

mid 1800s, the Italian and Eastern European waves of the late 1800s and early 1900s, and the ongoing Mexican wave that began in the 1970s. Vigdor's writing is crisp and his discussion of the literature is judiciously fair. If the manuscript lacks some of the panache of George Borjas's *Heaven's Door* (Princeton University Press, 2001), the reigning go-to source on U.S. immigration, it is more current than that text and less polemical.

Vigdor begins by spending perhaps too much space giving a prose version of an economic model of migration, which concludes with a somewhat anachronistic categorization of immigrants into "home-seekers," who migrate with the intent of permanence, and "job-seekers," whose short-term goals preclude permanence. His motive seems to be to reach out to other social sciences, placating those who might be skeptical of purely economic arguments for migration. But placation seems unnecessary when the economics literature on immigration has embraced many ideas from sociology, anthropology, and psychology, including the importance of networks in facilitating migration, the heterogeneity of family arrangements that support migration, and the link between neurological development and language acquisition.

The book really gets going when it turns to the data, which Vigdor presents largely through informative sets of graphs and figures. The material should be accessible to advanced undergraduates and master's students. In scarcely more than 100 pages, Vigdor describes how the composition of immigrants has evolved over the last century and a half. Today, there is a wider gap between immigrant and native skills (measured by occupation) than in the past, although now there is also more variance in immigrant skill. Relative to the past, a larger fraction of current immigrants arrive speaking English but those without English language skills are slower to pick them up. Although the costs of acquiring citizenship have risen substantially over the last century (owing to changes in immigration policy), naturalization rates have remained stable, implying that the benefits to citizenship have risen. Today's immigrants are less residentially concentrated but also slower to move out of segregated neighborhoods. First generation immigrants remain very unlikely to marry outside of their national and ethnic group, even among those who arrive as children. Together,

these facts create a portrait of immigrants who upon arrival today tend to be more similar to the native born than previously but which include subgroups of individuals whose earnings don't converge to native levels, who are slow to speak English, who do not become citizens, and who remain residentially segregated. Though he cannot identify the immigration status of the slow integrators, it appears very likely that this group includes a disproportionate number of individuals who are in the country illegally.

To conclude the volume, Vigdor speculates about how different approaches to resolving illegal immigration would affect the incentive of immigrants to assimilate into American society. Reducing the stock of illegal immigrants by converting these individuals into guest workers on temporary visas would naturally create low incentives to assimilate. An amnesty for illegal immigrants would provide strong assimilation incentives but at the possible cost of encouraging future illegal immigration. To align the incentives of immigrants with U.S. national interests, Vigdor proposes an "assimilation bond" that would entail up-front immigration fees that would be rebated after individuals met designated performance standards. Like other sensible policy proposals by economists, this one is unlikely to have traction in Washington. The larger contribution of Vigdor's work is to have produced an accessible, well-written, and pithy account of the U.S. immigration experience. It will surely raise the level of the immigration debate.

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## K Law and Economics

*Economic Gangsters: Corruption, Violence, and the Poverty of Nations.* By Raymond Fisman and Edward Miguel. Princeton and Oxford: Princeton University Press, 2008. Pp. 240. \$24.95. ISBN 978-0-691-13454-3.

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*Economic Gangsters* introduces a popular audience to six excellent papers by Ray Fisman and Ted Miguel. Fisman and Miguel motivate the book by referring to the recent debate on foreign aid: Jeffrey Sachs' "poverty trap" view that

implies the need for substantial increases in aid, versus Easterly's view that substantially increased research and experimentation needs to precede aid allocations, and that concerns over governance and corruption in aid-recipient countries need to be paramount. To help gauge the merits of these opposing views, the authors argue, we need to better understand the microeconomics of decision making by the perpetrators of corruption and violence in the developing world.

The bulk of the book is then devoted to overviews of six papers, one to a chapter. In this sense, its structure brings to mind Steven D. Levitt and Stephen J. Dubner's *Freakonomics*, but with more of a common theme tying the chapters together. The chapters cover Fisman (2001) on the impact of Suharto's health shocks on politically connected stock prices in Indonesia; Fisman and Shang-Jin Wei (2004) on the relationship between tariffs and import duty evasion in Hong Kong/China trade; Fisman and Miguel (2007) on corruption norms and diplomatic parking tickets in New York; Miguel, Shanker Satyanath, and Ernest Sergenti (2004) on economic shocks and civil conflict in Africa; Miguel (2005) on rainfall shocks and witch killing in Tanzania; and Miguel and Gérard Roland (forthcoming) on the long-run economic impact of the U.S. bombing of Vietnam.

