

Course unit English denomination	Political Economy
SS	SECS-P/01 ECON-01/A
Teacher in charge (if defined)	Roberto Bonfatti – Andreas Menzel
Teaching Hours	20
Number of ECTS credits allocated	4
Course period	April-May 2025
Course delivery method	<input checked="" type="checkbox"/> In presence <input type="checkbox"/> Remotely <input type="checkbox"/> Blended
Language of instruction	English
Mandatory attendance	<input type="checkbox"/> Yes (% minimum of presence) <input checked="" type="checkbox"/> No
Course unit contents	<p>The module is articulated in two parts. In the first, we will look at contemporary micro-economic research in development economics. In the second part, we will focus on democratic institutions, and investigate their comparative features. Topics will combine the presentation of (seminal) theoretical models with testable empirical implications as well as their empirical and/or experimental counterparts. Empirical papers will pay close attention to different state-of-the-art identification strategies.</p>
Learning goals	<p>Knowledge of the most recent theories and empirical methods to evaluate the impact of institutions and policies on the economy, especially long run growth and poverty reduction. Ability to critically evaluate theoretical and empirical arguments.</p>
Teaching methods	Frontal lectures
Course on transversal, interdisciplinary, transdisciplinary skills	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Available for PhD students from other courses	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Prerequisites (not mandatory)	
Examination methods (in applicable)	<p>Referee report on a paper of interest and presentation of this paper. NOTE: Examination method may still be updated.</p>

Part I - Development Economics: Microeconomics and Policy

1. Introduction to Development Economics (2 Lectures)

- Banerjee, Abhijit, and Esther Duflo. 2007: The Economic Lives of the Poor, *Journal of Economic Perspectives* 21(1): 141-168 *
 - Banerjee, Abhijit, and Esther Duflo. 2008: What is Middle Class about the Middle Classes around the World?, *Journal of Economic Perspectives* 22 (2): 3-28
 - Mankiw, N. Gregory, David Romer, and David N. Weil. 1992: A Contribution to the Empirics of Economic Growth, *Quarterly Journal of Economics* 107 (2): 407-437*
 - Dollar, David, Tatjana Kleineberg, and Art Kraay. 2016: Growth still is good for the Poor, *European Economic Review* 81: 68-85
 - Ravallion, Martin. 2005: Inequality is Bad for the Poor, *World Bank Policy Research Working Paper* 3677
 - Bandiera, Oriana, Robin Burgess, Narayan Das, Selim Gulesci, Imran Rasul, and Munshi Sulaiman. 2017: Labor Markets and Poverty in Village Economies, *Quarterly Journal of Economics* 132(2): 811-870 *
 - Balboni, Clare, Oriana Bandiera, Robin Burgess, Maitreesh Ghatak and Anton Heil. 2019: *Why do people stay poor?*, *Quarterly Journal of Economics* 137(2): 785-844
 - Caselli, Francesco. 2016: Accounting for Cross-Country Income Differences: Ten Years Later, *World Development Report Background Paper, Governance and the Law*
 - Jayachandran, Seema. 2021: How Economic Development Influences the Environment, *NBER Working Paper* 29191
 - Yeh, Chris, Anthony Perez, George Azzari, Anne Driscoll, Zhongyi Tang, David Lobell, Stefano Ermon, and Marshall Burke. 2020: Using publicly available satellite imagery and deep learning to understand economic wellbeing in Africa. *Nature Communications* 2020 (11), 2583.
 - Banerjee, Abhijit, Esther Duflo, Nathanael Goldberg, Dean Karlan, Robert Osei, William Parienté, Jeremy Shapiro, Bram Thuysbaert, and Christopher Udry. (2015.c): A multifaceted program causes lasting progress for the very poor: Evidence from six countries, *Science* 348 (6236): 772
 - Kraay, Art, and David McKenzie. 2014: Do Poverty Traps Exist? Assessing the Evidence, *Journal of Economic Perspectives* 28 (3): 127-148
 - Haushofer, Johannes. 2019: Is there a Psychological Poverty Trap?, *Working Paper, Stockholm University*
 - Rodrik, Dani. 2013: Unconditional Convergence in Manufacturing, *Quarterly Journal of Economics* 128 (1): 165-204
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2. Infrastructure in Development (1 Lecture)

