

Syllabus for Econ 270B: Political Economy II
Winter 2019

Meeting time: T TH 9:30-10:50 pm in SSPB 3266

Office hours: Tuesdays 1:30-2:30, Thursdays 2:30-3:30

Instructor Dan Bogart,
Associate Professor
Department of Economics
SSPA 3109
949-824-3191
dbogart@uci.edu

Basics

My main goal is for you to learn the literature with the aim of writing a research paper in this field of political economy. The course will focus on the empirical studies related to corruption, regulation, privatization, public investment, political connections, and lobbying. The topics vary widely, but they all share a common theme in that they provide a rigorous analysis of the effects of institutions and politics. The empirical studies like these on the course reader are the main emphasis in the literature now.

Each week will focus on three papers. We will discuss the research question, the data and methods, and the major findings of the papers. Our meetings will be organized as a seminar. I will lead the discussion, but all students should come to class prepared to discuss.

At the end of the quarter you will write a research proposal, outlining a research topic, a review of the relevant literature, one or more research questions, potential data sources, and methodologies. You need to email your research proposal by Friday of finals week.

Course grading will be based on class participation (50%), and your research proposal (50%).

All papers are available on the course website.

Course topics and readings

Week 1: Introduction

Discuss Syllabus and introduction to Institutional and organizational analysis

Alston, Eric, et al. Institutional and organizational analysis: concepts and applications. Cambridge University Press, 2018, introduction, Part III introduction and chapter 8.

Week 2: State Capacity

Besley, Tim and Torsten Persson. "The Origins of State Capacity: Property Rights, Taxation and Politics," American Economic Review, 99(4), 1218-44, 2009.

Dincecco, Mark, and Gabriel Katz. "State Capacity and Long-run Economic Performance." *The Economic Journal* (2014).

Dell, Melissa, Nathan Lane, and Pablo Querubin. "The Historical State, Local Collective Action, and Economic Development in Vietnam." *Econometrica* (Forthcoming).

Additional reading

Acemoglu, Daron, Simon Johnson, and James A. Robinson. "The Colonial Origins of Comparative Development: An Empirical Investigation." *American Economic Review* 91.5 (2001): 1369-1401.

Edward L. Glaeser & Rafael La Porta & Florencio Lopez-de-Silanes & Andrei Shleifer, 2004. "Do Institutions Cause Growth?" *Journal of Economic Growth* 9 271-303, 2004.

Sokoloff, Kenneth L., and Stanley L. Engerman. "History lessons: Institutions, factors endowments, and paths of development in the new world." *The Journal of Economic Perspectives* 14.3 (2000): 217-232.

Week 3: Labor coercion and its economic implications

Naidu, Suresh, and Noam Yuchtman. "Coercive Contract Enforcement: Law and the Labor Market in Nineteenth Century Industrial Britain." *The American Economic Review* 103.1 (2013): 107-144.

Nunn, Nathan. "The long-term effects of Africa's slave trades." *The Quarterly Journal of Economics* 123.1 (2008): 139-176.

Markevich, Andrei, and Ekaterina Zhuravskaya. "The Economic Effects of the Abolition of Serfdom: Evidence from the Russian Empire." *American Economic Review* 108.4-5 (2018): 1074-1117.

Additional reading:

Dell, Melissa. "The persistent effects of Peru's mining mita." *Econometrica* 78.6 (2010): 1863-1903.

Week 4: Decentralization and corruption

Robin Burgess, Matthew Hansen, Ben Olken, Peter Potapov, and Stefanie Sieber. "The Political Economy of Deforestation in the Tropics." *Quarterly Journal of Economics*, forthcoming.

Acemoglu, Daron, Camilo Garcia-Jimeno, and James A. Robinson. "State capacity and economic development: A network approach." *The American Economic Review* 105.8 (2015): 2364-2409.

Lessmann, Christian, and Gunther Markwardt. "One size fits all? Decentralization, corruption, and the monitoring of bureaucrats." *World Development* 38.4 (2010): 631-646.

Additional reading

Barron, Patrick and Ben Olken. "The Simple Economics of Extortion: Evidence from Trucking in Aceh." *Journal of Political Economy* 117 (3), pp. 417-252, June 2009

Solé-Ollé, Albert, and Elisabet Viladecans-Marsal. "Lobbying, political competition, and local land supply: recent evidence from Spain." *Journal of Public Economics* 96.1-2 (2012): 10-19.

Week 5: Party politics and Elections

Besley, Tim, Torsten Persson and Daniel Sturm. Political Competition and Economic Performance: Evidence from the United States *Review of Economic Studies*, 77(3), 1329-1352, 2010.

Burgess, Robin, et al. "The value of democracy: evidence from road building in Kenya." *American Economic Review* 105.6 (2015): 1817-51.

Cole, Shawn. 2009. "Fixing Market Failures or Fixing Elections? Agricultural Credit in India." *American Economic Journal: Applied Economics*, 1(1): 219–50.

