

ECM701 Frontiers of Economic Research

Literature review

September 2021



A definition

- The literature review **process** is as important as the section you are going to write
- It is a continuous process that constantly inspires/supports your research question, methodology, implications, etc.
- It is definitely not just something that you do at the beginning of a research project, it never stops.
- In this session:
 - ▶ The process: searching, reviewing, housekeeping
 - ▶ Writing: different approaches

Article vs Dissertation

- A literature review is a crucial component of your dissertation
- Literature review in dissertation chapters tend to be more extensive than you normally see in published papers
 - ▶ Most of you will have a “Literature review” section in each of your dissertation chapters
 - ▶ This is not strictly necessary (there are other ways to present the literature) but it is safer

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 - ▶ This is not strictly necessary (there are other ways to present the literature) but it is safer
- Lit review needs to be comprehensive and up-to-date
 - ▶ As it takes 4 years to complete a PhD, your literature review should not kept up to date. As you new papers come out, remember to add them to your literature review
 - ▶ This is especially important when you prepare your papers for publication

How it all begins: reading, reading, reading

Do you have a favourite paper?

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Do you have a favourite paper?
A paper you wished you had written yourself?

The process: searching the literature

- How do you find them? (Beyond google scholar)
 - ▶ Always check a paper references for relevant (older) literature
 - ▶ Newest papers are often found in presentations by other researchers
 - ▶ #EconTwitter is also a very useful source for new research
 - ▶ Worth checking "Cited by" in google scholar
 - ▶ Search for relevant papers beyond your topic (e.g. for methodological applications)
 - ▶ Is your literature review up to date? Make sure you give more prominence to latest studies unless you are referring to seminal works.

The process: searching the literature (continue)

- What papers should you look for?
 - ▶ Good papers are in good (internationally known) journals
 - ★ What is a good journal? ABS list
 - ★ Watch out for Predatory journals <https://predatoryjournals.com/journals/>
 - ▶ Working papers are fine too, especially if you know the authors (NBER, IZA, other institutions or universities)
 - ▶ Once you have engaged with the literature you will recognise the main authors in your field
 - ▶ You can (should?) acknowledge also lower quality studies that are relevant, just don't give them excessive weight (e.g. "I follow the approach in X (2020) (and paper is published in a predatory journal!!)")
 - ▶ When submitting papers for review: Referees are sometime chosen from your reference list

The process: reviewing the literature

- Annotate papers (either the printed version or the pdfs), it is easier to get back to them, or remember their content

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- Annotate papers (either the printed version or the pdfs), it is easier to go back to them, or remember their content
 - ▶ Did you see the 15th robustness check they did????
- As you begin to explore a new field, it might be useful to prepare a summary table as it is done in survey papers (e.g. Sibhatu and Qaim (2018))
 - ▶ This could go in the Appendix of your dissertation (if relevant). Not in papers, unless literature-review-based.

Table 1
Overview of studies included in systematic review, main findings, and conclusions (sorted by year of publication).

(1) Original study reference	(2) Country	(3) Sample size	(4) Data type	(5) Type of diet/nutrition data	(6) Summary of original study findings	Significantly positive association?		
						(7) Main conclusion of original study authors	(8) Conclusion considering all results reported	(9) Only considering dietary diversity results
Dewey (1981)	Mexico	149 HH with CH	CS	24 h recall, CH anthrop	<ul style="list-style-type: none"> Positive association between crop diversity (above 5 crops on a farm) and HDDS (Shannon-Wiener function) in one village, but not in another village No significant association between crop diversity (below 5 crops on a farm) and HDDS (Shannon-Wiener function) in one village Positive association between crop diversity and child height in one village, but not in another village 	Yes	Mixed	Mixed
Tschheim et al. (2004)	Mali	502 IN 319 HH	CS	7 d recall	<ul style="list-style-type: none"> No significant association between crop diversity and HDDS and HFVS Significant association between crop diversity and mean adequacy ratio Mean adequacy ratio lower in women than in men 	No	Mixed	No
Ekeno et al. (2008)	Kenya	144 HH with CH	CS	7 d recall	<ul style="list-style-type: none"> Positive association between farm production diversity (crop and livestock species combined) and children's food variety score 	Yes	Yes	Yes
Lambrecht (2009)	Uganda Malawi	120 HH	CS	24 h recall	<ul style="list-style-type: none"> No significant association between crop diversity and HDDS No significant association between livestock diversity and HDDS Households with higher crop diversity report higher food insecurity Households that earn more money by selling crops are less food insecure 	No	No	No

