

Topics in Political Economy

December 2012

Professor: Massimo Morelli

Columbia University

Short description: Mini-course in 4 lectures on game theoretic models of political institutions and policy making. The four lectures will start on dec 11, one per day of that week. On Monday dec 17 there will be a three hour exam. For this reason I suggest to read at least some papers, in the reading list below, in advance. However note that the questions in the exam will relate exclusively to the papers covered in class, which realistically will be roughly 2 per class.

Prerequisites:

Students are expected to have completed a graduate course in game theory as a prerequisite for enrollment.

SCHEDULE (PRELIMINARY)

1. First topic: electoral systems. Readings:

Herrera, Helios, Massimo Morelli, and Thomas Palfrey. 2011. "Turnout and Power Sharing." Unpublished manuscript, Columbia University.

Hirano, Shigeo, James M. Snyder, and Michael M. Ting. 2009. "Distributive Politics with Primaries." *Journal of Politics* 71(4): 1467-1480.

Lizzeri, Alessandro, and Nicola Persico. 2001. "Provision of Public Goods under Alternative Electoral Incentives." *American Economic Review* 91(1): 225-239.

Morelli, Massimo. 2004. "Party Formation and Policy Outcomes under Different Electoral Systems," *Review of Economic Studies* 71(3): 829-853.

Bandyopadhyay, Siddhartha, Kalyan Chatterjee, and Tomas Sjöström. 2011. "Pre-electoral Coalitions and Post-election Bargaining." *Quarterly Journal of Political Science* 6(1): 1-53.

Austen-Smith, David. 2000. "Redistributing Income under Proportional Representation." *Journal of Political Economy* 108(6): 1235-1269.

2. Second topic: Politicians' incentives.

Alesina, Alberto, and Guido Tabellini. 2007. "Bureaucrats or Politicians? Part I: A Single Policy Task." *American Economic Review* 97(1): 169-179.

Maskin, Eric, and Jean Tirole. 2004. "The Politician and the Judge: Accountability in Government." *American Economic Review* 94(4): 1034-1054.

Morelli, Massimo and Richard Van Weelden. 2011. "Ideology and Information in Policy Making." Unpublished manuscript, Columbia University.

Morelli, Massimo and Richard Van Weelden. 2011. "Reelection through Division."

Unpublished manuscript, Columbia University.

Rogoff, Kenneth. 1990. "Equilibrium Political Budget Cycles." *American Economic Review* 80(1): 21-36.

Caselli, Francesco, Tom Cunningham, Massimo Morelli and Inés Moreno de Barreda. 2012. "Signalling, Incumbency Advantage and Optimal Reelection Rules," NBER working paper w17833.

Acemoglu, Daron, Georgy Egorov and Konstantin Sonin (2010). "A Political Theory of Populism."

3. Third topic if time allows: direct democracy

Maniquet, Francois, and Massimo Morelli 2012. "Approval Quorum Rules Dominate Participation Quorum Rules." Unpublished manuscript, Columbia University.

Matsusaka, John G. 2005. "Direct Democracy Works," *Journal of Economic Perspectives* 19(2): 185-206. (This is a survey article, so referee report on this is not allowed)

Matsusaka, John G. 2005. "The Eclipse of Legislatures: Direct Democracy in the 21st Century." *Public Choice* 124(1-2): 157-177.

Prato, Carlo, and Bruno Strulovici. 2011. "Direct Democracy, Political Delegation and Responsibility Substitution." Unpublished manuscript, Northwestern University.

- Tuesday dec 11 the class might need to take place in the afternoon after 2pm, but wednesday, thursday and friday classes will probably be in the morning, and the exam will be in the morning. Writing the answers on a computer will make evaluations easier, since the students will simply send an email with the attached tex or word file to mm3331@columbia.edu and cc to Prof. Bertolotti at the end of the exam.