

Econ 4363: Political Economy
Department of Economics, University of Houston
Spring 2024

Prof. Gergely Ujhelyi

Office hours: by appointment.

E-mail: gujhelyi@uh.edu

Lectures: T, Th 1-2.20pm in MH 127.

This class uses the language of economics (precise arguments based on mathematical models and statistical analysis) to study politics. We will use this language to talk about a broad set of topics including why people vote, whether politicians matter and whose interests they represent, the role of the media, corruption, and whether there is too much or too little lobbying. You will learn tools and facts allowing you to think about the nuances of policy making and politics, and engage in sophisticated arguments about them.

Prerequisites

Intermediate Microeconomics (ECON 3332), and Intro to Data Analysis (ECON 3320) or an equivalent class. You will get the most out of the class if you completed Introduction to Econometrics (ECON 3370) but this is not a formal prerequisite. Exposure to formal models beyond intermediate Micro, such as Introduction to Game Theory, is also helpful, but also not a prerequisite.

Course policies and grading

The course is based on academic papers that can be accessed online through the UH library. There is no textbook for the class. Many of these papers are quite complex - in class, I will organize and simplify the material for you, highlight what you should read and what you should skip, and we'll discuss the lessons that can be learned from, and the questions raised by, the studies. Attending class is a must, trying to read these papers on your own will lead nowhere. With this in mind, please do not take the course unless you will have time to come to class and do the assigned readings and homeworks throughout the semester.

Your grade will have 2 components: two exams (35% each) and two homeworks (15% each).

The exams will be on Thursday, February 29, and Thursday, April 25, in class.

The homeworks will be due on February 20 and April 11.

Based on your total score in the class, out of 100, your grade will be determined as follows: A: 91 and above, A-: 86-90, B+: 81-85, B: 71-80, B-: 66-70, C+: 61-65, C: 51-60, C-: 46-50, D+: 41-45, D: 36-40, D-: 31-35, F: 30 or less. There is no curve, but I reserve the right to lower these ranges.

Late assignments will not be accepted. Any absence from an exam must be documented by a doctor or approved by me in advance. If you believe there is a grading error in your exam (other than the summing of the points), you can submit it for re-grading within one week after receiving your graded exam. Briefly describe the error in writing; I will then re-grade the entire exam (not just a single problem).

Students are responsible for being familiar with, and abiding by, the university's Academic Honesty Policy (<https://www.uh.edu/provost/policies-resources/honesty/>). Faculty have the responsibility of reporting incidents of alleged academic dishonesty. I would hate, but will not hesitate, to do this so please do not put me in this situation.

Various requests

In order to make our time together as pleasant as possible and to make sure that everybody gets the most out of this class, please observe the following requests.

1. Please be on time. Late arrivals are distracting to both me and your fellow students.
2. Please do not leave before the end of class. This is also very distracting.
3. During exams, if you finish early, please leave as quietly as possible. Please do not leave in the last 10 minutes (so if you finish 8 minutes early, please wait 8 minutes before you leave).
4. If you miss a class, please make sure you review what you missed before asking questions on the next class.

University policies

Mental Health and Wellness Resources. The University of Houston has a number of resources to support students' mental health and overall wellness, including [CoogsCARE](#) and the [UH Go App](#). UH [Counseling and Psychological Services \(CAPS\)](#) offers 24/7 mental health support for all students, addressing various concerns like stress, college adjustment and sadness. CAPS provides individual and couples counseling, group therapy, workshops and connections to other support services on and off-campus. For assistance visit uh.edu/caps, call 713-743-5454, or visit a [Let's Talk](#) location in-person or virtually. [Let's Talk](#) are daily, informal confidential consultations with CAPS therapists where no appointment or paperwork is needed. The [Student Health Center](#) offers a Psychiatry Clinic for enrolled UH students. Call 713-743-5149 during clinic hours, Monday through Friday 8 a.m. - 4:30 p.m. to schedule an appointment. The [A.D. Bruce Religion Center](#) offers spiritual support and a variety of programs centered on well-being.

