

comes at the expense of their personal political well-being. As nice a thought as this is, it is a poor basis for policy. Economic crises provide the opportunity to pressure corrupt regimes to mend their political ways by changing their institutions as a prerequisite for economic assistance. If we fail to capitalize on these opportunities, we can expect cycles of economic crises, bailouts, forgiven debts, and new economic crises to continue into the indefinite future.

NOTES

1. For a detailed study of this issue, see Bruce Bueno de Mesquita and Hilton Root, eds., *Governing for Prosperity* (New Haven: Yale University Press, 2000).
2. See, for instance, G. Debreu, *The Theory of Value* (New York: John Wiley, 1959); Richard Arnott, Bruce Greenwald, and Joseph E. Stiglitz, "Information and Economic Efficiency," *Information Economics and Policy* 6 (1994): 77–88; Bruce Greenwald and Joseph E. Stiglitz, "Externalities in Economies with Imperfect Information and Incomplete Markets," *Quarterly Journal of Economics* 101 (1986): 229–64.
3. Congressional Budget Office, *The Role of Foreign Aid in Development* (Washington, D.C.: Government Printing Office, May 1997), pp. 11–13.
4. This section borrows heavily from the collaborative research I am involved in with James D. Morrow, Randolph Siverson, and Alastair Smith.