Economics 104 – Foundations of Political Economy
Spring 2021 Syllabus

Professor Cameron Shelton
Bauer North 322
Office Hours: Mon 12:45-2:30pm, Fri 8:30 – 10:30am

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<tr>
<th>Course</th>
<th>Lecture Time</th>
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<td>Econ 104</td>
<td>M/W 11:00-12:15</td>
<td>Zoom</td>
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Textbook
Available as a downloadable e-book from Honnold

Course Description
Most of economics takes politics for granted. More attention is paid to deriving ideal policy than to explaining how actual policy is made. Governments and political institutions are composed of people and groups who respond to incentives and whose behavior can be studied using the tools of economics. We will use game theory to model political competition and political actors including voters, parties, lobbyists, and the media. We will consider related empirical evidence and discuss proper methods of empirical design and statistical inference.

Prerequisites
Econ 101 plus either Econ 120 or Gov 55

Learning Objectives
Understand political institutions and competition from a game theoretic lens.
Have an improved understanding of applied statistics and causal inference.
Be familiar with certain numeric measures used in the quantitative study of politics.

Grading Criteria:
The final numerical grade will be calculated as the weighted average of the individual assignment grades using the following weights:

- 7 problem sets: 20%
- 2 paper summaries: 20%
- Discussion participation: 10%
- Midterm: 20%
- Final: 30%

A curve will be applied to each of these categories to give a letter grade for the category. Letter grades for the course will be a weighted average of the letter grades for each category, using the weightings above. The distribution of final grades will be broadly in line with other upper-division econ electives.


**Policies**

**Required Readings**

**Lectures**
Sometimes I will lecture in real time, using a white board app or Powerpoint over Zoom. Other times I will flip the classroom and record a 45 minute lecture for you to watch. On these days, I will split the class into three smaller groups to discuss the material and answer questions. Each group will meet on Zoom for a 25-minute discussion of the papers. Group A will meet 11:00-11:25, group B 11:25-11:50, and group C 11:50-12:15. Each student will rotate between the groups and be grouped with a different set of peers each time. The idea behind the two modes are to postpone monotony and experiment with flipping the classroom. Which days will be in which mode will depend on the suitability of the material and the tenor of the class. While I have ideas, the schedule is not yet set in stone as I should like to respond to how the class is faring.

**Problem Sets**
Problem sets will be posted on the course website hosted on Sakai. The due dates are noted on your syllabus and will be reiterated on the problem set. Problem sets will consist of a few questions of my design, including extensions of the model from class uses of data to test it in either Excel or Stata. Detailed solutions will be posted the day following the due date. I strongly suggest you check your work against the solutions to measure your understanding.

**Paper Presentations and Subsequent Discussion**
Seven of our meetings are marked explicitly in the schedule below as discussion sessions. Each session has a list of four papers to be discussed. Students will read, summarize, and orally present each of these papers. Oral presentations will be subject to a strict 8-minute time limit. They will be accompanied by slides. They must be uploaded to the proper Sakai folder by 11:59pm the day before the relevant class date. Students in class are responsible for watching these presentations, taking notes, and being prepared for the ensuing discussion.

For each group of papers, I will split the class into three groups for the discussion. These assignments will be posted ahead of time. Each group will meet on Zoom for a 25-minute discussion of the papers. Group A will meet 11:00-11:25, group B 11:25-11:50, and group C 11:50-12:15. Each student will rotate between the groups and be grouped with a different set of peers each time. Each group will discuss (with me) the papers as a set in the context of the model we have learned previously to assess the current state of knowledge on the topic. Your contributions in these discussions form the bulk of your participation grade.

Each student will be responsible for two such presentations, which must come from different sessions. Guidelines on what is expected will be available on Sakai. All students are expected to have skimmed each of the papers and watched the presentations so as to be ready to participate in discussion. I will explicitly discuss how to read papers and how to present well on March 3rd. Signups for the papers will open immediately following this discussion.

**Collaboration**
Students may collaborate with, at most, two other students on problem sets. In this case, one problem set may be handed in with all students’ names written on the finished problem set. All students will receive the same grade. I will not accept problem sets from groups of four: split into twos and work separately. The danger of group work is that students will, rather than learning from each other, simply divide the labor and learn only their portion of the material. **Be sure you each understand**
the entirety of the material as you will be individually responsible for it on exams which form
the bulk of your grade.

