

Intitulé du cours

Course title – Intitulé du cours	Political Economy
Level / Semester – Niveau /semestre	M1 / S1
School – Composante	Ecole d'Economie de Toulouse
Teacher – Enseignant responsable	Horacio Larreguy
Lecture Hours – Volume Horaire CM	15
Course Language – Langue du cours	Anglais
TA and/or TP Language – Langue des TD et/ou TP	-

Teaching staff contacts – Coordonnées de l'équipe pédagogique :

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Office hours: by appointment

Course Objectives – Objectifs du cours :

Experimental research is an exciting new part of the political economy toolkit. This course will introduce students to a number of field (and to a lesser extent) natural experiments that have been conducted in developing countries to study governance failures. Can such experiments help us to understand how elite capture, corruption, vote-buying, and poor performance in office can be overcome? How might elites and politicians become more accountable to voters? How the bureaucratic capacity to deliver public goods might be created in places where the state has failed? During this class, students will also learn about the political context of numerous developing countries.

Prerequisites – Pré requis :

Basic knowledge of quasi-experimental methods.

Practical information about the sessions – Modalités pratiques de gestion du cours :

I will provide you with all the readings that we will cover every week. There are no mandatory readings for lectures, and no material outside the one covered during class will be inquired about in the final. However, the lectures will be sufficient to guide any subsequent reading that students might want to do in order to better understand it and do the weekly assignments.

Grading system – Modalités d'évaluation :

- (1) Participation: Students are expected to attend and engage in discussions that might come up in class. I will record attendance to each class. (20% of the grade)
- (2) Weekly assignments: Every class, you will be required to turn in a half-page summary of each paper we saw in the previous class. These should include the questions being addressed in each article, the research design used to address each of the questions (including outcome and treatment variables), and the results and conclusions. You should be able to do this with the material seen in

class, and I will just check for completion and that it roughly makes sense, but I will not provide feedback or finer grading. The feedback from students that previously took the class at Harvard University said that it would have been a good commitment device for them to prepare for the final. (30% of the grade)

- (3) **Final:** There will be a final exam. At the exam, I will provide students with a list of all the papers we cover in each class, including their titles and authors. Students cannot bring any other reading materials to the exam. (50% of the grade)

(In case you are already concerned about it) The final (roughly) starts as follows

“To answer each of the questions below, use at least two (but ideally three) articles from the corresponding lecture whose findings contrast. Be sure to describe the authors’ i) specific questions, ii) context of the intervention and (quasi-)experimental design, and iii) findings. Explain why their findings might differ as a result of the differences in the context of the intervention and experimental design, as well as whether one paper provides a different interpretation of the findings in another paper. If you have time, discuss their relative strengths and weaknesses, and the lessons we can draw from the literature. [Tip: Try to pick papers where there is a contrast in the findings!]”

Bibliography/references – Bibliographie/références :

All required articles will become available on Moodle.

Session planning – Planification des séances

Week 1 (September 6th, 2022): Introduction to field experiments, and experimental evaluations of interventions aimed at dealing with failures in local governance.

Week 2 (September 13th, 2022): The welfare cost of corruption

Week 3 (September 20th, 2022): Are informed voters able to cast their preferences? Do other considerations prevent voters from truthfully casting their preferences?

Week 4 (September 27th, 2022): Are voters’ preferences being represented? Clientelism and vote buying.

Week 5 (October 4th, 2022): Do voters punish elected officials when informed about their malfeasant behavior? What is the role of voter belief updating, coordination and candidate response in electoral punishment?

Week 6 (October 11th, 2022): Incentivizing good politicians to run for office. Incentivizing politicians to perform well once in office.

Week 7 (October 18th, 2022): Attracting good bureaucrats, Incentivizing bureaucrats to perform well.

Week 8 (October 25th, 2022): Control of bureaucrats by politicians. Building bureaucratic state capacity.

Class 1: We start with an introduction to field experiments. We then focus on failures in local governance, and in particular collective action. Extensive observational work points at the developmental costs of failures in collective action, which are largely attributed to ethnic and social divisions (Banerjee et al. 2007, Habyarimana et al. 2007 and Miguel 2004). After Björkman and Svensson (2009) community-driven development (CDD) programs became very popular among international donors as a way to deal with failures in collective action that hamper development. However, Banerjee et al. (2011) and Casey et al. (2012), as well as a host of other works paint a very different picture.

