

# Course Agenda: Political Economy

Sabyasachi Das, Indian Statistical Institute, Delhi

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**Class Hours:** Mondays and Wednesdays 9:30 am – 11:00 am

**Office Hours:** Schedule meeting by email

**Webpage:** <https://dassabyasachi.wordpress.com/teaching>, **Email:** [s.das@isid.ac.in](mailto:s.das@isid.ac.in), **Phone:** 4149-3926

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**Focus:** The following list of papers gives a broad agenda for the course on Political Economy. The agenda, loosely stated, is to discuss details of decision-making and consequences thereof in a society with established democratic principles. This of course leaves out many important themes of political economy, such as impact of historical institutions on current economic outcomes, dictatorships, transition from dictatorship to democracy, issues faced by weak states, conflict etc. Even within the stated agenda there will be many topics (such as lobbying, corruption, media, impact of constitution design on macro policy etc.) that we may not be able to cover. A semester-long course is certainly not enough to cover the breadth of this vast and diverse field. The hope is that students will develop a serious interest in the subject after attending this course, and therefore, if interested, will be able to pick those topics up for reading by themselves.

**Goals:** This is a course geared towards research. Therefore, apart from imparting knowledge it aims to encourage students to do critical and original thinking and guide them in forming and potentially answering research questions in Political Economy.

**Evaluation:** The course has no exams. However, it will be a reading and writing intensive course. In the first half of the course you will be required to submit a referee report for a paper. The details of this will be discussed in the class. During the second half there will be student presentation of papers. The details of the presentation will depend on how many students end up taking the course. Finally and most importantly, the students are expected to present and submit a 2-2.5 page research proposal at the end of the course. The proposal must contain a precise and answerable research question with details about how to go about answering it (such as potential data sources, empirical methodology etc.). The evaluation of students will be based on the referee report (20%), paper presentation (20%), research proposal (50%) and class participation (10%).

**Prerequisite:** Students are expected to know basics of Game Theory, and should be able to solve relatively simple Game Theory problems. Also, they would require prior knowledge in basic econometrics in order to understand regression output reported in the papers. Specific econometric methods will be discussed in the class.

## **1. Institutions and Welfare - Motivating Democracy:**

1. Burgess, R., Jedwab, R., Miguel, E., Morjaria, A., & Miguel, G. (2013). "The Value of Democracy: Evidence from Road Building in Kenya." *The American Economic Review* 105.6 (2015): 1817-1851.
2. Dal Bó, Pedro, Andrew Foster and Louis Putterman (2010). "Institutions and Behavior: Experimental Evidence on the Effects of Democracy." *American Economic Review* (100), 2205- 2229.
3. Meng, Xin, Nancy Qian, and Pierre Yared (2015). "The Institutional Causes of Famine in China, 1959-61." *Review of Economic Studies*, forthcoming.
4. Sasaki, Takao, and Stephen C. Pratt (2011). "Emergence of group rationality from irrational individuals." *Behavioral Ecology*.

## **2. Models of Electoral Competition:**

1. Persson, T, & Tabellini, G (2000). *Political Economics: Explaining Economic Policy*. The MIT Press, Cambridge, MA.
2. Lee, D. S., Moretti, E., & Butler, M. J. (2004). "Do voters affect or elect policies? Evidence from the US House." *Quarterly Journal of Economics*, 119(3), 807-859.

## **3. Institution Design and Political Outcome:**

1. Lizzeri, A., & Persico, N. (2001). "The provision of public goods under alternative electoral incentives." *American Economic Review*, 91(1), 225-239.
2. Milesi-Ferretti, G. M., Perotti, R., & Rostagno, M. (2002). "Electoral systems and public spending." *Quarterly Journal of Economics*, 117(2), 609-657.
3. Dal Bó, Ernesto and Martín Rossi (2011). "Term Length and Political Performance." *Review of Economic Studies*, 78, 4, 1237-63.
4. Ferraz, C., & Finan, F. (2011). "Electoral Accountability and Corruption: Evidence from the Audits of Local Governments." *American Economic Review*, 101(4), 1274-1311.
5. Hirano S, Snyder JM (2014). "Primary Elections and the Quality of Elected Officials." *Quarterly Journal of Political Science*. 9(4): 473-500.
6. Diermeier, D., & Vlaicu, R. (2011). "Executive control and legislative success." *Review of Economic Studies*, 30, 1-26.
7. Bowen, T. R., Chen, Y., & Eraslan, H. (2014). "Mandatory versus Discretionary Spending: The Status Quo Effect." *American Economic Review*, 104(10).

8. Cox, Gary W (2013). "The power of the purse and the budgetary reversion." Working Paper.

#### **4. Clientelism:**

1. Anderson, Siwan, Patrick Francois, and Ashok Kotwal (2015). "Clientelism in Indian Villages." *American Economic Review*, 105(6): 1780-1816.
2. Larreguy, Horacio, John Marshall and Laura Trucco (2015). "Breaking Clientelism or Rewarding Incumbents? Evidence from an Urban Titling Program in Mexico." Working Paper.
3. Folke, O., Hirano, S., & Snyder, J. M. (2011). "Patronage and elections in US states." *American Political Science Review*, 105(03), 567-585.
4. Francois, Patrick, Ilia Rainer, and Francesco Trebbi (2015). "How is power shared in Africa?" *Econometrica*, Vol. 83 (2), 465–503.
5. Fujiwara, Thomas, and Leonard Wantchekon (2015). "Can Informed Public Deliberation Overcome Clientelism? Experimental Evidence from Benin." *American Economic Journal: Applied Economics*, forthcoming.
6. Dal Bó, E., Dal Bó, P., & Snyder, J. (2009). "Political dynasties." *Review of Economic Studies*, 76(1), 115-142.
7. Querubin, Pablo (2015). "Political Reform and Elite Persistence: Term Limits and Political Dynasties in the Philippines." Working Paper.

