1 Overview

This is a graduate-level survey course in political economy. We discuss game-theoretic models of political processes and their relationship with important economic outcomes such as growth, public good provision, and redistribution.

Roughly the first half of the course focuses on the implications of different democratic institutions (such as voting rules) for political choices that shape economic policies and outcomes. In the second half we consider models where democratic institutions are endogenous, non-existent, or a subject of armed conflict. This includes discussion of work on democratization, civil war, mass protest, autocratic politics, and weak states.

Note that this is principally a theory-oriented class; although some empirical work and findings will be discussed, the main focus is on the state of the art in political economy models.

We have 2nd year PhD students in the economics and political science departments in mind as the target audience, but we welcome and encourage participation from elsewhere.

Prerequisite The class will assume familiarity with game theory at the level of ECON 203. No specific background in political economy is needed. Some topics build on knowledge in basic micro- and macroeconomics (at the 1st year economics PhD level), but such background will not be systematically required to understand the course.
**Textbook**  We primarily use original papers. There is one required text, Torsten Persson and Guido Tabellini’s *Political Economics: Explaining Economic Policy*, The MIT Press, 2000. This contains a unified treatment of some of the voting theory we will cover in the first couple of weeks, and is a useful reference for a few other topics as well.

**Class structure**  In each class meeting we will focus on two key papers. Students are expected to have read these papers carefully and to have made a serious attempt to understand models, broader arguments, evidence advanced, and author claims about relationship of the paper to prior work. Re-reading will often be a good idea.

The class format will be discussion, but combined with two sorts of presentations. First, students will choose articles to present each week, with each student presenting a total of 3 to 6 articles over the quarter. These presentations will be short, intended to focus on the core arguments and ideas as a prelude to discussion. In addition to discussing details of the focus papers, we will also try to bring out opportunities and ideas for interesting new work students might undertake in their own research.

Second, the instructors will in some classes present overviews of classes of models, empirical background, or prior literature relevant to understanding and evaluating the focus papers of the day.

**Requirements and grading**  Evaluation will be based on (1) participation and effort shown for class discussion, including the presentations, and (2) a 5–10 page proposal for a research project involving a political economy model, including discussion of relation to the literature. Grading will place two-thirds weight on (1) and one-third on (2).

### 2  Reading List and Agenda

We have listed here the two focus papers for each class meeting. The next section contains further reading on each of the course topics.

This reading list is a more-or-less complete version. We will continue to make changes before the quarter starts, and may make minor revisions during the quarter.

1. Course introduction and voting theory

   *(3/28) Course introduction.*


(3/30) Voting theory, classic models

i. Persson–Tabellini sections 2.2–2.3, 3.1–3.4


2. Voting theory, continued

(4/4) Applications


(4/6) Accountability

i. Persson-Tabellini sections 4.4–4.5


3. Legislative decision-making

(4/11) Bargaining outcomes


(4/13) Lobbying and special interests
4. Theories of endogenous democratic institutions

(4/18) Choice among democratic institutions


(4/20) Democratization


5. More on endogenous institutions

(4/25) Popular rebellion and self-enforcing democracy


(4/27) Some empirical comparison of institutions
6. Corruption

(5/2) Economic consequences


(5/4) Causes and determinants


7. Conflict, war

(5/9) Models of costly conflict


(5/11) More on armed conflict

8. Autocratic politics


9. State capacity, weak states


10. Culture and cultural transmission

(5/30) Memorial day, no class.


3 Deeper background

These are related reading suggestions in case you want to delve deeper into a particular area, and/or get a sense for significant papers that preceded or followed focus papers we will be discussing. Note that the list is not comprehensive or particularly systematic at this point.

1. Course introduction and voting theory

(3/28) Course introduction.


(3/30) Voting theory, classic models

2. Voting theory, continued

(4/4) Applications


(4/6) Accountability


3. Legislative decision-making

(4/11) Bargaining outcomes


(4/13) Lobbying and special interests


4. Theories of endogenous democratic institutions

(4/18) Choice among democratic institutions


(4/20) Democratization


5. More on endogenous institutions

(4/25) Popular rebellion and self-enforcing democracy


Some empirical comparison of institutions


6. Corruption

Economic consequences

(5/4) Causes and determinants

7. Conflict, war


8. Autocratic politics


9. State capacity, weak states


• Acemoglu, Daron and Ticchi, Davide and Vindigni, Andrea. Emergence and persistence of inefficient states. Journal of the European Economic Association 9, 2, 177-208.


10. Culture and cultural transmission