Covered in class

- Banerjee, Abhijit V., Rukmini Banerji, Esther Duflo, Rachel Glennerster, and Stuti Khemani. 2010. "Pitfalls of Participatory Programs: Evidence from a randomized evaluation in education in India." *American Economic Journal: Economic Policy* 2(1):1-30.
- Björkman, Martina, and Jakob Svensson. 2009. "Power to the people: evidence from a randomized field experiment on community-based monitoring in Uganda." *Quarterly Journal of Economics* 124(2):735-769.

Mentioned in class

- Banerjee, Abhijit, Lakshmi Iyer, and Rohini Somanathan. 2007. "Public Action for Public Goods," in *Handbook of Development Economics*, edited by T. Paul Schultz and John A. Strauss, Elsevier.
- Björkman Nyqvist, Martina, Damien de Walque and Jakob Svensson. 2017. "Experimental Evidence on the Long-Run Impact of Community-Based Monitoring." *American Economic Journal: Applied Economics* 9(1):33-69.
- Casey, Katherine, Rachel Glennerster and Edward Miguel. 2012. "Reshaping Institutions: Evidence on Aid Impacts Using a Pre-analysis Plan." *Quarterly Journal of Economics*, 127(4): 1755-1812.
- Deaton, Angus. 2010. "Instruments of development: Randomization in the tropics, and the search for the elusive keys to economic development." *Journal of Economic Literature*, 48: 424-455.
- Fearon, James D., Macartan Humphreys and Jeremy M. Weinstein. 2015 "How Does Development Assistance Affect Collective Action Capacity? Results from a Field Experiment in Post-Conflict Liberia." *American Political Science Review*, 109(3):450-469.
- Habyarimana, James, Macartan Humphries, Daniel N. Posner, and Jeremy M. Weinstein. 2007. "Why Does Ethnic Diversity Undermine Public Goods Provision?" *American Political Science Review*, 101:709-725
- Humphreys, Macartan and Jeremy Weinstein. 2009. "Field Experiments and the Political Economy of Development." *Annual Review of Political Science*, 12:367-378.
- Miguel, Edward, 2004. "Tribe or nation? Nation-building and public goods in Kenya versus Tanzania." *World Politics* 56 (3): 328-362.

Class 2 : The welfare cost of corruption

The literature on corruption has been divided into two main views (Banerjee et al. 2012). On the one hand, there are those that argue that corruption can welfare improving since it "greases the wheel," in the sense that it might help to deal with inefficient bureaucratic hurdles. On the other hand, we find those who argue that corruption imposes serious welfare costs, and thus constitutes a serious governance problem. Second, we will focus on work providing evidence supporting the latter view (Bertrand et al. 2007, and Olken 2007) to motivate that corruption should be a real concern.

Covered in class

- Bertrand, Marianne, Djankov, Simeon, Hanna, Rema and Mullainathan, Sendhil. 2007. "Obtaining a Driver's License in India: An Experimental Approach to Studying Corruption," *Quarterly Journal of Economics*, 122(4), 1639-1676
- Olken, Benjamin A. 2007. "Monitoring Corruption: Evidence from a Field Experiment in Indonesia." *Journal of Political Economy* 115(2):200–249.

Mentioned in class

- Banerjee, Abhijit, Rema Hanna, and Sendhil Mullainathan. 2012. "Corruption." Forthcoming in the *Handbook of Organizational Economics*.
- Olken, Benjamin A. 2007. "*Monitoring Corruption: Evidence from a Field Experiment in Indonesia.*" *Journal of Political Economy* 115(2):200–249.
- Reinikka, Ritva and Svensson, Jacob. 2004. "Local Capture: Evidence from a Central Government Transfer Program in Uganda," *Quarterly Journal of Economics*, 119, 679-705.

Class 3: Are informed voters able to cast their preferences? Do other considerations prevent voters from truthfully casting their preferences?

