

Can political economy analysis make a difference for development policy?

Philip Keefer

Note prepared for the Saint Louis Initiative Conference
November 11-12, 2006
Washington University, St. Louis

Disclaimer: The findings, interpretations, and conclusions expressed in this paper are entirely those of the author and do not necessarily represent the views of the World Bank, its Executive Directors, or the countries they represent.

Can political economy analysis make a difference for development policy?

Political distortions have long been recognized as one of the central development challenges confronting poor countries. A large and varied literature illuminates many channels through which those distortions emerge. Early work focused on the influence of interest groups in generating severe policy distortions and the importance of democracy for curbing the influence of these groups (Bates 1981). Later work emphasized the importance of credible commitment and the security of property rights, again pointing to political checks and balances and elections as key institutions that limit opportunistic behavior by political (North and Weingast 1989, Acemoglu, Johnson and Robinson 2002).

Many democracies appear to be notably unsuccessful; subsequent research explains this by pointing to substantial heterogeneity across democratic countries. Some emphasize the diversity of formal institutions guiding how political decision makers are chosen and how they make decisions (Persson and Tabellini 2000). Others underline political market imperfections: whether citizens are informed about the effects of political decisions on their welfare; whether politicians can make credible pre-electoral promises when trying to build support for their candidacy; and whether economic development is politically salient, as opposed to, for example, sectarian or ethnic disputes or other social issues (Keefer and Khemani 2003).

This wealth of insight is not well-reflected in the practices of development agencies. Development agencies typically do not integrate political analysis into their strategic and project design. When they do undertake political analysis, it is usually incomplete and not rooted in most or any of the research that asks “what are the political underpinnings of chronic underdevelopment?” Practitioners advance a number of reasons to resist the

application of more rigorous and complete political analysis. Among these are: outsiders cannot or should not meddle with political distortions and institutions; political change simply lies outside of the mandate of development agencies; research has provided limited guidance on what precisely development agencies should do; and it is unnecessary to do political analysis if key agencies in poor countries are committed to project or reform implementation.

While there is a kernel of truth in each of these explanations, none recognize the substantial and unexploited scope that exists for political economy analysis to inform country strategies in concrete ways without violating mandates or sovereignty. This note suggests that rigorous political economy analysis can lead to substantial improvements in development policy, informing practitioners about what types of interventions are likely to succeed and be politically sustainable; how best to structure interventions to circumvent the effects of political distortions; and how best to structure sectoral interventions (e.g., with respect to education or highway construction) to make progress against the broader political distortions that hinder development.

A quick review

The advances in the political economy of economic underdevelopment have been thoroughly reviewed elsewhere (see Keefer forthcoming, Keefer and Khemani 2003), so only a brief outline is provided here. Bates' (1981) pioneering work documented the way in which some African countries, prior to democracy, carefully constructed policies to benefit narrow, organized interests – large farmers and manufacturers – or urban interests capable of staging riots, at the expense of unorganized small farmers who constituted the majority of the population. Rulers were able to sustain these arrangements because they could suppress efforts to organize the small farmers using coercion and violence or by coopting farm

leaders. The absence of democracy appeared to be the linchpin of this strategy. The introduction of at least a moderately well-functioning democracy reduces the barriers to entry of individuals who seek to organize small farmers, and reduces the costs to small farmers of replacing leaders who ignore their interests.

Distorted policies are one source of development failure; another is the absence of secure property rights. North and Weingast (1989) point to political checks and balances (not necessarily elections) and Acemoglu and Robinson (2006) to elections (not necessarily political checks and balances) as fundamental solutions to the ability of governments to credibly commit. The logic in both cases is straightforward and compelling. Investors will feel secure against the threat of government expropriation if they can count on at least one political decision maker to represent their interests. Multiple political checks and balances make this more likely by increasing the probability that at least one decision maker has a political incentive to protect investor interests (Stasavage 2003 shows that the effects of a stronger parliament following the Glorious Revolution were not felt until the merchants in parliament gained control of the parliamentary agenda). Elections matter because the disenfranchised cannot punish expropriation by the enfranchised. The introduction of elections reduces their risk of expropriation and encourages them to invest.

