

1. Horario atención a estudiantes, correos electrónicos y nombres de los profesores complementarios

Clase magistral

Profesor: Rachid Laajaj (r.laajaj@uniandes.edu.co)

Horario Clase: Jueves, 7:00am – 8:45am

Salón virtual: <https://uniandes-edu-co.zoom.us/j/81138575683>

Atención a estudiantes: martes, 2:00PM - 3:00PM,

Lugar de atención a estudiantes: <https://uniandes-edu-co.zoom.us/j/82557733852>

Profesor asistente: Juan Restrepo; j.restrepo@uniandes.edu.co

Horario de atención a estudiantes: Wednesdays 11:00am -12:30pm

Lugar de atención a estudiantes, Zoom meeting:

<https://us04web.zoom.us/j/5964693931?pwd=TTVQMnFmM3FjTHERK1BSekk5OGN3UT09>

2. Introduction and general description of the class

Corruption is the abuse of power for private gain. In this seminar, we aim to better understand the causes of corruption, its consequences and its solutions. This seminar combines theoretical approach and empirical analysis at the micro-level, paying particular attention to the role of information and incentives. We read and analyze critically many recent papers on corruption. Students should develop their ability to understand academic papers but also to carefully think about what allows corruption to prevail and how to tackle it. Solutions that will be explored can go from sanctions to the use of information technologies and changes in social values. The students are also expected to contribute through presentations, debates during classes and the development of their own research, case studies or creative solutions to fight corruption. The seminar is given in English but participation and questions in Spanish are welcome whenever needed.

3. Objectives of the class

The Seminar on Corruption in Developing Countries introduces the students to some of the literature on Corruption and some of the tools commonly used. It also encourages students to develop critical thinking, implement their own review of the literature, presentations, analysis of existing projects and to propose creative solutions. At the end of the class, the students should be more familiar with some of the problematics related to corruption. They should be able to discuss the causes of corruption and how to address it, using analytical tools and economic reasoning. They should better discern the ethical dilemmas and individual

decisions that can result in generalized corruption. They should also start developing their capacity to analyze, advise and develop their own projects to tackle corruption.

4. Organization of the Class and Methodology

An important goal of the class is to encourage students to be rigorous, but also pro-active, critical and creative in their learning about corruption.

Part of the class will be dedicated to a review of the literature on corruption. For each topic, I will provide papers to be read. The students will work in group to read, analyze and present the material in a way that helps understanding what the literature has found on this topic so far. I will guide the discussions and when necessary, I will complement the analysis with general overview about the topics or provide some of the tools that are necessary to better understand the papers and to help you conduct your own research. A mix of presentations, interactions during classes, quizzes and written work can be asked to ensure that the papers are read.

During the discussions, keep in mind that you need to be critical, it is OK to disagree with some articles or policies as long as you can argue it. Also, the discussion is an occasion for you to raise the parts that you did not understand in the paper. You are not expected to understand everything, most papers that we study are at the frontier of research in economics of corruption, so it is OK for master students to not understand everything and don't be afraid to ask.

Another part of the class will be dedicated to applications of the lessons on how to fight corruption and discussions of practical dilemmas and solutions. They will be practical in nature and can ask you to analyze a real-life event or policy, discuss some programs or principles about how to fight corruption, apply principles from theoretical models to actual situations, or analyze a database.

In the class we also aim to develop ethical discernment through discussions of the causes and consequences of corruption, experiments (where you may need to take decisions with personal costs and ethical dilemmas), debates on actual policies in situation where there is no right or wrong answer, role playing that puts the students in the position of the various actors in Colombia related to corruption or the fight against corruption. The discussions emphasize that corruption as a consequence of the aggregation of individual decisions and the need for a societal change (in norms, values and behaviors) in order to obtain economic and institutional changes.

For the final homework, students will be asked to form groups of 2 to 4 students and select one of the three types of tasks:

- 1- **Produce a research article** (in fact you can do it without the data but need to be as realistic as possible as what your research question is, how you would answer it, your contribution to the literature...). You don't have to have the data nor to produce the final results but just explain how you would analyze it.
- 2- **Analyze an existing program** that aims at fighting corruption. Feed the analysis with lessons from the literature or theory to argue the extent to which it follows the key principles that we emphasized on how to efficiently fight against corruption.
- 3- **Propose an innovative intervention to reduce corruption** in a developing country. Be very specific about what the intervention(s) would be, and the mechanisms through which it can reduce corruption. There must be something new in your proposition compared to what already exists.

