

12E019

Political Economy

Term 2 – 6 ECTS

Elective Course

Prof. Maria Petrova

Prof. Ruben Enikolopov

Prerequisites to Enroll

The students are expected to be familiar with standard econometric analysis and basic theoretical modeling techniques. A 6.5 GPA average from Term 1 is a pre-requisite.

Overview and Objectives

In the last two or three decades, a thriving research program in political economics has shown that a proper understanding of economic phenomena in both developed and developing countries requires a consideration of the political and legal institutions in which markets operate. This course reviews key contributions in the field of political economics, both theoretical and empirical ones. First, it illustrates the key approaches to study democratic politics, elections, and policy choice. Second, it analyzes different political institutions, political transitions, and institutional dynamics. Finally, it looks at the instances of government failure, including corruption, state fragility, and violent conflicts.

Required Activities

The course will be based on the discussion of the relevant research papers. Each week there will be two lectures and one seminar. Students will also be required to spend substantial amount of time reading the required papers outside the classroom.

Evaluation

The grade will be a combination of weekly referee reports/problem sets and the final research paper.

The weight in the final grade:

- referee reports and problem sets – 35%
- participation – 5%
- class presentation and discussion – 10%
- research paper (in teams of up to four people) – 50%

Getting a failure grade on either referee reports/problem sets or a research paper automatically results in the failing grade for the whole course. Class presentation in the end of the class counts as one of the home assignment.

Note there will be no possibility to make up for a failing grade!

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Competences

- Capacity of utilization of the theoretical instruments of the to analyze situations of coherent form.
- Ability to use the appropriate (statistical and numerical) techniques.
- Ability to identify and successfully search for the data necessary for the analysis, either grossly or in the form of more elaborate databases.
- Ability to make independent judgments and defend them dialectically.
- Ability to write formal reports.
- Acquire a solid knowledge base for the study of quantitative issues.
- Ability to Recognize and know how to use the principles of econometrics and statistics.
- Ability to work with microeconomic analysis tools and their empirical and theoretical applications.

Learning Outcomes

- Students should get an overview of economic and financial theory.
- Students must be able to recognize theories and present arguments with precise examples.
- Students will have the ability to understand how markets work and explain their weaknesses.
- Students will acquire the technical tools that will allow them to perform the advanced analytics required in the second module as econometric methods.
- Students will know what the appropriate inference for each situation is.

Recommended Textbooks

- Persson, Torsten, and Guido Tabellini (2000) *Political Economics*, MIT Press.
- Acemoglu, Daron, and James Robinson. (2006) *Economic Origins of Dictatorship and Democracy*, Cambridge U. Press.
- Besley, Timothy (2006) *Principled Agents?: The Political Economy of Good Government*, Oxford U. Press.
- Besley, Timothy, and Torsten Persson (2012) *Pillars of Prosperity: The Political Economics of Development Clusters*, Princeton U. Press.

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Course Outline

1. Introduction

- *Acemoglu, Daron, and James Robinson (2006), Ch. 2.
- *Persson, Torsten, and Guido Tabellini (2000), "Political Economics", Ch. 1*
- Myerson, Roger (2000) "Economic Analysis of Constitutions," Chicago Law Review 67:925-940

2. Democratic politics

2.1. Theoretical Framework

2.1.1. Voting and elections

- *Persson, Torsten, and Guido Tabellini (2000), Ch. 2-3
- Acemoglu, Daron, and James Robinson (2006), Ch. 6, 8
- Austen-Smith, David and Banks, Jeffrey (1999) Positive Political Theory: Collective Preference, Ann Arbor; University of Michigan Press.
- Lindbeck, Assar, and Weibull, Jorgen W. (1987) "Balanced-Budget Redistribution as the Outcome of Political Competition." Public Choice 52: 273-297.

2.1.2. Political participation: elections

- Feddersen, Timothy J. (2004) Rational choice theory and the paradox of not voting. *Journal of Economic Perspectives* 18(1): 99-112.
- Feddersen, Timothy, and Alvaro Sandroni (2006) A theory of participation in elections. *American Economic Review* 96(4): 1271-1282.
- Feddersen, T. and W. Pesendorfer (1996) The Swing Voter's Curse. *American Economic Review*. 86(3): 408-424.
- McMurray Joseph (2013) "Aggregating Information by Voting: The Wisdom of the Experts versus the Wisdom of the Masses," *Review of Economic Studies*, 80(1), 277-312.
- *Ali, S. Nageeb, and Charles Lin (2013) "Why People Vote: Ethical Motives and Social Incentives." *American Economic Journal: Microeconomics* 5(2): 73-98.