The vast wave of democratization since Bates first undertook his work in Africa makes clear that democracy is not a sufficient condition for development. Why not? One explanation is that the distribution of interest groups is less conducive to development-oriented policies in poor countries. This line of inquiry has not been deeply pursued, but there is not a great deal of anecdotal evidence to support it. For example, the trade and agriculture political economy literature concludes that policies that subsidize food consumption at the expense of producers in poor countries, but subsidize producers at the

expense of consumers in rich countries, emerge because food is a larger component of the consumption basket of citizens in poor countries, raising the costs of favoring farmers in those countries. A wealth of public choice analyses of decision making in the US identify policy reform as emerging from shifts in the economic interests of congressional constituencies. These conclusions underline the importance of interest groups, but do not explain why distortions are, overall, generally greater in poor democracies.

One literature that addresses this implicitly focuses on the detailed institutions of democracy: whether elections are plurality-based or proportional; whether political systems are parliamentary or presidential; or whether legislatures have the right to propose budgets and presidents the right to amend them, or vice versa (Persson and Tabellini 2000). This literature points to strong effects of variations in these institutions on, among other things, preferences for private (e.g., pork barrel) or public goods (e.g., universal primary school education) and total government spending. The most striking empirical finding from this literature is that government spending is far larger in parliamentary than in presidential systems.

However, although electoral and political institutions clearly matter for policy outcomes, just as interest groups clearly matter, the only striking difference between the institutions of poor and rich democracies is that the former are more presidential. However, there is no evidence that presidentialism, *per se*, makes political systems more permeable to policy distortion and interest group influence.

Political market imperfections *do* seem to differ systematically between rich and poor democracies. Three such imperfections are the lack of credibility of pre-electoral promises regarding broad public goods; the lack of information of citizens regarding the contribution of political decisions to their welfare (including the inability of citizens to verify whether

campaign promises are fulfilled or not); and social polarization. Each of these undermines the ability of citizens to use competition between politicians for citizen support (particularly, but not exclusively through elections) as a way to hold politicians accountable for poor development performance (Keefer and Khemani 2003). Citizens who cannot observe politician contributions to their welfare cannot reliably reward or punish them for performance, weakening accountability. Incumbents have greater scope for non-performance when political challengers cannot credibly promise to pursue different or better policies. And in socially polarized societies, candidate identity may matter more to citizens than candidate performance, again insulating politicians from pressure to perform in the public interest.

Imperfections distort the policy effects of institutions. Persson and Tabellini (2000) argue, for example, that when politicians can make credible pre-electoral promises, corruption is lower under plurality rules; when politicians cannot, corruption is *higher* under plurality rules. Similarly, one might expect that the prospect of competitive elections would lead politicians to pursue broader public interests rather than cater to narrow special interests. When political market imperfections are present, however, this need not be the case: if imperfections are severe enough, elections may have no effect on outcomes.

Most of these analyses focus on subtle ways in which democracies differ, but a much more recent literature provides indications that these insights can be brought to bear in explaining autocratic heterogeneity, as well. For example, fast-growing China exhibits institutions within the Communist Party that limit the discretion of Communist Party leaders. Rulers in the much slower growing autocracies in the Middle East and North Africa have been much more reluctant to accept institutional limits on their discretion. Variation

across both democracies and non-democracies can explain why some non-democracies perform better than some democracies.

Donor political economy analysis

Though political economy analysis is infrequent in the design of development strategies and programs, when it is undertaken the central question donors ask, appropriately, is whether the political conditions exist for sustained implementation of donor-funded programs. This is often couched in the language of “ownership” – does the country/government *own* reform (a vital distinction that is often not drawn)? The political economy literature outlined above, though heterogeneous with respect to important issues, uniformly concludes that those conditions are met when governments have an incentive to improve citizen welfare broadly and when government commitments to reform are credible. The literature therefore suggests an analysis of the detailed political incentives of governments and the institutional and political arrangements that make renegeing on policy commitments politically costly. Most donor analyses do not uncover these details. Reform ownership is measured instead by the enthusiasm of key decision makers for reform; evidence of past reform success; and, less often, the support of key interest groups thought to be affected by reform. Only the last of these is (partially) rooted in the political economy literature. None of them yields the detailed understanding of political resistance to reform that could aid in strategy and program design.

The assessment of government enthusiasm for reform is obviously subject to two-sided moral hazard: donor officials who interact with recipient government officials, as well as the government officials themselves, are often both eager to secure approval of donor programs to a country. While enthusiasm may be genuine regarding the possibilities for

sustainable reform, there is little incentive on either side to probe deeply the sources of government enthusiasm.

