

POLITICAL ECONOMICS (ECO 215A-B).
Instructor: Gérard Roland

The course will be based mostly on the new book by T. Persson and G. Tabellini “Political Economics. Explaining Economic Policy”, MIT PRESS 2000 which synthesizes the large literature that has been growing analyzing the interaction between economic and political processes. Readings are generally indicated in each chapter.

Students are supposed to do the problem sets after each lecture.

Lecture 1. From Social Choice to Political Economics.

Persson-Tabellini (2000): Introduction.

Other readings:

Arrow, K. (1951) *Social Choice and Individual Values* , New York, John Wiley and Sons.

Gibbard, A. (1973) “Manipulation of Voting Schemes”, *Econometrica* 41: 587-601.

Satterthwaite, M.A. (1975) “Strategy-proofness and Arrow’s Conditions: Existence and Correspondence Theorems for Voting Procedures and Social Welfare Functions”, *Journal of Economic Theory* 10: 187-217.

Lectures 2 and 3. Preferences and Institutions.

Persson-Tabellini (2000): Chapter 2.

Other readings:

Roemer, J. (1999) “The Democratic Political Economy of progressive Income Taxation” *Econometrica* 67: 1-20.

Lecture 4. Electoral Competition

Persson-Tabellini (2000): Chapter 3.

Lecture 5. Agency.

Persson-Tabellini (2000): chapter 4.

Lecture 6. Partisan Politicians.

Persson-Tabellini (2000): chapter 5.

Lecture 7. Models of redistributive politics.

Persson-Tabellini (2000): chapter 6.

Lecture 8, 9 and 10. Special Interest Politics.

Persson-Tabellini (2000): chapter 7

Grossman Helpman (2001) *Special Interest Politics*. Chapters 4 and 5.

Lecture 11. Institutions and Accountability.

Persson-Tabellini (2000): chapter 9.

Lecture 12. Political Regimes.

Persson-Tabellini (2000): chapter 10

Lecture 13. Electoral rules under parliamentary regimes.

Persson-Roland and Tabellini. “How do Electoral Rules shape party structures, government coalitions and government policies?”

Downloadable at

<http://emlab.berkeley.edu/users/groland/pubs/gr1.pdf>

Lectures 14. Endogenous constitutions.

Aghion, Ph. and P. Bolton “Incomplete Social Contracts” *Journal of the European Economic Association* (forthcoming).

Aghion, Ph. Alesina, A. and F. Trebbi “Endogenous Political Institutions”.

Other readings: D. Ticchi, Andrea Vindigni “Endogenous Constitutions”, working paper.

Lecture 15. Politics, Inequality and Growth.

Persson-Tabellini (2000): chapter 14.

GRADE: final exam based on problem sets.