2.1.3. Politicians

- *Persson and Tabellini (2000) Ch. 4-5
- Besley, Timothy (2006), Ch. 3
- Besley, Timothy, 2005, "Political Selection" *Journal of Economic Perspectives*, 19(3), 43-60.
- Caselli, Francesco, and Massimo Morelli. 2004. "Bad Politicians." *Journal of Public Economics*, 88:759–782.

2.1.4. Special interest politics

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- Grossman, Gene M., and Elhanan Helpman (1994) "Protection for Sale." *American Economic Review* 84, 833-850
- Grossman, Gene M., and Elhanan Helpman (1996) "Electoral Competition and Special Interest Politics." *Review of Economic Studies* 63, 265-286.

2.2. Empirical Evidence on voting and elections

2.2.1. Do politicians represent the median voter?

- *Lee, David, and Enrico Moretti, and Matthew J. Butler (2004). "Do Voters Affect or Elect Policies? Evidence from the U.S. House," *Quarterly Journal of Economics*, 119(3), 807-859.
- Husted, Thomas and Lawrence Kenny (1997). "The Effect of the Expansion of the Voting Franchise on the Size of Government", *Journal of Political Economy*, 105(1), 54-81.
- Miller, Grant (2008). "Women's Suffrage, Political Responsiveness, and Child Survival in American History", *Quarterly Journal of Economics*, 123(3), 1287-1327.
- *Chattopadhyay, Raghendra and Esther Dufo (2004). "Women as Policy Makers: Evidence from a Randomized Policy Experiment in India," *Econometrica*, 72(5), 1409-1443.
- Pande, Rohini (2003). "Can Mandated Political Representation Increase Policy Influence for Disadvantaged Minorities? Theory and Evidence from India," *American Economic Review*, 93(4), 1132-1151.

2.2.2. Why people vote?

- *Coate, S., M. Conlin, and A. Moro (2008) "The performance of pivotal-voter models in small-scale elections: Evidence from Texas liquor referenda," *Journal of Public Economics*, 92(3): 582-596.
- Gerber, Alan S., and Donald P. Green (2000). "The Effects of Canvassing, Direct Mail, and Telephone Contact on Voter Turnout: A Field Experiment." *American Political Science Review* 94: 653-63.
- Gerber, Alan S., and Donald P. Green, and Christopher W. Larimer (2008). "Social Pressure and Voter Turnout: Evidence from a Large-Scale Field Experiment." *American Political Science Review* 102(1): 33-48.
- Nickerson, David W. (2008). "Is Voting Contagious? Evidence from Two Field Experiments." *American Political Science Review* 102: 49-57.
- Krasno, Jonathan S., and Donald P. Green (2008). Do Televised Presidential Ads Increase Voter Turnout? Evidence from a Natural Experiment. *Journal of Politics* 70 (1): 245–261.
- Bond et al. (2012) "A 61-million-person experiment in social influence and political mobilization," *Nature*, 489 (7415), 295-298.
- Shineman, Victoria (forthcoming) "Incentivizing Participation Increases Political Information: Evidence from a Randomized Field Experiment," *British Journal of Political Science*.

2.2.3. Mass media

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- DellaVigna, S. and E. Kaplan (2007). The Fox News effect: Media bias and voting. *Quarterly Journal of Economics* 122(3), 807-860.
- Enikolopov, Petrova, and Zhuravskaya (2011) "Media and Political Persuasion: Evidence from Russia" *American Economic Review*, 111(7): 3253-85.
- *James M. Snyder and David Strömberg (2010) "Press Coverage and Political Accountability," *Journal of Political Economy*, University of Chicago Press, 118(2): 355-408
- Egorov, G., S. Guriev, and K. Sonin (2009). Media freedom, bureaucratic incentives, and the resource curse, *American Political Science Review* 103(4), 645-668.
- Andrea Prat and David Strömberg (2010) "The Political Economy of Mass Media" CEPR Discussion Paper Series No. 8246.
- Adsera, A., Boix, C., & Payne, M. (2003). Are you being served? Political accountability and quality of government. *Journal of Law, Economics, and organization*, 19(2), 445-490.