The process: housekeeping

- The time invested in housekeeping is time saved later (when you won't have time!)
- Keep a folder with pdf files (Give a meaningful name to each file, e.g. Author(year)title)
- Use a reference software since the very beginning (Endnote or Bibtex)
- Other relevant software: Zotero, Mendeley
- See also: <https://www.connectedpapers.com/>

Writing a literature review: approaches

See Ghani et al. (2014)

1) A dedicated literature review section

- This has become less common in journal papers
- Still very important in a dissertation chapter
- You can start with a literature review section and then move on once you are more confident (e.g. when preparing paper for submission)
- See example Ghani et al. (2014), Caselli and Coleman (2013) or Bazzi et al. (2016)

Few things to notice in Ghani et al. (2014)

- 1) Identify themes, 2) define context, 3) describe findings, add 4) method if relevant

2.2. Literature review

A number of studies have examined aspects of the Panchayat Raj and its effect on economic and social outcomes. Using state-level variation in India over four decades, Pande (2003) identifies how the mandated reservations of legislative positions for minority members of Scheduled Caste/Scheduled Tribe (SC/ST) individuals increased the redistribution of resources towards these groups, demonstrating enhanced policy influence. Related, Besley et al. (2004) find that the reservation of leadership positions for SC/ST individuals increased access among SC/ST households to infrastructure or services via government schemes. Chattopadhyay and Duflo (2004a) use information on the location of public goods to show that when an area has leadership positions reserved for SC individuals, the share of public goods going to that group is significantly higher. Chattopadhyay and Duflo (2004b) use village-level variation in political reservations for women to predict the types of public goods provided in 265 reserved and unreserved areas in West Bengal and Rajasthan, finding that leaders invest more in infrastructure that is directly relevant to the needs of their own genders. Ghani et al. (2013a) find that areas that have had more exposure to women leaders in the Panchayat system allocate a higher share of public works employment to constituent women. This importance of representation to policy outcomes extends to many other contexts (e.g., Clots-Figueroa, 2011; Powley, 2007; Washington, 2008). Overall, the studies show that the group identity of political leaders matters for the type of public goods provided under the purview of the governing body, with studies using the Indian experience being especially prominent in this literature.

Women leaders may also affect their institutional environment. Topalova and Duflo (2004) find that women leaders in India are less likely to take bribes than their male counterparts. Duflo and Topalova (2004) and Beaman et al. (2009) note that while the public goods provided by reserved women leaders are in greater abundance and at least equal in quality to other villages, residents may express lower satisfaction with the provided goods. Another strand of literature looks at how attitudes towards women change once quota policies are in effect. Hoff and Stiglitz (2010) develop a conceptual framework to show how changes in power, technology, and contacts with the outside world matter especially because they can lead to changes in ideology. Beaman et al. (2009, 2012) show how perceptions of women improve once men are exposed to women in leadership roles, providing substantial evidence of the framework regarding attitudes and bias implicit in Hoff and Stiglitz (2010).

Few things to notice

5) Summarise main takeaways/messages.

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Where is your contribution?