Need Support Now? If you or someone you know is struggling or in crisis, help is available. Call CAPS crisis support 24/7 at 713-743-5454, or the National Suicide and Crisis Lifeline: call or text [988](https://988lifeline.org), or chat 988lifeline.org.

Academic Honesty Policy. High ethical standards are critical to the integrity of any institution, and bear directly on the ultimate value of conferred degrees. All UH community members are expected to contribute to an atmosphere of the highest possible ethical standards. Maintaining such an atmosphere requires that any instances of academic dishonesty be recognized and addressed. The [UH Academic Honesty Policy](#) is designed to handle those instances with fairness to all parties involved: the students, the instructors, and the University itself. All students and faculty of the University of Houston are responsible for being familiar with this policy.

Title IX/Sexual Misconduct. Per the UHS Sexual Misconduct Policy, your instructor is a “responsible employee” for reporting purposes under Title IX regulations and state law and must report incidents of sexual misconduct (sexual harassment, non-consensual sexual contact, sexual assault, sexual exploitation, sexual intimidation, intimate partner violence, or stalking) about which they become aware to the Title IX office. Please know there are places on campus where you can make a report in confidence. You can find more information about resources on the Title IX website at <https://uh.edu/equal-opportunity/title-ix-sexual-misconduct/resources/>.

Reasonable Academic Adjustments/Auxiliary Aids. The University of Houston is committed to providing an academic environment and educational programs that are accessible for its students. Any student with a disability who is experiencing barriers to learning, assessment or participation is encouraged to contact the Justin Dart, Jr. Student Accessibility Center (Dart Center) to learn more about academic accommodations and support that may be available to them. Students seeking academic accommodations will need to register with the Dart Center as soon as possible to ensure timely implementation of approved accommodations. Please contact the Dart Center by visiting the website: <https://uh.edu/accessibility/> calling (713) 743-5400, or emailing jdcenter@Central.UH.EDU.

Excused Absence Policy. Regular class attendance, participation, and engagement in coursework are important contributors to student success. Absences may be excused as provided in the University of Houston [Undergraduate Excused Absence Policy](#) and [Graduate Excused Absence Policy](#) for reasons including: medical illness of student or close relative, death of a close family member, legal or government proceeding that a student is obligated to attend, recognized professional and educational activities where the student is presenting, and University-sponsored activity or athletic competition. Under these policies, students with excused absences will be provided with an opportunity to make up any quiz, exam or other work that contributes to the course grade or a satisfactory alternative. Please read the full policy for details regarding reasons for excused absences, the approval process, and extended absences. Additional policies address absences related to [military service](#), [religious holy days](#), [pregnancy and related conditions](#), and [disability](#).

Recording of Class. Students may not record all or part of class, livestream all or part of class, or make/distribute screen captures, without advanced written consent of the instructor. If you have or think you may have a disability such that you need to record class-related activities, please contact the [Justin Dart, Jr. Student Accessibility Center](#). If you have an accommodation to record class-related activities, those recordings may not be shared with any other student, whether in this course or not, or with any other person or on any other platform. Classes may be recorded by the instructor. Students may use instructor's recordings for their own studying and notetaking. Instructor's recordings are not authorized to be shared with anyone without the prior written approval of the instructor. Failure to comply with requirements regarding recordings will result in a disciplinary referral to the Dean of Students Office and may result in disciplinary action.

