How do political institutions affect economic outcomes? How do economic conditions determine political institutions? This course reviews recent advances in the emerging field of the political economy of institutions and development, with a focus on formal modeling and quantitative studies. We start with an introduction to the importance of institutions in affecting economic performance. Second, we review some basic models of democratic politics, focusing on the impact of economic conditions (such as inequality) on political outcomes. Third, we cover major theories of democratization, for example studying the effect of income and inequality on institutional change. Fourth, we study basic models of dictatorships, looking at the effect of non-democratic institutions on growth and international conflict. Finally, we take a critical look at the role of institutions and consider the possibility of policy persistence despite institutional change.

**Course Requirements**

The course grade is a combination of problem sets (25%), two topic reviews and one topic presentation (25%) and a final exam (50%). Problem sets consist of a handful of mathematical problems related to some articles covered in class. Topic reviews are short written assignments (no longer than six pages) which should summarize three articles on a narrow topic, explain their contribution, the questions that remain unresolved and the approach needed to address these shortcomings. The findings are then presented to the whole class in one topic presentation at the end of the semester. The final exam is a combination of mathematical problems and short essays. Please see the end of the syllabus for a complete schedule of assignments.

**Texts and References**

The reading list is long, so as to help you dig deeper in any topic (for a topic review, for example). You are expected to read the references marked with a * prior to coming to class (only those references, but all those references). There is no required textbook for the class. References below are either available as e-reserve from the Blackboard website (ER) or electronically from the Rush Rhees library website or the web more generally (E).

**Academic Integrity**

Be familiar with the University’s policies on academic integrity and disciplinary action (http://www.rochester.edu/College/honesty/students.html). Violators of University regulations on academic integrity will be dealt with severely, which means that your grade will suffer, and I will forward your case to the Chair of the College Board on Academic Honesty.
Course Outline

1. An Introduction to Institutions (two lectures)
   Wednesday January 14


Monday January 19 Martin Luther King Day (no class)

Wednesday January 21


2. Basic Model of (Democratic) Politics (five lectures)

2.1 General Introduction, with an Application to Inequality and Redistribution (one lecture)

Monday January 26

2.2 Lobbying, Vote-Buying (three lectures)

Wednesday January 28


Monday February 2


Wednesday February 4


2.3 Policy Compromise in Repeated Play (one lecture)

Monday February 9

3. Democratization (nine lectures)

3.1 Modernization Theory (one lecture)

Wednesday February 11


3.2 Inequality and Institutional Change (five lectures)

Monday February 16


Wednesday February 18


Monday February 23


Wednesday February 25

Monday March 2 (Special lecture by Christian Houle)

- *Houle, Christian. 2008. ‘Inequality and Democracy.’ University of Rochester mimeo. (ER)

3.3 Resource Curse (one lecture)

Wednesday March 4


Monday March 9, Wednesday March 11 Spring break (no class)

3.4 Division within the Elite (one lecture)

Monday March 16


3.5 Democratization by Regime Type (one lecture)

Wednesday March 18

- *Geddes, Barbara. 1999. ‘What Do We Know About Democratization After Twenty Years?’ Annual Review of Political Science. 2: 115-144. (E)
4. The Political Economy of Dictatorship (eight lectures)

4.1 Introduction (three lectures)

Monday March 23


Wednesday March 25 (Special lecture by Patrick Kuhn)

Monday March 30

- *Debs, Alexandre. 2007. ‘Divide-and-Rule and the Media.’ University of Rochester mimeo. (E)*

### 4.2 Dictatorship and Growth (three lectures)

**Wednesday April 1**

- *Besley, Timothy and Masayuki Kudamatsu. 2007. ‘Making Autocracy Work.’ London School of Economics Mimeo (E).*

**Monday April 6**

- *Debs, Alexandre. 2007. ‘Political Strength and Economic Efficiency in a Multi-Agent State.’ University of Rochester Mimeo. (E)*

**Wednesday April 8**


4.3 Dictatorship and War (two lectures)

Monday April 13


Wednesday April 15

• *Debs, Alexandre and Hein Goemans. 2008. ‘War! Who Is It Good For? The Relationship between Regime Type, the Fate of Leaders and War.’ University of Rochester Mimeo. (E)

5. Institutional Change and Policy Persistence (two lectures)

Monday April 20

• *Acemoglu, Daron and James A. Robinson. 2007. ‘Persistence of Power, Elites and Institutions.’ MIT Mimeo. (E)
• Acemoglu, Daron, Maria Angelica Batista, Pablo Querubin and James A. Robinson. 2007. ‘Economic and Political Inequality in Development: The Case of Cundinamarca, Colombia.’ MIT Mimeo.
• Acemoglu, Daron, Davide Ticchi and Andrea Vindigni. 2007. ‘Emergence and Persistence of Inefficient States.’ MIT Mimeo. (E)

Wednesday April 22

**Topic Presentations (two lectures)**

- **Monday April 27**
- **Wednesday April 29**

**FINAL EXAM**

- **Wednesday May 6 (in class). 9am to 12noon.**

**Schedule of Assignments**

**Problem Sets**

- Problem set 4: Handed out on March 18. Due April 1.
- Problem set 5: Handed out on April 1. Due April 22.

**Topic Reviews**


**Topic Presentation and Final Exam (see above).**