Duflo (2005) provides an assessment of the case for political reservations for women and other historically underrepresented groups. Using evidence from India, Duflo (2005) concludes that reservations have been shown to incur a significant reallocation of public goods towards the preferred allocation of the group in power. Pande and Ford (2011) provide a more recent comprehensive review of the literature on gender quotas. They conclude that the political reservations led to a significant increase in women's leadership and influence on policy outcomes, while noting at times more mixed evidence on some outcomes. This review also highlights the need for greater study of economic consequences.

The above studies primarily use the cross-sectional nature of the randomized reservation system to identify treatment effects. However, variation in the timing of the implementation of the 73rd Amendment was also plausibly exogenous, as noted above and further tested later in this paper. Iyer et al. (2012) use this state-level variation to investigate the effects of political representation on crime against women, finding significant evidence that political empowerment resulted in greater reporting of crimes against women.

3. India manufacturing data

Our primary data sources are repeated cross-sectional establishment-level data from surveys of the unorganized manufacturing sector carried out by the Government of India. The data are taken from surveys conducted in fiscal years 1994, 2000, and 2005.⁷ This section describes

2. Related Literature

The paper contributes to the literature, too vast to survey here, on distributive conflict among social groups. Much of this literature begins with a partition of society into groups (variously identified by social classes, ideology, ethnicity, etc.) and then proceeds to study why, when, and how intensively a distributive conflict will take place. Our contribution to this literature is to highlight concerns with ex-post infiltration as a potential deterrent for conflict. This focus allows us not only to generate new insights on when two or more social groups will enter into conflict, but also to shed light on which types of social cleavages are more likely to be associated with conflict. In particular, *ceteris paribus* conflict should be more prevalent when passing from one group to the other is more difficult. One cleavage that is often difficult to cross is the one between ethnic groups. Hence, we can use our insight as a basis for an explanation for why social conflict appears to be so frequently along ethnic lines. The rest of this section discusses (selectively, for lack of space) other attempts to answer the same question.

Our interpretation of ethnic conflict belongs to the “instrumentalist” tradition most often associated with Bates (1974, 1982). Bates’ foremost point is that ethnic conflict is conflict between rational agents over scarce resources. He buttresses this claim by organizing an astounding wealth of case studies from Sub-Saharan Africa. Many subsequent scholars have identified numerous further examples where leaders favor their own ethnicity when allocating resources (see e.g. Posner (2005) for Africa). Taking Bates’ view of the reasons for conflict as our starting point, we formalize the reasons why ethnicity is a rational basis for coalition building and provide a characterization of some of the conditions that make ethnic conflict more likely.

Within the rich political-science instrumentalist literature on ethnic conflict two significant antecedents are Chandra (2004) and Fearon (1999). Chandra argues that voters find collecting information on candidates’ background and intentions costly, while ethnicity is readily observable. Hence, they use ethnicity as a noisy but low-cost signal of candidates propensity to favor them in allocating public goods and transfers. Given this behavior by voters, it can be rational for parties to organize along ethnic lines. There is some connection between Chandra’s use of ethnicity as a low-cost signal of intentions and our use of ethnicity as a low-cost technology to police coalition boundaries, and our analyses are somewhat complementary. The closest antecedent to our work, however, is Fearon (1999), who asks why ethnic politics and “pork” politics often tend to go together, and conjectures informally that allocating pork according to

(a) Ghani et al. (2014) 🗨

(b) Caselli and Coleman (2013) 🗨

Where is your contribution?

IN SUMMARY, THIS IS A GROWING LITERATURE ON THEORETICAL ISSUES IN INTERNATIONAL CONFLICT. A subset of this literature focuses (or can be interpreted as focusing) on ethnic conflict. Robinson (2001) and Esteban and Ray (2008) study societies with both class and ethnic cleavages and ask when one should expect to see ethnic as opposed to class conflict (or no conflict). Esteban and Ray (2011a) focus on the role of within- and between-group income differences in determining conflict intensity. Esteban and Ray (2011b) investigate the relation between the intensity of conflict and various measures of heterogeneity used in the empirical literature. Padró i Miquel (2007) focuses on autocrats' exploitation of ethnic fears in order to extract rents while imposing severe distortions on the economy. Rohner (2011) and Rohner, Thoenig, and Zilibotti (2011a) model the two-way interaction between conflict and trust.