2.2.4. Internet and Social Media

- Qin, Bei, David Strömberg, and Yanhui Wu. 2017. "Why Does China Allow Freer Social Media? Protests versus Surveillance and Propaganda." *Journal of Economic Perspectives*, 31(1): 117–40.
- Enikolopov, Ruben, Alexey Makarin, and Maria Petrova. 2018. "Social Media and Protest Participation: Evidence from Russia." *Working Paper*.
- Bond, Robert M., Christopher J. Fariss, Jason J. Jones, Adam D. I. Kramer, Cameron Marlow, Jaime E. Settle, and James H. Fowler. 2012. "A 61-Million-Person Experiment in Social Influence and Political Mobilization." *Nature*, 489(7415): 295–298.
- Allcott, Hunt, Luca Braghieri, Sarah Eichmeyer, and Matthew Gentzkow. 2019. "The Welfare Effects of Social Media." *Working Paper*.
- Zhuravskaya, Ekaterina, Ruben Enikolopov, and Maria Petrova. 2019. "Political Effects of the Internet and Social Media," prepared for the *Annual Review of Economics*

2.2.5. Voters Behavior: Rationality of choices

- *Bagues, Manuel, and Berta Esteve-Volart (2016) "Politicians' Luck of the Draw: Evidence from the Spanish Christmas Lottery" *Journal of Political Economy* 2016 124:5, 1269-1294.
- Manacorda, Marco, Edward Miguel, and Andrea Vigorito. (2011). "Government Transfers and Political Support", *American Economic Journal: Applied Economics*, 3 (3), 1-28.
- Wolfers, Justin (2007). "Are Voters Rational? Evidence from Gubernatorial Elections", *Working paper*.
- Mullainathan, Sendhil and Ebonya Washington (2009). "Sticking with Your Vote: Cognitive Dissonance and Political Attitudes", *American Economic Journal: Applied Economics*, 1(1), 86-111.

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- Madestam A., and D. Yanagizawa-Drott "Shaping the Nation: The Effect of Fourth of July on Political Preferences and Behavior in the United States" mimeo
- Coate, Stephen, Michael Conlin, and Andrea Moro (2008). "The performance of pivotal-voter models in small-scale elections: Evidence from Texas liquor referenda", *Journal of Public Economics*, 92, 582–596.
- Gerber, Alan, Donald Green, and Christopher Larimer (2008). "Social Pressure and Voter Turnout: Evidence from a Large-Scale Field Experiment", *American Political Science Review*, 102(1), 33-48.
- Washington, Ebonya (2006). "How Black Candidates Affect Voter Turnout", *Quarterly Journal of Economics*, 121(3), 973-998.
- Gerber, A. and D. Green (2000) "The Effect of Canvassing, Telephone Calls and Direct Mail on Voter Turnout: A Field Experiment," *American Journal of Political Science*.
- DellaVigna, Stefano, John A. List, Ulrike Malmendier, and Gautam Rao (2014). "Voting to tell others," Working paper.
- Kaplan, Ethan, and Sharun Mukand (2014) "The Persistence of Political Partisanship: Evidence from 9/11," Working paper.