Exams
The midterm and final will be real-time over Zoom, open notes. The midterm date can be found in the
assignment schedule below. The final will cover the material since the midterm and be conducted at
the registrar assigned time. Exams will consist of simpler problem-set style questions plus short-
answer questions drawing on other aspects of lecture and the readings.

Disability
If you have any problems with the terms of this syllabus due to a disability you must let me know
within the first two weeks of class. Note: if you require alternative arrangements for the exams I must
be contacted by the Dean of Students Office but it is your responsibility to coordinate with me at least
two weeks prior to the exam.

Absence
You must notify me within the first two weeks of the course if you are going to miss an exam due to a
legitimate school-sanctioned activity. I reserve the right to approve all such requests.

Academic Dishonesty
Please be aware that any incidence of academic dishonesty (plagiarism, cheating, etc.) will be taken
extremely seriously. All cases will be reported to the Academic Standards Committee immediately.

Distance Learning, Time Zones, and Zoom
As advertised in the time schedule, much of this class is synchronous. For the purposes of
community, I expect cameras to be on during synchronous class time. If you have challenges due to
time zones or internet connections, please chat with me as soon as possible so that we can come to an
understanding.
Course Outline and Assignment Schedule

I. Collective Decision Making

Question: How do we structure a collective decision process to ensure efficient group decisions?

Mon Jan 25
Introduction, Syllabus, and the Condorcet Jury Theorem

Wed Jan 27
The Condorcet Jury Theorem and extensions

Mon Feb 1:
Social Choice: Impossibility, Chaos, Structured Equilibrium, Positional Voting
Merlo, chapter 3

Wed Feb 3:
Spatial Models: Party platforms and Downsian convergence
Merlo, chapter 5.1
Problem Set 1 due 11:59pm

Mon Feb 8:
How Frequent are Voting Paradoxes?

II. A baseline model with both political institutions and decentralized markets

Question: Can a simple political economy model explain important phenomena?

Wed Feb 10:
Redistribution: the Meltzer-Richard model
Merlo, chapter 12
Problem Set 2 due 11:59pm

Mon Feb 15:
Redistribution: the Meltzer-Richard model bis

Wed Feb 17:
Testing the model with relevant evidence on redistribution

III. Representative Democracy: The Role of Political Parties

Question: Why do parties exist and what role do they play in the electoral equilibrium?

Mon Feb 22:
Parties as Partisan Coalitions
i. Merlo, chapter 6.2
Problem Set 3 due 11:59pm

Wed Feb 24:
Parties as Informative Labels

Mon Mar 1:
Parties: spillover
**Wed Mar 3:** First Midterm: Covers material through lecture of Feb 22nd and PS3

**Mon Mar 8:** No Lecture (Spring Break)

**Wed Mar 10:** No Lecture (Spring Break)

**Mon Mar 15:** Guidelines for paper presentations and discussion of statistical inference

**Wed Mar 17:** Inferring Spatial Positions of Representatives

  *Everson et al “NOMINATE and American Political History: A Primer”*

  Problem Set 4 due 11:59pm

**Mon Mar 22:** Further Measures of Ideology


**Wed Mar 24:** Discussion: Empirical Evidence on Representation


**Mon Mar 29:** Discussion: Empirical Evidence on representation


  Problem Set 5 due 11:59pm

**IV. Electoral Control**

**Question:** Can elections hold representatives accountable in theory? Do they in practice?

**Wed Mar 31:** The principle-agent model in a political setting


**Mon Apr 5:** The Economic Vote and Political Business Cycles.


**Wed Apr 7:** Discussion: Empirical Evidence on Electoral Accountability


**Mon Apr 12:**

**Discussion: Empirical Evidence on Policy Cycles**


**V. Lobbying**

**Question: How do special interests influence elections and policies?**

**Wed Apr 14:**

**Informing Politicians**


**Problem Set 6 due 11:59pm**

**Mon Apr 19:**

**Informing Voters**


**Wed Apr 21:**

**Discussion: Empirical Evidence on Lobbying**


**VI. The Media**

**Question: How do voters form preferences? What is the role of the media?**

**Mon Apr 26:**

**Discussion: Empirical Evidence on Campaign Advertising**


**Problem Set 7 due 11:59pm**

*Wed Apr 28:* Defining Media Bias

*Mon May 3:* Modeling Endogenous Media Bias and Voter Inference

*Wed May 5:* Discussion: Empirical Evidence on Media and Politics

**Final Exam:** Registrar scheduled time: TBD.