

Syllabus:
International Political Economy (MGMT 298D)

Topics in Political Economy: Voters, Special Interest Groups and Politicians

Structure:

Each 3 hour class is divided into about 1-1.5 hour lecture plus 2 half-hour presentations of one paper each plus active classroom discussion of the strengths and weaknesses of the papers.

Students may choose to present any paper listed on the syllabus marked with a (**). Each student should email me their 4 preferred papers (from at least 3 different weeks) in order of preference. Presentations should focus on a paper's contribution relative to the pre-existing literature, strengths and weaknesses and why it was published where it was.

The presentation requirements includes a replication exercise: Student have to replicate all results in the published paper and write a 2-4 page (1.5-spaced) summary report (a) commenting on how easily replicable the paper was with the data and code provided, (b) outlining any noteworthy data exercises that the student did that teach us something new about the data that is not apparent from the published paper, (c) describing any robustness checks or other facts about the data that weaken the results in way that were not apparent from the published paper. The results from the replication exercise can be incorporated to some extent into the presentation.

All students are expected to have read all papers listed in the syllabus for a given week and are expected to be able to ask questions of the presenter and participate in class discussion.

10 days after the last class, students are required to hand in a piece of original work. For students who plan to do empirical research, this should consist of a 6-8 page (1.5-spaced excluding references, tables, figures) research proposal carefully outlining a research question, an identification strategy, a description of the data that would be used and a careful motivation for how this proposal will add to the current research frontier on that topic.

For students who either do not plan to do empirical research or otherwise have not yet found a suitable topic, this should consist of a thoughtful literature review on one of the five weeks, that highlights the key papers on the topic but more importantly also highlights important institutional details that have so far been disregarded or important stylized facts that are either inconsistent with or unexplained by the existing literature. In other words, it should be a literature review with an eye to future research.

Grading scheme for this half-quarter: 30% presentation, 10% paper replication, 20% class participation, 40% piece of original work

Administration:

Lectures: Mondays 4pm-7pm (from May 6th to June 3rd)
Office Hours: by appointment

Topics:

Week 1: Voters, Voting, Representation

To what extent do politicians listen to voters? Are voters strategic or sincere?

- David S. Lee, Enrico Moretti, and Matthew J. Butler (2004) "Do Voters Affect or Elect Policies? Evidence from the U. S. House," *The Quarterly Journal of Economics* 119(3): 807-859 (**)
 - Data: [from me by email](#).
- Gerber, Elisabeth R., and Jeffrey B. Lewis (2004) "Beyond the Median: Voter Preferences, District Heterogeneity, and Political Representation," *Journal of Political Economy* 112 (6): 1364-1383 (**)
- Levitt, Steven (1996) "How Do Senators Vote? Disentangling the Role of Voter Preferences, Party Affiliation, and Senator Ideology," *American Economic Review* Vol. 86, No. 3, pp. 425-441
- Baland, Jean-Marie, and James A. Robinson. 2008. "Land and Power: Theory and Evidence from Chile." *American Economic Review*, 98(5): 1737-65 (**)
 - Data: <http://www.aeaweb.org/articles.php?doi=10.1257/aer.98.5.1737>
- **Background Reading:** Unequal Democracy: The Political Economy of the New Gilded Age, New York: Russell Sage Foundation, and Princeton University Press, 2008

Week 2: Which Voters Matter?

Do swing voters get more attention from politicians? Do voters vote as individuals or groups? Does ideological/ethnic (group-based) voting lead to worse politicians or policies? Why do voters turn out? What are politicians' incentives in terms of maximizing turnout or vote share?

- Robinson, James and Ragnar Torvik (2009) "The Real Swing Voter's Curse," *American Economic Review Papers & Proceedings* 99.2: 310-315.

- Strömberg, David (2008) "How the Electoral College Influences Campaigns and Policy: The Probability of Being Florida," *American Economic Review* 98 (3): 769-807(**)
 - Data: <http://www.aeaweb.org/articles.php?doi=10.1257/aer.98.3.769>
- Edward L. Glaeser, Giacomo A. M. Ponzetto, Jesse M. Shapiro (2005) "Strategic Extremism: Why Republicans and Democrats Divide on Religious Values," *Quarterly Journal of Economics*
- Fred Finan and Laura Schechter (2012) "Vote-buying and Reciprocity," *Econometrica*, 80(2): 863-882.
- Eifert, Benn, Edward Miguel, and Daniel N. Posner. "Political competition and ethnic identification in Africa," *American Journal of Political Science* 54.2 (2010): 494-510.
- Hsieh, Chang-Tai, Edward Miguel, Daniel Ortega, and Francisco Rodriguez (2011) "The Price of Political Opposition: Evidence from Venezuela's Maisanta," *American Economic Journal: Applied Economics*, 3(2): 196-214 (**)
 - Data: <https://www.aeaweb.org/articles.php?doi=10.1257/app.3.2.196>

Week 3: Voter Information/Knowledge and the Media

To what extent does knowledge/information influence politicians' behavior or political outcomes?

To what extent can the media be relied upon to provide accurate or unbiased information?

