Overview and Objectives

In the last two or three decades, a thriving research program in political economics has shown that a proper understanding of economic phenomena in both developed and developing countries requires a consideration of the political and legal institutions in which markets operate. This course reviews key contributions in the field of political economics, both theoretical and empirical ones. First, it illustrates the key approaches to study democratic politics, elections, and policy choice. Second, it analyzes different political institutions, political transitions, and institutional dynamics. Finally, it looks at the instances of government failure, including corruption, state fragility, and violent conflicts.

Prerequisites

The students are expected to be familiar with standard econometric analysis and basic theoretical modeling techniques.

Required Activities

The course will be based on the discussion of the relevant research papers. Each week there will be two lectures and one seminar. Students will also be required to spend substantial amount of time reading the required papers outside the classroom.

Evaluation

The grade will be a combination of weekly referee reports/problem sets and the final research paper. The weight in the final grade:

- referee reports and problem sets – 50%
- research paper (in teams of up to four people) – 50%

Recommended Textbooks

Course Outline

1. Introduction
   - Acemoglu, Daron, and James Robinson (2006), Ch. 2.
   - Persson, Torsten, and Guido Tabellini (2000), "Political Economics", Ch. 1*

2. Democratic politics
   2.1. Theoretical Framework
      2.1.1. Voting and elections
         - Acemoglu, Daron, and James Robinson (2006), Ch. 6, 8
         - Persson, Torsten, and Guido Tabellini (2000), Ch. 2-3
      2.1.2. Political participation: elections
      2.1.3. Politicians
         - Persson and Tabellini (2000) Ch. 4-5
         - Besley, Timothy (2006), Ch. 3
      2.1.4. Special interest politics
2.2. Empirical Evidence on voting and elections

2.2.1. Do politicians represent the median voter?


2.2.2. Why people vote?

- Shineman, Victoria (2013) “Incentivizing Participation Increases Political Information: Evidence from a Randomized Field Experiment,” working paper

2.2.3. Mass media


2.2.4. Voters Behavior: Rationality of choices


• Madestam A., and D. Yanagizawa-Drott "Shaping the Nation: The Effect of Fourth of July on Political Preferences and Behavior in the United States" mimeo


2.2.6. Vote buying, electoral fraud and voter intimidation
12E019
Political Economy

- Enikolopov et at (2013) PNAS

2.3. Empirical Evidence on Accountability

2.4.1. Political Accountability

12E019
Political Economy


2.4.2. Political selection

2.4. Empirical Evidence on Special Interests politics

2.4.1. Money in politics


2.4.2. Redistribution, patronage, special interest politics


3. Political Institutions

3.1. Institutional Change

3.1.1. Institutional Change and Democratization.


3.1.2. Persistence of Inefficient Institutions.
12E019
Political Economy

- Acemoglu, Daron, and James Robinson (2006), Ch. 6.

3.1.3. Political Economics of Non-democracies.
- Torsten Persson and Guido Tabellini, Democracy and Development: The Devil in the Details
- Acemoglu and Robinson, Chapters 3, 6, and 9

3.2. Constitutional Systems

3.2.1. Theory

3.2.2. Empirics
12E019
Political Economy


3.3. Decentralization

4. Government Failure
4.1. Corruption
Political Economy

- Riordan, William (1905), Plunkitt of Tammany Hall: A Series of Very Plain Talks on Very Practical Politics.

4.2. State capacity

- Besley, Timothy, and Torsten Persson (2012), Ch.

4.3. Conflicts

12E019
Political Economy

- Dell, Melissa (forthcoming) "Traficking Networks and the Mexican Drug War," American Economic Review.