

**ECON 232: Political Economy**  
University of Pennsylvania, Fall 2016  
Tuesdays and Thursdays, 1.30-3pm  
Anns 111

<https://canvas.upenn.edu/courses/1335320>

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**Course description.** This course examines the design and consequences of political institutions. Topics include voting, lobbying, the media, and polarization. The class explores not only the theory of social choice, but also applications to current political events, with a focus on the United States. There will be an emphasis on the empirical methods researchers employ to study political economy questions using real-world data.

**Course prerequisites.** ECON 101. ECON 103 is also recommended and MATH 104 and MATH 114 or 115 (this course assumes students are comfortable with the basics of multivariate calculus). Wharton students can satisfy the ECON 101 prerequisite with BEPP 250 HONORS. The regular BEPP 250 course does not count as a substitute for ECON 101.

**Course texts.** Required readings are listed on the course outline, and will be posted on the course website in advance of the respective in-class discussion. There are no required textbooks for purchase.

**Additional reference texts.** You need not purchase this textbook, but you may find it to be helpful: Shepsle, Kenneth A., "Analyzing politics: rationality, behavior, and institutions," *W. W. Norton & Company*, 2010.

**Course requirements.** Your grade will be based on class participation (5%), homework assignments (20%), and three midterm exams (25% each) (please note that the third midterm will include material from earlier in the course). Exams are closed-book and will be given in-class. There are no make up dates for midterms. In exceptional circumstances, students must contact me in advance of the midterm by email and use the Course Absence Reporting system.

## Course outline.

This list constitutes a tentative outline of the topics we will cover in class, including papers we will discuss (the list may change or expand as the term progresses). Readings are required, and the dates for each reading will be posted on the course website. Please check the website before each class to ensure that you are prepared to participate fully. While students are not expected to grasp all aspect of the papers (some material is quite advanced), please make a serious attempt to understand the basics of the paper before class (for example: what is the research question? what is the setting?). Then we will delve into more depth during lectures.

1. Why study political economy?
  - Acemoglu, Daron, Simon Johnson, James A. Robinson and Pierre Yared (2008) “Income and democracy” *The American Economic Review* 98(3): 808-842.
  - Acemoglu, Daron, Simon Johnson and James A Robinson (2001) “The colonial origins of economic development: an empirical investigation” *The American Economic Review* 91(5): 1369-1401.
2. Group Choice, Arrow’s Impossibility Theorem
  - Cowen, Tyler (Feb 6, 2010) “Why politics is stuck in the middle,” *The New York Times*: BU5.
  - Optional Reading: Shepsle, Chapters 3 & 4.
3. Median Voter Theorem & Applications
  - Miller, Grant (2008) “Women’s suffrage, political responsiveness, and child survival in American history,” *The Quarterly Journal of Economics* 123(3): 1287-1327.
  - Drezner, Daniel W. (May 29, 2015) “The end of the median voter theorem in presidential politics?” *The Washington Post*.
4. Why do people vote? Theory & Evidence
  - Stromberg, David (2008) “How the electoral college influences campaigns and policy: the probability of being Florida,” *The American Economic Review* 98(3): 759-807.
  - Coate, Stephen, Michael Conlin and Andrea Moro (2008) “The performance of pivotal-voter models in small-scale elections: Evidence from Texas liquor referenda,” *Journal of Public Economics* 92: 582-596.
  - Feddersen, Timothy and Wolfgang Pesendorfer (1996) “The swing voter’s curse,” *The American Economic Review* 86(3): 408-424.
  - Fujiwara, Thomas, Kyle Meng, and Tom Vogl (Forthcoming) “Habit formation in voting: evidence from rainy elections,” *American Economic Journal: Applied Economics*.
  - Washington, Ebonya (2006) “How black candidates affect voter turnout,” *The Quarterly Journal of Economics* 121(3): 973-998.
5. Elections, Corruption & Pork-Barrel Politics
  - Ferraz, Claudio and Frederico Finan (2008) “Exposing corrupt politicians: The effect of Brazil’s publicly released audits on electoral outcomes,” *The Quarterly Journal of Economics* 123(2): 703-745.
  - Berdejo, Carlos and Noam Yuchtman (2013) “Crime, punishment, and politics: an analysis of political cycles in criminal sentencing,” *The Review of Economics and Statistics* 95(3): 741-756.

