
Spring term 2020
Wednesday, 08.15–12.00
11 x 4 hours (3 hours on average)
Location : Pérolles 21, D230
ECTS: 4.5

I. Content

The economics of politics is the application of economic theory to political processes (aka "Political Economics"). In contrast to traditional public economics political actors are assumed to maximize their own utility instead of general social welfare. In recent years this approach has proven to provide valuable insights into policymaking and its resulting economic and social outcomes. In this course students learn to use economics in the context of policymaking and interpret empirical findings. They are introduced to the basic concepts to understand voting and elections, political institutions and their influence on policy outcomes, political actors and their incentives as well as a selection of important topics related to political decision-making such as the influence of the media or corruption, etc.

II. Concept

The course combines the application of basic economic theory with the discussion of empirical research designs to understand real-world mechanisms. Students are expected to prepare the reading assignments before class in order to participate in class discussions and academic discourse.

This course is the natural companion to the course "Public Choice" by Prof. Bruno Jeitziner. The course by Prof. Jeitziner introduces the traditional concepts of political decision-making and fundamental topics such as rent seeking, the bureaucracy, the legislature, interest groups and campaign contributions, or political business cycles. Public Choice or Political Economics are often used as synonyms. The present course is complementary to the topics treated by Prof. Jeitziner with minor overlaps in the presentation of the basic models. The course has a strong emphasis on research design and the application of modern economic and econometric tools.

III. Teaching assistance

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IV. (Preliminary) Program

Date	Subject
	The basic models
19.02.	Introduction Mueller (2003) Ch. 2 & 3, Besley & Burgess (2002)
26.02.	Collective decision making: voting & elections Grossman & Helpman (2001) Ch. 2.1-2.3, Mueller (2003) Ch. 12
04.03.	Testing electoral models Chattopadhyay & Duflo (2004), Lee, Moretti & Butler (2004)
	The main players
11.03.	Politicians: Incentives & selection Levitt (1996), Ferraz & Finan (2011), Alt, Bueno de Mesquita & Rose (2011)
18.03.	Voters: voter paradox & voter behavior Mueller (2003) Ch. 14, Wolfers (2007), Schelker (2017)
	Applications
25.03.	Ballots: compulsory voting, postal voting Bechtel, Hangartner & Schmid (2015), Hodler, Lüchinger & Stutzer (2015), Schelker & Schneider (2017)
01.04.	Political competition Gavazza & Lizzeri (2009), Besley, Persson & Sturm (2010)
08.04.	Constitutional rules Persson & Tabellini (2004a,b), Funk & Gathmann (2013)
06.05.	Media and democracy Snyder & Strömberg (2010), Ferraz & Finan (2008), <i>complementary</i> : Prat & Strömberg (2013)
13.05.	Corruption Shleifer & Vishny (1993), Fisman & Miguel (2007)
20.05.	Political rents and weak democracies, final discussion Hodler & Raschky (2013)
27.05.	Reserve

V. References

- Alt, James E., Ethan Bueno de Mesquita and Shanna Rose (2011). Disentangling Accountability and Competence in Elections: Evidence from U.S. Term Limits. *Journal of Politics* 73 (1): 171–186.
- Bechtel, Michael M., Dominik Hangartner and Lukas Schmid (2014). Does Compulsory Voting Increase Support for Leftist Policy? *American Journal of Political Science*, forthcoming
- Besley, Timothy and Robin Burgess (2002). The Political Economy of Government Responsiveness: Theory and Evidence from India. *Quarterly Journal of Economics* 117 (4): 1415–1451.

- Besley, Timothy, Torsten Persson and Daniel M. Sturm (2010). Political Competition, Policy and Growth: Theory and Evidence from the US. *Review of Economic Studies* 77: 1329–1352.
- Chattopadhyay, Raghavendra and Esther Duflo (2004). Women as policy makers: Evidence from a randomized policy experiment in India. *Econometrica* 72 (5): 1409–1443.
- Ferraz, Claudio and Frederico Finan (2008). Exposing Corrupt Politicians: The Effect of Brazil's Publicly Released Audits on Electoral Outcomes. *Quarterly Journal of Economics* 123 (2): 703–745.
- Ferraz, Claudio and Frederico Finan (2011). Electoral Accountability and Corruption: Evidence from the Audits of Local Governments. *American Economic Review* 101 (4): 1274–1311
- Fisman, Raymond and Edward Miguel (2007). Corruption, Norms, and Legal Enforcement: Evidence from Diplomatic Parking Tickets. *Journal of Political Economy* 115 (6): 1020–1048.
- Funk, Patricia and Christina Gathmann (2013). How do electoral systems affect fiscal policy? Evidence from cantonal parliaments, 1890-2000. *Journal of the European Economic Association* 11 (5): 1178–1203.
- Gavazza, Alessandro and Alessandro Lizzeri (2009). Transparency and Economic Policy. *Review of Economic Studies* 76: 1023–1048.
- Grossmann, Gene M. and Elhanan Helpman (2001). *Special Interest Politics*. MIT Press, Cambridge, MA
- Hodler, Roland and Paul Raschky (2014). Regional Favoritism. *Quarterly Journal of Economics* 129 (2): 995–1033.
- Hodler, Roland, Simon Lüchinger and Alois Stutzer (2015). The Effects of Voting Costs on the democratic Process and Public Finances. *American Economic Journal: Economic Policy* 7(1): 141–171.
- Lee, David S, 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.
- Levitt, Steven D. (1996). How Do Senators Vote? Disentangling the Role of Voter Preferences, Party Affiliation, and Senator Ideology. *American Economic Review* 86 (3): 425–441.
- Mueller, Dennis C. (2003). *Public Choice III*. Cambridge, New York and Melbourne: Cambridge University Press.
- Persson, Torsten, and Guido Tabellini (2004a). Constitutions and Economic Policy. *Journal of Economic Perspectives* 18 (1): 75–98.
- Persson, Torsten, and Guido Tabellini (2004b). Constitutional Rules and Fiscal Policy Outcomes. *American Economic Review* 94 (1):25–45.
- Prat, Andrea and David Strömberg (2013). The Political Economy of Mass Media. In: *Advances in Economics and Econometrics: Theory and Applications, Proceedings of the Tenth World Congress of the Econometric Society, 2013*.
- Schelker, Mark (2017). *Lame Ducks and Divided Government: How Voters Control the Unaccountable*. *Journal of Comparative Economics*, forthcoming.
- Schelker, Mark and Marco Schneider (2017). The Elasticity of Voter Turnout: Investing 85 Cents per Voter to Increase Voter Turnout by 4 Percent. *Electoral Studies* 49: 65-74.
- Shleifer, Andrei and Robert W. Vishny (1993). Corruption. *Quarterly Journal of Economics* 108 (3): 599–617.
- Snyder, James M, Jr. and David Strömberg (2010). Press Coverage and Political Accountability. *Journal of Political Economy* 118 (2): 355–405.
- Wolfers, Justin (2007). Are Voters Rational? Evidence from Gubernatorial elections. Working Paper, Wharton School, University of Pennsylvania.