

Political Economy 440.656

(Fall 2016)

Ahmed Saber Mahmud
Johns Hopkins University
Thursday 6:00 - 8:45 PM

Office hours: After the class or by appointment
Email: amahmud2@jhu.edu
Blackboard site available

Objective: This course examines how political and economic forces interact to influence the character of domestic economic policies. The course examines the role of various political institutions such as the structure of elections, the political party system, the legislative process, the powers of the executive, and lobbying. It then assesses how these institutions impact monetary, fiscal, and regulatory policy. An exploration of how the performance of these policies in turn influences the outcome of the political process concludes the course.

Textbooks: The required textbooks for the course:

“**Analyzing Politics**” by Kenneth Shepsle – *Second Edition* (**AP** in abbreviation).

“**Political Economics**” by Persson and Tabellini (**PE** in abbreviation)

Buy AP if you plan to buy only one. The other recommended books are:

“The Art of Political Manipulation” by William H. Riker

“Liberalism against Populism” by William H. Riker

Exams: There will be one midterm and one final. None of the exams will be cumulative. However, material from the previous exam will be useful for the latter. You will be graded not only based on the answers to the questions on the exam but also on how you derived them. This will allow me to give partial credits when possible. *Your grade will be based on:*

50% Midterm exam

50% Final exam

Grades will be mostly based on exams. Class participation is encouraged throughout the course. HWs will be assigned but will not be graded and solutions to the HWs will be handed out and discussed in the next class.

Disabilities: Students with any documented physical or learning disabilities in need of special accommodation should let me know in advance – so that arrangements can be made.

Course Outline

Introduction: We introduce tools of analysis:

- Rational Choice Methodology
- Game Theory

AP Chapter 2 and lecture note.

Social Choice:

- Condorcet Paradox
- Arrow’s Impossibility Theorem
- Single-Peaked Preferences

AP Chapter 3,4 and lecture note.

Policy Convergence:

- One-dimensional Case
- Multi-Dimensional Case
- Example from Public Good Provision

AP Chapter 5 and lecture note. PE 3.1, 3.2 and 3.3

Policy Divergence and Strategic Voting:

- Citizen-Candidate Model
- Several Examples from History
- How policies can be manipulated

Lecture note. PE 5.1, 5.2 and AP Chapter 6 and lecture note.

Analyzing Primary Election:

Lecture note and Chapter 4 from “Analyzing Elections” by Rebecca Morton

Why Does State Exist?

- Cooperation and Conflict
- The Origin of Centralized Source of violence
- When States Fail – an Example

AP Chapter 8 and Bates, R.H. Greif, A. and Singh, S. 2002. “Organizing violence” *Journal of Conflict Resolution* 46(5): 599-628. And lecture note.

Political Regimes

- Social Origin of Political Regimes
- Economic Origins of Political Regimes

Acemoglu, D. and Robinson, J.A. 2001. “A theory of political transition” *American Economic Review* 91: 938-63. And lecture note.

Political Economy of Public Debt

Lecture note. PE 13.1 and 13.2.

Majority vs Minority Preferences

Lecture note and Timothy Besley and Stephen Coate “Issue Unbundling via Citizen’s Initiatives”.

Political Economy of Deveopment

- Colonial Origin
- Botswana as an example

Lecture note.

“The Colonial Origins of Comparative Development: An Empirical Investigation” by Daron Acemoglu, Simon Johnson and James A. Robinson. *The American Economic Review* Vol. 91, No. 5 (Dec., 2001), pp. 1369-1401. 2. “An African Success Story” by Daron Acemoglu, Simon Johnson and James A. Robinson.