#### **5. Affirmative Action in Politics:**

1. Jensenius, F. R. (2015). "Development from representation? A study of quotas for scheduled castes in India." *American Economic Journal: Applied Economics*. 7(3), 196-220.
2. Dunning, T., & Nilekani, J. (2013). "Ethnic quotas and political mobilization: caste, parties, and distribution in Indian village councils." *American Political Science Review*, 107(01), 35-56.
3. Gajwani, K., & Zhang, X. (2015). "Gender and public goods provision in Tamil Nadu's village governments." *World Bank Economic Review*, 29(2), 234-261.
4. Beaman, L. A., Chattopadhyay, R., Duflo, E., Pande, R., & Topalova, P. (2008). "Powerful women: does exposure reduce bias?" *Quarterly Journal of Economics*. 124(4), 1497–1540.
5. Bhavnani, R. R. (2009). "Do electoral quotas work after they are withdrawn? Evidence from a natural experiment in India." *American Political Science Review*, 103(1), 23-35.

6. Cascio, Elizabeth U., and Ebonya L. Washington (2015). "Valuing the Vote: The Redistribution of Voting Rights and State Funds Following the Voting Rights Act of 1965." *Quarterly Journal of Economics*, forthcoming.
7. De Paola, M., Scoppa, V., & Lombardo, R. (2010). "Can gender quotas break down negative stereotypes? Evidence from changes in electoral rules." *Journal of Public Economics*, 94(5), 344-353.
8. Gagliarducci, S., & Paserman, M. D. (2011). "Gender interactions within hierarchies: evidence from the political arena." *Review of Economic Studies*, 79, 1021-1052.
9. Meyersson, Erik (2014). "Islamic rule and the empowerment of the poor and pious." *Econometrica*, 82(1), 229-269.

## **6. Violence and Politics:**

1. Voigtländer, Nico, and Hans-Joachim Voth (2012). "Persecution perpetuated: the medieval origins of anti-Semitic violence in Nazi Germany." *Quarterly Journal of Economics* 127.3: 1339-1392.
2. Blakeslee, David (2014). "Propaganda and Politics in Developing Countries: Evidence from India." Working paper.
3. Posner, Daniel N (2004). "The Political Salience of Cultural Difference: Why Chewas and Tumbukas Are Allies in Zambia and Adversaries in Malawi." *The American Political Science Review* 98.4: 529-545.

## **7. Bureaucracy:**

1. Iyer, Lakshmi, and Anandi Mani (2012). "Traveling agents: political change and bureaucratic turnover in India." *Review of Economics and Statistics*, 94(3), 723-739.
2. Nath, Anusha (2015). "Bureaucrats and Politicians: How Does Electoral Competition Affect Bureaucratic Performance?" Working Paper.
3. Rasul, I., & Rogger, D. (2015). "Management of bureaucrats and public service delivery: Evidence from the Nigerian civil service." Working Paper.
4. Huber, J. D., & Ting, M. M. (2015). "Civil Service and Patronage in Bureaucracies." Working Paper.

## **8. Collective Decision Making:**

1. Banerjee, A., Iyer, L., & Somanathan, R. (2007). "Public action for public goods." *Handbook of development economics*, 4, 3117-3154.

2. Bardhan, P., Ghatak, M., & Karaivanov, A. (2007). "Wealth inequality and collective action." *Journal of Public Economics*, 91(9), 1843-1874.
3. Esteban, J. and Ray, Debraj (2001). "Collective action and the group size paradox." *American Political Science Review*, 95, 663-672.
4. Dippel, Christian. "Forced coexistence and economic development: evidence from Native American Reservations." *Econometrica*, 82(6), 2131-2165.
5. Sanyal, Paromita (2009). "From credit to collective action: The role of microfinance in promoting women's social capital and normative influence." *American Sociological Review*, 74(4), 529-550.
6. Hinnerich, B. T., & Pettersson-Lidbom, P. (2014). "Democracy, Redistribution, and Political Participation: Evidence From Sweden 1919-1938." *Econometrica*, 82(3), 961-993.

## **9. Direct Democracy:**

1. Madestam, A., Shoag, D., Veuger, S., & Yanagizawa-Drott, D. (2013). "Do political protests matter? Evidence from the tea party movement." *Quarterly Journal of Economics*, 128(4), 1633-1685.
2. Matsusaka, John G. (2005). "Direct Democracy Works." *Journal of Economic Perspectives*, 19(2): 185-206.
3. Olken, Benjamin (2010). "Direct Democracy and Local Public Goods." *American Political Science Review* 104 (2), 243-267.
4. Ban, R., Jha, S., & Rao, V. (2012). "Who has voice in a deliberative democracy? Evidence from transcripts of village parliaments in south India." *Journal of Development Economics*, 99(2), 428-438.

## **10. Geography and State Formation:**

1. Michalopoulos, Stelios, and Elias Papaioannou. "Pre-Colonial Ethnic Institutions and Contemporary African Development." *Econometrica* 81.1 (2013): 113-152.
2. Mayshar, J., Moav, O., Neeman, Z., & Pascali, L. (2015). "Cereals, Appropriability and Hierarchy." *CEPR Discussion Papers*, 10742.
3. Bentzen, Jeanet Sinding, Nicolai Kaarsen, and Asger Moll Wingender (2015). "Irrigation and autocracy." *Journal of European Economic Association*, forthcoming.
4. Borcan, Oana, Ola Olsson, and Louis Putterman (2014). "State History and Economic Development: Evidence from Six Millennia." Working Paper available at SSRN 2464285.