- Asher, Sam, and Paul Novosad. 2020: Rural Roads and Local Economic Development, *American Economics Review* 110(3): 797-823 *
- Adukia, Anjali, Sam Asher, and Paul Novosad. 2020: Educational Investment Responses to Economic Opportunity: Evidence from Indian Road Construction, *AEJ: Applied Economics* 12(1): 348-376
- Anderson, Michael L. 2008: Multiple Inference and Gender Differences in the Effects of Early Intervention: A Reevaluation of the Abecedarian, Perry Preschool, and Early Training Projects, *Journal of the American Statistical Association* 103 (484): 1481–1495.*
- Lee, Kenneth, Edward Miguel, and Catherine Wolfram. 2020: Experimental Evidence on the Economics of Rural Electrification, *Journal of Political Economy* 128 (4): 1523-1565 *
- Imbens, Guido, and Khartik Kalyanaraman. 2012: Optimal Bandwidth Choice for the Regression Discontinuity Estimator, *Review of Economic Studies* 79: 933–959.
- Ghani, Ejaz, Arti Grover Goswami, and William R. Kerr. 2016: Highway to Success: The Impact of the Golden Quadrilateral Project for the Location and Performance of Indian Manufacturing, *Economic Journal* 126 (591): 317-357
- Gertler, Paul, Marco Gonzalez-Navarro, Tadeja Gracner, and Alexander Rothenberg. 2022: Road Maintenance and Local Economic Development: Evidence from Indonesia’s Highways. NBER Working Paper 30454
- Dinkelman, Taryn. 2011. The Effects of Rural Electrification on Employment: New Evidence from South Africa, *American Economic Review*, 101 (7): 3078-3108.
- Jensen, Robert. 2007: The Digital Divide: Information (Technology), Market Performance, and Welfare in the South Indian Fisheries Sector, *Quarterly Journal of Economics* 122 (3): 879–924
- Brooks, Wyatt, and Kevin Donovan (2020): Eliminating Uncertainty in Market Access: The Impact of new Bridges in Rural Nicaragua, *Econometrica* 88(5): 1965-1997

3. Markets & Migration (1 Lecture)

- Naidu, Suresh, Yaw Nyarko, and Shing-Yi Wang. 2023: The Benefits and Costs of Guest Worker Programs: Experimental Evidence from the India-UAE Migration Corridor. NBER Working Paper 31354 *
 - Akram, Agha Ali, Shyamal Chowdhury, and Ahmed Mushfiq Mobarak. 2018: *Effect of Emigration on Rural Labor Markets, Working Paper, Yale*
 - Bau, Natalie, and Adrien Matray. 2020: Misallocation and Capital Market Integration: Evidence from India. NBER Working Paper 27955 *
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- Blattman, Christopher, and Stefan Dercon. 2018: The Impacts of Industrial and Entrepreneurial Work on Income and Health: Experimental Evidence from Ethiopia, *AEJ: Applied Economics*, 10 (3): 1-38
 - Boudreau, Laura, Rachel Heath, and Tyler McCormick, 2019: *Migrants, Information, and Working Conditions in Bangladeshi Garment Factories, Working Paper, Columbia University*
 - Clemens, Michael. 2011: Economics and Emigration: Trillion-Dollar Bills on the Sidewalk?, *Journal of Economic Perspectives*, 25(3): 83-106.
 - Alfonsi, Livia, Oriana Bandiera, Vittorio Bassi, Robin Burgess, Imran Rasul, Munshi Sulaiman, Anna Vitali. 2020: Tackling Youth Unemployment: Evidence From a Labor Market Experiment in Uganda. *Econometrica*, 88: 2369-2414.(R)
 - Mobarak, Mushfiq, Iffath Sharif, and Maheshwor Shrestha. 2023: Returns to International Migration: Evidence from a Bangladesh-Malaysia Visa Lottery. *American Economic Journal* 15 (4): 353-388 (R)
 - Munshi, Kaivan, and Mark Rosenzweig. 2016: Networks and Misallocation: Insurance, Migration, and the Rural-Urban Wage Gap, *American Economic Review*, 106 (1): 46-98. (R)
 - Cook, Justin, and Manisha Shah. 2020: Aggregate Effects of Public Works: Evidence from India, *Review of Economics and Statistics (forthcoming)* (R)
 - De Janvry, Alain, Kyle Emerick, Marco Gonzalez-Navarro, and Elisabeth Sadoulet. 2015: Delinking Land Rights from Land Use: Certification and Migration in Mexico, *American Economic Review* 105 (10): 3125-3149 (R)

4. Gender & Discrimination (1 Lecture)

- Duflo, Esther. 2012. Women Empowerment and Economic Development, *Journal of Economic Literature*, 50 (4): 1051-79.
 - Giuliano, Paola. 2020: Gender and Culture, *Oxford Review of Economic Policy* 36(4): 944-961
 - Jayachandran, Seema, and Rohini Pande. 2017: Why Are Indian Children So Short? The Role of Birth Order and Son Preference, *American Economic Review*, 107 (9): 2600-2629. *
 - Beaman, Lori, Raghavendra Chattopadhyay, Esther Duflo, Rohini Pande, and Petia Topalova. 2009: Powerful Women: Does Exposure Reduce Bias?, *Quarterly Journal of Economics* 124 (4): 1497-1540
 - Macchiavello, Rocco, Andreas Menzel, Atonu Rabbani, and Christopher Woodruff. 2020: Challenges of Change: Training Women to Supervise in the Bangladeshi Garment Sector, Working Paper
 - Dhar, Diva, Tarun Jain, and Seema Jayachandran. 2022: Reshaping Adolescents Gender Attitudes: Evidence from a School-Based Experiment in India, *American Economic Review* 112(3): 899-927 *
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- Borker, Girija. 2021: Safety First: Perceived Risk of Street Harassment and Educational Choices of Women, World Bank Policy Research Working Paper 9731
 - Amarel, Sofia, Girija Borker, Nathan Fiala, Anjani Kumar, Nishith Prakash, and Maria Micaela Sviatschi. 2023: Sexual Harassment in Public Spaces and Police Patrols: Experimental Evidence from Urban India. NBER Working Paper 31734

Part II - Origins and economic consequences of institutions (Roberto Bonfatti)

1. Theories on the origins and economic consequences of institutions

We introduce a conceptual framework to define the notion of “institutions”, and understand their impact on the economy.