In all these studies the division of society into groups is fixed and immutable. Furthermore, ethnicity is an entirely arbitrary labeling of individuals with no clear economic role. The distinctive feature of our model is that it is based on a concrete economic interpretation of ethnicity: it provides a (possible) marker for policing group boundaries. Several distinctive novel insights derive from having taken this stand: first, the general insight that concerns with ex-post infiltration may be a potentially important deterrent for conflict; second, that not all ethnic cleavages are equally likely to lead to conflict (while the current literature is silent on this kind of heterogeneity); third, that the ethnic composition of a country is endogenous to conflict; fourth, that the relationship between resource-endowments and conflict is nonmonotonic.⁵

The paper also contributes to the literature on the construction and salience of ethnicity. Two closely related propositions enjoy near-universal consensus in this literature. The first proposition is that ethnicity's "salience" changes over time, both within the lifetime of individuals and in terms of wider societal perceptions. In other words individuals and communities ascribe to ethnic identities more importance in certain periods than in others (and sometimes no importance at all). This view is entirely consistent with our framework. Indeed, our model offers an explanation for why ethnicity's salience varies across time and space. In the model periods of harmonious relations may be interpreted as periods where ethnicity is not salient, while periods where conflict or exploitation take place are periods where ethnicity has become salient. As discussed, such transitions from nonsalience to salience can be triggered by changes in macro-economic conditions, changes in the wealth status of certain groups, or changes in the perceived social cost of conflict.

The second widely held view is that ethnic identity is a "social construct", in the sense that it results from social "discourses" that end up conditioning individuals to identify with particular groups. This idea seems implicit in Barth (1969) and has

Related Literature. Our paper makes three main contributions. First, we add to a growing body of work on optimal borders by identifying the effects of an increasingly common policy of administrative unit

3

proliferation on conflict (see Flenssalla, 2016a, for a survey). A large theoretical and growing empirical literature offers a framework for identifying suboptimal borders at the (sub)national level (e.g., Alesina and Spolaore, 1997, 2003; Bolton and Roland, 1997; Coate and Knight, 2007; Spolaore and Wacziarg, 2003; Weese, 2013). The messy politics of border formation often explain departures from optimality (Alesina and Spolaore, 2005; Spolaore, 2008). The unique policy context in Indonesia allows us to take these complex determinants of border formation as given and focus on investigating its consequences. Our results build upon Alesina et al. (2011) and Michalopoulos and Papaioannou (2016), who highlight the adverse consequences of arbitrary, post-colonial partitioning of ethnic groups across national borders. We identify similar consequences for conflict in the policy-relevant context of decentralization where new borders are formed from the bottom-up rather than imposed from outside. Our findings point to an important unintended consequence of redistricting, namely, that despite an overall increase in access to public resources, violence may flare up in the new seat of government when long-standing group cleavages are replaced with new ones.

Second, we provide novel insight into how diversity matters for conflict. Recent work highlights several potential channels through which ethnolinguistic diversity affects conflict (Alesina and Chivrelli, 2016; Arbatli et al., 2015; Caselli and Coleman, 2013; Desmet et al., 2012; Esteban and Ray, 2011a,b; Esteban et al., 2012, 2015; Morelli and Rohwer, 2014). We immediately identify causal impacts of policy-induced changes in diversity within local government boundaries. Diversity levels are often confounded with agroclimatic conditions (Michalopoulos, 2012) or internal migration (Poiran and Laitty, 2011), both of which may affect conflict independent of diversity. Holding underlying diversity constant, we view redistricting as a unique opportunity to show how changes in the salience of ethnic cleavages affect violence in a natural policy setting. In this respect, our approach is somewhat akin to Hjort (2014) who uses the random assignment of workers to teams to understand how diversity shapes productivity in a flower plant in Kenya around a period of national interethnic strife.