The second approach to identifying government ownership of reforms, asking whether the government has succeeded in past reforms, is the most dominant in terms of influencing current policy: Both the US Millennium Challenge Account and the World Bank's International Development Association (IDA) interest-free lending, for example, require demonstrated progress in governance (corruption, public sector financial management, etc.), among other things, as a condition of eligibility. The rationale for this emphasis is substantial evidence that aid to poor countries works best in good policy environments (World Bank 1998). Unfortunately, most poor countries do not embrace good policies and those are the countries where problems of underdevelopment and poverty are, generally, most acute. Persuading such countries to embrace good policies in the first place is the major challenge for development agencies.

The analysis of interest group support or opposition to policy is certainly the approach best-grounded in the literature, but is also the least common. Beginning with the work of Mancur Olson, running through the contributions of Robert Bates, and extending to the daily experience of reformers in both developed and development countries, the evidence is overwhelming that special interest opposition is a key obstacle to welfare-improving policies. Variants of this analysis, both in donor analyses and in the comparative politics literature, classify countries as operating on "clientelist" principles, asserting that reform is difficult because politicians (patrons) care only about providing targeted benefits to narrow constituencies (clients). However, simply identifying interest group opposition to reform, or labelling a country's political system as fundamentally clientelist, provides little insight into why the interest groups are more influential or the politicians more prone to

clientelist impulses in the target country compared to other, more rapidly reforming countries.

These analyses do not give donors guidance on two key questions: how can we judge whether interest group opposition or clientelist motives are sufficient to block reform? And how can we change strategies and programs to offset the underlying political conditions (information, credibility, institutions) that lead interest groups to be especially strong? Instead, the analyses point, generally, to only one donor response, that of compensating reform losers. Even here, however, the analyses do not illuminate whether compensation is feasible.

Technically, it is difficult to quantify the losses of reform losers and even to identify reform losers. Politically, and more fundamentally, it is often difficult to construct a compensation agreement between government and reform losers that is credible to both sides. Once reform has occurred, it may be difficult for narrow interests to defend their interests and prevent compensation from being taken away. This is the case, for example, of unions in state-owned enterprises: once the enterprises are closed and workers scatter to their homes, the costs to workers of undertaking collective action to defend their interests rises. The opposite concern is also important: the basis for special interest influence may *not* disappear as a consequence of reform, giving special interests the opportunity to reverse reforms or to impose new distortions on the economy after they have received compensation. The application of rigorous political economy analysis can clarify each of these problems.

The influence of political economy on donor strategy

Donors, then, have two sources of analysis to draw on in formulating strategy: the literature and their own, though fairly rare, analyses. To the extent that donors seek to

address directly the political underpinnings of development, their work is almost entirely shaped by one narrow part of the literature, that pointing to the importance of democracy and horizontal accountability on outcomes. In shaping broader strategic decisions, however, donors appear to to rely simply on *ad hoc* political arguments, often to justify advancing programs in difficult political environments.

The first wave of systematic research on the political economy of development suggests that democracy curbs policy distortions and that political checks and balances – institutions of horizontal accountability –check the arbitrary exercise of discretion by governments. Donors, particularly bilateral donors, have therefore invested substantial resources in building up institutional elements of what they judge to be well-functioning democracies: technical assistance and funding for election bureaus, political parties, parliaments and NGOs; training for journalists; and support for judiciaries.

All of these are important, but are rooted in the assumption that capacity is the main obstacle preventing citizens and institutions of horizontal accountability from holding the executive branch of government accountable. The political economy analyses outlined earlier point to numerous reasons why the lack of accountability could be driven by the incentives of these actors rather than their capacity to oversee the executive. For example, in countries where only clientelist promises to voters are credible, voters and legislators have strong incentives to oversee the provision of targeted goods, but limited incentives to monitor the quality and quantity of public goods. Development failure is more often a consequence of public good failure, however. Democracy promotion has paid insufficient attention to these newer findings in the literature, which illuminate the complementary conditions that must be addressed by donors in order to ensure that democracy promotion has a payoff in terms of economic development.

In standard development work and in the design of country strategies, however, the influence of rigorous political economy analysis is more difficult to detect. In most cases, political economy concerns are simply ignored. In cases where they are not, *ad hoc* political arguments are advanced, usually to justify moving forward on a program or expanding support to a country.

