

Syllabus for Ec721a

Fall 2014 Boston University

POLITICAL ECONOMY OF DEVELOPMENT

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

This is the first part of Ec721, which will focus on analytical approaches to the political economy of development. Topics included are theories of political competition, interest groups, corruption, clientelism and dynamics of political institutions. The focus is mainly on theoretical models but some applications will be described. The second half of this course to be taught by Professor Newman will deal with the role of market frictions in development. Ec721 serves as a prelude to Ec 722, which will focus on empirical analysis of development.

Class: TTh 2-3.30, SSW 315, Sept 2—Oct 16 2014

Office Hours: M 2-3.30, W 330-5 (Room 500a, 264 Bay State Road).

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

Exams and Grading: There will be a midterm exam sometime after Oct 16.

Problem Set Sessions: We will have some problem set sessions outside class hours (most likely on W630-730), where I will ask you to work out the problems on the board.

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 (Sept 2,4,9,11,16)

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 (Sept 18,23)

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, 2012.

Corruption, Ethnicity and Politics (Sep 25,30)

*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 (Oct 2,7,9,16)

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.