Additionally, we offer new evidence on the nature of conflict over public resources and rents, which is a prominent albeit disputed mechanism in the conflict literature. Several studies use shocks to the price of taxable commodities, such as oil and minerals, as sources of variation in the value of the state,

(c) Caselli and Coleman (2013) ☺

(d) Bazzi et al. (2016) ☺

2) Literature-based conceptual framework

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- One option: think about an annotated DAG (Directed Acyclic Graph). [◀ https://arxiv.org/pdf/1907.07271.pdf](https://arxiv.org/pdf/1907.07271.pdf)

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- Other option: Fafchamps and Shilpi (2005) or Alesina and Zhuravskaya (2011) or Bas (2012)

One example

- 1) Define link or mechanism, 2) use literature to determine direction, 3) assess its relevance based on the context of your analysis

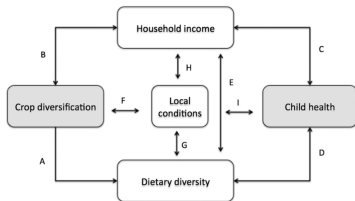


Fig. 1. A simplified pathway from crop diversification to child health.

Considering the first **mechanism** (link A in Fig. 1), **empirical evidence** provides support for a direct relationship between **agricultural diversification and dietary diversity** (e.g., Remans et al., 2011; Dillon et al., 2015; Hirvonen and Hoddinott, 2016). As subsistence households produce mainly for own consumption—this is the case of Tanzania where > 50% of households sell < 15% of their produce—the choice of agricultural outputs largely determine their diet. **We expect, however,** this relationship to weaken as households get more connected to the market and the transaction costs of purchasing food items are reduced.

(e) Lovo and Veronesi (2019)

households are still disconnected from the local marketplace. **Indeed, 70% of Tanzanian** households live at least 10 km away from the nearest market.

The pathway from crop diversification to child health is complete with the **effect of dietary diversity on child health** (link D in Fig. 1). The association between dietary diversity and anthropometric outcomes has been separately investigated in the **empirical literature**. Dietary diversity has been found to reflect diet quality and nutritional status in several developing countries (Arimond and Ruel, 2004; Jones et al., 2014). This is partly explained by the **positive association** between dietary diversity and micronutrient intakes (Kennedy et al., 2007; Moursi et al., 2008; Steyn et al., 2006).

The second mechanism relates farm diversification to child health **through income stability or growth** (link B, in Fig. 1). The relationship is, **a priori, ambiguous**. **On one hand,** diversification decreases the overall **production risk** and can help households cope better with negative weather or price shocks. It can **also** allow farmers to grow products that can be marketed at **different times during the year** (Di Falco and Perrings, 2005). In addition, crop rotation can have beneficial effects in term of **soil fertility, conservation, and pest control** (Chavas, 2008). **On the other hand,** diversification can have negative effects on income due to the **foregone benefits from specialization**. There are very few studies that relate crop diversification to household income in developing countries. Pellegrini and Tasciotti (2014) and Michler and Josephson (2017), for example, find a positive relationship between crop diversification and income. It is important to note that the relationship between household income and crop diversification works both ways.

Other examples

discusses the robustness of the results. The last section concludes.

I. Why Should Segregation Affect Government Quality?

Several different arguments suggest a negative relationship between segregation and good governance. We review them in order in this section.

