Journal of Economics, May 2008, Vol 123, pp. 703-745.

Banerjee, Abhijit V., Selvan Kumar, Rohini Pande, and Felix Su, "[Do Informed Voters Make Better Choices? Experimental Evidence from Urban India](#)." Mimeo, MIT, 2010.

Lecture 3 and 4: Making Bureaucracy Effective: Information and Incentives

Finan, Frederico, Benjamin A. Olken, and Rohini Pande, "[The Personnel Economics of the State](#)," Handbook of Field Experiments, forthcoming.

Duflo, Esther, Michael Greenstone, Rohini Pande, Nicholas Ryan, "[Truth Telling by Third Party Auditors and the Response of Polluting Firms: Experimental Evidence from India](#)," The Quarterly Journal of Economics, May 2013, Vol 128 (4), pp. 1449-1498.

Duflo, Esther, Michael Greenstone, Rohini Pande, and Nicholas Ryan, "[The Value of Regulatory Discretion: Estimates from Environmental Inspections in India](#)," NBER Working Paper #20590.

Khan, Adnan Q., Asim Khwaja, and Benjamin A. Olken, "[Tax Farming Redux: Experimental Evidence on Performance Pay for Tax Collectors](#)," The Quarterly Journal of Economics, 2016. Vol 131(1), pp. 219.

Fisman, Raymond, and Yongxiang Wang, "[The Mortality Cost of Political Connections](#)," The Review of Economic Studies, June 2015, Vol 82(4), pp. 1346.

Atkin, David, Azam Chaudhry, Shamyala Chaudry, Amit K. Khandelwal, and Eric Verhoogen, "[Organizational Barriers to Technology Adoption: Evidence from Soccer-Ball Producers in Pakistan](#)," July 2015, NBER Working Paper Series, 21417.

Lecture 5: Informal Institutions and Norms: The case of Gender

(i) Identifying bias and role of culture:

Alesina, Alberto, Paola Giuliano, and Nathan Nunn, "[On the Origins of Gender Roles: Women and the Plough](#)," The Quarterly Journal of Economics, May 2013, Vol 128 (2), pp.469-530.

Jayachandran, Seema, and Rohini Pande, "[Why Are Indian Children So Short? The Role of Birth Order and Son Preference](#)," September 2015, NBER Working Paper #21036.

Lecture 6: Policy Design to address Social Norms

Qian, Nancy, "[Missing Women and the Price of Tea in China: The Effect of Sex-Specific Income on Sex Imbalance](#)," The Quarterly Journal of Economics, Vol 123(3), August 2008, pp.1251-1285.

Anukriti, S, "[Financial Incentives and the Fertility-Sex Ratio Trade-Off: Unintended Consequences of Financial Incentives](#)," IZA, March 2014. Discussion Paper No. 8044.

Beaman, Lori, Raghavendra Chattopadhyay, Esther Duflo, Rohini Pande, Petia Topalova, "[Powerful Women: Does Exposure Reduce Prejudice?](#)" The Quarterly Journal of Economics, Vol 124 (4), November 2009.

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