Fisman and Miguel accomplish a feat rarely attempted (much less successfully carried out) by academic economists: motivating and describing their work for a nonspecialist readership. The authors start each chapter with a concrete anecdote, such as the story about the disappearance of Lake Chad for chapter 5's discussion of economic shocks and civil conflict. They then describe each research paper in terms that an intelligent non-economist would understand, and do a superb job of this. For example, chapter 2 on Fisman (2004) takes the reader through event-study evaluation methodology, the basics of stock markets and the determinants of share valuations, and how connections with a ruling regime (like Suharto's in Indonesia) might improve firm prospects, before capably and clearly describing the impacts of Suharto's health shocks on stock prices of regime-connected Indonesian firms. The authors discuss other research related to the topic at hand, and effectively pepper the text with relevant

anecdotes and cases (in "boxes"). Particularly effective are the boxes illustrating the impacts of centralized versus decentralized corruption with a story on the Italian Mafia (in chapter 2) and the case study on the Kenyan Mungiki zealots to illustrate economic motivations behind violence (chapter 6).

While fascinating, chapter 7 on the long-run impact of bombing Vietnam is weakly connected to the rest of the chapters, theme-wise. The chapter's main point is that even very large historical shocks (specifically, the destruction via U.S. bombing of Vietnamese targets) can have very little impact on present-day economic conditions. The chapter is of course about violence, but it is about the consequences of violence rather than its causes. The focus of the chapter thus shifts away from the "gangsters" of the title and the microeconomics behind violent or corrupt acts. To make the link to the corruption theme, the authors speculate that the impressive Vietnamese economic recovery from bombing reflects the quality of the country's institutions, and that this result may not have occurred in a country with worse institutions.

This book is best suited for noneconomists seeking an accessible introduction to groundbreaking research on the economics of corruption and violence in developing countries. Readers interested in the methodology of empirical microeconomic research (for example, undergraduates considering pursuing a Ph.D. in economics) will be especially rewarded, as Fisman and Miguel provide a palpable feel for the nitty-gritty of research methods and challenges. Running through the text are commentaries on the paucity of reliable data on corruption and violence and on challenges to identifying causal relationships in observational data. In a variety of contexts, the authors reveal the creative approaches that they (and occasionally others) have taken to overcome these obstacles. The book would be accessible even to individuals without any economic background, as it presumes no substantial knowledge of economics, going as far as to point out at one stage that the economist's analytical starting point is to assume that corrupt agents take into account both the costs and benefits of their illegal actions.

The book is less successful at providing a bigger-picture understanding of corruption,

violence, and their relationships with economic development in the world's poor countries. To be fair, this isn't the authors' objective: the book is really about "economic sleuthing" rather than providing comprehensive coverage of what economics has to say on the topic. That said, the book can play a useful role in an undergraduate or master's level development economics course. Instructors might first cover the relationship between institutions and economic development, with key papers such as Daron Acemoglu, Simon Johnson, and James A. Robinson (2001), Abhijit Banerjee and Lakshmi Iyer (2005), and Nathan Nunn (2008). Having established the importance of institutions for development, the question becomes what one can do to improve institutions. At this point, *Economic Gangsters* can come in with its treatment of the motivations behind corruption and violence, nicely spiced with revealing insights into the research process. While work by authors other than Fisman and Miguel also gets appropriate coverage, an instructor may want to supplement the book with other papers that have come out after the book's publication. Relevant papers might include Benjamin A. Olken and Patrick Barron (2009) on extortion by police in Indonesian trucking, Dean Yang (2008) on the economics of import duty evasion and customs enforcement in the Philippines, and David Yanagizawa-Drott (2010) on propaganda and violence in the Rwandan genocide.