2.2.6. Vote buying, electoral fraud and voter intimidation

- *Fujiwara, Thomas (2015) "Voting Technology, Political Responsiveness, and Infant Health: Evidence from Brazil." *Econometrica*, 83(2): 423-464.
- Collier, Paul and Pedro Vicente (2014), "Votes and Violence: Evidence from a Field Experiment in Nigeria", *Economic Journal*, 124(574): 327-355.
- Dekel, Eddie, Matthew O. Jackson, and Asher Wolinsky (2008), "Vote Buying: General Elections," *Journal of Political Economy* 116 (2), pp 351-380.
- Finan, Frederico and Laura Schecter (2012) "Vote-Buying and Reciprocity", *Econometrica*, 80(2): 863-881.
- Gonzalez-Ocantos, Ezequiel, Chad Kiewiet de Jonge, Carlos Meléndez, Javier Osorio, David W. Nickerson (2012) "Vote Buying and Social Desirability Bias: Experimental Evidence from Nicaragua." *American Journal of Political Science*, 56(1): 202–217.
- Hsieh, Chang-Tai, Edward Miguel, Daniel Ortega, and Francisco Rodriguez (2011), *American Economic Journal: Applied Economics* 3(2): 196–214
- "The Price of Political Opposition: Evidence from Venezuela's Maisanta", Centre for the Study of African Economies, WP No. 296
- Nichter, Simeon (2008), "Vote Buying or Turnout Buying? Machine Politics and the Secret Ballot," *APSR* 102 (1), 19-31.
- Vicente, Pedro (2013), "Is Vote Buying Effective? Evidence from a Field Experiment in West Africa?" *Forthcoming Economic Journal*.

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- Enikolopov et al (2013) PNAS
- Callen, Michael and James Long (2011) "Institutional Corruption and Election Fraud: Evidence from a Field Experiment in Afghanistan," Mimeo.
- Card, David and Enrico Moretti (2007) "Does Voting Technology Affect Election Outcomes? Touch-Screen Voting and the 2004 Presidential Election," *Review of Economics and Statistics*, 89(4): pp. 660-673.
- Larreguy, Horacio (2012) "Monitoring Political Brokers: Evidence from Clientelist Networks in Mexico" Mimeo.

2.3. Empirical Evidence on Accountability

2.4.1. Political Accountability

- *Ferraz, Claudio, and Frederico Finan (2008) "Exposing corrupt politicians: the effects of Brazil's publicly released audits on electoral outcomes." *The Quarterly Journal of Economics* 123(2): 703-745.
- *Ferraz, Claudio, and Frederico Finan (2011) "Electoral accountability and corruption: Evidence from the audits of local governments." *American Economic Review* 101(4): 1274-1311.
- Alt, James, Ethan Bueno de Mesquita, and Shanna Rose (2011) "Disentangling accountability and competence in elections: evidence from US term limits." *The Journal of Politics* 73(1): 171-186.
- Coviello, Decio, and Stefano Gagliarducci (2017) "Tenure in office and public procurement," *American Economic Journal: Economic Policy*, 9(3), 1-59.
- Alesina, Alberto, and Gerald Cohen 1999. "Political Cycles and the Macroeconomy." MIT press. Ch. 2,3,6.
- Akhmedov, Akhmed, & Ekaterina Zhuravskaya, 2004. "Opportunistic Political Cycles: Test in A Young Democracy Setting," *The Quarterly Journal of Economics*, MIT Press, vol. 119(4), pages 1301-1338, November.
- Shi, Min & Svensson, Jakob, 2006. "Political budget cycles: Do they differ across countries and why?" *Journal of Public Economics*, Elsevier, vol. 90(89), 1367-1389.
- Johnson, Joseph M. & W. Mark Crain, 2004. "Effects of Term Limits on Fiscal Performance: Evidence from Democratic Nations," *Public Choice*, vol. 119(12), 73-90, 04.
- Besley, T., Case, A., (1995) "Does Political Accountability Affect Economic Policy Choices? Evidence From Gubernatorial Limits," *Quarterly Journal of Economics* 110(3):769-98
- Besley, T., Case, A., (2003) "Political institutions and policy choices: Evidence from the United States", *Journal of Economic Literature* 41:7-73.

2.4.2. Political selection

- Andrew Beath, Fotini Christia, Georgy Egorov, Ruben Enikolopov (2016) Electoral Rules and Political Selection: Theory and Evidence from a Field Experiment in Afghanistan, *The Review of Economic Studies*, 83(3): 932–968.

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- Jones, B. and B. Olken (2005), "Do leaders matter? National Leadership and Growth Since World War II," *Quarterly Journal of Economics*, 120(3) 835-864.
- Besley, Timothy. 2004. "Paying Politicians: Theory and Evidence." *Journal of the European Economic Association*, 2:193–215.
- Besley, Timothy, Jose G. Montalvo, and Marta Reynal-Querol (2011) "Do educated leaders matter?." *The Economic Journal* 121(554).
- Besley, Timothy, and Marta Reynal-Querol 2011 "Do Democracies Select More Educated Leaders?" *American Political Science Review*, 105 (3).

