

Political Economy for Graduate Students: Fall 2015

Instructor: Tianyang Xi , assistant professor, National School of Development.

Time and Location: Thursday 9-12, Smallroom, Wanzhong building (万众楼小教室)

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Motivation

This course offers research-oriented lectures and workshops for students who are interested in political economy and institutional economics. The topics being included are all concerned with the organization of governments, the mechanism of constituting governments, and how do they affect the performance of governments. The readings for this course are neither completely theoretical nor completely empirical. The theoretical papers being assigned all address issues with substantive implications, such as “is it good or not to increase the term of a governor from four years to eight years?”, or “does increasing the salary for politicians curb corruption?”. Empirical papers are included in such a way that they speak to important theoretical debates.

Requirement

Most of the classes will be lectures. Students are required to attend all classes and present at workshops. The final grade will be based on class attendance, presentation, and a research project (e.g. a short paper, a research proposal, or survey of the literature). The topic of the final project should be first approved by the instructor.

Schedule and readings

1, Introduction (September 17)

Suggested reading

Fukuyama, Francis. 2014. “America in Decay: The Sources of Political Dysfunction.” *Foreign Affairs*. Sept/Oct.

Brandt, Loren, Debin Ma, and Thomas G. Rawski. 2014. “From Divergence to Convergence: Reevaluating the History behind China’s Economic Boom.” *Journal of Economic Literature*. 52(1): 45-123.

Lamoreaux, Naomi. 2006. “Did Insecure Property Rights Slow Economic Development? Some Lessons from Economic History.” *Journal of Policy History*. 18(1): 146-164.

Przeworski, Adam. 2004. “Institutions Matter?” *Government and Opposition*. 39(2): 527-540.

Part I: Political agency

2, Accountability (September 24)

Required reading

- Barro, Robert. 1973. "The Control of Politicians: An Economic Model." *Public Choice*. 14: 19-42.
- Maskin, Eric, and Jean Tirole. 2004. "The Politician and the Judge: Accountability in Government." *The American Economic Review*. 94(4): 1034-1054.

Suggested reading

- Besley, Timothy, and Anne Case. 1995. "Incumbent Behavior: Vote-Seeking, Tax-Setting, and Yardstick Competition." *The American Economic Review*. 85(1): 25-45.
- Alt, James, Ethan Bueno de Mesquita, and Shanna Rose. 2011. "Disentangling Accountability and Competence in Elections: Evidence from U.S. Term Limits." *The Journal of Politics*. 73(01): 171-186.
- Lee, David, Enrico Moretti, and Matthew Butler. 2004. "Do Voters Affect or Elect Policies? Evidence from the U. S. House." *The Quarterly Journal of Economics*. 119(3): 807-859.
- Dal Bo, Ernesto, and Martin Rossi. 2011. "Term Length and the Effort of Politicians." *Review of Economic Studies*. 78: 1237-63.
- Gagliarducci, Stehano and Tommaso Nannicini. 2013. "Do Better Paid Politicians Perform Better? Disentangling Incentives from Selection." *Journal of the European Economic Association*. 11(2): 369-398.
- Bidner, Chris, and Patrick Francois. 2013. "The Emergence of Political Accountability." *The Quarterly Journal of Economics*. 128(3): 1397 - 1448.

3, Workshop (October 8)

- Xu, Yiqing, and Yang Yao. 2014. "Informal Institutions, Collective Action, and Public Investment in Rural China." *The American Political Science Review*. 109(02): 371-391.
- Xi, Tianyang, Yang Yao, and Muyang Zhang. 2015. "Competence versus Incentive: Evidence from Chinese City Officials." CCER working paper.

4, Representation (October 15)

Required reading

- Przeworski, Adam. 2009. "Conquered or Granted? A History of Suffrage Extensions." *British Journal of Political Science*. 39(2): 291-321.
- Aidt, Toke, and Raphaël Franck, 2015. "Democratization Under the Threat of Revolution: Evidence from the Great Reform Act of 1832." *Econometrica*. 83(2): 505-547.

Suggested reading

- Stasavage, David. 2015. "Representation and Consent: Why They Arose in Europe and Not Elsewhere." *The Annual Review of Political Science*. Forthcoming.
- Pande, Rohini. 2003. "Can Mandated Political Representation Increase Policy Influence for Disadvantaged Minorities? Theory and Evidence from India." *The American Economic Review*. 93(4): 1132-1151.

