

**Economics 215B – Graduate Political Economy**  
**SPRING 2012 SYLLABUS**

Lectures: Monday 2-4pm, Evans 639  
Professor Fred Finan (ffinan@econ.berkeley.edu)  
Professor Edward Miguel (emiguel@econ.berkeley.edu)  
Grading / Extra office hours: Sinaia Urrusti-Frenk (urrusti@econ.berkeley.edu)

**Assignments:**

(1) Referee reports on papers by job market candidates (40 percent):

-- Referee report 1 on Oliver Vanden Eynde (LSE) “Targets of Violence: Evidence from India's Naxalite Conflict” [[http://personal.lse.ac.uk/vandenev/Targets\\_of\\_Violence.pdf](http://personal.lse.ac.uk/vandenev/Targets_of_Violence.pdf)], due 2/13.

-- Referee report 2 on Melissa Dell (MIT) “Trafficking Networks and the Mexican Drug War” [<http://econ-www.mit.edu/files/7398>], due 2/27.

-- Referee report 3 on Pablo Querubin (MIT) “The Control of Politicians in Normal Times and Times of Crisis: Wealth Accumulation by U.S. Congressmen, 1850-1880” [<http://econ-www.mit.edu/files/7279>], due 3/12.

-- Referee report 4 on Stan Veuger (Harvard) “Do Political Protests Matter? Evidence from the Tea Party Movement” [<http://www.people.fas.harvard.edu/~veuger/papers/Political%20Protests%20--%20Evidence%20from%20the%20Tea%20Party.pdf>], due 4/2.

Each referee report should be 2-3 pages double-spaced. The report should start off with a one paragraph summary of the main argument of the article. You should describe your main 3-4 points in detail as if you were writing directly to the author. Conclude the report with minor comments. A good referee report not only clearly states the shortcomings of the work, but also lays out constructive, detailed and realistic suggestions for improvement.

(2) Two problem sets (20 percent):

-- Problem set 1, due 4/9.

-- Problem set 2, due 4/23.

(3) One research proposal, 8-9 pages double-spaced (30 percent):

The research proposal should briefly (3-4 pages) survey an existing literature in Political Economy, and then describe a planned research project. All students must meet with one of us (in office hours) to discuss their proposal by 4/23. It is due 4/27.

(4) Class participation (10 percent): In borderline cases, the quality of classroom comments may be a factor in assigning grades.

There is no final exam.

### **Recommended reference articles and texts:**

Acemoglu, Daron and James Robinson (2006) *Economic Origins of Dictatorship and Democracy*, Cambridge Univ. Press.

Besley, Tim (2006) *Principled Agents: Selection and Incentives in Politics*, Oxford University Press.

Besley, Tim and Torsten Persson (2011) *Pillars of Prosperity*, Princeton University Press.

Grossman, Gene and Elhanan Helpman (2001) *Special Interest Politics*, MIT Press.

Imbens, Guido and Jeff Wooldridge (2008) “Recent Developments in the Econometrics of Program Evaluation”, NBER Working paper #14251.

Persson, Torsten and Guido Tabellini (2000) *Political Economics: Explaining Economic Outcomes*, MIT Press.

Persson, Torsten and Guido Tabellini (2003) *The Economic Effects of Constitutions*, MIT Press.

Weingast, Barry and Donald Wittman (2006) *Oxford Handbook of Political Economy*, Oxford Univ. Press.

### **Lectures**

#### **I. Voters**

##### **Lecture 1: Introduction to Political Economy / The Calculus of Voting (1/23, Finan)**

Bartels, Larry and Christopher Achen (2004) “Musical Chairs: Pocketbook Voting and the Limits of Democratic Accountability”, unpublished working paper:[  
<http://www.princeton.edu/~bartels/chairs.pdf>]

Manacorda, Marco, Edward Miguel, and Andrea Vigorito. (2011). “Government Transfers and Political Support”, *American Economic Journal: Applied Economics*, 3(3), 1-28.  
[[http://www.econ.berkeley.edu/~emiguel/pdfs/miguel\\_uruguay.pdf](http://www.econ.berkeley.edu/~emiguel/pdfs/miguel_uruguay.pdf)]

Mullainathan, Sendhil and Ebonya Washington (2009). “Sticking with Your Vote: Cognitive Dissonance and Political Attitudes”, *American Economic Journal: Applied Economics*, 1(1), 86-111.