Tentative schedule (which may be adapted throughout the semester)

~ 3 weeks	Magistral classes including definition of concepts, overview of literature, tools and theoretical models.
~ 7 weeks	Reading and discussions of articles. We will regularly vary the format of the discussion and evaluations, for example: - Presentation by a group of students, then students can ask the teacher about parts that remained unclear before a quiz. - The class is split into 2 groups. A different reading is assigned to each group. And each group will present and explain to the other group. Part of the evaluation comes from how well the other group understood your presentation and explanations. - Rather than a single reading, a set of papers is assigned, and students must work as a group to provide an overview of this literature. - Seminar format: a first group presents the work, another group criticizes the work, and the first group responds to the criticism. - Use the reading(s) to feed a debate. - Invitation of the researcher who wrote the paper for presentation and discussion with students. - Etc. All the designs are made to promote interactions, critical thinking, implications in a broader context, respectful debates, and self-assessment based on whether one can explain it well to other students.
~ 3 weeks	Debates and role playing around recent news, political debates, existing anticorruption programs and understanding of Colombian institutions to be fed with student's own research and readings from the class.
~ 1 weeks	Behavioral experiments played by the students and discussions on the lessons drawn from it and the societal consequences of individual decisions.
~ 2 weeks	Presentations of final work

5. Competences to be developed

Seminar Corruption in Developing Countries	
Learning Objectives of the Class	
1	Introduces the students to some of the literature in Corruption, in an active way stimulating student's ability to look for and assimilate the literature.
2	Develop your ability to analyze critically the recent papers on corruption, and policy programs that aim at reducing corruption
3	Develop your ethical discernment of how individual behaviors can result in a situation of generalized corruption and reflect on what personal and societal changes can bring a collective change.

4	Start developing your own research and analysis about institutional obstacles to Development and evaluating potential solutions
5	Think about how to apply lessons from the literature to real life corruption challenges, being creative in adapting the tools to the issues faced in a given context.

6. Evaluation Criteria

The final grade will be calculated as follows:

- Quizzes and other forms of reading assessment: 20%
- Presentation (of a paper from the literature): 15%
- Class Participation throughout the semester: 20%
- Debates, role playing and experiments: 20% (from written preparation work and/or in-class interactions)
- Final work: 25% (15% for written work +10% for presentation)

In some cases peer assessment can contribute to the grade: for example about the clarity of a presentation, or your contribution to a group work.

Absenteeism means you get 0 in participation for this class (unless a justification is provided), which will then affect your final grade in participation, but if it exceeds 3 classes then it may have additional consequences. High, non-justified absenteeism also makes likely that you obtain a grade lower than the rest of your group for having contributed less.

Reclamos (Artículo 62 y 63 del Reglamento General de Estudiantes de Pregrado)

“Todo estudiante que desee formular un reclamo sobre las calificaciones de cualquier evaluación o sobre la nota definitiva del curso, deberá dirigirlo por escrito y debidamente sustentado al profesor responsable de la materia, dentro de los ocho (4) días hábiles siguientes a aquel en que se dan a conocer las calificaciones en cuestión. El profesor dispone de diez (10) días hábiles para resolver el reclamo formulado; vencido el término informará al estudiante la decisión correspondiente.”

“Si el estudiante considera que la decisión no corresponde a los criterios de evaluación, podrá solicitar la designación de un segundo calificador mediante un escrito debidamente sustentado, dirigido al Consejo de Facultad o de Departamento, según el caso, dentro de los ocho (8) días hábiles siguientes al conocimiento de la decisión. Si el Consejo encuentra fundada la solicitud, procederá a designar, solamente para tal efecto, un segundo calificador cuya decisión debidamente sustentada será definitiva e inmodificable. En ningún caso, el segundo calificador podrá desmejorar la nota inicialmente asignada por el profesor.”

Los reclamos serán válidos siempre y cuando el quiz, el parcial y el examen final hayan sido resueltos en esfero. Para las evaluaciones resueltas a lápiz, el reclamo se debe presentar en el momento en que las pruebas se entreguen calificadas.

7. Sistema de aproximación de notas definitiva

Dando alcance a la modificación al sistema de calificaciones, el Comité Directivo, en la sesión No. 72-13 del 19 de junio de 2013, aprobó la siguiente escala de calificaciones, incluida en el art. 51 del Reglamento General de Estudiantes de Pregrado (RGEPr), el art. 49 del Reglamento General de Estudiantes de Especialización (RGEE), el art. 51 del Reglamento General de Estudiantes de Maestría (RGEMa), y el art. 61 del Reglamento General de Estudiantes de Doctorado (RGED): “Las calificaciones definitivas de las materias serán numéricas de uno cinco (1,50) a cinco (5,00), en unidades, décimas y centésimas.

8. Bibliografía

There is not one textbook recommended, but a series of papers that will be reviewed during the classes.

A) Overviews of literature on Corruption

Empirical overview:

** Olken, B. A., & Pande, R. (2011). *Corruption in developing countries* (No. w17398). National Bureau of Economic Research.

Theoretical overview:

Aidt, T. S. (2003). Economic analysis of corruption: a survey*. *The Economic Journal*, 113(491), F632-F652.

B) Agents respond to Incentives

** Di Tella, Rafael, and Ernesto Schargrodsky. "The role of wages and auditing during a crackdown on corruption in the city of Buenos Aires." *Journal of law and economics* 46.1 (2003): 269-292.

Olken, B. A. (2005). *Monitoring corruption: evidence from a field experiment in Indonesia* (No. w11753). National Bureau of Economic Research.