Burgess, Robin, Remi Jedwab, Edward Miguel, Ameet Morjaria, and Gerard Padró i Miquel. 2015. "The Value of Democracy: Evidence from Road Building in Kenya." *The American Economic Review*. 105(6): 1817-51.

Persson, Petra, and Ekaterina Zhuravskaya. 2014. "The Limits of Career Concerns in Federalism: Evidence from China." *Journal of the European Economic Association*. forthcoming.

Curto-Grau, Marta, Alfonso Herranz-Loncán, and Albert Solé-Ollé. 2012. "Pork-Barrel Politics in Semi-Democracies: The Spanish "Parliamentary Roads," 1880-1914." *Journal of Economic History*. 72(3): 771-796.

Yu Hao and Tianyang Xi. 2015. "The Imperial Exam as an Representative Institution." CCER working paper.

5, Interest groups (October 22)

Required reading

Bonica, Adam, Nolan McCarty, Keith Poole, and Howard Rosenthal. 2013. "Why Hasn't Democracy Slowed Rising Inequality?" *Journal of Economic Perspectives*. 27(3): 103-124.

Snyder, James, and Michael Ting. 2008. "Interest Groups and the Electoral Control of Politicians." *Journal of Public Economics*. 92 (3-4): 482-500.

Suggested reading

Becker, Gary S., 1983. "A Theory of Competition Among Pressure Groups for Political Influence." *The Quarterly Journal of Economics*. 98 (3): 371-400.

Rogowski, Ronald. 1987. "Political Cleavages and Changing Exposure to Trade." *The American Political Science Review*. 81(4): 1121-1137.

Hiscox, Michael. 2002. "Commerce, Coalitions, and Factor Mobility: Evidence from Congressional Votes on Trade Legislation." *American Political Science Review*. 96(3): 21-40.

Puga, Diego, and Daniel Trefler. 2014. "International Trade and Institutional Change: Medieval Venice's Response to Globalization." *The Quarterly Journal of Economics*. 129(2): 753-821.

Faccio, Mara. 2006. "Politically Connected Firms." *The American Economic Review*. 96(1): 369-386.

Truex, Rory. 2014. "The Returns to Office in a 'Rubber Stamp' Parliament." *American Political Science Review*. 108(2): 235-251.

Part II: Meritocracy and Bureaucracy

6, Meritocracy (October 29)

Required reading

Chan, Jimmy, and Erik Eyster. 2003. "Does Banning Affirmative Action Lower College Student Quality?" *The American Economic Review*. 93(3): 858-872.

Holthausen, Duncan, and Theofanis Tsoulouhas. 2008. "The Good, the Bad and the Ugly: Agent Behavior and Efficiency in Open and Closed Organizations." *Economic Theory*. 35: 73 - 97.

Suggested reading

张旭华, 《九品中正制研究》, 第三章, “两晋九品中正制的发展完善及其门阀化”。中华书局2015年。

吴宗国, 《唐代科举制度研究》第八章, “科举在选举中地位的变化”, 北京大学出版社2010年。

Besley, Timothy. 2005. “Political Selection.” *The Journal of Economic Perspectives*. 19(3): 43-60.

Ahern, Kenneth, and Amy Dittmar. 2012. “The Changing of the Boards: The Impact on Firm Valuation of Mandated Female Board Representation.” *The Quarterly Journal of Economics*. 127(1): 137-197.

Querubin, Pablo. 2011. “Political Reform and Elite Persistence: Term Limits and Political Dynasties in the Philippines.” NYU working paper.

“Political Selection and Political Leaders in the World, 1950-2010.”, an introduction to the data set.

7, Bureaucracy (November 5)

Required reading

Novaes, Walter, and Luigi Zingales. 2004. “Bureaucracy as a Mechanism to Generate Information.” *The RAND Journal of Economics*. 35(2): 245-259.

Rauch, James, and Peter Evans. 2000. “Bureaucratic Structure and Bureaucratic Performance in Less Developed Countries.” *Journal of Public Economics*. 75: 49-71.

Suggested reading

Silberman, Bernard. 1993. *Cages of Reason: The Rise of the Rational State in France, Japan, the United States, and Great Britain*. The University of Chicago Press. Chapter 1-3.

Carpenter, Daniel. 2001. *The Forging of Bureaucratic Autonomy: Reputations, Networks, and Policy Innovation in Executive Agencies, 1862-1928*. Princeton University Press. Chapter 6-8.