At the core of any accountability model is voter's ability to choose politicians that represent their preferences (for public service delivery, etc.). This presumes that voters can discern what policies each candidate would implement if elected to office. A nascent literature challenges this assumption, but shows that there is a substantial potential to remediate voters' lack of knowledge (Bidwell et al. 2019, Izama and Platas 2017, Bowles and Larreguy 2018). Importantly, all this issue abstracts from whether candidates willing to represent voters' preferences will be attracted to run for office or not, which we will cover later in the course.

When voters lack information about the policy platforms of political candidates, how do they vote? Observational work suggests that voters use other cues such as ethnicity or ideology when they lack such information, which might prevent them from truthfully casting their preferences in the sense that they might vote for a candidate whose policy platform is not the closest to theirs. We study experimental interventions that show that, in such contexts, when voters receive information about incumbent performance or candidate policy platforms, considerations such as ethnicity and ideology play a lesser role in their vote (Adida et al. 2017, Conroy-Krutz 2013, Conroy-Krutz and Moehler 2016).

Covered in class

- Adida, Claire, Jessica Gottlieb, Eric Kramon and Gwyneth McClendon. 2017. "Reducing or Reinforcing In-Group Preferences? An Experiment on Information and Ethnic Voting." *Quarterly Journal of Political Studies* 12(4): 437-477.
- Bidwell, Kelly, Katherine Casey and Rachel Glennerster. 2019. "Debates: Voting and Expenditure Responses to Political Communication." *Journal of Political Economy*, Forthcoming.
- Bowles, Jeremy and Horacio Larreguy. 2020. "*Who Debates, Who Wins? At-Scale Experimental Evidence on the Supply of Policy Information in a Liberian Election.*"

Mentioned in class

- Brierley, Sarah A., with Eric Kramon, and George Ofori. 2019. "*The Moderating Effect of Debates on Political Attitudes.*" *American Journal of Political Science*, Forthcoming.

- Carlson, Elizabeth. 2015. "Ethnic Voting and Accountability in Africa: A Choice Experiment in Uganda." *World Politics*, 67(2): 353-385.
- Casey, Katherine. 2015. "Crossing Party Lines: The Effects of Information on Redistributive Politics." *American Economic Review*, 105(8): 2410-48.
- Conroy-Krutz, Jeffrey. 2013 "Information and Ethnic Politics in Africa." *British Journal of Political Science*, 43(2): 345-373
- Conroy-Krutz, Jeffrey and Devra C. Moehler. 2015. "Moderation from Bias: A Field Experiment on Partisan Media in a New Democracy." *The Journal of Politics*, 77(2):575 – 587
- Fujiwara, Thomas and Leonard Wantchekon. 2013. "Can Informed Public Deliberation Overcome Clientelism? Experimental Evidence from Benin." *American Economic Journal: Applied Economics* 5(4):241–255.
- Izama, Melina Platas and Pia Raffler. 2019. "*Closing the Gap: Information and Mass Support in a Dominant Party Regime.*"
- Izama, Melina Platas and Pia Raffler. 2019 "*Meet the Candidates: Field Experimental Evidence on Learning from Politician Debates in Uganda.*" *Information, Accountability, and Cumulative Learning. Lessons from Metaketa I.* Dunning, T., G. Grossman, M. Humphreys, S. Hyde, C. McIntosh, and G. Nellis (editors).
- Larreguy, Horacio, John Marshall, James Snyder Jr. 2018. "*Leveling the Playing Field: How Campaign Advertising Can Help Non-Dominant Parties.*" *Journal of the European Economic Association* 16(6):1812–1849.
- Moehler, Devra and Jeffrey Conroy-Krutz. 2016. "Eyes on the ballot: Priming effects and ethnic voting in the developing world." *Electoral Studies*, 42:99-113
- Padro i Miquel, Gerard. 2007. "The Control of Politicians in Divided Societies: Politics of Fear." *Review of Economic Studies*, 74(4): 1259-1274.
- Wantchekon, Leonard. 2003. "Clientelism And Voting Behavior: Evidence From A Field Experiment In Benin." *World Politics*, 55: 399-422.

Class 4: Are voters' preferences being represented? Clientelism and vote buying.