2.4. Empirical Evidence on Special Interests politics

2.4.1. Money in politics

- *Ansolabehere, S., J. de Figueirido, and J. Snyder (2003) "Why is There so Little Money in U.S. Politics?" *Journal of Economic Perspectives*, 17(1), pp. 105-130
- Cooper, M. J., H. Gulen, and A.V. Ovtchinnikov (2010) "Corporate Political Contributions and Stock Returns," *Journal of Finance*, 65(2), 687-724
- Ovtchinnikov, A.V., and E. Pantaleoni (2012) "Individual political contributions and firm performance," *Journal of Financial Economics*, 105, 367-392
- Aggarwal, R.K., F. Meschke, and T.Y. Wang (2012) Corporate Political Contributions: Investment or Agency? *Business and Politics*, 14, 1469-1508
- Tahoun, A. (2014) "The role of stock ownership by US members of Congress on the market for political favors," *Journal of Financial Economics*, forthcoming
- Richter, B.K., K. Samphantharak, and J. Timmons (2009) "Lobbying & Taxes," *American Journal of Political Science*, Volume 53, Issue 4. p. 893-909.
- Mian, A., A. Sufi, and F. Trebbi (2010) "The Political Economy of the US Mortgage Default Crisis", *American Economic Review*, 100, 1967-1998

2.4.2. Redistribution, patronage, special interest politics

- *Alesina, Alberto and George-Marios Angeletos, 2005, "Fairness and Redistribution: US versus Europe," *American Economic Review*, 95(4), 960-980
- Alesina, Alberto & Rodrik, Dani, 1994. "Distributive Politics and Economic Growth," *The Quarterly Journal of Economics*, MIT Press, vol. 109(2), pages 465-90, May.
- Acemoglu, D. and J. Robinson, "Inefficient Redistribution," *American Political Science Review*, 2001.
- Coate, S. and S. Morris, "On the Form of Transfers to Special Interests," *Journal of Political Economy*, 1995.
- Acemoglu, D., "Why not a Political Coase Theorem? Social Conflict, Commitment, and Politics," *Journal of Comparative Economics*, 2003.

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- Ansolabere, Figuerido and Snyder, 2003, “Why is there So little Money in US Politics”, Journal of Economic Perspectives, vol. 17, n.1, pp. 105-130.
- Singhal Monica (2008) Special Interest Groups and the Allocation of Public Funds, Journal of Public Economics, 92 (3–4): 548–564.

3. Political Institutions

3.1. Institutional Change

3.1.1. Institutional Change and Democratization.

- *Acemoglu, Daron and Robinson, James (2006) Chapters 5 and 6.
- Jack, William and Lagunoff, Roger (2006) “Dynamic Enfranchisement,” Journal of Public Economics, 90, 551-572.
- Lagunoff, Roger (2006) “Dynamic Stability and reform of Political Institutions,” Games and Economic Behavior, 67: 569-583.
- Llavador, Humberto and Oxoby, Robert J. (2005) “Partisan Competition, Growth, and the Franchise,” Quarterly Journal of Economics, 120, 1155-1192.
- Moore, Barrington (1966) The Social Origins of Dictatorship and Democracy: Lord and Peasant in the Making of the Modern World, Beacon Press, Boston MA.
- North, Douglass C. and Weingast, Barry R. (1989) “Constitutions and Commitment: Evolution of Institutions Governing Public Choice in Seventeenth Century England, Journal of Economic History, 49, 803-832.

3.1.2. Persistence of Inefficient Institutions.

- Acemoglu, Daron (2003) "Why Not A Political Coase Theorem? Social Conflict, Commitment and Politics", Journal of Comparative Economics, 31-4.
- *Acemoglu, Daron, and James Robinson (2006), Ch. 6.
- Dixit, Avinash, Gene Grossman, and Faruk Gul (2000) "The Dynamics of Political Compromise," Journal of Political Economy 108:531-568

3.1.3. Political Economics of Non-democracies.

- Acemoglu, Daron And James A. Robinson, 2001, “A theory of political transitions”, American Economic Review, 91(4): 938-963.
- Persson, Torsten, and Guido Tabellini (2006) "Democracy and development: The devil in the details." American Economic Review 96(2): 319-324.
- Acemoglu, Daron, Simon Johnson, James Robinson, and Pierre Yared. (2008). “Income and Democracy”, American Economic Review, 98(3), 808-842
- Dal Bo, Pedro, Andrew Foster, Louis Putterman (2010) "Institutions and Behavior: Experimental Evidence on the Effects of Democracy", American Economic Review, 100(5), 2205-2229.

