

## Syllabus for Ec721 Part B

Fall 2013 Boston University

### POLITICAL ECONOMY OF DEVELOPMENT

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Course website: <http://people.bu.edu/dilipm/ec721/721hmpg.html>

This is the second part of Ec721, devoted to an overview of analytical approaches to the study of political economy of development. Topics included are theories of political competition, interest groups, corruption, clientelism and dynamics of political institutions. My aim is to impart analytical tools useful in studying political economy issues in developing countries. The focus is mainly on theoretical models but some applications will be described. It serves as a prelude to Ec 722 which will focus on empirical analysis of development issues.

**Class:** TTh 2-3.30, starting Oct 22, ending Dec 10

**Office Hours:** M 2-3.30, T 5-630 (Room 500a).

**Prerequisites:** First Year PhD courses in micro and macro (Ec701-704) or equivalent

**Exams and Grading:** There will be a final exam in December, and a referee report on a recent working paper (for Ec721 as a whole). Some problem sets will be handed out to help accompany the class material and help you prepare for the final.

You are expected to know and understand the provisions of the CAS Academic Conduct Code. Cases of suspected academic misconduct will be referred to the Dean's Office.

Papers marked \* are core readings which will be covered in detail in the lectures. Non-starred articles are supplementary.

### TOPICS AND READINGS

*Journal Abbreviations:* *AEJ* (American Economic Journal), *AER* (American Economic Review), *EJ* (Economic Journal), *ETA* (Econometrica), *JDE* (Journal of Development Economics), *JEEA* (Journal of European Economic Association), *JPE* (Journal of Political Economy), *JEL* (Journal of Economic Literature), *JEP* (Journal of Economic Perspectives), *RES* (Review of Economic Studies), *JPubE* (Journal of Public Economics) *QJE* (Quarterly Journal of Economics)

***Political Competition (Oct 22,24,29,31, Nov 5)***

*Median Voter Theory*

\*T Persson and G Tabellini, *Political Economics*, Chapter 3.

A. Alesina and D. Rodrik, "Distributive Politics and Economic Growth," QJE 1994, 109(2), 465-490.

R. Fernandez and D. Rodrik, "Resistance to Reform: Status Quo Bias in the Presence of Individual Specific Uncertainty," AER 1991, 81(5), 1146-1155.

*Citizen Candidate Theory*

\*T Besley and S Coate, "An Economic Model of Representative Democracy," QJE (1997), 112(1), 85-114; and "Sources of Inefficiency in a Representative Democracy", AER 1998

*Probabilistic Voting and Interest Groups*

A. Dixit and J. Londregan, "Redistributive Politics and Economic Efficiency," American Political Science Review 1995, 89(4), 856-866.

\*E Grossman and G Helpman, "Electoral Competition and Special Interest Politics", RES 1996

***Clientelism and Vote-Buying (Nov 7,12,14)***

S. Stokes, "Perverse Accountability: A Formal Model of Machine Politics with Evidence from Argentina," American Political Science Review 2005, 99(3), 315-325.

F. Finan and L. Schechter, "Vote-Buying and Reciprocity," Econometrica 2012, 80(2), 863-882.

\*A.Lizzeri & N. Persico, "Why Did the Elites Extend the Suffrage? Democracy and the Scope of Government, with an Application to Britain's Age of Reform," QJE 2004, 119(2), 705-763.

\*J. Robinson and T. Verdier, "The Political Economy of Clientelism," Scandinavian Journal of Economics, 2013, 115(2), 260-291.

\*P. Bardhan and D. Mookherjee, "Political Clientelism-cum-Capture: Theory and Evidence from West Bengal," working paper.

***Corruption, Ethnicity and Politics (Nov 19, 21)***

\*A Banerjee and R. Pande, "Parochial Politics: Ethnic Preferences and Politician Corruption," working paper, Harvard Kennedy School.

\*K Munshi and M Rosenzweig, "Networks, Commitment and Competence: Caste in Indian Politics," working paper, Brown University Department of Economics.

***Institutional Path-Dependence and Persistence (Nov 26, Dec 3, 5, 10)***

S Engerman and K Sokoloff, "Institutions, Factor Endowments and Paths of Development in the New World," JEP 14(3), 2000, 217-232.

D. Acemoglu, S. Johnson and J. Robinson, "The Colonial Origins of Comparative Development: An Empirical Investigation," AER 2001, 91(5), 1369-1401.

\*D. Acemoglu and J. Robinson, "Persistence of Power, Elites and Institutions," AER (2008), 98, 267-93.

\*R Benabou, "Unequal Societies: Income Distribution and the Social Contract," AER 90(1), 2000, 96-129

\*F Bourguignon and T Verdier "Oligarchy, Democracy, Inequality and Growth" JDE 62, 285-313, 2000.