Even if voters can discern what policies each candidate would implement if elected to office, and would cast their vote accordingly, the political system might be such that candidate options might hinder the representation of the preferences of some voters. On the one hand, this could largely be since the political supply is unresponsive to such preferences, that is that there are no candidates that propose to or would implement them. A nascent literature shows that is particularly the case of women in the developing world (Chattopadhyay and Duflo 2004). On the other hand, it could be that failures in the political system prevent some population sectors from casting their vote (Aker, Collier and Vicente 2017, de Kadt 2017), or their vote is not weighted equally (Fujiwara 2015). There is also illegal behavior by political candidates and their representatives that might also affect whether voters' preferences are represented---clientelism, vote buying, fraud and repression---which we focus on in the coming classes.

Another way by which voter representation possibly breaks down is through clientelism and vote buying. The literature on clientelism and vote-buying has been prolific in the past decade ignited with the debate between Stokes (2005) and Nichter (2008) about the way by which candidates and their brokers enforce clientelistic and vote-buying exchanges in the presence of the secret ballot. While Stokes (2005) assumes that this is not a problem since brokers use social networks to learn how voters vote, Nichter (2008) argues that this is not the case and instead brokers enforce turnout of those believed to support their candidates. Finan and Schechter (2012), Lawson and Greene (2014), Duarte, Finan, Larreguy, and Schechter (2019) add to this debate by providing evidence that brokers target citizens who are likely to reciprocate. More recent work has focused on what to do about the dangers of clientelism and vote buying. Specifically, researchers evaluated the effect of small-scale

interventions providing civic education (Vicente 2014) or trying to exploit the same social preferences believed to mediate the enforcement of clientelistic and vote-buying exchanges (Hicken et al. 2018).

While the findings of earlier work assessing the effect of interventions trying to tackle clientelism and vote buying are promising, they raise some concerns. Later work on the role of political brokers in mediating clientelistic and vote-buying exchanges (Bowles, Larreguy and Liu 2019, Larreguy 2013, Larreguy, Montiel and Querubin 2017, Stokes et al. 2013) highlights the incentives of these agents to reallocate their efforts as a result of such small interventions. In other words, candidates and their brokers could simply respond by buying their votes elsewhere, which might affect the interpretation of the findings from such earlier work. As a result, Blattman et al. (2019) and Vasudevan (2019) study much larger-scale interventions. The latter's design is such that to be able to identify the responses by candidates and their brokers.

Covered in class

- Blattman, Chris, Horacio Larreguy, Ben Marx, and Otis Reid. 2012. *"Eat Widely, Vote Wisely: Lessons from a Campaign Against Vote Buying in Uganda."*
- Chattopadhyay, Raghavendra, and Esther Duflo. 2004. "Women as policy makers: Evidence from a randomized policy experiment in India." *Econometrica* 72(5):1409-1443.
- Fujiwara, Thomas. 2015. "Voting technology, political responsiveness, and infant health: evidence from Brazil." *Econometrica* 83(2):423-464.
- Vicente, Pedro C. 2014. "Is Vote Buying Effective? Evidence from a Field Experiment in West Africa," *The Economic Journal*, 124 (574): 356–387.

Mentioned in class

- Aker, Jenny, Pedro Vicente and Paul Collier. 2017. "Is Information Power? Using Mobile Phones and Free Newspapers during an Election in Mozambique." *Review of Economics and Statistics*. Vol XCIX (2): 185-200.
- Bobonis, Gustavo, Paul Gertler, Marco Gonzalez-Navarro and Simeon Nichter. 2019. *"Vulnerability and Clientelism."*
- Cascio, Elizabeth U. and Ebonya Washington. 2014. "Valuing the Vote: the Redistribution of Voting Rights and State Funds Following the Voting Rights Act of 1965." *Quarterly Journal of Economics*, 129(1):379–433.
- Clots-Figueras, Irma. (2012) "Are Female Leaders Good for Education? Evidence from India." *American Economic Journal: Applied Economics*, 4(1): 212-44.
- de Kadt, Daniel. 2019. "Bringing the polls to the people: How increasing electoral access encourages turnout but exacerbates political inequality."
- Duarte, Raúl, Frederico Finan, Horacio Larreguy, and Laura Schechter. 2020. *"Brokering Votes with Information Spread Via Social Networks."*
- Finan, Frederico and Laura Schechter. 2012. "Vote-buying and Reciprocity." *Econometrica*, 80(2): 863-882.
- Folke, Olle, Shigeo Hirano, and James M. Snyder, Jr. 2011. "Patronage and Elections in U.S. States," *American Political Science Review*, 105(3), 567-585.
- Fujiwara, Thomas and Leonard Wantchekon. 2013. "Can Informed Public Deliberation Overcome Clientelism? Experimental Evidence from Benin." *American Economic Journal: Applied Economics* 5(4):241–255.
- Hicken, Leider, Ravanilla, and Yang. 2018. "Temptation in Vote-Selling: Evidence from a Field Experiment in the Philippines." *Forthcoming in the Journal of Development Economics*.
- Lawson, Chappell, and Kenneth F. Greene. 2014. "Making Clientelism Work: How Norms of Reciprocity Increase Voter Compliance." *Comparative Politics* 47(1): 61–85.