Two examples from World Bank Country Assistance Strategies (CAS) provides compelling, if ultimately anecdotal evidence of the irrelevance of political economy issues in many circumstances. Country Assistance Strategies are collaborative efforts between the Bank and recipient countries regarding development priorities over the following three or so years. At least since the mid-1990s, rare is the CAS that does not discuss governance or corruption issues and education. The political economy literature offers substantial reason to believe that prospects for reform with respect either to rent-seeking by governments (corruption) or with respect to public good provision (education) are strongly affected by political dynamics and institutions. One might expect, therefore, that country strategies for addressing corruption and education would differ depending on the underlying political characteristics of countries.

If one looks at a small sample of Country Assistance Strategies from the Eastern Europe and Central Asia (ECA) region from around 1999 – 2002, however, this turns out not to be the case. Table 1 summarizes the agreed programs regarding corruption and education in six ECA countries, Albania, Armenia, Bosnia-Herzegovina, Bulgaria, Romania and the Slovak Republic. In all but one of the cases, the programs are identical: developing an anti-corruption program; and training teachers or improving teacher compensation. Only the Romania education provision differs, emphasizing local control. However, the text of

the Romania CAS does not suggest that this difference is driven by a response to political conditions in Romania.

The countries differ greatly, however, with respect to political characteristics that the literature suggests are material for education and corruption reforms. Slovakia had a thoroughly parliamentary system with proportional representation, pointing to political preconditions for improving public good provision and strong political incentives for turning teacher training into student learning. Bulgaria had weaker incentives, exacerbated by greater ethnic fragmentation and fewer political checks and balances. Armenian institutions favored weaker public good provision, aggravated by the absence of policy-based or programmatic political competition.

All of this data comes from the Database of Political Institutions (Beck, et al. 2001). More precise information is only available from country-specific investigation. Table 3 summarizes a preliminary assessment of some of these: whether political competition is, indeed, policy-based or based instead on clientelist payouts or ethnic or regional identification; and whether voters are well-informed about political decisions or not. Albania and Armenia differ significantly from Slovakia on all of these: political competition is less policy-based in Albania and Armenia, making education and corruption reform a less promising prospect in the two countries.

Table 1: CAS treatment of corruption and education across the ECA region

Country	Anti-corruption action agreed in the CAS	Education reform agreed in the CAS
Albania	N/A (EU jurisdiction)	“Increase quality of teaching personnel” “Increase enrollment at secondary vocational schools”
Armenia	“Design of an anti-corruption program”	“Increase in wages of public school teachers” in order to “increase efficiency of education”
Bosnia-Herzegovina	“Develop anti-corruption strategy and action plan”	“Upgrade teacher skills. . .”
Bulgaria	“Develop anticorruption strategy and program”	Training of teachers
Romania	Develop “comprehensive anticorruption strategy”	Shift emphasis to learning outcomes; involve local communities; invest in rural areas
Slovak Republic	Formulate “broad-based anticorruption program”	NA

Note: Romania differs significantly on education. However, the justification for those differences – that is, an analysis of the incentives of political leaders at the central vs. local levels to improve education quality – is not in the Romania CAS.

Table 2: Political differences across the ECA region, 1999

	Regime type, 1999	Electoral system, 1999	Average District Magnitude, 1999*	Ethnic fragmentation	Checks and balances	Programmatic leanings of governing party
Prediction from literature:	Pres: less corrupt, fewer public goods	Plurality: more corrupt, fewer public goods	Low DM: more corrupt, fewer public goods	Higher frag: more corrupt, fewer public goods	Fewer checks: more corrupt	More programmatic, less corrupt, more public goods
Albania	Parl	Plurality	11.1	.22	2	Left
Armenia	Pres	Plurality	24.5	.13	3	None
Bulgaria	Semi-pres	Prop. rep. (PR)	7.7	.40	2	Right
Romania	Parl	PR	7.8	.31	8	Right
Slovak Republic	Parl	PR	150	.25	5	None
Std. dev. among democracies **			30	.26	1.13	Governing party programmatic in 80% of democracies
Std. dev. among 5 countries **			61.76	.10	2.55	NA

Note: * District magnitude is the number of legislators elected from a single electoral district ** The greater the variation among the five countries relative to variation among all democracies, the less likely it is that uniform policy recommendations for the five countries are appropriate. Data from the Database of Political Institutions (Beck, et al. 2001).