Additional reading of interest

Albouy, David. "Partisan Representation in Congress and the Geographic Distribution of Federal Funds." *Review of Economics and Statistics* 95 (March 2013): 127–141

Papaioannou, Elias, and Gregorios Siourounis. "Democratisation and growth." *The Economic Journal* 118.532 (2008): 1520-1551.

Acemoglu, Daron, et al. "Income and democracy." *American Economic Review* 98.3 (2008): 808-42.

Week 6: Political Connections and firms

Ferguson, Thomas, and Joachim Voth. (2008). "Betting on Hitler: The Value of Political Connections in Nazi Germany", *Quarterly Journal of Economics*, 123(1): 101-137.

Sukhtankar, Sandip. 2012. "Sweetening the Deal? Political Connections and Sugar Mills in India." *American Economic Journal: Applied Economics*, 4(3): 43–63.

Cingano, F. and Pinotti, P. "Politicians at Work: the Private Returns and Social Costs of Political Connections." *Journal of the European Economic Association*, 11 (2013): 433–465.

Additional reading of interest:

Bellettini, Giorgio, Carlotta Berti Ceroni, and Giovanni Prarolo. "Knowing the right person in the right place: political connections and resistance to change." *Journal of the European Economic Association* 12 (2014): 641-671.

Blanes i Vidal J, Draca M, Fons-Rosen C. "Revolving Door Lobbyists." *American Economic Review* 102 (2012): 3731-48.

Marianne Bertrand, Matilde Bombardini and Francesco Trebbi. "Is It Whom You Know or What You Know? An Empirical Assessment of the Lobbying Process" *American Economic Review* (pp. 3885-3920)

Kang, Karam. "Policy influence and private returns from lobbying in the energy sector." *The Review of Economic Studies* (2015): rdv029.

Week 7: Politics and barriers to development: insights from British history

Mokyr, Joel, and John VC Nye. "Distributional coalitions, the Industrial Revolution, and the origins of economic growth in Britain." *Southern Economic Journal* (2007): 50-70.

Bogart, Dan. "Party Connections, Interest Groups and The Slow Diffusion of Infrastructure: Evidence From Britain's First Transport Revolution." *The Economic Journal* 128.609 (2017): 541-575.

Dimitruk, K. A. R. A. "'I Intend Therefore to Prorogue': the effects of political conflict and the Glorious Revolution in parliament, 1660–1702." *European Review of Economic History* (2018).

Additional reading

Comin, Diego, and Bart Hobijn. "Lobbies and technology diffusion." *The Review of Economics and Statistics* 91 (2009): 229-244.

Bellettini, Giorgio, Carlotta Berti Ceroni, and Giovanni Prarolo. "PERSISTENCE OF POLITICIANS AND FIRMS' INNOVATION." *Economic Inquiry* 51.4 (2013): 2056-2070.

Week 8: Provision of schooling

Gallego, Francisco A. "Historical origins of schooling: The role of democracy and political decentralization." *The Review of Economics and Statistics* 92.2 (2010): 228-243.

Chaudhary, Latika, and Jared Rubin. "Religious identity and the provision of public goods: Evidence from the Indian Princely States." *Journal of Comparative Economics* 44.3 (2016): 461-483.

Cinnirella, Francesco, and Erik Hornung. "Landownership concentration and the expansion of education." *Journal of Development Economics* 121 (2016): 135-152.

Week 9: Privatization and State ownership

Brown, J. David, John S. Earle, and Almos Telegdy. 2006. "The Productivity Effects of Privatization: Longitudinal Estimates from Hungary, Romania, Russia, and Ukraine," *Journal of Political Economy*, 114 (1): 61-99

Bogart, Dan, and Latika Chaudhary. "Regulation, ownership, and costs: A historical perspective from Indian railways." *American Economic Journal: Economic Policy* 4.1 (2012): 28-57.

David Martimort and Stéphane Straub. Infrastructure privatization and changes in corruption patterns: The roots of public discontent, *Journal of Development Economics*

Additional reading of interest:

J. Luis Guasch, Jean-Jacques Laffont, Stéphane Straub, Renegotiation of concession contracts in Latin America: Evidence from the water and transport sectors, *International Journal of Industrial Organization*, Volume 26, Issue 2, March 2008, Pages 421-442

Bogart, Dan. "A global perspective on railway inefficiency and the rise of state ownership, 1880–1912." *Explorations in Economic History* 47.2 (2010): 158-178.

Week 10: Public Investment and infrastructure

Eduardo A. Cavallo & Christian Daude. "Public Investment in Developing Countries: A Blessing or a Curse?" *Journal of Comparative Economics* 39 (2011) 65–81

Era Dabla-Norris, Jim Brumby, Annette Kyobe, Zac Mills, Chris Papageorgiou. Investing in public investment: an index of public investment efficiency, *Journal of Economic Growth*

Estache, Antonio. "Institutions for Infrastructure in Developing Countries: What We Know and the Lot We still Need to Know." EDI-RA1 Working Paper (2016).

Additional reading of interest:

Gupta, Sanjeev, et al. "Efficiency-adjusted public capital and growth." *World Development* 57 (2014): 164-178.