Agenda and references

I. Voter turnout

- Lijphart, A. (1997): “Unequal Participation: Democracy’s Unresolved Dilemma,” *American Political Science Review* 91(1), 1-14.
- Charles, K.K., and M. Stephens, Jr. (2013): “Employment, Wages, and Voter Turnout,” *American Economic Journal: Applied Economics*, 5(4), 111–143.
- Gentzkow, M. (2006): “Television and voter turnout,” *Quarterly Journal of Economics* 121(3), 931-72.
- Washington, E. (2006): “How Black Candidates Affect Voter Turnout,” *Quarterly Journal of Economics* 121(3), 973-998.
- DellaVigna, S., J.A. List, U. Malmendier, and G. Rao (2017): “Voting to Tell Others,” *Review of Economic Studies* 84(1), 143–181.
- Fujiwara, T. (2015): “Voting Technology, Political Responsiveness, and Infant Health: Evidence From Brazil,” *Econometrica* 83(2), 423-464.
- Duffy, J., and M. Tavits (2008): “Beliefs and Voting Decisions: A Test of the Pivotal Voter Model,” *American Journal of Political Science* 52(3), 603–618.
- Madestam, A., D. Shoag, S. Veuger, and D. Yanagizawa-Drott (2013): “Do Political Protests Matter? Evidence from the Tea Party Movement,” *Quarterly Journal of Economics* 128(4), 1633-1685.

II. The median voter and government redistribution

- Acemoglu, D., S. Naidu, P. Restrepo, and J.A. Robinson (2015): “Democracy, Redistribution, and Inequality,” in: *Handbook of Income Distribution*, Vol 2B, Chapter 21, p1885-1966, Elsevier: Amsterdam.
- Alesina, A., R. Baqir, and W. Easterly (1999): “Public Goods and Ethnic Divisions,” *Quarterly Journal of Economics* 114(4), 1243-1284.
- Boustan, L., F. Ferreira, H. Winkler, and E.M. Zolt (2013): “The Effect of Rising Income Inequality On Taxation and Public Expenditures: Evidence From U.S. Municipalities and School Districts, 1970-2000,” *Review of Economics and Statistics* 95(4), 1291-1302.
- Bonica, A., N. McCarty, K.T. Poole, and H. Rosenthal (2013): “Why Hasn’t Democracy Slowed Rising Inequality?” *Journal of Economic Perspectives* 27(3), 103-124.

III. Politician preferences and representation

- Jones, B.F., and B.A. Olken (2005): “Do Leaders Matter? National Leadership and Growth Since World War II,” *Quarterly Journal of Economics* 120(3), 835–864.
- Pande, R. (2003): “Can Mandated Political Representation Increase Policy Influence for Disadvantaged Minorities? Theory and Evidence from India,” *American Economic Review* 93(4), 1132–51.

- Chattopadhyay, R., and E. Duflo (2004): “Women as Policy Makers: Evidence from a Randomized Policy Experiment in India,” *Econometrica* 72(5), 1409–43.
- Washington, E. (2008): “Female Socialization: How Daughters Affect Their Legislator Fathers’ Voting on Women’s Issues,” *American Economic Review* 98(1), 311–332.
- Kapoor, S., and A. Magesan (2018): “Independent Candidates and Political Representation in India,” *American Political Science Review* 112(3), 678-697.

IV. Selection and accountability

- Besley, T. (2005): “Political Selection,” *Journal of Economic Perspectives* 19(3), 43–60.
- Maskin, E., and J. Tirole (2004): “The politician and the Judge: Accountability in Government,” *American Economic Review* 94(4), 1034-1054.
- Besley, T., and A. Case (1995): “Does Electoral Accountability Affect Economic Policy Choices? Evidence from Gubernatorial Term Limits,” *Quarterly Journal of Economics* 110(3), 769-798.
- List, J.A., and D.M. Sturm (2006): “How Elections Matter: Theory and Evidence from Environmental Policy,” *Quarterly Journal of Economics* 121(4), 1249-81.
- Hessami, Z. (2018): “Accountability and Incentives of Appointed and Elected Public Officials,” *Review of Economics and Statistics* 100(1), 51-64.