Prendergast, Canice. 2007. “The Motivation and Bias of Bureaucrats.” *The American Economic Review*. 97(1): 180-196.

Leaver, Clare. 2009. “Bureaucratic Minimal Squawk Behavior: Theory and Evidence from Regulatory Agencies.” *The American Economic Review*. 99(3): 572-607.

Kuhn, Philip. 1992. *Soulstealers: The Chinese Sorcery Scare of 1768*. 中译本《叫魂：1768年中国妖术大恐慌》上海三联书店2014年。

8, Workshop (November 12)

On the Great Famine of 1960

Li, Wei, and Dennis Tao Yang, “The Great Leap Forward: Anatomy of a Central Planning Disaster.” *Journal of Political Economy*. 113(4): 840-877.

Kung, James Kai-Sing, and Shuo Chen. 2011. “The Tragedy of the Nomenklatura: Career Incentives and Political Radicalism during China’s Great Leap Famine.” *American Political Science Review*. 105(1): 27-45.

Meng, Xin, Nancy Qian, and Pierre Yared. 2015. “The Institutional Causes of Famine in China, 1959-61.” *The Review of Economic Studies*. Forthcoming.

Bureaucratic Oversight

Xi, Tianyang. 2015. "The Limits of Bureaucratic Control in the Imperial China" CCER working paper.

Shi, Xiangyu. TBA.

9, Corruption (November 19)

Required reading

Banerjee, Abhijit. 1997. "A Theory of Misgovernance." *The Quarterly Journal of Economics*. 112(4): 1289-1332.

LaPorta, Rafael, and Andrei Shleifer. 2008. "The Unofficial Economy and Economic Development." *Brookings Papers on Economic Activity*. 47(1): 123-135.

Suggested reading

Wallis, John. 2006. "The Concept of Systematic Corruption in American History." in Edward Glaeser and Claudia Goldin (ed) *Corruption and Reform: Lessons from America's Economic History*. University of Chicago Press.

Tirole, Jean. 1996. "A Theory of Collective Reputations (with Applications to the Persistence of Corruption and to Firm Quality)." *The Review of Economic Studies*. 63(1): 1-22.

Zelin, Madeleine. 1984. *The Magistrate's Tael: Rationalizing Fiscal Reform in Eighteenth-Century Ch'Ing China*. University of California Press. 曾小平《州县官的银两》，人民出版社2005年，1-3章。

Ni, Shawn, and Pham Hoang Van. 2006. "High Corruption Income in Ming and Qing China." *Journal of Development Economics*. 81(2): 316-336.

Fan, Simon, Lin Chen, Daniel Treisman. 2009. "Political decentralization and corruption: Evidence from around the world." *Journal of Public Economics*. 93: 14-34.

Kunicová, Jana, and Susan Rose-Ackerman. 2005. "Electoral Rules and Constitutional Structures as Constraints on Corruption." *British Journal of Political Science*. 35(4): 573-606.

Part III: Governance

10, Organizational form (November 26)

Required reading

Alesina, Alberto, Enrico Spolaore, and Romain Wacziarg. 2000. "Economic integration and political disintegration." *The American Economic Review*. 90(5): 1276-1296.

Qian, Yingyi, Gérard Roland, and Chenggang Xu. 2006. "Coordination and Experimentation in M-Form and U-Form Organizations." *Journal of Political Economy*. 114(2): 366-402.

Suggested reading

周振鹤，《中国历史政治地理十六讲》，第5-7讲。中华书局2013年。

李振，鲁宇，“中国的选择性分（集）权模式：以部门垂直管理化和行政审批权限改革为案例的研究。”《公共管理学报》。2015年第3期，13-22页。

Markevich, Andrei, and Ekaterina Zhuravskaya. 2011. "M-form hierarchy with poorly-diversified divisions: A case of Khrushchev's reform in Soviet Russia." *Journal of Public Economics*. 95: 1550-1560.

Lü, Xiaobo and Pierre Landry. 2014. "Show Me the Money: Interjurisdiction Political Competition and Fiscal Extraction in China." *American Political Science Review*. 108(3): 706-722.

Primo, David, and James Snyder. 2008. "Distributive Politics and the Law of 1/n." *The Journal of Politics*. 70(2): 477-486.

11, Centralization and Decentralization (December 3)

Required reading

Myerson, Roger. 2015. "Local Agency Costs of Political Centralization." University of Chicago, working paper.