#### **Suggested extra readings**

Grossman and Helpman, Chapter 2

Imbens and Wooldridge.

## **Lecture 2: Voter Turnout (1/30, Finan)**

Coate, Stephen, Michael Conlin, and Andrea Moro (2008). "The performance of pivotal-voter models in small-scale elections: Evidence from Texas liquor referenda", *Journal of Public Economics*, 92, 582–596.

Gerber, Alan, Donald Green, and Christopher Larimer (2008). "Social Pressure and Voter Turnout: Evidence from a Large-Scale Field Experiment", *American Political Science Review*, 102(1), 33-48.

Gine, Xavier and Ghazala Mansuri (2011). "Together we will: Experimental evidence on female voting behavior in Pakistan" World Bank Policy Research Working Paper.

Washington, Ebonya (2006). "How Black Candidates Affect Voter Turnout", *Quarterly Journal of Economics*, 121(3), 973-998.

### Suggested extra readings

Grossman and Helpman, Chapter 2

Feddersen (2004) "Rational Choice Theory and the Paradox of Not Voting", *Journal of Economic Perspectives*, 18(1): 99-112.

[<http://pubs.aeaweb.org/doi/pdfplus/10.1257/089533004773563458>]

## **II. Candidates and Politicians**

### **Lecture 3: Median-voter (2/6, Miguel)**

Husted, Thomas and Lawrence Kenny (1997). "The Effect of the Expansion of the Voting Franchise on the Size of Government", *Journal of Political Economy*, 105(1), 54-81.

Miller, Grant (2008). "Women's Suffrage, Political Responsiveness, and Child Survival in American History", *Quarterly Journal of Economics*, 123(3), 1287-1327.

### Suggested extra readings

Acemoglu and Robinson, Chapters 2 and 4.

Persson and Tabellini, Chapters 2 and 3

### **Lecture 4: Citizen-candidates, identity and policy outcomes (2/13, Miguel)**

#### **[Referee report #1 due]**

Chattopadhyay, Raghendra and Esther Duflo (2004). "Women as Policy Makers: Evidence from a Randomized Policy Experiment in India," *Econometrica*, 72(5), 1409-1443.

Lee, David, and Enrico Moretti, and Matthew J. Butler (2004). "Do Voters Affect or Elect Policies? Evidence from the U.S. House," *Quarterly Journal of Economics*, 119(3), 807-859.

Pande, Rohini (2003). "Can Mandated Political Representation Increase Policy Influence for Disadvantaged Minorities? Theory and Evidence from India," *American Economic Review*, 93(4), 1132-1151.

### Suggested extra readings

Besley, chapter 2.

Imbens and Wooldridge.

### **Lecture 5: Political Agency and Accountability (2/20, Finan)**

Besley, Timothy and Anne Case (1995). “Does Political Accountability Affect Economic Policy Choices? Evidence From Gubernatorial Term Limits,” *Quarterly Journal of Economics*, 110(3), 769-98.

Dal Bó, Ernesto and Martín Rossi (2011). “Term Length and the Effort of Politicians,” *Review of Economic Studies*, 78(4), 1237-1263.

Ferraz, Claudio and Frederico Finan (2010). “Electoral accountability and corruption: Evidence from the audit of local governments,” *American Economic Review*, 101, 1274-1311. [<http://www.econ.berkeley.edu/~ffinan/>]

Finan, Frederico and Laura Schechter (2010). “Vote-buying and Reciprocity”, *forthcoming Econometrica*. [<http://www.econ.berkeley.edu/~ffinan/>]

### Suggested extra readings

Besley, Chapter 4

Persson and Tabellini, Chapter 4

### **Lecture 6: Politician Motivations and Selection (2/27, Finan)**

#### **[Referee report #2 due]**

Diermeier, Daniel, Michael Keane, and Antonio Merlo. 2005. “A Political Economy Model of Congressional Careers.” *American Economic Review*, 95:347–373.