- Larreguy, Horacio. 2013. "Monitoring Political Brokers: Evidence from Clientelistic Networks in Mexico."
- Larreguy, Horacio, John Marshall and Pablo Querubin. 2016. "Parties, Brokers and Voter Mobilization: How Turnout Buying Depends Upon the Party's Capacity to Monitor Brokers." *American Political Science Review*, 110(1):160-179.
- Larreguy, Horacio, John Marshall and Laura Trucco. "Breaking Clientelism or Rewarding Incumbents? Evidence from an Urban Titling Program in Mexico."
- Larreguy, Horacio, Cesar Montiel and Pablo Querubin. 2017. "Political Brokers: Partisans or Agents? Evidence from the Mexican Teacher's Union." *American Journal of Political Science*, 61(4): 877-891.
- Nichter, Simeon. 2008. "Vote Buying or Turnout Buying? Machine Politics and the Secret Ballot." *American Political Science Review*, 102(1):19-31.
- Olken, Benjamin A. 2010. "Direct Democracy and Local Public Goods: Evidence from a Field Experiment in Indonesia." *American Political Science Review*, 104(2): 243- 267.
- Stokes, Susan C. 2005 "Perverse accountability: A formal model of machine politics with evidence from Argentina." *American Political Science Review*, 99: 315-325.
- Stokes, S. C., T. Dunning, M. Nazareno, and V. Brusco (2013). *Brokers, Voters, and Clientelism: The Puzzle of Distributive Politics*. Cambridge University Press.
- Vasudevan, Srinivasan. 2019. "Diminishing the Effectiveness of Vote Buying: Experimental Evidence from a Persuasive Radio Campaign in India."
- Wantchekon, Leonard. 2003. "Clientelism And Voting Behavior: Evidence From A Field Experiment In Benin". *World Politics*, 55: 399-422.

Class 5: Do voters punish elected officials when informed about their malfeasant behavior? What is the role of voter belief updating, coordination and candidate response in electoral punishment?

Regardless of whether elected officials represent the preferences of the median electorate, once in office, these might have incentives to deviate from their policy promises and engage in malfeasant behavior. At the core of any accountability model is also voters' ability to punish at the ballot box officials shown to misbehave in office. Do voters actually punish electorally incumbent politicians for malfeasant behavior while in office? In class, we will first cover the evidence on such punishment, which is rather mixed. On the one hand, papers exploiting natural experiments find that incumbent politicians revealed to be malfeasant by media are punished at the ballot box (Besley and Burgess 2002, Ferraz and Finan 2008, Larreguy et al. 2017). In contrast, field experiments analyzing the provision of similar provision through either scorecards or leaflets with information very similar to that provided by media provide much more limited evidence (Arias et al. 2017, Banerjee et al. 2011, Chong et al. 2015). Also, politicians' expectations about voters' ability to punish at the ballot box officials shown to misbehave in office are just as important. Do elected officials behave as if they would be punished if they misbehaved? Grossman and Michelitch (2017) find that such is only the case when they face electoral competition.

In light of the mixed evidence supporting the role of the provision of information about incumbent performance in political accountability, recent work has tried to better understand possible failures in the link between the provision of such information and electoral accountability. In this class, we will then cover work focusing on whether voters comprehend the information they receive via scorecards or leaflets and update their beliefs about the suitability of incumbents (and possibly challengers) for office (Arias et al. 2018, Bhandari et al. 2018). Moreover, we will briefly assess the evidence on whether providing information about incumbent duties (Bhandari et al. 2018) or benchmarking incumbent performance information against the performance of other incumbents (Arias et al. 2018, Gottlieb 2016) bears of such updating by voters.