Table 3: Preliminary assessment of other political characteristics relevant to rent-seeking and public good provision

Relative to a well-functioning Western European democracy:	Albania	Armenia	Bulgaria	Romania	Slovak Republic
Voters are well-informed about the connection between the actions of specific politicians or political parties and public service outcomes	No	No	Somewhat	Somewhat	Somewhat/Yes
Politicians and parties seek votes relatively more on the basis of broad government performance, and relatively less on the basis of narrow transfers to specific voters or groups of voters	No	No	Somewhat	Somewhat	Somewhat/Yes
Ethnic/regional identity is key to voter decisions.	No	No	Maybe	Maybe	Maybe/Yes
Parties can be distinguished by their positions on broad public policies	No	No	Yes	Yes	Yes

Tables 1-3 establish a strong presumption in favor of country differentiation in strategy and program design based on political economy factors. They provide little guidance on what this might mean in practice and what donors might do differently. Even if rigorous political analysis was not undertaken in formulating the CAS, donor officials active in the ECA region knew from first-hand experience that Albania and Armenia were more difficult political environments for reform than Bulgaria and the Slovak Republic. This awareness has tended to lead (generally, if not in the specific cases in Tables 1 – 3) to the application of ad hoc political dictums to strategic and program design.

The most common of these is to argue that reform in otherwise difficult situations is possible because a reform champion has emerged or a window of reform opportunity has opened, such as the first year or first 100 days of an incoming administration. As a tactical matter, donor efforts to persuade countries to adopt development-oriented reforms must necessarily take into account both the specific actors who support or oppose the reform and the electoral calendar. Many reforms (for example, important liberalizing reforms of the early 1990s in India) are undertaken just after elections, and political budget cycles point to the distorting effect that election timing has on policy choices. However, reliance on reform champions and the exploitation of windows of political reform makes most sense if one believes that early reform success enlarges the reform constituency or mitigates political market imperfections and therefore protects reform from future reversal. Although the argument is contentious, it is more likely to be the case that the competing hypothesis is true: reform champions and windows of opportunity are ephemeral and, in most cases, development-obstructing economic policies are the product of fundamental political incentives. Regardless, however, only a more rigorous political economy analysis offers an avenue for sorting out these alternatives.

Another strategy that emerges from incomplete or non-existent political economy analysis is that of bypassing politicians altogether. If politicians have little interest in reform, the argument goes, then one can implement reforms directly through line ministries, by setting up special, ring-fenced project implementation units, or by non-governmental organizations. This strategy assumes that politicians have sufficiently little influence over these non-political entities that these entities can pursue reform objectives without political interference. Of course, a large literature indicates that even in developed democracies, line ministries are not independent and entities with *de jure* independence, such as central banks, regulators, and courts, enjoy *de facto* independence only in certain institutional environments (i.e., where political checks and balances prevail – Keefer and Stasavage 2003).

How might rigorous political analysis change reform design?

The types of political economy analysis outlined above can easily be seen as too abstract for easy application to the knotty problems of development policy. Lacking precise guidance from the literature, practitioners might be well-justified in using rules of thumb, such as supporting reform champions. In fact, though, there are a number of concrete implications. At a strategic level, the type of information in Tables 2 and 3 provide a better basis for judging when a country program is politically sustainable in the absence of serious donor supervision or impressive (and tightly enforced) conditionality.

Table 4: Implications for anti-corruption and service delivery interventions

	Albania	Armenia	Bulgaria	Romania	Slovak Republic
Anti-corruption reforms are likely to succeed without close Bank supervision or extensive conditionality	No	No	Maybe	Maybe	Maybe/Yes
Specific information campaigns that tell individual groups of voters the costs and reasons for corruption that affect them specifically (e.g., the Uganda school model) are likely to have a high payoff relative to other actions	Yes	Yes	Maybe	Maybe	No
Additional resources are likely to improve service delivery <i>quantity</i> absent significant supervision/conditionality	Maybe	Maybe	Yes	Yes	Yes
Additional resources are likely to improve service delivery <i>quality</i> absent significant supervision/conditionality	No	No	Maybe	Maybe	Yes
Information campaigns to increase voter demand for public services can succeed if the information about service quality and resource flows is general rather than specific to the voter's own situation	No	No	Maybe	Maybe	Yes
Local governments are likely to have stronger incentives to provide quality public services than central governments.	No	No	Maybe	Maybe	Maybe

At a tactical level, rigorous political economy analysis also informs program design. Table 4 illustrates the importance of two of these: calibrating donor supervision to the political preconditions for reform; and using additional interventions, particularly those related to citizen information, that directly target the political obstacles to reform. Absent additional interventions such as these, the possibilities for successful reform in Armenia and Albania are judged in Table 4 to be meager.