Ferraz, Claudio and Frederico Finan (2010). “Motivating Politicians: The Impacts of Monetary Incentives on Quality and Performance”, unpublished working paper. [<http://www.econ.berkeley.edu/~ffinan/>]

Ernesto Dal Bó, Frederico Finan, and Martín A. Rossi (2011) “Strengthening State Capabilities: The Role of Financial Incentives in the Call to Public Service”, unpublished working paper. [<http://www.econ.berkeley.edu/~ffinan/>]

### Suggested extra readings

Besley, Timothy. 2004. “Paying Politicians: Theory and Evidence.” *Journal of the European Economic Association*, 2:193–215.

Caselli, Francesco, and Massimo Morelli. 2004. “Bad Politicians.” *Journal of Public Economics*, 88:759–782.

### **III. Media**

#### **Lecture 7: Media and Politics (3/5, Finan)**

Prat, Andrea and David Stromberg (2011), “The Political Economy of Mass Media”, unpublished working paper. [<http://econ.lse.ac.uk/staff/prat/papers/mediasurvey11.pdf>].

Matthew Gentzkow, Jesse Shapiro, and Michael Sinkinson (2011), “The effect of newspaper entry and exit on electoral politics, *American Economic Review*, 101 (7): 2980–3018.

Ferraz, Claudio, and Fred Finan. (2008). “Exposing Corruption politicians: The Effects of Brazil’s Publicly Released Audits on Electoral Outcomes”, *Quarterly Journal of Economics*, 123(2), 703-745. [<http://www.econ.berkeley.edu/~ffinan/>]

Snyder, James and David Strömberg (2010). “Press Coverage and Political Accountability”, *Journal of Political Economy*, 118(2), 355-408.

Yanagizawa-Drott, David (2010). “Propaganda and conflict: Theory and evidence from the Rwandan Genocide”, unpublished working paper. [<http://www.hks.harvard.edu/fs/dyanagi/Research/RwandaDYD.pdf>]

#### Suggested extra readings

Grossman and Helpman, Chapter 3

Besley, Chapter 4.2

### **IV. Political Distortions and Capture**

#### **Lecture 8: Political Connections and Rents (3/12, Miguel)**

##### **[Referee report #3 due]**

Dube, Arin, Ethan Kaplan, and Suresh Naidu (2011). “Coups, Corporations, and Classified Information”, *Quarterly Journal of Economics*, 126(3), 1-35.

Fisman, Ray (2001). “Estimating the Value of Political Connections”, *American Economic Review*, 91: 1095-1102.

Khwaja, Asim, and Atif Mian. (2005). “Do Lenders Favor Politically Connected Firms? Rent Provision in an Emerging Financial Market”, *Quarterly Journal of Economics*, 120(4).

#### Suggested extra readings

Shleifer, Andrei and Robert Vishny (1992). “Politicians and Firms”, *Quarterly Journal of Economics*, 109: 995-1026.

#### **Lecture 9: Patronage politics (3/19, Miguel)**

##### **[Problem set #1 handed out]**

Dahlberg, Matz and Eva Johansson (2002). “On the Vote Purchasing Behavior of Incumbent Governments”, *American Political Science Review*, 96(1).

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.

[[http://www.econ.berkeley.edu/~emiguel/pdfs/miguel\\_maisanta.pdf](http://www.econ.berkeley.edu/~emiguel/pdfs/miguel_maisanta.pdf)]

Robinson, James A. (1998) “Theories of Bad Policies”, *Journal of Policy Reform*, 1, 1-45.

#### Suggested extra readings

Coate, Steve and Steve Morris (1995). “On the Form of Transfers to Special Interests”, *Journal of Political Economy*, 103, 1210-1235.

Dixit A. and J. Londregan (1996), “The Determinants of Success of Special Interests in Redistributive Politics”, *Journal of Politics*, 58(4): 1132-1155.

[3/26 – Spring break]

### **Lecture 10: Lobbying and Campaign Expenditures (4/2, Guest Lecturer Atif Mian)**

**[Referee report #4 due]**

Levitt, Steven (1994). “Using Repeat Challengers to Estimate the Effect of Campaign Spending on Election Outcomes in the U.S. House”, *Journal of Political Economy*, 102(4), 777-798.