Lastly, we will cover work that looks at the relevance of voter coordination (Adida et al. 2017, Arias et al. 2017, Butaine et al. 2017) and candidate response (Arias et al. 2017, forthcoming, Cruz et al. 2017), to better understand the link between the provision of information about incumbents' performance and voters' behavior at the ballot box.

Covered in class

- Enríquez, José Ramón, Horacio Larreguy, John Marshall, and Alberto Simpser. 2022. *“Online Political Information: Facebook Ad Saturation and Electoral Accountability in Mexico.”*
- Ferraz, Claudio and Finan, Frederico. 2008. “Exposing Corrupt Politicians: The Effect of Brazil's Publicly Released Audits on Electoral Outcomes.” *The Quarterly Journal of Economics*, 23(2): 703-745.
- Chong, Alberto, Ana De La O, Dean Karlan and Leonard Wantchekon. 2015. “Does corruption information inspire the fight or quash the hope? A field experiment in Mexico on voter turnout, choice, and party identification.” *Journal of Politics* 77(1):55–71.

Mentioned in class

- Adida, Claire, Jessica Gottlieb, Eric Kramon and Gwyneth McClendon. 2019. “Breaking the Clientelistic Voting Equilibrium: The Joint Importance of Salience and Coordination.” *Comparative Political Studies*, Forthcoming.
- Arias, Eric, Horacio Larreguy, John Marshall and Pablo Querubin. 2018. “Does the Content and Mode of Delivery of Information Matter for Electoral Accountability? Evidence from a Field Experiment in Mexico.”
- Arias, Eric, Horacio Larreguy, John Marshall and Pablo Querubin. 2022. “Priors Rule: When do Malfeasance Revelations Help and Hurt Incumbent Parties?” *Journal of the European Economic Association*, 20(4):1433-1477.
- Arias, Eric, Pablo Balan, Horacio Larreguy, John Marshall and Pablo Querubin. 2019. *“Information Provision, Voter Coordination, and Electoral Accountability: Evidence from Mexican Social Networks.”* *American Political Science Review*, 113(2):475-498.
- Banerjee, Abhijit V., Selvan Kumar, Rohini Pande and Felix Su. 2011. “Do Informed Voters Make Better Choices? Experimental Evidence from Urban India.”
- Bhandari, Abhit, Horacio Larreguy and John Marshall. 2019. “An Empirical Anatomy of Political Accountability: Experimental Evidence from a Pre-Election Information Dissemination Campaign in Senegal.”
- Besley, Tim and Robin Burgess. 2002. “The Political Economy of Government Responsiveness: Theory and Evidence from India.” *The Quarterly Journal of Economics*, 117(4):1415-1451.
- Butaine, Mark T., Sarah Bush, Ryan Jablonski, Daniel Nielson and Paula Pickering. 2018. “SMS Texts on Corruption Help Ugandan Voters Hold Elected Councillors Accountable at the Polls.” *Proceedings of the National Academy of Sciences*, 115 (26) 6668-6673.
- Cruz, Cesi, Philip Keefer and Julien Labonne. 2019. “Buying Informed Voters: New Effects of Information on Voters and Candidates.”
- George, Siddharth, Sarika Gupta, Manoj Kumar, and Yusuf Neggars. 2018 “Coordinating Voters against Criminal Politicians: Evidence from a Mobile Experiment in India.”
- Gottlieb, Jessica. 2016. “Greater Expectations: A Field Experiment to Improve Accountability in Mali.” *American Journal of Political Science* 60(1):143–157.
- Grossman, Guy, Kristen Michelitch. 2018. “Information Dissemination, Competitive Pressure, and Politician Performance between Elections: A Field Experiment in Uganda.” *American Political Science Review*, 112(2):280-301.

- Larreguy, Horacio, John Marshall and James Snyder. 2020. "Publicising Malfeasance: When the Local Media Structure Facilitates Electoral Accountability in Mexico." *The Economic Journal*, 130(631):2291–2327.

Class 6: Incentivizing good politicians to run for office. Incentivizing politicians to perform well once in office.

