

Question

1. Given the range of market and government failures in developing countries, corruption is efficient. Discuss.

Main Readings

J. Svensson, (2005). Eight questions about Corruption. *Journal of Economic Perspectives*, 19 (5): 1942

J. Svensson, (2003). Who Must Pay Bribes and How Much? Evidence from a Cross Section of Firms. *Quarterly Journal of Economics*, vol. 118 (1): 207-230

Collier, P. and Hoeffler, A. (2009). Testing the Neocon Agenda: Democracy in Resource-Rich Societies. *European Economic Review*, 53:3: 293-308.

Djankov, S., La Porta, R., Lopez-De-Silanes, F., and Shleifer, A. (2002). The Regulation Of Entry. *The Quarterly Journal of Economics*, 117(1):1-37.

Shliefer, A. and Vishny, R. (1993). Corruption. *Quarterly Journal of Economics*, 108(3):599–617.

Supplementary Readings

Bertrand, M., Djankov, S., Hanna, R., Mullainathan, S. (2006). Does Corruption Produce Unsafe Drivers?
[Link](#)

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