This is an interdisciplinary course that focuses on the application of economic logic to political questions and the influence of political institutions and behavior on economic activity. I will begin by reviewing some basic theoretical models from the disciplines of economics, political science, and game theory. These building blocks will then be used to investigate a number of specific areas of interest. First, we will consider the role of special interests and lobbying on government regulation of economic activity. Then we will consider legislative behavior and bureaucracy and the connection between them. The final set of topics focus on the interaction between politics and the macroeconomy, such as political business cycles, monetary policy and central banks, and taxation and redistribution.

The course will draw on a broad range of theoretical perspectives from positive political theory, public choice, and economics. Therefore, although there are no formal prerequisites for the course, some exposure to basic game theory or microeconomics would be helpful.

Course Meetings: Lectures for the course will be twice weekly, Tuesday and Thursday at 11:05 in Meliota 205.

Course Work: There will be two midterm exams during the semester. Dates will be announced in class.

In addition, there will be two papers. The first will be due the first week after spring break and the second will be due at the end of the term. For each paper, you must select an outside reading and using original, creative thought, discuss a related idea. This can consist of either a criticism, extension, or test of a theory, or a combination thereof. Each paper should be 6–10 pages.

The components of the final grade are: first midterm exam (20%), second midterm exam (20%), first paper (20%), second paper (20%), and class participation (10%).
Course Readings: The required text for the course is available at the campus bookstore:


Additional readings will be available online or distributed during the semester.

Below are the scheduled readings for the course. Naturally, this schedule may change as the semester unfolds.

**Topic 0** Introductory Lecture

- Stevens, *ECC*, Ch. 1

**Topic 1** Basic Models: Economic Models

Supply & Demand, Pure Competition & Monopoly, Principal-Agent, Efficiency

- Stevens, *ECC*, Ch. 2, 3, 4

**Topic 2** Basic Models: Political Models

Median Voter Theorem, Agenda Setting, Bargaining, Social Choice

- Stevens, *ECC*, Ch. 6 and sec. 7.0–7.3

**Topic 3** Basic Models: Game-theoretic Models

Prisoner’S Dilemma & Cooperation, Coordination Games
• Stevens, ECC, sec. 5.0 & 5.1

**Topic 4** Public Goods
Freeriding, Collective Action, Externalities, Voluntary Provision, Government Supply

• Stevens, ECC, Ch. 5 and sec. 7.4–7.42

**Topic 5** Special Interests, Regulation, and Rent-Seeking (I)

• Stevens, ECC, sec. 8.0–8.14 and 7.5–7.3 7.72
• Allan Drazen, Political Economy in Macroeconomics, pp. 90–96.

**Topic 6** Special Interests, Regulation, and Rent-Seeking (II)


**Topic 7** Legislative Behavior
Bargaining, Logrolling, Agenda Manipulation, Committees

• Stevens, *ECC*, sec. 8.15–8.3


**Topic 8** Bureaucracy

• Stevens, *ECC*, sec. 9.0–9.33


**Topic 9** Delegation
Congressional Oversight, Monitoring

• Stevens, *ECC*, sec. 9.4–9.7


**Topic 10** Redistribution and the Size of Government

Government Debt as Commitment


**Topic 11** Commitment & Credibility

Time Inconsistency, Flexibility v. Commitment, Central Bank Independence, Reputation

- TBA

**Topic 12** Elections & Business Cycles

Moral Hazard and Adverse Selection in Elections, Political Business Cycles, Partisan Business Cycles, Balancing & Midterm Elections


**Topic 13** Taxation & Redistribution

- Stevens, *ECC*, sec. 7.73

**Topic 14** Additional Topics

Property rights, comparative institutions courts and the law

- Stevens, *ECC*, Ch. 10–11