Political accountability is one of the biggest challenges of both developing democracies. While the evidence on the electoral punishment of incumbent politicians revealed to be malfeasant is mixed, there is still room for rents from office to be sufficient to attract the right type of candidates---those who are likely to implement voters' preferred policies and avoid engaging in malfeasant behavior---to office, as well as to discipline them. This first lecture focuses on the literature that exploits natural experiments to study how monetary incentives attract better quality politicians and discipline them (Ferraz and Finan 2011, Gagliarducci and Nannicini 2013).

Second, we cover another way that the literature has studied its success to ensure political accountability. Specifically, we focus on the provision of (reelection) incentives that mitigate moral hazard and further discipline those elected to office (Dal Bo and Rossi 2011, Ferraz and Finan).

Covered in class

- Ferraz, Claudio, Finan, Frederico. 2011. "Electoral accountability and corruption: Evidence from the audits of local governments." *American Economic Review*, 101(4), 1274-1311.
- Ferraz, Claudio and Finan, Frederico. 2011. "Motivating politicians: The impacts of monetary incentives on quality and performance."
- Gagliarducci, Stefano and Tommaso Nannicini. 2013. "Do Better Paid Politicians Perform Better? Disentangling Incentives from Selection." *Journal of the European Economic Association*, 11(2):369-398

Mentioned in class

- Besley, Timothy, and Anne Case. 1995. "Does Electoral Accountability Affect Economic Policy Choices? Evidence from Gubernatorial Term Limits." *Quarterly Journal of Economics* 110(3): 769-798.
- Dal Bo, Ernesto, and Martin A. Rossi. 2011. "Term Length and the Effort of Politicians." *Review of Economic Studies*, 78(4): 1237-1263.
- Gulzar, Saad and Muhammad Yasir Khan. 2018. "*Motivating Political Candidacy and Performance: Experimental Evidence from Pakistan.*"
- Kotakorpi, Kaisa and Panu Poutvaara. 2011. "*Pay for politicians and candidate selection: An empirical analysis.*" *Journal of Public Economics*, 95 (7-8):877-885.
- Martinez-Bravo, Monica. 2014. "The Role of Local Officials in New Democracies: Evidence from Indonesia." *American Economic Review*, 104 (4), 1244-1287.
- Pique, Ricardo. 2019. "*Higher Pay, Worse Outcomes? The Impact of Mayoral Wages on Local Government Quality in Peru.*" *Journal of Public Economics*, 2019, 173:1-20.

Class 7: Attracting good bureaucrats, Incentivizing bureaucrats to perform well.

The literature on political accountability initially disregarded the role of that bureaucratic capacities plays in that matter. Recent work has started filling that gap, taking a similar approach to the literature on incentivizing politicians that we cover earlier, and thus focusing on selecting the right type of

bureaucrats and moral hazard mitigation. As with politicians, we start by focusing on the work that studies what determines the selection of the right politicians. Papers contrast greatly on whether they find that high salaries discourage individuals strong prosocial preferences from applying (Dal Bo et al. 2013; Deserranno 2019).

Following the previous lecture and paralleling the structure we follow with politicians, second, we focus on the role of monitoring and incentives to mitigate moral hazard and discipline bureaucrats to perform well (Banerjee, Duflo, and Glennerster 2008, Cilliers et al. 2018; Di Tella and Schargrodsky 2003, Duflo, Hanna and Ryan 2012, Reinikka and Svensson 2005).

Covered in class

- Ashraf, Nava, Oriana Bandiera, Edward Davenport, and Scott S. Lee. 2020. "Losing Prosociality in the Quest for Talent? Sorting, Selection, and Productivity in the delivery of Public Services." *American Economic Review*, 110(5): 1355–1394.
- 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.
- Dal Bo, Ernesto, Federico Finan, and Martin Rossi. 2013. "Strengthening State Capabilities: The Role of Financial Incentives in the Call to Public Service." *The Quarterly Journal of Economics*, 128(3): 1169-1218.
- Duflo, Esther, Rema Hanna, and Stephen Ryan. 2012 "Incentives Work: Getting Teachers to Come to School." *American Economic Review*, 102(4): 1241-1278.

