Objectives of Course
This course gives a selective introduction to modern political economics and intends to equip the students with a set of common research tools. Specifically, the course introduces basic theoretical models, empirical methodologies, and substantive findings in political economics. It covers not only theoretical and empirical research, but also – and importantly – links between the two.

This basic course is followed in Quarter 4 by Political Economics III, a course which presents selected topics at the current research frontier.

Teachers
The lectures are given by Torsten Persson and David Strömberg and the classes around the problem sets are given by Divya Dev and Xueping Sun.

Schedule and Examination
The course has eight three-hour lectures. It also includes a number of theoretical and empirical exercises that will be discussed in separate sessions. Examination is based on a written exam.

Reading List

Background


Part I, Lectures 1-3, Electoral Competition and Voter Behavior

Basic workhorse models
*Chapter 3 and 7 in P-T 2000.

Empirics
Lindert, P. H. [1996], "What Limits Social Spending?" Explorations in Economic History 33, 1-34.


**Part II, Lectures 4-6, Partisan Politics and Political Agency**

*Basic partisan and legislative-bargaining models*

*Chapter 5 and 7 in P-T 2000.


*Partisan influence on policy*


Citizen candidates
*Besley, T. and S. Coate [1997], “An Economic Model of Representative
Randomized Experiment in India,” Econometrica 72, 1409-1443
Pande, R. [2003], “Can Mandated Political Representation Increase Policy Influence
for Disadvantaged Minorities? Theory and Evidence from India”,
American Economic Review 93, 1132-1151.

Agenda setters
Romer, T., H. Rosenthal, and V.G. Munley [1992], “Economic Incentives and
Political Institutions: Spending and Voting in School Budget Referenda”,

Legislative bargaining
Arnold, D. [1979], Congress and the Bureacracy, Yale University Press.
*Knight, B. [2008], “Legislative Representation, Bargaining Power, and the
Distribution of Federal Funds: Evidence from the U.S. Senate,” Economic
Journal 118, 1785-1803.
Roberts, B. [1990], “A Dead Senator Tells No Lies: Seniority and the Distribution of
Stratmann, T. [1992], “The Effects of Logrolling on Congressional Voting”,
American Economic Review 82, 1162-1176.

Basic agency models
*Chapter 4 in P-T 2000.
14, 19-42.
*Besley, T. [2006], “Political Agency and Accountability”, Chapter 3 in Principled
University.
*Ferejohn, J. [1986], “Incumbent Performance and Electoral Control”, Public Choice
50, 5-26.

Evidence on agency
Peters, J. and S. Welch [1980], “The Effects of Charges of Corruption on Voting
Behavior in Congressional Elections”, American Political Science Review
74, 697-708.
Welch, S. and J. Hibbing [1997], “The Effects of Charges of Corruption on Voting
*Finan, F. and C. Ferraz [2005], “Exposing Corrupt Politicians: The Effect of Brazil's
Publicly Released Audits on Electoral Outcomes”, Quarterly Journal of
Economics 123, 703-745.
*Besley T. and A. Case [1995], “Does Electoral Accountability Affect Economic
Policy Choices? Evidence from Gubernatorial Term Limits”, Quarterly
Journal of Economics 110, 769-798.
Part III, Lectures 7-8, Political Selection

Selection of politicians

Selection of party leaders


Gender quotas and selection of ability


Dynastic rents of selected politicians

Amore, M., M. Bennedsen, and K. M. Nielsen [2015], “Return to Political Power in a Low Corruption Environment”, Mimeo, INSEAD.


Folke, O. and J. Rickne [2016], “The Price of Promotion: Gender Differences in the Impact of Career Success on Divorce”, Mimeo, Uppsala University.

Gagliarducci, S. and M. Manacorda [2015], “Politics in the Family: Nepotism and the Hiring Decisions of Italian Firms”, Mimeo, Queen Mary University.
George, S. [2018], “Like Father Like Son: The Effects of Political Dynasties on Economic Development”, Mimeo, Harvard University.