Xu, Chenggang. 2011. "The Fundamental Institutions of China's Reforms and Development." *Journal of Economic Literature*. 49(4): 1076-1151.

Suggested reading

毛泽东, "论十大关系", 《毛泽东选集》第五卷。

Ch'u T'ung-tsu. 1962. *Local Government in China Under the Ching*. 瞿同祖, 《清代地方政府》, 法律出版社中译本, 1-4章。

Shen, Chunli, Jing Jin, Heng-fu Zou. 2012. "Fiscal Decentralization in China: History, Impact, Challenges and Next Steps." *Annals of Economics and Finance*. 13(1): 1-51.

Callander, Steven, and Bard Harstad. 2015. "Experimentation in Federal Systems." *The Quarterly Journal of Economics*. Forthcoming.

Figueiredo, Rui J. P. de, Michael McFaul, and Barry Weingast. 2007. "Constructing Self-Enforcing Federalism in the Early United States and Modern Russia." *Publius*. 37(2): 160-189.

Lorentzen, Peter. 2013. "Regularizing Rioting: Permitting Public Protest in an Authoritarian Regime." *Quarterly Journal of Political Science*. 8: 127-158.

Rithmire, Meg. 2014. "China's New Regionalism: Subnational Analysis in Chinese Political Economy." *World Politics*. 66(1): 165-194.

12, State capacity and state formation (December 10)

Required reading

Gennaioli, Nicola, and Hans-Joachim Voth. 2015. "State Capacity and Military Conflict." *The Review of Economic Studies*. Forthcoming.

Hamasshita, Takeshi. 2008. *China, East Asia and the Global Economy: Regional and Historical Perspectives*. 滨下武志《中国、东亚与全球经济：区域和历史的视角》2-6章。

Suggested reading

Hui, Victoria Tin-bor. 2005. *War and State Formation in Ancient China and Early Modern Europe*. Cambridge University Press. Chapter 2.

Herbst, Jeffrey. 2000. *States and Power in Africa: Comparative Lessons in Authority and Control*. Chapter 1. Princeton University Press.

Liu, Guanglin. 2015. "The Making of a Fiscal State in Song China, 960-1279." *The Economic History Review*. 68(1): 48-78.

Arias, Luz Marina. 2013. "Building Fiscal Capacity in Colonial Mexico: From Fragmentation to Centralization." *The Journal of Economic History*. 73(3): 662-693.

Queralt, Didac. 2015. "From Mercantilism to Free Trade: A History of Fiscal Capacity Building." *Quarterly Journal of Political Science*. 10: 21-273.

Part IV: Political Institutions

13, Political competition and conflicts (December 17)

Required reading

Przeworski, Adam, Gonzalo Rivero, and Tianyang Xi. 2015. "Elections as a conflict processing mechanism." *European Journal of Political Economy*. 39: 235-248.

Francois, Patrick, Ilia Rainer, and Francesco Trebbi. 2015. "How is Power Shared in Africa?" *Econometrica*. 83(2): 465-503.

Suggested reading

Acemoglu, Daron, James Robinson, and Ragnar Torvik. 2012. "Why Do Voters Dismantle Checks and Balances?" *Review of Economic Studies*. 80(3): 845-875.

Persico, Nicola, José C., and Dan Silverman. 2011. "Factions and Political Competition." *Journal of Political Economy*. 119(1): 242-288.

14, Democracy and development (December 24)

Required reading

Blaydes, Lisa, and Mark Andreas Kayser. 2011. "Counting Calories: Democracy and Distribution in the Developing World." *International Studies Quarterly*. 55: 887-908.

Giuliano, Paola, Prachi Mishra, and Antonio Spilimbergo. 2013. "Democracy and Reforms: Evidence from a New Dataset." *American Economic Journal: Macroeconomics*. 5(4): 179-204.

Suggested reading

Doucouliafos, Hristos, and Mehmet Ali Ulubasoglu. 2008. "Democracy and Economic Growth: A Meta-Analysis." *American Journal of Political Science*. 52(1): 61-83.

Gerring, John, Thacker, Strom, and Rodrigo Alfaro. 2012. "Democracy and Human Development." *The Journal of Politics*. 74(1): 1-17.

Jerzmanowski, Michal. 2006. "Empirics of Hills, Plateaus, Mountains and Plains: A Markov-Switching Approach to Growth" *Journal of Development Economics*. 81(2): 357-385.

15, Conclusion (December 31)

TBA