PROPOSAL: "VIOLENCE, INSTITUTIONAL CAPABILITIES, AND ECONOMIC OUTCOMES IN MEXICO."

Rodrigo Canales, Associate Professor of Organizational Behavior, School of Management (rodrigo.canales@yale.edu).

The last decade has seen important increases in drug trafficking-related violence in Mexico. There are a number of studies that have sought to explain the political, criminal, and geographic origins of the increases and distribution of violence. Studies have also looked at the social, economic, and demographic impacts of violence. What is less understood is what makes a particular state or municipality more resilient against criminal organizations—or, put differently, what policymakers can do to better protect cities and regions from the onslaught and influence of organized crime.

This study seeks to better understand the organizational and institutional capabilities that are associated with changes in drug-related crime and violence and their subsequent impact on economic activity. In particular, currently there is much discussion in Mexico about potentially removing all municipal-level police forces and substituting them with larger (presumably better equipped and trained) state-level police forces. However, the debate has only focused on the size and jurisdiction of the forces, without focusing on the organizational capabilities that make police forces more or less effective against organized crime. In a similar vein, there have been no studies of the local judicial capabilities that are associated with better or worse outcomes. The study will leverage the vast variation across municipalities and states, as well as a series of exogenous shocks in several of Mexico's judicial bodies and police forces to better understand these questions.

The study is a longitudinal analysis of the organizational characteristics of local and state-level police forces, the institutional characteristics of local and state judicial systems, and criminal activity at the municipal and state levels to determine their joint impact on the number, rate, and type of businesses founded. This study will happen in parallel with a research partnership with the Mexico City Police force that will also be exploring these issues in detail.

Students will be expected to help collect, organize, and clean the data. Knowledge of STATA is thus required, as students will also help define and run analyses, and prepare tables for publication.