Political Economics

Module Code: ECO00027H  Credits: 20  Year: 3  Terms: 1-3
Contact Hours: 16 main lectures, 4 practicals (lectures), 4 small group seminars (15-20 students per group)
Module Organiser: Giacomo De Luca & Andrew Pickering

Overview:
Political Economics is a fast growing subfield in economics, applying the methodology of mainstream economics to allocation and distribution decisions stemming from particular political institutions and processes. This final year and module should be of equal interest to students from the Single Honours Economics program, who are interested in how politics shapes resource allocation and distribution questions, as well as students from the PPE program, who have sufficient background in microeconomics and econometrics.

Aims and Objectives:
The aim is to show how the quantitative toolkit of the modern economist can be used to analyse political decisions and outcomes. This toolkit will be used to analyse the following questions:
- How much redistribution will there be in a democracy, and will it be universal or targeted?
- Does democracy guarantee economic efficiency?
- What is the optimal level of public debt, and why are observed debt levels so different from this?
- What determines the level of corruption, and how can political institutions reduce it?
- Why do dictatorships last so long?
- What are the conditions that guarantee free and fair elections?

Transferable Skills
Students will gain a deeper insight into how empirical data may be used to support, or reject particular hypotheses.

The formative assessment will be conducted through presentations. This will help to develop team-working skills (the presentations will typically be done in groups of four), as well as presentation skills.

Learning Outcomes
Students will gain a deeper insight into how empirical data may be used to support, or reject particular hypotheses.

Students will also learn a number of key insights developed in this field:
- The work of Persson and Tabellini (2000) and (2003) on how political constitutions shape redistribution and the provision of public goods.
- Models of probabilistic voting and how imperfect information can permit corruption.
- The literature on the role of institutions on economic performance developed by Acemoglu and Robinson (2001).
**Assessment:**
Formative Assessment: The seminars will be student-led. Ideally there will be 16 students per seminar, divided into four groups of four. In each of the four seminars one of the groups will lead a presentation (lasting around 20 minutes). This will form the basis for discussion in the remainder of the time.

Students will also submit two 1500 word essays at the end of the autumn and spring terms.

Summative Assessment: Three-hour exam in the summer.

**Pre-requisites:**
None

**Main References:**

The module will also extensively refer to recent academic literature in this growing field.