A. Trust

A vast literature, briefly reviewed above, has established a relationship between the level of “generalized trust,” which is itself a major component of social capital, and the quality of government and institutions. In turn, segregation may have an effect on trust. By means of reducing contacts between representatives of different groups living separately under segregation, segregation may reinforce negative stereotypes, increase hate, and, thus, reduce trust between groups, a point raised by Glaeser (2005) and Uslaner (2008). For example, in countries where ethnic groups are segregated, distrust may be exacerbated because members of different groups have less objective information about each other and, therefore, the views of one group about another can more easily be manipulated by special interests or politicians playing an “ethnic card” (Glaeser 2005 discusses several compelling examples). Furthermore, nation-building policies which potentially could increase dialogue and trust between ethnic groups—such as teaching a common language in schools across different ethnic groups (e.g., Edward Miguel 2004)—have lower political support if communities are ethnically segregated.

(f) Alesina and Zhuravskaya (2011)

reduce the cost of production and allow firms that were previously unable to export to pay the fixed cost of exporting.

The second mechanism concerns variety. Klenow and Rodriguez-Clare (1997) show that trade liberalization increases access to new imported varieties that were previously unavailable. This greater availability of imported varieties allows firms to expand the set of inputs.⁶ Along the same lines, Broda et al. (2006) consider how the availability of imported intermediate goods impacts on variety expansion. Goldberg et al. (2010) disentangle the price and variety channels. Using firm-level data for India, they find that new imported input varieties are more important than lower import prices. Halpern et al. (2009) distinguish between the variety and input-quality effects on firm productivity using firm-level data for Hungary. They show that most of the positive effect of importing intermediate goods on firm productivity comes from greater imported input variety. Recently, Smeets and Warzynski (2010), using firm-product level dataset from Denmark, show that imported inputs of different origins (OECD countries and low-wage countries) improve firm TFP. This increased imported variety may also have positive effects on firm's export decisions. The access to modern technology embodied in this new set of inputs allows firms to increase efficiency and the profitability of engaging in exports. Using firm-product level dataset for France, Bas and Strauss-Kahn (2011) test for the complementarity of inputs and technology transfer mechanisms by distinguishing the origin of imports (developing vs. developed countries). They find a significant impact of higher diversification and increased number of imported inputs varieties on both firm's TFP and export scope (the number of exported varieties).

The final mechanism is related to quality upgrading. Imported inputs which are higher quality than domestic intermediate inputs affect firm performance. Kugler and Verhoogen (2009) analyze the quality of foreign relative to domestic inputs using detailed firm-product level data from Colombia. They show that importers use more distinct varieties of inputs and pay higher prices for imported inputs.

(g) Bas (2012)

3) Longer (not too long) introduction

- Less appropriate for dissertation chapters but very common in published papers
- See example Martinez-Bravo (2014) or BenYishay and Mobarak (2019)

Other examples

- 1) Identify strands, 2) describe common features, 3) give examples, 4) highlight contribution

not find support for any of these alternative explanations.

This paper is related to a number of different literatures. First, it relates to the literature that examines the specific workings of new democracies in terms of their economic and political outcomes. Some examples are Ellman and Wantchekon (2000); Brender and Drazen (2005, 2008, 2009); Keefer (2007); and Keefer and Vlaicu (2007). My paper **contributes** to this literature by analyzing the incentives to engage in voter intimidation and clientelism from the local government standpoint and by finding evidence of these patterns, using a novel dataset for the first democratic election in Indonesia post-Soeharto.

Second, this paper relates to the political science and economics literature on democratic capture by the elite or other interest groups by means of vote buying, voter co-optation, patronage networks, and the use of force or its threat. **Some examples are** Robinson and Verdier (2002); Dal Bó and Di Tella (2003); Wantchekon (2003); Acemoglu and Robinson (2006); Dal Bó (2007); Baland and Robinson (2008); Acemoglu, Robinson, and Santos (2013); Acemoglu, Tiedt, and Violini (2010, 2011); Persson and Zharavskaya (2011); and Finan and Schechter (2012). My paper **contributes** to this literature by focusing on the role of local officials as a legacy of the previous autocratic regime. Furthermore, this paper provides evidence

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that, in the context of regimes in transition, unless the reformist parties are expected to be the clear winners of the first democratic election, appointed local officials will contribute to the persistence of the autocratic status quo.