- Lee, David S., Enrico Moretti and Matthew J. Butler (2004) “Do voters affect or elect policies? Evidence from the US house,” *The Quarterly Journal of Economics* 119(3): 807-859.

## 6. Media

- Stromberg, David (2015) “Media coverage and political accountability: Theory and evidence” *Handbook of Media Economics*
- Gentzkow, Matthew and Jesse Shapiro (2010) “What drives media slant? Evidence from US daily newspapers,” *Econometrica* 78(1): 35-71.

## 7. Polarization

- Gentzkow, Matthew (2016) “Polarization in 2016,” *Working Paper*.
- Martin, Gregory and Ali Yurukoglu (Workingpaper) “Bias in cable news: persuasion and polarization.”
- Additional reading: <http://graphics.wsj.com/blue-feed-red-feed/>.

## 8. Lobbying & Campaign Finance

- Bertrand, Marianne, Matilde Bombardini and Francesco Trebbi (2014) “Is it whom you know or what you know? An empirical assessment of the lobbying process,” *The American Economic Review* 104(12): 3885-3920.
- Moshary, Sarah (Workingpaper) “Price discrimination across political action committees: Evidence from the 2012 election.”
- Kang, Karam (2016) “Policy influence and private returns from lobbying in the energy sector,” *The Review of Economic Studies* 83(1): 269-305.

### Course deadlines.

Please note that the problem set due dates are tentative, and subject to change. The deadlines will be clearly indicated on the assignments themselves and also on the course website.

Tuesday 9/20: Problem Set 1 due.

Tuesday 9/27: Midterm Exam #1.

Thursday 10/6: No Class / October Break.

Tuesday 10/11: No Class.

Tuesday 10/18: Problem Set 2 due.

Tuesday 11/1: Problem Set 3 due.

Thursday 11/10: Midterm Exam #2.

Tuesday 11/22: Problem Set 4 due.

Thursday 11/24: No Class / Thanksgiving

Thursday 12/8: Midterm Exam #3.

## Other course resources and policies.

- Problem Sets. Assignments must be turned in to the instructor by the start of class on the day on which the assignment is due (no later than 1:35 PM). In fairness to students who complete assignments on time, there will be no extensions for any assignments. Late assignments will receive no credit. However, we will drop the lowest problem set grade for each student. As per department policy, a student who has entered a course late and missed the first problem set drops that one, not a later one.
- No use of laptops or phones in class.
- Regrades. Requests must be submitted in writing within a week of the assignment or exam being returned. The entire work will be regraded, so that it is possible that your total score may decline if other errors are found.
- Absences. Students should report term-time absences using the Course Absence Reporting (CAR) system, accessed through the PennPortal. Students who must miss an assignment or class due to a religious holiday should follow the guidelines from the Penn Provost's Office (<http://provost.upenn.edu/policies/pennbook/2013/02/13/policy-on-secular-and-religious-holidays>), which includes informing the instructor within the first two weeks of term of such conflicts.
- Students with disabilities. Students with approval from the office of Student Disabilities Services (SDS) should contact me as soon as possible. Students can request accommodations by calling SDS 215.573.9235. The office is located in the Weingarten Learning Resources Center at Stouffer Commons 3702 Spruce Street, Suite 300.
- Course website. The course website will host course materials (such as lecture notes), be used to post course assignments, and be used to post announcements regarding administrative course matters. Students are responsible for checking the website regularly.
- Other course policies. We will adhere to all department policies (<http://economics.sas.upenn.edu/undergraduate-program/course-information/guidelines/policies>), including those on exam attendance, academic integrity, and prerequisites. In particular, while you are encouraged to discuss course material and collaborate with your peers on problem sets, each student must submit their own individual assignment. Students are not to write up joint assignments. Please see <http://provost.upenn.edu/policies/pennbook/2013/02/13/code-of-academic-integrity> for more information on academic integrity policies. Students who are found in violation of these policies will receive a grade of 0 for that assignment and be referred to the appropriate disciplinary committee at Penn.