1 Overview

This is a graduate-level survey course in political economics. We discuss game-theoretic models of political processes. Topics include: basic social choice theory, direct democracy, electoral competition, political accountability, legislative bargaining, lobbying, corruption, conflict and factionalism, and institutional change. We are particularly interested in how these political processes influence economic outcomes, such as taxation, redistribution, public goods, investment, and growth. Note that this is a theory-oriented class; although there is important empirical work on many of these topics, it is not our focus.

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

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, so there is no required textbook. The recommended reference is Persson and Tabellini, Political economics: explaining economic policy, The MIT press, 2000 (referred to as “PT” in the reading list section).
Grading  There will be no problem sets. The assignments will be three literature reviews (25% each) and an in-class presentation (25%).

- Literature reviews (due dates: 1/29, 2/19, 3/5): Each of these will be a critical review of one or more related paper(s) not covered in detail in class. Summarize the papers’ main contributions, and provide constructive criticisms. We suggest 5 pages as a length guideline, but this is not meant to be rigid.

To make sure that the paper topic is appropriate for this class, please email both Gabriel and Fuhito listing the papers you plan to cover at least one week prior to the due date. We aim to email you back within 2 days, either confirming or suggesting changes. You are free to write about papers that are on the reading list but are not covered in detail in lecture, or papers that are not on the reading list. You are also welcome to review empirical papers if they are connected to the theoretical topics discussed in the course. However, given the theoretical orientation of our class, at least one of the 3 reviews should be about theoretical papers, as should the presentation (below).

- In-class presentation: We ask each registered student to present in the class (the last 2 or 3 sessions will be allocated to student presentations, depending on enrollment). Each student is asked either to present one of his or her literature reviews, or to present one reviewed paper in detail.

2 Reading List

The reading list is a bit long; it is meant to give you inspiration for directions to explore. We will not cover every paper in class. Papers with ** are the main papers in each class — if you have time to read only one paper in detail per class, this is it. Papers with * will be covered in class in some detail as well. For assignments (literature reviews and in-class presentation), choose paper(s) without * or **.

2.1 Voting and consequences (6 Lectures, Gabriel and Fuhito)

2.1.1 Basic voting theory: Social choice (Fuhito)


2.1.2 Possibility of aggregation: Median voter theorems (Fuhito)

• **Background Reading: PT Section 2.2


2.1.3 Positive theories of voting: Probabilistic voting and citizen-candidate models (Fuhito)

• Probabilistic Voting, Background Reading: PT 3.4


• Citizen Candidate Models, Background Reading: PT 5.1, 5.2


2.1.4 Voting for information aggregation (Fuhito)


2.1.5 Economic applications (Gabriel)

- Background reading: PT section 6.1

2.1.6 Electoral accountability (Gabriel)

- *Background reading: PT chapter 4, particularly 4.4–4.5.


2.2 Voting and inequality (2 lectures, Gabriel)

Effects of inequality on growth:


Fairness, aspirations, and ideology:


2.3 Legislative Decision-Making (3 Lectures, Fuhito)

2.3.1 Bargaining models

• Background reading: PT Section 5.4.


• Ansolabehere, Stephen, James M. Snyder, and Michael M. Ting. “Bargaining in Bi-
cameral Legislatures: When and Why Does Malapportionment Matter?.” American

• *McKelvey, Richard D., and Raymond Riezman. “Seniority in legislatures.” Amer-

• Baron, David P., and Daniel Diermeier. “Elections, governments, and parliaments
in proportional representation systems.” The Quarterly Journal of Economics 116.3

• Diermeier, Daniel, and Timothy J. Feddersen. “Cohesion in legislatures and the

2.3.2 Vote-buying models

• **Snyder, James M. “On buying legislatures.” Economics & Politics 3.2 (1991):
93-109.

• *Groseclose, Tim, and James M. Snyder Jr. “Buying supermajorities.” American

• Philipson, Tomas J., and James M. Snyder Jr. “Equilibrium and efficiency in an
organized vote market.” Public Choice 89.3-4 (1996): 245-265.

• Banks, Jeffrey S. “Buying supermajorities in finite legislatures.” American Political

• Groseclose, Tim, and James M. Snyder Jr. “Vote Buying, Supermajorities, and

• Dal Bo, Ernesto. “Bribing voters.” American Journal of Political Science 51.4

2.3.3 Committee structure

• **Shepsle, Kenneth A., and Barry R. Weingast. “The institutional foundations of


2.4 Lobbying and interest groups (1 Lecture: Fuhito)

• Background Reading: PT Section 7.5.1.


2.5 Conflict and factionalism (2 lectures, Gabriel)


2.6 Corruption (1 lecture, Gabriel)


2.7 Dictatorship, democracy, and institutional change (1 lecture, Gabriel)
