

Essays in Political Economy of Development

av

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AKADEMISK AVHANDLING

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Paper 1: *Social Conflict, Fractionalization, and Polarization*

We develop a Conflict model linking Conflict intensity to the distribution of the population over an arbitrary number of groups. We extend the pure contest version of the model by Esteban and Ray (1999: "Conflict and Distribution", *Journal of Economic Theory*, 87(2): 379-415) to include a mixed public-private good. We analyze how the level of dissipation changes as the population distribution and the share of publicness of the prize change. In contrast to Esteban and Ray (2011: "Linking Conflict to Inequality and Polarization", *American Economic Review*, 101(4): 1345-74), we do not assume that the probability of winning equals group size. First, we characterize how the global maximum varies with the degree of publicness of the prize. Second, we find that, in case of pure private goods, the Conflict-distribution relationship resembles the fractionalization index. Finally, we find that smaller groups always contribute more and so the fractionalization index underestimates their weight. Indeed, we find that the fractionalization index underestimates the true level of Conflict.

Paper 2: *Land Property Rights and International Migration: Evidence from Mexico*

In this paper we ask whether there is a relationship between land property rights and international migration. In order to identify the impact of property rights, we consider a country-wide land certification program that took place in Mexico in the 1990s. Our identification strategy exploits the timing of the program and the heterogeneity in farmers' eligibility for the program. Comparing eligible and ineligible households, we find that the program increased the likelihood of having one or more members abroad by 12 percent. In terms of number of migrants, our coefficient estimates explain 31 percent of the 1994-1997 increase in migrants from ejido areas and 16-18 percent of the increase from the entire Mexico. We contribute to the current debate on the determinants of Mexican emigration (Hanson 2006, Hanson and McIntosh 2009, Hanson and McIntosh 2010). Consistent with our theoretical model, the impact is strongest for households without a land will.

Paper 3: *Local Elections and Corruption during Democratization: Evidence from Indonesia*

In this paper we ask whether the direct election of the local government increases accountability and decreases corruption. In order to identify the causal effect of direct elections, we exploit the gradual introduction of local elections in Indonesia and a novel dataset of corruption events that covers all districts during the period 1998-2008. We find that direct elections increase the number of corruption crimes by about half the pre-election average. We also find that embezzlement practices dominate all other types of corruption activities.

Paper 4: *Resource Windfalls and Public Goods: Evidence from a Policy Reform*

In this paper, we outline an empirical approach for understanding whether natural resource windfalls have a positive or negative impact on local governments' provision of public goods. The literature on the curse of natural resources suggests that resource windfalls might not necessarily lead to good economic outcomes and that rents might be squandered in corruption and rent seeking. In order to identify the impact of natural resources on local government behavior, we exploit a country-wide fiscal decentralization reform in Indonesia, providing producing provinces a direct share of resource revenues. Our identification strategy is to compare villages along the border of three producing provinces in Sumatra and Kalimantan before and after the legislative change. Detailed descriptive statistics on district government budgets confirm the goodness of the research design. Regression analysis on a wide range of public goods suggests that the revenue windfall had a positive impact on the prevalence of high schools and various other public goods. We find no evidence of a resource curse.

Keywords: ethnic diversity, public-private goods, polarization, fractionalization; property rights, land titling, land reform, land inheritance, international migration; political decentralization, political institutions, elections, corruption; natural resource curse, oil, fiscal decentralization, public goods.

JEL-codes: D72, D73, D74, H42; F22, D23, Q15; D02, D72, D73, H83, K4, 017, P16; E62, H11, H41, H71, H72, O11, O13, Q32, Q33.

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