European University Institute

Topics in Political Economy
Fall 2020

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• **Texts**: Class notes will be distributed. Optional texts for overview and general references are:
Austen-Smith, D. and J. Banks (1998), *Positive Political Theory I: Collective Preferences*, University of Michigan Press.
Grossman, G. and E. Helpman (2001), *Special Interest Politics*, MIT Press.
Merlo, A. (2018), *Political Economy and Policy Analysis*, Routledge
Persson, T. and G. Tabellini (2000), *Political Economics: Explaining Economic Policy*, MIT Press.

• **Course Objectives**: The aim of this course is to introduce you to theoretical and applied research in political economy. We will formally study the strategic interaction between voters, political institutions and economic outcomes. Topics that will be covered include: theory of voting, direct democracy, representative democracy and electoral competition, political economy of redistribution, comparative political institutions, campaign spending.

• **Course Requirements**: Communicated in class.

• **Subjects and Readings** The following reading list should be regarded as tentative and subject to revision.

1. Basic Results in the Theory of Voting

   Gans, J. and M. Smart (1996), "Majority Voting with Single-Crossing Preferences," *Journal of Public Economics* 59, 219-237.

   Shepsle, K. (1979), "Institutional Arrangements and Equilibrium in Multidimensional Voting Models," *American Journal of Political Science* 23, 27-59.

2. Participation and Information Aggregation

   Ledyard J. (1984), "The pure theory of large two-candidate elections," *Public Choice* 44, 7-41.

   Palfrey T. and H. Rosenthal (1983), "A strategic calculus of voting," *Public Choice* 41, 7-53.

Palfrey T. and H. Rosenthal (1985), "Voter Participation and Strategic Uncertainty," *American Political Science Review* 79(1), 62-78.

Feddersen, T. and W. Pesendorfer (1996), "The Swing Voter's Curse," *American Economic Review* 86, 408-424.

Feddersen, T. and A. Sandroni (2006), "A Theory of Participation in Election," *American Economic Review* 96, 1271-1282.

Mattozzi, A. and M. Nakaguma (2020), "Public versus Secrete Voting in Committess", WP.

Coate, S and M. Conlin (2004), "A Group Rule-utilitarian Approach to Voter Turnout", *American Economic Review* 94, 1476-1504.

Levine, D. and A. Mattozzi (2020), "Voter Turnout with Peer Punishment," *American Economic Review* 110, 3298-3314.

3. Models of Direct Democracies

Meltzer, A. and S. Richard (1981), "A Rational Theory of the Size of Government," *Journal of Political Economy* 89, 914-927.

Romer, T. and H. Rosenthal (1979), "Bureaucrats versus Voters: On the Political Economy of Resource Allocation by Direct Democracy," *Quarterly Journal of Economics* 93, 563-587.

Herrera, H. and A. Mattozzi (2008), "Quorum and Turnout in Referenda," *Journal of the European Economic Association* 8, 838-871.

4. Models of Electoral Competition

Lindbeck, A. and J. Weibull (1987), "Balanced-Budget Redistribution as the Outcome of Political Competition," *Public Choice* 52, 273-297.

Osborne, M. and A. Slivinski (1996), "A Model of Political Competition with Citizen-Candidates," *Quarterly Journal of Economics* 111, 65-96.

Besley, T. and S. Coate (1997), "An Economic Model of Representative Democracy," *Quarterly Journal of Economics* 112, 85-114.

Mattozzi, A. and E. Snowberg (2018), "The Right Type of Legislator: A Theory of Taxation and Representation," *Journal of Public Economic* 159, 54-65.

5. Dynamic Models

Ferejohn, J. (1986), "Incumbent Performance and Electoral Control," *Public Choice* 50, 5-25.

Banks, J. and R. Sundaram (1998), "Optimal Retention in Agency Problems," *Journal of Economic Theory* 82, 293-323.

Mattozzi, A. and A. Merlo (2008), "Political Careers or Career Politicians?" *Journal of Public Economics* 92, 597-608.

6. Comparing Political Institutions

Myerson, R. (1993), "Incentives to Cultivate Favored Minorities under Alternative Electoral Systems," *American Political Science Review* 87, 856-869.

Persson, T., Roland, G. and G. Tabellini (1997), "Separation of Powers and Political Accountability," *Quarterly Journal of Economics* 112, 1163-1202.

Lizzeri, A. and N. Persico (2001), "The Provision of Public Goods under Alternative Electoral Incentives," *American Economic Review* 91, 225-239.

Iaryczower, M. and A. Mattozzi (2013), "On the Nature of Competition in Alternative Electoral Systems," *Journal of Politics* 75, 743-756.

Merlo, A. and A. Mattozzi (2015), "Mediocracy," *Journal of Public Economics* 130, 32-44.

7. Campaign Spending

Grossman, G. and E. Helpman (1996), "Electoral Competition and Special Interest Politics," *Review of Economic Studies* 63(2), 265–286.

Coate, S. (2004), "Political Competition with Campaign Contributions and Informative Advertising" *Journal of the European Economic Association* 2(5), 772-804.

Prat, A. (2002), "Campaign Advertising and Voter Welfare," *Review of Economic Studies* 69(4), 999–1017.

Persico, N. and N. Saughuet (2006), "Campaign Spending Regulation in a Model of Redistributive Politics," *Economic Theory* 1(5), 95-124.

Galeotti, A. and A. Mattozzi (2011), "Personal Influence: Social Context and Political Competition," *American Economic Journal: Microeconomics* 3, 307-327.

Mattozzi A. and F. Michelucci (2019), "How to Pick a Winner," EUI WP.