Third, this paper links to the literature that investigates the different incentives that elected versus appointed officials face. **See, for instance,** Besley and Coate (2003); Maskin and Tirole (2004); Alesina and Tabellini (2007, 2008); and Martinez-Bravo et al. (2011, 2014). However, to the best of my knowledge, **this is the first paper** to point out that even nonelected officials will have important electoral incentives in the elections for the politicians or officials who have decision rights over their appointment. Moreover, I highlight that these incentives will be intensified when there is an additional motivation to signal certain political leanings, as is the case in

(h) Martinez-Bravo (2014)



5) Might need to bunch papers together or 6) have long footnotes

...and some suggest the way to secure sustainable improvements.

This paper is related to a number of different literatures. First, it relates to the literature that examines the specific workings of new democracies in terms of their economic and political outcomes. Some examples are Eitman and Wantchekon (2000); Brender and Drazen (2005, 2008, 2009); Keefer (2007); and Keefer and Vlaicu (2007). My paper contributes to this literature by analyzing the incentives to engage in voter intimidation and clientelism from the local government standpoint and by finding evidence of these patterns, using a novel dataset for the first democratic election in Indonesia post-Sieharjo.

Second, this paper relates to the political science and economics literature on democratic capture by the elite or other interest groups by means of vote buying, voter co-optation, patronage networks, and the use of force or its threat. Some examples are Robinson and Verdier (2002); Dal Bó and Di Tella (2003); Wantchekon (2003); Acemoglu and Robinson (2006); Dal Bó (2007); Baland and Robinson (2008); Acemoglu, Robinson, and Santos (2013); Acemoglu, Ticchi, and Vindigni (2010, 2011); Persson and Zhuravskaya (2011); and Finan and Schechter (2012). My paper contributes to this literature by focusing on the role of local officials as a legacy of the previous autocratic regime. Furthermore, this paper provides evidence

The economics and sociology literatures have long recognized the importance of social learning from peers in overcoming such "information failures" in both developed (Griliches, 1957; Rogers, 1962) and developing (Foster and Rosenzweig, 1995; Bandiera and Rasul, 2006; Conley and Udry, 2010) countries. This literature has largely focused on documenting the existence of social learning using careful empirical strategies.¹ These models explore a "passive" form of social learning, implicitly assuming that farmers costlessly observe the field trials of their neighbours with little friction in the flow of information, and then update their expectations about the technology's profitability. Now that the importance of social learning has been established, a natural next question is whether the power of social influence can be leveraged to promote new technologies.

Our study explores whether we can cost-effectively improve new technology adoption by involving farmers closer to the target population as promoters, and by providing them incentives to experiment with the technology and communicate this information to others. We do this through a randomized control trial (RCT) in which we vary the dissemination method for two new technologies for maize farming across 120 villages in Malawi. In each village, we randomly assign the role of main communicator about the new technology to either (1) a government-employed extension worker, (2) a "lead farmer" (LF) who is educated and able to sustain experimentation costs, or (3) five "peer farmers" (PFs) who are more representative of the general population and whose experiences may be more applicable to the average recipient farmer's own conditions. Random subsets of these communicators are offered small performance-based incentives in the experimental design.²

We first document that providing incentives to communicators affects the flow of information in these villages. Without incentives, PFs and LFs rarely adopt the technologies themselves, and largely do not communicate information about the technologies to target farmers. As a result, target farmers do not know more about the technologies or adopt them at higher rates than in control communities. In contrast, when incentivized, PFs experiment at higher rates and communicate information to other farmers, who subsequently adopt the technology themselves. There is greater diffusion of knowledge and adoption by target farmers when PFs are incentivized, especially for the more novel of the two technologies. LF responsiveness to incentives are much more muted.

