

EC9B6: Topics in Public and Political Economics

Syllabus term 2, weeks 8-10, 2018

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Lecture notes will be available from my webpage after the lecture.

Session 1: Tuesday 27/02/2018, 11am -1pm, room H1.03

Topic 1: What is Political Economy?

Topic 2: Political Decision Making

Topic 3: Voting

Readings:

Besley, Timothy and Stephen Coate (1997) "An Economic Model of Representative Democracy," *Quarterly Journal of Economics* 112(1): pp. 85-114.

Single-peaked preferences and the Median Voter Theorem

*Persson, T. and Tabellini, G. (2000), *Political Economics Explaining Economic Policy*, MIT Press. Chapter 2, 3.1, 3.2, 3.3, 4.

Black, Duncan (1948). "On the Rationale of Group Decision-making". *Journal of Political Economy* 56, pp. 23–34.

Downs, Anthony (1957). "An Economic Theory of Political Action in a Democracy." *Journal of Political Economy* 65 (2), pp 135-150.

Gerber, E.R. and Lewis, J.B., (2004). Beyond the median: Voter preferences, district heterogeneity, and political representation. *Journal of Political Economy*, 112(6), pp.1364-1383.

*Lee, David S., Enrico Moretti, and Matthew J. Buttler (2004) "Do Voters Affect or Elect Policies? Evidence from the U.S. House," *Quarterly Journal of Economics*, pp. 807-859.

Empirical tests of the median voter model:

*Miller, Grant (2008) "Women's Suffrage, Political Responsiveness, and Child Survival in American History," *Quarterly Journal of Economics* 123(30): pp. 1287-1327.

*Naidu, Suresh (2012), "Suffrage, Schooling, and Sorting in the Post-Bellum South," mimeo, Columbia University.

Theory of Strategic Voting and Strategic Abstentions

* Feddersen, Timothy and Wolfgang Pesendorfer (1996) "The Swing Voter's Curse," *American Economic Review* 86(3): pp. 408-424.

Palfrey, Thomas and Howard Rosenthal (1985), "Voter Participation and Strategic Uncertainty," *American Political Science Review* 79 (1), pp 62-78.

Empirics: the Cost of Voting and Turnout, Abstention, Strategic Voting

* Gerber, Alan S. and Donald P. Green (2000) "The Effects of Canvassing, Telephone Calls, and Direct Mail on Voter Turnout: A Field Experiment," *American Political Science Review* 94(3): pp. 653-663.

Gerber, Alan S., Donald P. Green and Ron Shachar (2003) "Voting May Be Habit-Forming: Evidence from a Randomized Field Experiment," *American Journal of Political Science* 47(3): 540-550.

Gerber, Alan S., Donald P. Green, and Christopher W. Larimer (2008) "Social Pressure and Voter Turnout: Evidence from a Large-Scale Field Experiment," *American Political Science Review* 102(1), pp. 33-48.

Nickerson, David W. (2008) "Is Voting Contagious? Evidence from Two Field Experiments," *American Political Science Review* 102(1), pp. 49-57.

* Battaglini, Marco, Rebecca B. Morton and Thomas R. Palfrey (2010) "The Swing Voter's Curse in the Laboratory," *Review of Economic Studies* 77: pp. 61-89.

* Coate, Stephen, Michael Conlin and Andrea Moro (2008) "The Performance of Pivotal-Voter Models in Small-Scale Elections: Evidence from Texas Liquor Referenda," *Journal of Public Economics* 92: pp. 582-596.

* Fujiwara, Thomas (2011) "A Regression Discontinuity Test of Strategic Voting and Duverger's Law," *Quarterly Journal of Political Science* 6: pp. 197-233.

* Chattopadhyay, Raghavendra and Esther Duflo (2004) "Women as Policy Makers: Evidence from a Randomized Policy Experiment in India," *Econometrica* 72(5): 1409- 1443.

Session 2: Wednesday 28/02/2018, 11am -1pm, room H0.01

Topic 1: Government Formation and Dissolution in Multiparty Systems

Topic 2: Policy Reforms and Reform Delay

Readings:

* Alesina, Alberto (1988) "Credibility and Policy Convergence in a Two-Party System with Rational Voters," *American Economic Review* 78(4), 796-805.

* Laver, Michael (1998) "Models of government formation" *Annual Review of Political Science* 1(1), 1-25.

* Baron, David P (1991) "A spatial bargaining theory of government formation in parliamentary systems" *American Political Science Review* 85(1), 137-164.

Adams, J., Clark, M., Ezrow, L. and Glasgow, G., (2004). Understanding change and stability in party ideologies: Do parties respond to public opinion or to past election results?. *British Journal of Political Science*, 34(04), pp.589-610.

Bartels, L.M.,(2000). Partisanship and voting behavior, 1952-1996. *American Journal of Political Science*, pp.35-50.

Petterson-Lidbom, Per (2008) "Do Parties Matter for Economic Outcomes? A Regression-Discontinuity Approach," *Journal of the European Economic Association* 6(5): pp. 1037-1056.

