

1. Información del equipo pedagógico y horarios de atención a estudiantes

Profesor magistral: Rachid Laajaj
Correo electrónico: r.laajaj@uniandes.edu.co
Horario de atención a estudiantes: Jueves 11am-12am
Lugar de atención a estudiantes:

Asistente de docencia / profesor complementario: Sofia Charry Tobar
Correo electrónico: s.charry@uniandes.edu.co
Horario de atención a estudiantes: Miércoles, 3pm-4pm
Lugar de atención a estudiantes: <https://urosario.zoom.us/j/8250692772>
(If you prefer to meet in person, please send me an email)

2. Descripción del curso

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, incentives and values. 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. Resultados de aprendizaje

1. Based on the related literature, real case studies and reflection, build a solid conceptual base of corruption issues, their causes and their possible solutions.
2. Demonstrate mastery of analytical and empirical tools as well as critical thinking to rigorously analyze corruption issues and evaluate their potential solutions.
3. Apply these tools and your creativity to offer solutions and explore new research areas, to tackle corruption, adapted to a given context and problematic.

4. Cronograma

Tentative schedule (which may be adapted throughout the semester depending on your interests)

~ 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, active participation 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. Referencias

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) Auditing Corruption

** Duflo, E., Greenstone, M., Pande, R. and Ryan, N., 2013. Truth-telling by third-party auditors and the response of polluting firms: Experimental evidence from India. *The Quarterly Journal of Economics*, 128(4), pp.1499-1545.

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 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.

** Banerjee, A., Duflo, E., Imbert, C., Mathew, S., & Pande, R (2020) E-governance, Accountability, and Leakage in Public Programs: Experimental Evidence from a Financial Management Reform in India.

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.

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.

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., 2023. The costs of bureaucracy and corruption at customs: Evidence from the computerization of imports in Colombia. *Journal of Public Economics*, 225, p.104969.

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.

** Burgess, R., Hansen, M., Olken, B.A., Potapov, P. and Sieber, S., 2012. The political economy of deforestation in the tropics. *The Quarterly journal of economics*, 127(4), pp.1707-1754.

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

6. Metodología

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 read. The students will work in groups 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 why. Also, the discussion is an occasion for you to ask about 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's 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 of the fight against corruption. The discussions emphasize that corruption is 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 detailed proposal of a research article** you can do it without the data since it is just a proposal, but need to be as realistic as possible as what your research question is, how you would answer it, your contribution to the literature, etc. You don't have to have the data nor to produce the final results but just explain how you would analyze it with details that should include your main estimation strategy (if empiric) or the key principles of your model (if theoretical).
- 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.

7. Evaluaciones

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.

8. Asistencia

Absenteeism means you get 0 in participation for this class (unless a justification is provided), which will then affect your final grade in participation. If your non justified absenteeism exceeds 20% of the classes then you are likely to be disqualified for the course (unless there is a good reason behind it and we find ways to catch up the work that was missed, in exceptional circumstances).

High, non-justified absenteeism also makes likely that you obtain a grade lower than the rest of your group for having contributed less.

9. Políticas generales de los cursos de Economía y fechas importantes

Los estudiantes deben consultar [este enlace](#), donde se encuentran las reglas sobre asistencia a clase, excusas válidas, fraude académico y faltas disciplinarias, reclamos, políticas de bienestar y fechas importantes del semestre.

10. Important dates

- Inicio de clases: 22 de enero.
- Semana de receso: 18 al 23 de marzo. Por decisión del Consejo Académico, no está permitido asignar trabajos para esta semana.
- Semana santa: 24 al 30 de marzo. Aunque no hay clases esta semana, los profesores pueden asignar trabajos.
- Plazo para subir las notas parciales a MiBanner (mínimo el 30%): 5 de abril.
- Último día para retirar cursos de 16 semanas: 19 de abril a las 6:00 p. m.
- Último día de clases: 25 de mayo.