In fact, Table 4, is not sufficiently stringent. In the years subsequent to these CASes, the evidence suggests that in none of these countries has corruption improved, and in most it has worsened. Three likely reasons for this, which are only imperfectly measured in Tables 2 and 3, are the lack of credible political parties, extra-institutional influences on politics (e.g., the use of intimidation, for example in Bulgaria or Albania), and the salience of non-economic issues (e.g., ethnicity), all of which weaken politician accountability.

Conclusion

This note underline that the lessons of a rapidly progressing political economy literature do not, by and large, inform donor practices; nor do donors themselves undertake sufficient rigorous political analysis to improve the strategic and program design. Coming from a producer of such analyses, such conclusions may seem unsurprising and self-serving. However, the examples cited here should make clear that the usual reasons cited to resist such analysis are largely unfounded. Rigorous political economy analysis can provide concrete indicators of when projects are sustainable and when they are not and, more importantly, can identify the particular conditions that make them sustainable or not. Contrary to the belief that political economy analysis can only yield advice that threatens country sovereignty, it instead provides a tool for calibrating conditionality and supervision budgets, both standard donor practices, and to introduce new, benign features into projects, such as those relating to citizen information.

These are not arguments for insisting on rigorous political economy analysis because it can unerringly identify the core obstacles to development in a country. This is clearly not the case and much research remains to be done. For example, growing attention to information distortions in political markets is due in part to the fact that information is better understood than other political market imperfections, such as the sources of political credibility. Keefer and Vlaicu (2006) conclude, for example, that the emergence of broadly credible political competitors is not inevitable in a democracy. Their historical evidence from the Dominican Republic and Great Britain, and more systematic evidence from 1975-2000 in Keefer (2006) suggests that most democracies with programmatic parties were born with such parties, they did not develop them after they became democratic. These findings are an obvious challenge, both intellectually (under what conditions do programmatic parties emerge?) and as a policy matter (what interventions might support the development of programmatic parties?).

References

- Acemoglu, Daron and James A. Robinson (2006). *Economic origins of dictatorship and democracy*. New York: Cambridge University Press.
- Acemoglu, Daron, Simon Johnson and James Robinson (2002). "Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution." *Quarterly Journal of Economics* 117:4, 1231-94 (November).
- Bates, Robert (1981). "The Origins of Political Marginalism: Evoking Compliance from the Countryside." Chapter 7 in *Markets and States in Tropical Africa: The political basis of agricultural policies*. Berkeley: University of California Press.
- Beck, Thorsten, George Clarke, Alberto Groff, Philip Keefer, Patrick Walsh (2001). "New Tools in Comparative Political Economy: The Database of Political Institutions." *World Bank Economic Review*, 15:1, 165-176.
- Greenwood, Scott (2003). "Jordan's 'New Bargain': The Political Economy of Regime Security." *Middle East Journal* 57:2, 248-268.
- Keefer, Philip (forthcoming). "Beyond elections: politics, development and the poor performance of poor democracies." In Carles Boix and Susan Stokes, eds., *Oxford Encyclopedia of Comparative Politics*.
- Philip Keefer (2005). "Clientelism, Credibility and the Policy Choices of Young Democracies." Mimeo. Development Research Group, The World Bank.
- _____ and Stuti Khemani (2005). "Democracy, Public Expenditures, and the Poor: Understanding Political Incentives for Providing Public Services." *The World Bank Research Observer*. 20:1 (Spring), 1-28.
- _____ and David Stasavage (2003). "The Limits of Delegation: Veto Players, Central Bank Independence, and the Credibility of Monetary Policy." *American Political Science Review*, 97:3, 407-423.
- _____ and Razvan Vlaicu (2005). "Clientelism, Credibility and Democracy." Mimeo, Development Research Group, The World Bank
- Moore, Pete W. (2004). *Doing business in the Middle East: Politics and Economic Crisis in Jordan and Kuwait*. New York: Cambridge University Press.
- North, Douglass and Barry Weingast (1989). "Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England." *Journal of Economic History* 49 (December): 803 – 32
- Persson, Thorsten and Guido Tabellini (2000). *Political Economics: Explaining Public Policy*. Cambridge, MA: The MIT Press

Stasavage, David (2003). *Public Debt and the Birth of the Democratic State: France and Great Britain 1688-1789*. New York: Cambridge University Press.

World Bank (1998). *Assessing Aid: What Works, What Doesn't, and Why*. Washington, D.C.: Oxford University Press.