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- Kudamatsu, Masayuki (2012). "Has Democratization Reduced Infant Mortality in sub-Saharan Africa? Evidence from Micro Data", *Journal of the European Economic Association*, 10(6), 1294-1317.
- Barro, Robert, 1999, "Determinants of Democracy," *Journal of Political Economy*, 107(6): 158-183.
- Papaioannou, E., and Siourounis, G. (2008). Economic and social factors driving the third wave of democratization. *Journal of Comparative Economics*, 36(3), 365-387.
- Boix, Carles, and Susan C. Stokes (2003) "Endogenous Democratization," *World Politics*, 55(4): 517-549
- Acemoglu and Robinson, Chapters 3, 6, and 9

3.2. Constitutional Systems

3.2.1.Theory

- *Persson, Torsten, Gerard Roland, and Guido Tabellini (1997) "Separation of Power and Political Accountability," *Quarterly Journal of Economics* 4: 1163-1202
- Myerson, Roger (1999) "Theoretical Comparisons of Electoral Systems," *European Economic Review* 43: 671-697.

3.2.2.Empirics

- *Acemoglu, D. (2005) "Constitutions, politics and economic growth: A review essay on Persson and Tabellini's "The Economic Effects of Constitutions", *Journal of Economic Literature*, 43: 1025-1048.
- Persson, T., Tabellini, G. (2003) "The Economic Effects of Constitutions: What Do the Data Say?" MIT Press, Ch. 3-9.
- Persson, T., Tabellini, G. (2004) "Constitutional rules and fiscal policy outcomes", *American Economic Review* 94:25-46
- Persson, T., Tabellini, G., Trebbi, F. (2003) "Electoral rules and corruption", *Journal of the European Economic Association* 1(4):958-989
- Persson, T. (2005) "Forms of democracy, policy, and economic development", NBER Working Paper, No. 11171
- Persson, T., Tabellini, G. (2004) "Constitutions and economic policy", *Journal of Economic Perspectives* 18:75-98
- Francesco Trebbi, Philippe Aghion, Alberto Alesina, 2008. "Electoral Rules and Minority Representation in U.S. Cities," *The Quarterly Journal of Economics*, MIT Press, vol. 123(1), pages 325-357, 02.

3.3. Decentralization

- *Enikolopov, R., and Zhuravskaya, E., (2008) "Decentralization and Political Institutions," *Journal of Public Economics*, 91 (11), 2007, pp. 2261-2290.

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- Pranab, B. (2002) "Decentralization of Governance and Development", *Journal of Economic Perspectives*, 16:185-205
- Blanchard, O., and Shleifer, A. (2001) "Federalism with and without Political Centralization: China Versus Russia", *IMF Staff Papers*, 48:171-179
- Guriev, S., Yakovlev, E., & Zhuravskaya, E. (2010). Interest group politics in a federation. *Journal of Public Economics*, 94(9), 730-748.

