

**Universidad de los Andes**  
**Facultad de Economía**  
**Escuela Internacional de Verano 2005**  
**Curso: Topics in Political Economy**

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**Fecha:** 13 al 29 de junio de 2005

**Área de énfasis:** Macroeconomía y Políticas Públicas

**Nota:** La fecha límite para retirarse del curso será el miércoles 29 de junio. Si el examen final se programa para ese día, el retiro deberá hacerse a más tardar el 28 de junio.

### Introduction

Though the question of how politics affects economics is one of the oldest of economics, “new” political economy is one of the newest fields in the discipline. New political economy is defined not only by renewed interest on the link between economics and politics, but also by the use of conceptual and technical tools of modern economic analysis. This course reviews advances in the main areas covered by this modern approach to political economy. The politics of interest groups, elections and voting, political business cycles, and the politics of redistribution, as well as the relationship between these concepts and economics will be the subject of this class.

#### 1. Introduction

Drazen (2000), *Political Economy in Macroeconomics*, Princeton (**PEM**), chapter 1.

Riker (1982), *Liberalism Against Populism*, Waveland Press (**R**), chapter 1

#### 2. Elections, Voting, and Voting Rules

R, chapter 3

Persson and Tabellini (2000). *Political Economics*, MIT Press.(**PT**), p. 19-58

PEM, chapter 3, p.70-85

Ferejohn (1986), “Incumbent Performance and Electoral Control,” *Public Choice* 50, 5  
26.

#### 3. Strategic Voting, Voter Participation, Agenda Setting

R, chapter 6, 7

Grossman and Helpman (2001), *Special Interest Politics*, MIT Press. (GH), sections 2.1, 2.2, 3.1

Palfrey and Rosenthal (1985), "Voter Participation and Strategic Uncertainty," *APSR* 79, 62-78

Feddersen and Pesendorfer (1996), "The Swing Voter's Curse," *AER* 86, 408-24

#### 4. *Legislatures and Government Systems*

GH, section 2.3

Baron and Ferejohn (1989), "Bargaining in Legislatures," *American Political Science Review* 83, 1181-1206

Persson, Roland, and Tabellini (2000), "Comparative Politics and Public Finance," *JPE* 108, 1121-1161.

#### 5. *Special Interest Groups*

GH, various sections

Drazen and Limao (2004), "A Bargaining Theory of Inefficient Redistribution," NBER working paper

#### 6. *Political Budget Cycles*

PEM, chapter 7

Brender and Drazen (2004), "Political Budget Cycles in New versus Established Democracies," working paper

Rogoff, K. (1990), "Equilibrium Political Budget Cycles," *AER* 80, 21-36

Drazen and Eslava (2004), "Electoral Manipulation via Expenditure Composition: Theory and Evidence," working paper

#### 7. *Redistribution*

PEM, chapter 8

#### 8. *Reform*

PEM, chapter 10

Acemoglu and Robinson (2000), "Political Losers as a Barrier to Economic Development," *AER* 90, 126-30

Jain and Mukand (2003), "Redistributive Promises and the Promise of Economic Reform,' Analysis," *AER* 93, 256-64