Shepsle, Kenneth A. and Barry R. Weingast (1981) "Structure-Induced Equilibrium and Legislative Choice," *Public Choice* 37(3): pp. 503-519.

Romer, Thomas and Howard Rosenthal (1978) "Political Resource Allocation, Controlled Agendas, and the Status Quo," *Public Choice* 33(4): pp. 27-43.

Alesina, A. & Drazen, A.: Why are stabilizations delayed?, Bericht, National Bureau of Economic Research, Dissertation (), National Bureau of Economic Research, 1989

Drazen, A. & Grilli, V.: The benefits of crises for economic reforms, Bericht, National Bureau of Economic Research, Dissertation (), National Bureau of Economic Research, 1990

Alesina, A.; Ardagna, S. & Trebbi, F.: Who adjusts and when? The political economy of reforms. In: *IMF Staff Papers* 53 (2006), Nr. 1, S. 1—29

Bulow, J. & Klemperer, P.: The generalized war of attrition. In: *American Economic Review* 89 (1999), Nr. 1, S. 175—189

* Drazen, A.: The political economy of delayed reform. In: *The Journal of Policy Reform* 1 (1996), Nr. 1, S. 25--46

Rodrik, D., (1996). Understanding economic policy reform. *Journal of economic Literature*, 34(1), pp.9-41.

Sturzenegger, F. and Tommasi, M., (1998). The political economy of reform. MIT Press.

Session 3: Tuesday 06/03/2018, 11am -1pm, room H1.03

Topic 1: Veto Players and Political Systems

Readings:

* Norris, P., (1997). Choosing electoral systems: proportional, majoritarian and mixed systems. *International political science review*, 18(3), pp.297-31

Gallagher, M. and Mitchell, P. eds., (2005). The politics of electoral systems (pp. 511-532). Oxford: Oxford University Press.

Cox, G.W., (1997). Making votes count: Strategic coordination in the world's electoral systems (Vol. 7). Cambridge: Cambridge University Press.

Alvarez, R.M. and Nagler, J., (2000). A new approach for modelling strategic voting in multiparty elections. *British Journal of Political Science*, 30(01), pp.57-75.

* Tsebelis, G. (1995), 'Decision making in political systems: Veto players in presidentialism, parliamentarism, multicameralism and multipartyism', *British journal of political science* 25(3), 289-325.

Basinger, S. J. & Hallerberg, M. (2004), 'Remodeling the competition for capital: How domestic politics erases the race to the bottom', *American Political Science Review* **98**(2), 261--276.

Keefer, P. & Stasavage, D. (2003), 'The limits of delegation: Veto players, central bank independence, and the credibility of monetary policy', *American political science review* **97**(3), 407--423.

Mansfield, E. D. & Milner, H. V. (2010), 'Votes, Vetoes, and Preferential Trading Agreements', *New Era*.

Session 4: Wednesday 07/03/2018, 11am -1pm, room H0.01

Topic 1: Public Goods, General Interest Politics, Collective Action and Redistribution

Topic 2: Special Interest Politics and Lobbying

Readings:

General interest politics

*Persson-Tabellini, ch. 6

*Shepsle, Kenneth A. Chapters 9, and 10 in *Analyzing Politics: Rationality, Behavior and Institutions*. W. W. Norton & Company, 2010. ISBN: 9780393935073

Olson, Mancur. *The Logic of Collective Action: Public Goods and the Theory of Groups*. Harvard University Press, 1965. ISBN: 9780674537507

Ray, Debraj, and Joan Maria Esteban. "Collective Action and the Group Size Paradox." *American Political Science Review* 95, no. 3 (2001): 663--72.

Miguel, Edward, and Mary Kay Gugerty. "Ethnic Diversity, Social Sanctions, and Public Goods in Kenya." *Journal of Public Economics* 89, no. 11--12 (2005): 2325--68.

Alesina, Alberto, Reza Baqir, et al. "Public Goods and Ethnic Divisions." *Quarterly Journal of Economics* 114, no. 4 (1999): 1243--84.

Meltzer and Richards (1981) "A Rational Theory of the Size of Government", *Journal of Political Economy*, Vol. 89 (5), 914-927.

Austen-Smith, D. (2000), "Redistributing Income under Proportional Representation", *Journal of Political Economy*, 108, 1235-1269

Persson, Torsten, and Guido Tabellini. (1994). "Is Inequality Harmful for Growth?" *American Economic Review* 84: 600-621.

Alesina, Alberto, and Dani Rodrik. (1994). "Distributive Politics and Economic Growth." *Quarterly Journal of Economics* 109: 465-490.

Banerjee, A. and E. Duflo (2003), "Inequality and Growth: What Can the Data Say?", *Journal of Economic Growth* 8: 267-299.

Preferences for redistribution

*Benabou, Roland and Efe Ok, (2001), "Social Mobility and the Demand for Redistribution," *Quarterly Journal of Economics*. 116, 447-487.

Piketty, Thomas (1995) "Social Mobility and Redistributive Politics", *Quarterly Journal of Economics*, vol.110, no.3, pp.551-584

*Alesina, Alberto and George-Marios Angeletos, 2005, "Fairness and Redistribution: US versus Europe," *American Economic Review*, 95(4), 960-980.