Mian, Atif R., Amir Sufi, and Francesco Trebbi (2009). “The Political Economy of the U.S. Mortgage Default Crisis”, forthcoming *American Economic Review*.

[[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1291524](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1291524)]

#### Suggested extra readings

Ansolabehere, Steven, John de Figueiredo, James Snyder (2003). “Why is There so Little Money in U.S. Politics?” *Journal of Economic Perspectives*, 17(1), 105-130.

Grossman and Helpman, Chapters 4-9.

## **V. Institutional Impacts and Origins**

### **Lecture 11: Electoral rules and Policy Outcomes (4/9, Finan)**

**[Problem set #1 due]**

**[Problem set #2 handed out]**

Acemoglu, Daron (2005). “Constitutions, Politics, and Economics: A Review Essay on Persson and Tabellini’s *The Economic Effects of Constitutions*”, *Journal of Economic Literature*, 43, 1025-1048.

Petterson-Lidbom, Per and Björn Tyrefors (2007). “The Policy Consequences of Direct versus Representative Democracy: A Regression-Discontinuity Approach”. unpublished working paper. [<http://people.su.se/~pepet/>]

Stromberg, David (2008). "How the Electoral College Influences Campaigns and Policy: The Probability of Being Florida", *American Economic Review*, 98(3).

Trebbi, Francesco, Philippe Aghion and Alberto Alesina (2008). "Electoral Rules and Minority Representation in US Cities", *Quarterly Journal of Economics*, 123(1), 325-357.

Suggested extra readings

Persson and Tabellini (2003), Chapters 9.

**Lecture 12: Institutional Persistence (4/16, Guest Lecturer Ernesto Dal Bo)**

Acemoglu, Daron, Simon Johnson, and James Robinson. (2001). "Colonial Origins of Comparative Development: An Empirical Investigation," *American Economic Review*, 91 (5), 1369-1401.

Banerjee, Abhijit, and Lakshmi Iyer (2005). "History, Institutions and Economic Performance: the Legacy of Colonial Land Tenure Systems in India." *American Economic Review*, 95(4), 1190-1213.

Dal Bó, Pedro, Ernesto Dal Bó and Jason Snyder (2009). "Political Dynasties", *Review of Economic Studies*, 76(1).

Suggested extra readings

Acemoglu, Daron and James Robinson (2008). "Persistence of Power, Elites, and Institutions", *American Economic Review*, 98(1), 267-293.

**Lecture 13: Conflict (4/23, Finan)**

**[Problem set #2 due]**

Blattman, Christopher and Edward Miguel (2010). "Civil War". 48(1): 3-57.

Besley, Timothy and Torsten Persson (2010) "State Capacity, Conflict and Development", *Econometrica*, 78, 1-34.

Dube, Oeindrila and Juan Vargas (2011) "Commodity Price Shocks and Civil Conflict: Evidence from Colombia". Unpublished working paper:  
[[https://files.nyu.edu/od9/public/papers/Dube\\_Vargas\\_commodities\\_conflict.pdf](https://files.nyu.edu/od9/public/papers/Dube_Vargas_commodities_conflict.pdf)]

**Optional lecture: Development Seminar (4/30, Speaker Shanker Satyanath)**

**Additional Topics: Democratization**

Acemoglu, Daron, Simon Johnson, James Robinson, and Pierre Yared. (2008). "Income and Democracy", *American Economic Review*, 98(3), 808-842.

Casey, Katherine, Rachel Glennerster, and Edward Miguel (2011) "Reshaping Institutions: Evidence on Aid Impacts Using a Pre-Analysis Plan", unpublished working paper: [[http://elsa.berkeley.edu/~emiguel/pdfs/miguel\\_gbf.pdf](http://elsa.berkeley.edu/~emiguel/pdfs/miguel_gbf.pdf)]

Dal Bo, Pedro, Andrew Foster, Louis Putterman (2010) "Institutions and Behavior: Experimental Evidence on the Effects of Democracy", *American Economic Review*, 100(5), 2205-2229.

Suggested extra readings

Acemoglu and Robinson, Chapters 3, 6, and 9