Mentioned in class

- Cilliers, Jacobus Ibrahim Kasirye, Clare Leaver, Pieter Serneels, and Andrew Zeitlina. 2018. "*Pay for locally monitored performance? A welfare analysis for teacher attendance in Ugandan primary schools.*" *Journal of Public Economics*, 167:69-90.
- Deserranno, Erika. 2019. "*Financial Incentives as Signals: Experimental Evidence from the Recruitment of Village Promoters in Uganda.*" *American Economic Journal: Applied Economics* 11(1): 277–317.
- 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, 269-292.
- Khan, Adnan Q., Asim Ijaz Khwaja, and Benjamin A. Olken. 2019. "*Making Moves Matter: Experimental Evidence on Incentivizing Bureaucrats through Performance-Based Postings.*" *American Economic Review*, 109(1):237-70.
- Hanna, Rema and Shing-Yi Wang. 2017. "*Dishonesty and Selection into Public Service.*" *American Economic Journal: Economic Policy*, 9(3):262-290.
- Reinikka, Ritva and Jakob Svensson. 2005. "Fighting Corruption to Improve Schooling: Evidence from a Newspaper Campaign in Uganda." *Journal of the European Economic Association*, 3 (2-3): 259-267.

Class 8: Control of bureaucrats by politicians. Building bureaucratic state capacity.

Beyond selecting and incentivizing both good politicians and bureaucrats, for political accountability it is also necessary that politicians can control the work of bureaucrats so that they implement the policies desired by the constituents that voted them into office. Recent work focuses this agency problem between politicians and bureaucrats (Gulzar and Pasquale 2016, Nath 2016, Raffler 2020, Rasul and Rogger 2017, Rogger 2014). We will have the pleasure of having Pia Raffler as guest lecturer.

To conclude, we focus on a series of recent interventions aimed at strengthening state capacity and consequently governance. On the one hand, we look at the potential of recent innovations in information technologies for that end (Grossman et al. 2014, Muralidharan et al. 2016). On the other hand, we look at recent interventions on taxation (Weigel 2020). Taxation might help for both state capacity strengthening and good governance since, when politicians have to rely on citizen taxation to obtain revenue, they are forced to respond to their preferences.

Covered in class

- Grossman, Guy, Macartan Humphreys, Gabriella Sacramone-Lutz. 2014. "I would like u WMP to extend electricity 2 our village": On Information Technology and Interest Articulation. *American Political Science Review*. 108(3):688-705.
- Raffler, Pia. 2020. "Does Political Oversight of the Bureaucracy Increase Accountability? Field Experimental Evidence from an Electoral Autocracy." Forthcoming, *American Political Science Review*.
- Weigel, Jonathan. 2020. "The Participation Dividend of Taxation: How Citizens in Congo Engage More with The State When It Tries to Tax Them." *The Quarterly Journal of Economics* 135(4): 1849–1903.

Mentioned in class

- Banerjee, Abhijit, Esther Duflo, Clement Imbert, Santhosh Mathew, and Rohini Pande. 2019. "E-governance, Accountability, and Leakage in Public Programs: Experimental Evidence from a Financial Management Reform in India." *American Economic Journal: Applied Economics*, Forthcoming.
- Gulzar, Saad and Pasquale, Benjamin J. 2017. "Politicians, Bureaucrats, and Development: Evidence from India." *American Political Science Review*, 111(1), pp. 162–183.
- Iyer, Lakshmi and Anandi Mani. 2012. "Traveling Agents: Political Change and Bureaucratic Turnover in India." *Review of Economics and Statistics* 94(3):723–739.
- Muralidharan, Karthik, Paul Niehaus, Sandip Sukhtankar. 2016. "Building State Capacity: Evidence from Biometric Smartcards in India." *American Economic Review* 106(1):2895-2929.
- Nath, Anusha. 2016. "Bureaucrats and Politicians: How Does Electoral Competition Affect Bureaucratic Performance?"
- Rasul, Imran Daniel Rogger. 2017. "Management of Bureaucrats and Public Service Delivery: Evidence from the Nigerian Civil Service." Forthcoming at the *Economic Journal*.
- Rogger, Daniel. 2018. "The Consequences of Political Interference in Bureaucratic Decision Making: Evidence from Nigeria."

Distance learning – Enseignement à distance :

Classes will be on Zoom (<https://itam.zoom.us/>), but I might go in person for a couple classes.