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Office Hours: Mondays and Thursdays 16:30-17:30

ECO3300/434H1S: POLITICAL ECONOMY
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Originally synonymous with the study of economics, today *political economy* typically refers to the investigation of how institutional design impacts the behavior of agents and subsequent outcomes. The field encompasses both macro and microeconomic topics, such as the distributional effects of tax policies and collective decision-making in legislative committees, respectively. The course will comprise a mix of lectures and student presentations on topics such as, voters and electoral competition, the political economy of media and political agency. The lectures will focus on several theoretical models in the literature and students will take the lead by presenting and discussing current work, primarily empirical, that takes these theories to the data. The objective of the course is to provide a basic understanding of and competence in critically evaluating the political economy literature on the topics we cover.

CLASS TIME AND LOCATION:

Thursdays 2:10am to 4:00pm, LM 123

RECOMMENDED TEXTBOOK:

- *Political Economics: Explaining Economic Policy*, by T. Persson and G. Tabellini, MIT Press.

OTHER RELEVANT TEXTBOOKS:

- *Principled Agents: The Political Economy of Good Government*, by T. Besley, Oxford University Press.
- *Perspectives on Positive Political Economy*, by J. Alt and K. Shepsle, Cambridge University Press.
- *Positive Political Theory I: Collective Preference*, by D. Austen-Smith and J. Banks, University of Michigan Press.
- *Positive Political Theory II: Strategy and Structure* by D. Austen-Smith and J. Banks, University of Michigan Press.

RELEVANT ONLINE RESOURCES:

- *Whither Political Economy? Theories, Facts and Issues: Extended Version*. Supplement to Merlo, "Whither Political Economy? Theories, Facts and Issues," in R. Blundell, W. Newey and T. Persson (eds.), *Advances in Economics and Econometrics, Theory and Applications: Ninth World Congress of the Econometric Society*, Vol. I, pp. 381-421, Cambridge: Cambridge University Press, 2006. (see: <http://www.ssc.upenn.edu/~merloa/>).
- *Lectures on Voting and Information Aggregation* by David Austen-smith (see: <http://www.kellogg.northwestern.edu/faculty/austen-smith/dasm/>).
- *Lectures on Public Choice* by Stephen Coate (see: <http://www.arts.cornell.edu/econ/sc163/>).

EVALUATION:

Problem sets (2) - 20%

Presentation (1) - 30%

Referee reports (3) - 30%

Attendance and class participation - 20%

PROBLEM SETS:

There will be two problem sets that address the material covered in the lectures (i.e., the first half of the course, until reading week). The goal of the problems is to help you internalize some of the concepts and theoretical results we will address.

PRESENTATION:

I will provide topics from which students can choose a paper for presentation. You must indicate your choice by January 30th. Following reading week, each meeting will be dedicated to student presentations. The idea is for students who choose the same topic to each pick a paper that is linked to the others. You will be expected to present your paper with reference to the other papers presented by your topic group. The presentation should be approximately twenty minutes (excluding Q&A). Your evaluation on this portion of the task will be a function of the degree of cohesion among presentations by the topic group. Therefore, I encourage you to work together to streamline your presentations. Each group is required to meet with me (at least once) one week before your scheduled presentation to present a draft of your slides and discuss your strategy.

REFEREE REPORTS:

For each presentation, three students (ideally from a different topic group) are required to write a referee report (2-3 pages) that highlight specific shortcomings of the paper. These reports should briefly summarize the main contribution and results of the paper and pose several critical points to raise in class. The response papers are due in class before the presentation. The papers are meant to foster a fruitful class discussion and train you in thinking critically when reading research papers.

CLASS PARTICIPATION:

This class is set up as a seminar and works best if students are engaged in the material assigned and discussed in class. You will be expected to contribute to the discussions and read the papers chosen to be presented in class ahead of time (whether or not you are writing a report). Your evaluation will be based on the quality of your discussion and contribution to foster dialogue in class that benefits all participants.

SCHEDULE:

Lectures: January 9, 16, 23, 30; February 6, 13,

Student presentations: February 27; March 6, 13, 20, 27; April 3

February 20: reading week, no class