4. Government Failure

4.1. Corruption

- *Bandiera, Oriana, Andrea Prat, and Tommaso Valletti (2009), "Active and Passive Waste in Government Spending: Evidence from a Policy Experiment," *American Economic Review*, 99 (4), pp 1278-1308.
- *Fisman, Raymond, and Edward Miguel (2007) "Corruption, norms, and legal enforcement: Evidence from diplomatic parking tickets." *Journal of Political economy* 115(6): 1020-1048.
- Bertrand, Marianne, Djankov, Simeon, Hanna, Rema and Mullainathan, Sendhil, (2007) "Obtaining a Driver's License in India: An Experimental Approach to Studying Corruption," *Quarterly Journal of Economics*, 122(4): 11639-1676.
- Fisman, Ray (2001) "Estimating the Value of Political Connections," *American Economic Review*, 91: 1095-1102.
- Banerjee, Abhijit, Rema Hanna, and Sendhil Mullainathan (2013), "Corruption." *Handbook of Organizational Economics*, Princeton University Press.
- Fisman, Ray and Wei, Shang-Jin (2004) "Tax Rates and Tax Evasion: Evidence from "Missing Imports" in China", *Journal of Political Economy*, 112(2): 471-500.
- Hsieh, Chang-Tai and Enrico Moretti (2006), "Did Iraq Cheat the United Nations? Underpricing, Bribes, and the Oil for Food Program", *Quarterly Journal of Economics*, 121(4)
- Mauro, Paulo (1995), "Corruption and Growth," *Quarterly Journal of Economics*, 110(30): 681-712
- Reinikka, Ritva and Svensson, Jacob (2004) "Local Capture: Evidence from a Central Government Transfer Program in Uganda," *Quarterly Journal of Economics*, 119: 679-705.
- Riordan, William (1905), *Plunkitt of Tammany Hall: A Series of Very Plain Talks on Very Practical Politics*.
- Sequiera, Sandra and Simeon Djankov (2014), "Corruption and Firm Behaviour: Evidence from African Ports," *Journal of International Economics*, 94(2), 277-294.
- Di Tella, Rafael and Ernesto Schargrodsky (2003) "The Role of Wages and Auditing During a Crackdown on Corruption in the City of Buenos Aires," *Journal of Law and Economics*, 46: 269-292

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- Niehaus, Paul and Sandip Sukhtankar (2012), "Corruption Dynamics: The Golden Goose Effect," Forthcoming in *American Economic Journal: Economic Policy*.
- Olken, Benjamin (2007). "Monitoring Corruption: Evidence from a Field Experiment in Indonesia," *Journal of Political Economy*, 115 (2): 200-249.

4.2. State capacity

- Besley, Timothy, and Torsten Persson (2012), Ch. 1
- Acemoglu, Daron (2005) "Politics and Economics in Weak and Strong States" *Journal of Monetary Economics*, 52, 1199-1226.

4.3. Conflicts

- Caselli, Francesco and John Coleman (2013), "On the Theory of Ethnic Conflict," *Journal of the European Economic Association*, 11: 161-192.
- Chassang, Sylvain and Gerard Padro-I-Miguel (2010), "Conflict and Deterrence Under Strategic Risk," *The Quarterly Journal of Economics*, 125 (4): 1821-1858.
- Dal Bo, Ernesto and Pedro Dal Bo (2011), "Workers, Warriors, and Criminals: Social Conflict in General Equilibrium," *Journal of the European Economic Association*, 9(4): 646–677.
- Esteban, Joan and Debraj Ray (2008), "On the Saliency of Ethnic Conflict", *American Economic Review* 98 (5): 2185-2202.
- Fearon, James (1995), "Rationalist Explanations for War," *International Organization*, 49: 379-414.
- Jackson, Matthew O., and Massimo Morelli (2007), "Political Bias and War," *American Economic Review* 97 (4): 1353-1373.
- Powell, Robert (2004), "The Inefficient Use of Power: Costly Conflict with Complete Information," *American Political Science Review* 98(2): 231-241.
- Skaperdas, Stergios (1992), "Cooperation, Conflict, and Power in the Absence of Property Rights," *American Economic Review* 82 (4): 720-739.
- Abadie, Alberto and Javier Garbeazabal (2003), "The Economic Costs of Conflict: A Case Study of the Basque Country," *American Economic Review* 93: 113-132.
- Beath, Andrew, Fotini Christia, Ruben Enikolopov (2013) "Winning Hearts and Minds: Evidence from a Field Experiment in Afghanistan", Mimeo.
- Dell, Melissa (forthcoming) "Trafficking Networks and the Mexican Drug War," *American Economic Review*.
- Dube, Oeindrila and Juan Vargas (2013), "Commodity Price Shocks and Civil Conflict: Evidence from Colombia," *The Review of Economic Studies*, 80(4), 1384-1421.
- Fearon, James D. and David D. Laitin (2003), "Ethnicity, Insurgency, and Civil War," *American Political Science Review*, 97(1): 75-90.

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Term 2 – 6 ECTS

Elective Course

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