Econ 472: Political Economy

Summer 2015

Syllabus

Professor Cameron Shelton
Office: CMC Bauer North 108 (basement)
Class time: Tuesday & Thursday 1:00pm – 3:50pm
Email: cshelton@cmc.edu
Office Hours: by appointment
Classroom: Harper 2

Goals for the Course:

- To familiarize students with the canonical models and recent empirical literature, data, and methods in political economy
- To develop students’ ability to critically read and assess empirical papers.
- To develop students’ ability to process a literature and answer the following. What do we know? What are the big questions? How might we tackle them?

Structure of the Course:

Starting in week two, each three hour class meeting will be divided into two parts. The first 90-100 minutes will be dedicated to active discussion of strengths and weaknesses of the set of papers listed for that date. After a ten minute break, I will use the remaining 60-70 minutes to deliver a lecture intended to set up the next meeting’s discussion. This lecture may be a presentation of a workhorse model or a review of prior literature. The first week will consist of lectures, with a ten minute break in the middle, to establish sufficient background to begin this cycle.

Textbook and Readings:

There is no textbook. All readings are online.

Assignments:

There are no problem sets. There is no final. This class is devoted to understanding a set of interlocking literatures, and assignments are geared to this end. For each meeting from July 14th on, each student is responsible for the following:

[1] Read all the papers carefully and prepare for general discussion.
[2] Post a 500-1000 word response to the course website by 11am the day of the meeting.

Over the course of the semester, each student is responsible for the following:

[4] One research proposal due by the end of the day August 26th. (Grades are due August 28th)
[1] Discussion (20% of grade)

Our discussion of the strengths and weaknesses of each paper and the group as a whole will include:

- Why is the central question a question of interest?
- Why is this paper well placed and influential?
- What are the strengths and weaknesses of the empirical approach? How might it be improved?
- What are the strengths and weaknesses of the dataset? Can better be found?
- Are the results convincing? Why or why not?
- What are potential alternate interpretations of the results?
- How do these results change our view? What are important follow-up questions?

Students are expected to have read the papers and be ready to contribute to all aspects of the discussion. Students may be asked to introduce a paper, respond to a question, or respond to comments of other students. Academic disagreement is expected and encouraged, but civility is required at all times.

[2] Response Posts (20% of grade)

The first purpose is to give a near-term incentive to read and think about the readings so as to ensure that our in-class discussions are productive. The second purpose is to jump-start our conversation by allowing me (and your fellow students should they so choose) to see what you are thinking about.

Your posts should be a first step toward thinking more deeply about the papers. You may focus on an individual paper or on the integration of the set. You may discuss the data, the methods, the question, the conclusion, or any aspect of the paper(s). You may critique, ask questions, suggest that the method in paper X would be good for purpose and question Y. You may not simply summarize a paper. In short, you must deliver some analytic content addressing one or more of the questions in section [1] above.

I suspect this is new and somewhat ambiguous. Relax and do your best. I will give feedback.

Posts are to be placed in the proper discussion thread on the course site on canvas. They are due by 11am the day of the discussion to give me time to read before class. Once you have posted, you may read the posts of others if you wish.

[3] Presentations (30% of grade)

We will open each meeting’s discussion with presentations (if any) before moving to open discussion of the entire set. Students may choose to present any paper marked with a (*) which means papers for which the data are available.

The centerpiece of the presentation is a replication and extension exercise. The student will download the data and programs and use them to replicate all results in the published paper. The student should then conduct additional exercises to teach us something new about the data that is not apparent in the
published paper or robustness checks or other facts that weaken the results in a way that was not apparent from the published paper. The point is to go beyond the published paper—to look for what the authors are hiding or have not yet considered and bring it to light. This presentation will then include and build around these replication exercises.

Presentations should answer the following questions:

- What is the question the paper seeks to answer? Why is there a gap in the literature?
- What is the empirical approach? The identification strategy? The dataset?
- What are the results? What do we learn?
- What did the student find during replication and extension?
- What is the novel contribution of the paper? Why is it well-placed and influential?
- What questions do these results raise? What is next?

[4] Research proposal (30% of grade)

This will consist of a 5-7 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 thoughtful motivation for how this proposal will add to the current research frontier on that topic.

Calendar

Foundations:

[1] Tue July 7: Political Economy and the Centrality of Preference Heterogeneity

  Introduction, the political economy general equilibrium, Arrow’s impossibility theorem, Black’s median voter theorem, Downsian convergence and the spatial model, multiple dimensions and policy cycles


  Failures of Downsian convergence
  Revealed preferences of legislators: Interest group and DW-Nominate scores

Voters, Voting, and Representation

To what extent do politicians respond to voters’ preferences when making policy? How do politicians mobilize, communicate with, and reward voters?

[3] Tue July 14: Beyond the Median Voter


   o Data: http://eml.berkeley.edu/~moretti/papers.html


   o Data: https://www.aeaweb.org/articles.php?doi=10.1257/app.5.4.241

   o Data: http://www.aeaweb.org/articles.php?doi=10.1257/aer.98.5.1737

Which Voters Matter?

*Which voters do politicians target and how does this affect public policy and the distribution of taxes and transfers?*


   o Data: http://www.aeaweb.org/articles.php?doi=10.1257/aer.98.3.769


Data: [http://dx.doi.org/10.1257/pol.5.2.53](http://dx.doi.org/10.1257/pol.5.2.53)

Voter Information/Knowledge and the Media

*What forms a voters’ information set? How does this affect or constrain the policy choices of office holders? To what extent does the media provide accurate and unbiased information?*

Optional Background Reading


- Data: [http://dx.doi.org/10.1257/aer.20131063](http://dx.doi.org/10.1257/aer.20131063)


  - Data: [http://dx.doi.org/10.1257/aer.20130921](http://dx.doi.org/10.1257/aer.20130921)

Bargaining in Legislatures

How do legislators from different districts and with heterogeneous ideologies come to agreement on policy?


Lobbying, Contributions, and Connections

Do firms with personal connections to office-holders receive special treatment? Who is organized and capable of effective lobbying? How does lobbying affect policy?

Optional Background Reading


   o Data: https://www.aeaweb.org/articles.php?doi=10.1257/pol.6.4.343


   o Data: http://www.aeaweb.org/articles.php?doi=10.1257/aer.102.7.3731


   o Data: http://dx.doi.org/10.1257/aer.104.12.3885.

Political Agency

How can politicians be held accountable? Do politicians extract rents?


   o Data: http://restud.oxfordjournals.org/content/77/4.toc


How do political and economic institutions affect economic development? What are the conditions that engender better institutions? When and where do elections create fluctuations in aggregate economic activity? What is the mechanism by which they do so?


   o Data: https://www.aeaweb.org/articles.php?doi=10.1257/pol.5.1.94