Acemoglu, D., & Robinson, J. A. (2013). *Why nations fail: The origins of power, prosperity, and poverty*. Currency (Chapter 3 and 4).

Acemoglu, D., & Robinson, J. A. (2006). *Economic origins of dictatorship and democracy*. Cambridge University Press.

Besley, T., & Persson, T. (2009). The origins of state capacity: Property rights, taxation, and politics. *American economic review*, 99(4), 1218-1244.

Besley, T., & Persson, T. (2010). State capacity, conflict, and development. *Econometrica*, 78(1), 1-34.

Williamson, Oliver E. "The new institutional economics: taking stock, looking ahead." *Journal of economic literature* 38.3 (2000): 595-613.

2. Empirical work on the origins of institutions

What determines the shape of a country's institutions? We overview a large empirical literature which has emphasised the role of external shocks, such as imperial expansion, globalisation or de-globalisation in shaping institutions. We focus on causal empirical studies from the economics literature, but also briefly discuss anecdotal arguments from economic history and political science (a great source of inspiration for future empirical work).

Acemoglu, D., S. Johnson, and J. A. Robinson (2001): “The colonial origins of comparative development: An empirical investigation,” *American economic review*, 91, 1369–1401.

Acemoglu, D., Johnson, S., & Robinson, J. (2005). The rise of Europe: Atlantic trade, institutional change, and economic growth. *American economic review*, 95(3), 546-579.

Banerjee, A. and L. Iyer (2005): “History, institutions, and economic performance: The legacy of colonial land tenure systems in India,” *American economic review*, 95, 1190–1213.

Berger, S. (2000). “Globalization and politics”. *Annual Review of Political Science*, 3(1), 43-62.

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- Bonfatti, R., & Brey, B. (2024). "Trade disruption, industrialisation, and the setting sun of British colonial rule in India," forthcoming in the *Journal of the European Economic Association*.
- Dell, M. (2010). The persistent effects of Peru's mining mita. *Econometrica*, 78(6), 1863-1903.
- Lowes, S. and E. Montero (2021): "Concessions, violence, and indirect rule: evidence from the Congo Free State," *The quarterly journal of economics*, 136, 2047–2091.
- Puga, D., & Trefler, D. (2014). International trade and institutional change: Medieval Venice's response to globalization. *The Quarterly Journal of Economics*, 129(2), 753-821.
- Rogowski, R. (1987). Political cleavages and changing exposure to trade. *American Political Science Review*, 81(4), 1121-1137.
- Sanchez De La Sierra, R. (2020): "On the origins of the state: Stationary bandits and taxation in eastern Congo," *Journal of Political Economy*, 128.
- Sokoloff, K. L., & Engerman, S. L. (2000). History lessons: institutions, factor endowments, and paths of development in the new world. *Journal of Economic perspectives*, 14(3), 217-232.

3. Empirical work on the economic consequences of institutions

We review a number of studies from a voluminous literature that has sought to identify the effect of institutions on economic growth.

- Acemoglu, D., S. Johnson, and J. A. Robinson (2001): "The colonial origins of comparative development: An empirical investigation," *American economic review*, 91, 1369–1401.
- Acemoglu, D., Johnson, S., & Robinson, J. (2005). The rise of Europe: Atlantic trade, institutional change, and economic growth. *American economic review*, 95(3), 546-579.
- Dell, M. (2010). The persistent effects of Peru's mining mita. *Econometrica*, 78(6), 1863-1903.
- Cust, J., & Harding, T. (2020). Institutions and the location of oil exploration. *Journal of the European Economic Association*, 18(3), 1321-1350.
- Dincecco, M., & Katz, G. (2016). State capacity and long-run economic performance. *The Economic Journal*, 126(590), 189-218.
- Dittmar, J. E., & Meisenzahl, R. R. (2020). Public goods institutions, human capital, and growth: Evidence from German history. *The Review of Economic Studies*, 87(2), 959-996.
- Michalopoulos, S., & Papaioannou, E. (2013). Pre-colonial ethnic institutions and contemporary African development. *Econometrica*, 81(1), 113-152.
- Michalopoulos, S., & Papaioannou, E. (2014). National institutions and subnational development in Africa. *The Quarterly journal of economics*, 129(1), 151-213.
- Sanchez De La Sierra, R. (2020): "On the origins of the state: Stationary bandits and taxation in eastern Congo," *Journal of Political Economy*, 128.