V. Bureaucrats

- Dal Bo, E., F. Finan, and M.A. Rossi (2013): “Strengthening State Capabilities: The Role of Financial Incentives in the Call to Public Service,” *Quarterly Journal of Economics* 128(3), 1169-1218.
- Neggers, Y. (2018): “Enfranchising Your Own? Experimental Evidence on Bureaucrat Diversity and Election Bias in India,” *American Economic Review* 108(6), 1288-1321.
- Makowsky, M.D., and T. Stratmann (2009): “Political Economy at Any Speed: What Determines Traffic Citations?” *American Economic Review* 99(1), 509-527.
- Ujhelyi, G. (2014): “Civil Service Rules and Policy Choices: Evidence from US State Governments,” *American Economic Journal: Economic Policy* 6(2), 338-380.
- Bostashvili, D., and G. Ujhelyi (2019): “Political Budget Cycles and the Civil Service: Evidence from Highway Spending in US States,” *Journal of Public Economics* 175, 17-28.
- Bai, Y., and R. Jia (2016): “Elite Recruitment and Political Stability: The Impact of the Abolition of China's Civil Service Exam,” *Econometrica* 84(2), 677-733.

VI. Interest groups and corruption

- Svensson, J. (2005): “Eight Questions about Corruption,” *Journal of Economic Perspectives* 19(3), 19-42.
- Fisman, R., and E. Miguel (2007): “Corruption, Norms, and Legal Enforcement: Evidence from Diplomatic Parking Tickets,” *Journal of Political Economy* 115(6), 1020-1048.

- Hanna, Rema and Shing-Yi Wang (2017), “Dishonesty and Selection into Public Service: Evidence from India,” *American Economic Journal: Economic Policy* 9(3), 262-290.
- Ferraz, C., and F. Finan (2008): “Exposing corrupt politicians: The effects of Brazil’s publicly released audits on electoral outcomes,” *Quarterly Journal of Economics* 123(2), 747-793.
- Ansolabehere, S., J.M. de Figueiredo, and J.M. Snyder Jr. (2003): “Why is there so little money in US politics?” *The Journal of Economic Perspectives* 17(1), 105-130.
- Kalla, J.L., and D.E. Broockman (2016): “Campaign Contributions Facilitate Access to Congressional Officials: A Randomized Field Experiment,” *American Journal of Political Science* 60(3), 545–558.
- DellaVigna, S., R. Durante, B. Knight, and E. La Ferrara (2016): “Market-Based Lobbying: Evidence from Advertising Spending in Italy,” *American Economic Journal: Applied Economics* 8(1), 224-56.

VII. The media

- Allcott, H., and M. Gentzkow (2017): “Social Media and Fake News in the 2016 Election,” *Journal of Economic Perspectives* 31(2), 211-236.
- DellaVigna, S., and E. Kaplan (2007): “The Fox News Effect: Media Bias and Voting,” *Quarterly Journal of Economics* 122(3), 1187-1234.
- Knight, B., and A. Tribin (2019): “The Limits of Propaganda: Evidence from Chavez’s Venezuela,” *Journal of the European Economic Association* 17(2), 567–605.
- Jetter, M. (2017): “The effect of media attention on terrorism,” *Journal of Public Economics* 153, 32-48.
- R. Durante and E. Zhuravskaya (2018): “Attack When the World Is Not Watching? US News and the Israeli-Palestinian Conflict,” *Journal of Political Economy* 126(3), 1085-1133.

VIII. Institutions

- North, D.C. (1991): “Institutions,” *Journal of Economic Perspectives* 5(1), 97–112.
- Acemoglu, D., S. Johnson, and J. Robinson (2001): “The Colonial Origins of Comparative Development: An Empirical Investigation,” *American Economic Review* 91(5), 1369-1401.
- Grief, A. (1993): “Contract Enforceability and Economic Institutions in Early Trade: The Maghribi Traders' Coalition,” *American Economic Review* 83(3), 525-548.
- International Institute for Democracy and Electoral Assistance (2005): *Electoral System Design: The New International IDEA Handbook*, International IDEA: Stockholm, Sweden. Chapters 3-4.
- Aghion, P., A. Alesina, and F. Trebbi (2004): “Endogenous Political Institutions,” *Quarterly Journal of Economics* 119(2), 565–611.