1. Other determinants examined by the literature recently include imperfections in credit markets (Crippenstall et al., 2007; Crippenstall et al., 2015), insurance markets (Cole et al., 2013; Bryan et al., 2014; Karlan et al., 2015), land rights (Goldman and Udry, 2008; Ali et al., 2015), and output markets (Adal et al., 2009). Jack (2015) offers a careful review of this literature.

2. Distinguishing peer effects from incidental correlations in the behavior of social contacts has been the perennial empirical challenge with which this literature has grappled (Glaeser, 1991). A growing literature shows that social relationships are an important vector for the spread of information in a variety of contexts, including educational choices (Bohnet and Finan, 2009; Carroll and Hoxby, 2010; De Giorgi et al., 2010; Duflo et al., 2011; Garlick, 2012), financial decisions (Chen and Suresh, 2003; Banerjee et al., 2013; Banerjee et al., 2014; Banerjee et al., 2015), job information (Majumder, 2010; Beaman, 2012), health inputs (Kremer and Miguel, 2007; Goldstein and Thornton, 2012; Oster and Thornton, 2012; Miller and Mobarak, 2015), energy choices (Aleson, 2011) and doctors prescribing drugs (Goldman et al., 1987; Jeyaraj et al., 2011).

3. Our work relates to recent studies that promote new technologies through "injection points" (Kremer et al., 2011; Adal et al., 2014; Leonard and Vostay, 2014; Beaman et al., 2015). A literature in medicine has explored the role of opinion leaders in changing behavior (Katz et al., 1968; Lowcock et al., 2007; Dussan et al., 2007; Kauling et al., 2007). A marketing literature explores conditions under which incentives stimulate word-of-mouth referrals (Brynjolfsson et al., 2001; Kossuth and Li, 2009). Also related, more broadly, is the lengthy literature on the effects of performance-based incentives on the production of public goods, reviewed by Borker and Polania-Reyes (2015).

(i) Martinez-Bravo (2014)

(j) BenYishay and Mobarak (2019)

Next session: reading group

- In two weeks: 9th November 2021
- Reading group led by a second-year student
- All PhD students are required to attend
- Presentation of one paper (15 minutes):
 - 1 Motivation and general background literature
 - 2 Main results in the paper
 - 3 Critical evaluation
- Followed by wider discussion
 - ▶ All students to read paper (plus comments if available)

- Alesina, A. and E. Zhuravskaya (2011). Segregation and the quality of government in a cross section of countries. *American Economic Review* 101(5), 1872–1911.
- Bas, M. (2012). Input-trade liberalization and firm export decisions: Evidence from argentina. *Journal of Development Economics* 97(2), 481–493.
- Bazzi, S., M. Gudgeon, et al. (2016). *Local government proliferation, diversity, and conflict*. Boston University, Economics.
- BenYishay, A. and A. M. Mobarak (2019). Social learning and incentives for experimentation and communication. *The Review of Economic Studies* 86(3), 976–1009.
- Caselli, F. and W. J. Coleman (2013). On the theory of ethnic conflict. *Journal of the European Economic Association* 11(suppl_1), 161–192.
- Fafchamps, M. and F. Shilpi (2005). Cities and specialisation: evidence from south asia. *The Economic Journal* 115(503), 477–504.
- Ghani, E., W. R. Kerr, and S. D. O'Connell (2014). Political reservations and women's entrepreneurship in india. *Journal of Development Economics* 108, 138–153.

- Lovo, S. and M. Veronesi (2019). Crop diversification and child health: empirical evidence from tanzania. *Ecological Economics* 158, 168–179.
- Martinez-Bravo, M. (2014). The role of local officials in new democracies: Evidence from indonesia. *American Economic Review* 104(4), 1244–87.
- Sibhatu, K. T. and M. Qaim (2018). Meta-analysis of the association between production diversity, diets, and nutrition in smallholder farm households. *Food Policy* 77, 1–18.