C) Accountability, Social monitoring and Transparency

** Reinikka, R. and Svensson, J., 2005. Fighting corruption to improve schooling: Evidence from a newspaper campaign in Uganda. *Journal of the European economic association*, 3(2-3), pp.259-267.

** Ferraz, C. and Finan, F., 2011. Electoral accountability and corruption: Evidence from the audits of local governments. *American Economic Review*, 101(4), pp.1274-1311.

Reinikka, R., & Svensson, J. (2011). The power of information in public services: Evidence from education in Uganda. *Journal of Public Economics*, 95(7), 956-966.

Ferraz, C., & Finan, F. (2007). Exposing corrupt politicians: the effects of Brazil's publicly released audits on electoral outcomes.

D) Natural Resources and Institutions

Mehlum, H., Moene, K. and Torvik, R., 2006. Institutions and the resource curse. *The economic journal*, 116(508), pp.1-20.

Ebeke, C., Omgba, L.D. and Laajaj, R., 2015. Oil, governance and the (mis) allocation of talent in developing countries. *Journal of Development Economics*, 114, pp.126-141.

Caselli, F. and Michaels, G., 2013. Do oil windfalls improve living standards? Evidence from Brazil. *American Economic Journal: Applied Economics*, 5(1), pp.208-38.

E) Can information Technologies improve Information and reduce Corruption?

** Muralidharan, Karthik, Paul Niehaus, and Sandip Sukhtankar. "Building state capacity: Evidence from biometric smartcards in India." *The American Economic Review* 106.10 (2016): 2895-2929.

Lewis-Faupel, S., Neggers, Y., Olken, B. A., & Pande, R. (2016). Can Electronic Procurement Improve Infrastructure Provision? Evidence from Public Works in India and Indonesia. *American Economic Journal: Economic Policy*, 8(3), 258-83.

Banerjee, A., Duflo, E., Imbert, C., Mathew, S., & Pande, R. Can e-governance reduce capture of public programs? Experimental evidence from India's Employment Guarantee.

Giné, X., Goldberg, J., & Yang, D. (2012). Credit market consequences of improved personal identification: Field experimental evidence from Malawi. *American Economic Review*, 102(6), 2923-54.

Bertot, J.C., Jaeger, P.T. and Grimes, J.M., 2010. Using ICTs to create a culture of transparency: E-government and social media as openness and anti-corruption tools for societies. *Government information quarterly*, 27(3), pp.264-271

F) Corruption at Customs and firm level analysis

** Colonnelli, E., Prem, M. and Teso, E., 2020. Patronage and selection in public sector organizations. *American Economic Review*, 110(10), pp.3071-99.

Laajaj, R., Eslava, M. and Kinda, T., 2020. The Costs of Bureaucracy and Corruption at Customs: Evidence from the Computerization of Imports in Colombia.

Sequeira, S., & Djankov, S. (2014). Corruption and firm behavior: Evidence from African ports. *Journal of International Economics*, 94(2), 277-294.

Fisman, R. and Svensson, J., 2007. Are corruption and taxation really harmful to growth? Firm level evidence. *Journal of development economics*, 83(1), pp.63-75.

G) A cultural issue and the possibility of societal change

** Fisman, R. and Miguel, E., 2007. Corruption, norms, and legal enforcement: Evidence from diplomatic parking tickets. *Journal of Political economy*, 115(6), pp.1020-1048.

** Dollar, D., Fisman, R. and Gatti, R., 2001. Are women really the "fairer" sex? Corruption and women in government. *Journal of Economic Behavior & Organization*, 46(4), pp.423-429.

Hauk, E. and Saez-Marti, M., 2002. On the cultural transmission of corruption. *Journal of Economic Theory*, 107(2), pp.311-335.

Corbacho, A., Gingerich, D.W., Oliveros, V. and Ruiz-Vega, M., 2016. Corruption as a Self-Fulfilling Prophecy: Evidence from a Survey Experiment in Costa Rica. *American Journal of Political Science*, 60(4), pp.1077-1092.

Finan, F., Olken, B.A. and Pande, R., 2017. The personnel economics of the developing state. *Handbook of economic field experiments*, 2, pp.467-514.

H) Corruption Dynamics and Spillovers

** Olken, B.A. and Barron, P., 2009. The simple economics of extortion: evidence from trucking in Aceh. *Journal of Political Economy*, 117(3), pp.417-452.

Niehaus, P. and Sukhtankar, S., 2013. Corruption dynamics: The golden goose effect. *American Economic Journal: Economic Policy*, 5(4), pp.230-69.

A) A cultural issue and the possibility of societal change

9. Important dates

Inicio de clases: 9 de agosto.

Semana de receso: 4-9 de octubre.

Fecha de entrega del 30% de las notas en MiBanner: 15 de octubre

Último día de clases: 4 de diciembre.

Exámenes finales: 6-11 de diciembre.

Último día para subir notas finales en MiBanner: 16 de diciembre.

Último día para solicitar retiros: 17 de diciembre 6 p.m.