Benabou, Roland and Jean Tirole, 2006, "Belief in a Just World and Redistributive Politics," *Quarterly Journal of Economics*, 121, 699-746.

Luttmer, Erzo F.P. (2001) "Group Loyalty and the Taste for Redistribution", *Journal of Political Economy*, vol.109, no.3, pp.6-34

Dahlberg, Matz, Karin Edmark and Helene Lundqvist (forthcoming), "Ethnic Diversity and Preferences for Redistribution", *Journal of Political Economy*

Special Interest Politics and Lobbying:

* Grossman, Gene M., and Elhanan Helpman. (1996). "Electoral Competition and Special Interest Politics." *Review of Economic Studies* 63: 265-286.

Grossman, G.M. and Helpman, E., 2001. Special interest politics. MIT press.

Esterling, K.M., 2007. Buying expertise: Campaign contributions and attention to policy analysis in congressional committees. *American Political Science Review*, 101(01), pp.93-109.

Austen-Smith, D. and Wright, J.R., 1994. Counteractive lobbying. *American Journal of Political Science*, pp.25-44.

*Persson-Tabellini, ch.7

Baron, D. and J. Ferejohn (1989), "Bargaining in legislatures", *American Political Science Review*, 83, 1181-1206.

Grossman, G. and E. Helpman (1994), "Protection for sale", *American Economic Review*, 84, 833-50

Grossman, G. and E. Helpman (1995), "The politics of free-trade agreements", *American Economic Review*, 85, 667-90.

Session 5: Tuesday 13/03/2018, 11am -1pm, room H1.03

Topic 1: Dictatorship and Democracy

Readings:

*Olson, Mancur. "Dictatorship, Democracy, and Development." *The American Political Science Review* 87, no. 3 (1993): 567-76

Easterly, William. "Benevolent Autocrats" 2011.

Acemoglu, Daron, and James A. Robinson. Chapters 1, 2, and 5 in *Economic Origins of Dictatorship and Democracy*. Cambridge University Press, 2009, pp. 118–51. ISBN: 9780521671422

De Mesquita, B. B. & Smith, A. (2011), *The dictator's handbook: why bad behavior is almost always good politics*, Public Affairs.

Przeworski, A.; Stokes, S. C. & Manin, B. (1999), *Democracy, accountability, and representation*, Vol. 2, Cambridge University Press.

*De Mesquita, B. B.; Morrow, J. D.; Siverson, R. M. & Smith, A. (2002), 'Political institutions, policy choice and the survival of leaders', *British Journal of Political Science* **32**(4), 559--590.

De Mesquita, B. B. & Smith, A. (2009), 'Political survival and endogenous institutional change', *Comparative Political Studies* **42**(2), 167--197.

Session 6: Wednesday 14/03/2018, 11am -1pm, room H0.01

Topic 1: Corruption

Readings:

*Bertrand, Marianne, Simeon Djankov, et al. "Obtaining a Driver's License in India: An Experimental Approach to Studying Corruption." *The Quarterly Journal of Economics* 122, no. 4 (2007): 1639–76.

Olken, Benjamin. "Monitoring Corruption: Evidence from a Field Experiment in Indonesia." *Journal of Political Economy* 115, no. 2 (2007): 200–49.

Banerjee, Abhijit, Rema Hanna, et al. "Corruption." (PDF) NBER Working Paper no. 179682011 (2012).

Hsieh, Chang-Tai, and Enrico Moretti. "Did Iraq Cheat the United Nations? Underpricing, Bribes, and the Oil for Food Program." *The Quarterly Journal of Economics* 121, no. 4 (2006): 1211–48.

Reinikka, Ritva, and Jakob Svensson. "Local Capture: Evidence from a Central Government Transfer Program in Uganda." *The Quarterly Journal of Economics* 119, no. 2 (2004): 679–705.

Becker, Gary S., and George J. Stigler. "Law Enforcement, Malfeasance, and Compensation of Enforcers." *Journal of Legal Studies* 3, no. 1 (1974): 1–18.

Di Tella, Rafael, and Ernesto Schargrodsky. "The Role of Wages and Auditing During a Crackdown on Corruption in the City of Buenos Aires." *Journal of Law and Economics* 46, no. 1 (2003): 269–92.

Duflo, Esther, Rema Hanna, et al. "Monitoring Works: Getting Teachers to Come to School." CEPR Discussion Paper Series no. 6682 (2008).

Rose-Ackerman, S. & Palifka, B. J. (2016), *Corruption and government: Causes, consequences, and reform*, Cambridge university press.

Bardhan, P. (1997), 'Corruption and development: a review of issues', *Journal of economic literature* **35**(3), 1320--1346.

Mauro, P. (1995), 'Corruption and growth', *The quarterly journal of economics* **110**(3), 681--712.

Shleifer, A. & Vishny, R. W. (1993), 'Corruption', *The quarterly journal of economics* **108**(3), 599--617.