- Timothy Besley and Robin Burgess, "The Political Economy of Government Responsiveness: Theory and Evidence from India," *Quarterly Journal of Economics*, Vol. 117, No. 4, 2002
- Claudio Ferraz and Frederico Finan (2008) "Exposing Corrupt Politicians: The Effects of Brazil's Publicly Released Audits on Electoral Outcomes," *Quarterly Journal of Economics* 123 (2): 703-745.
- Strömberg, David (2004) "Radio's Impact on Public Spending," *Quarterly Journal of Economics* 119 (1): 189-221.
- Thomas Eisensee and David Strömberg (2007) "News Droughts, News Floods, and U. S. Disaster Relief," *Quarterly Journal of Economics* 122 (2): 693-728
- James M. Snyder Jr. and David Strömberg (2010) "Press Coverage and Political Accountability," *Journal of Political Economy*, Vol. 118, No. 2, pp. 355-408 (**)
 - Data: <http://www.jstor.org/stable/10.1086/652903>
- Tim Groseclose and Jeff Milyo (2005) "A measure of Media Bias," *Quarterly Journal of Economics*, November
- Matthew Gentzkow and Jesse Shapiro (2010) "What drives media slant? Evidence from U.S. newspapers," *Econometrica*, January (**)
 - Data: <http://www.econometricsociety.org/issue.asp?ref=0012-9682&vid=78&iid=1&oc=&cs=>

- Ruben Enikolopov, Maria Petrova and Ekaterina Zhuravskaya (2011) "Media and Political Persuasion: Evidence from Russia," *American Economic Review* 101(7), p3253-85 (**)
 - Data: <http://www.aeaweb.org/articles.php?doi=10.1257/aer.101.7.3253>
- Stefano della Vigna and Ethan Kaplan (2007) "The Fox News Effect: Media Bias and Voting," *Quarterly Journal of Economics*, August
- **Background Reading:** Simeon Djankov & et al (2003) "Who Owns the Media?," *Journal of Law and Economics*, vol. 46(2), p:341-81
- **Background Reading:** Matt Gentzkow, Ed Glaeser and Claudia Goldin (2006) "The Rise of the Fourth Estate: How Newspapers Became Informative and Why It Mattered" in *Corruption and Reform: Lessons from America's Economic History*
 - available at <http://www.nber.org/books/glac06-1>

Week 4: Lobbying, Contributions and Connections

- Ray Fisman (2001) "Estimating the Value of Political Connections." *American Economic Review*, 91(4)
- Atif Mian, Amir Sufi, and Francesco Trebbi (2010) "The Political Economy of the US Mortgage Default Crisis." *American Economic Review*, 100(5) (**)
 - Data: <http://www.aeaweb.org/articles.php?doi=10.1257/aer.100.5.1967>
- Atif Mian and Asim Khwaja (2005) "Do Lenders Favor Politically Connected Firms? Rent Provision in an Emerging Financial Market," *Quarterly Journal of Economics*, Vol. 120, Issue 4, November
- Jordi Blanes i Vidal, Mirko Draca and Christian Fons-Rosen (2012) "Revolving Door Lobbyists," *American Economic Review* 102(7), 3731-48 (**)
 - Data: <http://www.aeaweb.org/articles.php?doi=10.1257/aer.102.7.3731>
- **Background Reading:** Introductory Chapter of Gene Grossman, Elhanan Helpman "Special Interest Politics", 2001, MIT Press
 - available at <http://www.wcfia.harvard.edu/sites/default/files/sip.pdf>
- **Background Reading:** Stephen Ansolabehere, John M. de Figueiredo and James M. Snyder Jr (2003) Why Is There so Little Money in U.S. Politics? *The Journal of Economic Perspectives* , Vol. 17, No. 1, pp. 105-130
- **Background Reading:** Mara Faccio, (2006) "Politically Connected Firms," *American Economic Review* 96(1)

Week 5: Political Agency

What does the politicians' objective function look like? Do re-election concerns discipline politicians? What is the effect of term limits on accountability? Do politicians extract rents? Do political dynasties perpetuate?

- Claudio Ferraz and Frederico Finan. 2011. "Electoral Accountability and Corruption: Evidence from the Audits of Local Governments." *American Economic Review*, 101(4) (**)
 - Data: <http://www.aeaweb.org/articles.php?doi=10.1257/aer.101.4>
- Tim Besley, Persson, T. and Daniel (2010) "Political competition, policy and growth: theory and evidence from the US." *Review of Economic Studies*, 77(4), 1329-1352. (**)
 - Data: <http://restud.oxfordjournals.org/content/77/4.toc>
- F.Brollo, T.Nannicini, R.Perotti and G. Tabellini, "The Political Resource Curse," *American Economic Review* forthcoming
- Tim Besley and Anne Case (1995) "Does political accountability affect economic policy," *Quarterly Journal of Economics*
- Tim Besley and Anne Case (1995) "Incumbent Behavior: Vote-Seeking, Tax-Setting, and Yardstick Competition," *American Economic Review*, Vol. 85, No. 1 (Mar., 1995), pp. 25-45
- Alex Whalley and Razvan Vlaicu (2012) "Hierarchical Accountability in Government: Theory and Evidence", *American Economic Review*, R&R
- **Background Reading:** John Wallis (2006) "The Concept of Systematic Corruption in American History" in *Corruption and Reform: Lessons from America's Economic History*
 - available at <http://www.nber.org/books/glac06-1>
- Ernesto Dal Bó, Pedro Dal Bó and Jason Snyder (2009) "Political Dynasties," *Review of Economic Studies*, January (**)
 - Data: <http://restud.oxfordjournals.org/content/76/1.toc>
- Pablo Querubin (2012) "Political Reform and Elite Persistence: Term Limits and Political Dynasties in the Philippines," working paper NYU