In the concluding section of the book and elsewhere, the authors offer thoughts on the policy implications of their research. Probably the most direct and implementable policy recommendation comes out of the chapter on smuggling: reducing tariff dispersion can reduce import duty evasion by making it harder for smugglers to mislabel high-tariff goods as low-tariff items. The authors also propose aid or insurance facilities that respond rapidly to negative economic or weather shocks, emphasizing the previously less-recognized point that reductions in violence at the micro and macro (country-level) scales provide additional justification for such programs. Recent research (Shawn Cole et al. 2009; Xavier Giné and Yang 2009) provides additional insight on this recommendation by revealing that household-level demand for weather insurance is extremely low. Achieving substantial coverage of

weather insurance facilities in a population may therefore require household-level subsidies, targeting of the facilities to institutional customers (e.g., microfinance institutions), or direct provision by the government. The authors conclude with a substantial discussion of the potential of randomized control trials to help reveal the effectiveness of anticorruption and antiviolence interventions, which very well may be where the next wave of groundbreaking research on these topics will emerge.

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### M Business Administration and Business Economics • Marketing • Accounting

*Blind Spots: Why We Fail to Do What's Right and What to Do about It.* By Max H. Bazerman and Ann E. Tenbrunsel. Princeton and Oxford: Princeton University Press, 2011. Pp. x, 191. \$24.95. ISBN 978-0-691-14750-5.

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The subject *ethics* comprises three distinct but interconnected subdisciplines. *Normative ethics* addresses the question how one should live. *Meta-ethics* assesses the character of answers to that question, for example whether the propositions of normative ethics describe the moral world as propositions of physics describe the natural world or whether (at the opposite extreme) they merely report subjective approval and disapproval. And *moral psychology* considers how persons, given their actual cognitive and motivational capacities, will fare at living as they should.

In *Blind Spots: Why We Fail to Do What's Right and What to Do about It*, Max Bazerman and Ann Tenbrunsel depart from the supposition (more on this later) that traditional ethics fails effectively to guide behavior because it ignores moral psychology (chapter 2, *passim*) and seek to correct this failure by introducing results and ideas from a new science that they call *behavioral ethics*. Bazerman and Tenbrunsel seek, as they say, to "explore the implicit psychological processes that contribute to the gap between goals and behavior;" to "offer tools to help weight important ethical decisions with greater reflection and less bias," and then to "offer interventions that can more effectively improve the morality of decision making" (p. 5).

They propose, by this method, to improve the moral conduct of individuals, organizations, and even society as a whole. The book's argument is largely structured according to these ambitions.

Two introductory chapters identify the unsurprising gap between ideal and actual ethical behavior and assert that normative ethics alone can not close the gap in practice. According to Bazerman and Tenbrunsel, the central reason why concerns the familiar fact that we possess two cognitive systems: system 1, which is "fast, automatic, effortless, implicit, and emotional" and system 2, which is "slower, conscious, effortful, explicit, and more logical" (p. 35). Normative ethics, they say, addresses only system 2 reasoning; but our behavior is substantially governed by system 1.

That is simply not so, however. Normative ethics has long taken factors that Bazerman and Tenbrunsel associate with system 1 into account: from Aristotle's theory of moral education, which emphasizes that habits precede and substantially constitute virtues, through Hume's emphasis on altruism's origins in sympathetic fellow-feeling, to Rawls's complex account of the interplay between social justice and individual moral development. Perhaps more importantly still, the distinction between system 1 and system 2 reasoning is, from the perspective of ethics, misdrawn. Emotions, for example, which Bazerman and Tenbrunsel allocate to system 1, possess a substantial cognitive and even logical component: they can be apt or inapt, and (as both imaginative literature and psychoanalysis make familiar) they may be broken down into constituent parts, and through this process examined, evaluated, and even rearranged. Thus, while Bazerman and Tenbrunsel are surely right to assert that advances in normative ethics (if such be possible) will not on their own make the world a better place, the reasons why not remain deeper and more mysterious than the simplistic analysis presented in *Blind Spots* admits.

The next five chapters elaborate on the problems exposed in the first two. Three chapters focus on the ethical failings of individuals and one chapter each on the ethical failings of medium sized organizations on the one hand and society at large (including in its political organization) on the other.

The chapters on individual failings are organized around the salutary theme that many instances of wrongful conduct arise not so much