

Harvard University

## **Political Economics**

### **Econ 1425**

Spring 2024

Andrei Shleifer

#### **Course Overview:**

The main purpose of this course is for each student to write a serious empirical paper, preferably with new data, in the field of political economics. The course relies on frequent (approximately 5 times over the semester) office hour meetings with the instructor, as well as meetings with the TF. To enable such frequent interactions, the course is limited to 16 students.

The course requires an application due November 8, 2023 at 11:59 PM ET:

<https://forms.gle/ALu6fVkdDdzdgsx98>.

The application should contain at most a brief paragraph about your interest, and more importantly your cv/resume. We are looking for a group of students with a variety of backgrounds and interests. The instructor will select the class by the end of day of November 9 and notify all applicants.

The course will discuss several research areas in political economy, including the origins of the state, comparative political systems, culture, mobility, democracy, ethnicity, corruption, rule of law, and regulation.

#### **Meeting Time and Location:**

Thursdays 12-2 PM

Littauer M-17

#### **Instructor:**

Andrei Shleifer, Littauer M-9, [ashleifer@harvard.edu](mailto:ashleifer@harvard.edu).

Office hours: Thursdays 2:30 – 4:30 PM by appointment. Please contact Mack Carroll, [mackcaroll@fas.harvard.edu](mailto:mackcaroll@fas.harvard.edu), (617) 495-4028.

#### **Teaching Fellow:**

Simon Schröder, [simonschroeder@g.harvard.edu](mailto:simonschroeder@g.harvard.edu).

Office hours: Tuesdays 2:00 – 4:00 PM by appointment. Please sign up through the instructions on Canvas.

### Schedule Overview:

Jan 25	Lecture 1	Institutions and Growth
Feb 1	Lecture 2	Legal Origins
Feb 8	Lecture 3	Culture I
Feb 15	Lecture 4	Culture II (Ben Enke)
Feb 22	Lecture 5	Data (Hemanth Asirvatham, Elliott Mokski; Simon Schröder)
Feb 29	Lecture 6	US Political Economy (Aakaash Rao; Edgard Dewitte)
Mar 7	Lecture 7	Corruption
Mar 14	No Lecture	Spring Break
Mar 21	Lecture 8	Informality
Mar 28	Lecture 9	Democracy / Democratization
Apr 4	Lecture 10	Law and Economics
Apr 11	Lecture 11	Regulation
Apr 18	Lecture 12	Student Paper Presentations

### Assignments:

Your assignments consist of writing occasional short memos discussing the reading list and generating a research paper under the guidance of the teaching staff. The course grade will combine the memos (10%), class discussion (20%) and the final paper (70%).

### Memos:

- Read the required book for the upcoming class.
- Write a short memo – up to 500 words (approx. 1 page of standard-margined size 12 font) – commenting on the week's book.
- The idea is to think about the readings, identify an interesting theme/idea, and articulate a short comment. You are strongly encouraged to think critically about what you read.
- You are required to submit memos ahead of the four class meetings specified in the syllabus. These meetings, as well as the readings that your memo should focus on, are marked by (MEMO) on the reading list.
- Memos must be submitted on Canvas by **Wednesday midnight, the day before class**. If you are unable to access Canvas, please email your memo to Simon (email above).

### Final Paper:

- The central goal of the course is to develop your research skills.
- You are required to write a 20-page research paper on a topic in political economics. Nearly all of the papers bring in new data, simply analyzed.
- Topics can be, but are not limited to, subjects covered on the reading list.
- The primary focus of the course TF is to help you with this through regular office hours and meetings.
- A preliminary proposal (up to 5 pages) **is due by Thursday, March 7**. The proposal must include:
  - o A clearly defined research question.
  - o Survey of the literature.
  - o Research design: model / “explanatory story”, data sources and identification strategy.
  - o At this point, you **MUST** have your data or a very clear plan to get it.
- A full draft paper **is due Thursday, April 11**. We will return drafts with detailed comments within one week.
- The final paper is due the last day of reading period, **May 1**.

## Reading List

### January 25: Institutions and Growth

De Long, J. Bradford and Andrei Shleifer (1993), “[Princes and Merchants: European City Growth before the Industrial Revolution](#),” *Journal of Law and Economics*, 36 (2): 671-702.

Acemoglu, Daron, Simon Johnson and James A. Robinson (2001), “[The Colonial Origins of Comparative Development: An Empirical Investigation](#),” *American Economic Review*, 91(5): 1369-1401.

Glaeser, Edward L., Rafael La Porta, Florencio Lopez-de-Silanes and Andrei Shleifer (2004), “[Do Institutions Cause Growth?](#)” *Journal of Economic Growth*, 9(3): 271-303.

Gennaioli, Nicola, Rafael La Porta, Florencio Lopez-de-Silanes and Andrei Shleifer (2013), “[Human Capital and Regional Development](#),” *Quarterly Journal of Economics*, 128(1): 105-164.

Caicedo, Felipe Valencia (2018), “[The Mission: Human Capital Transmission, Economic Persistence, and Culture in South America](#),” *Quarterly Journal of Economics*, 134(1): 507-556.

### February 1: Legal Origins

Rafael La Porta, Florencio Lopez-de-Silanes, and Andrei Shleifer (2008), “[The Economic Consequences of Legal Origins](#),” *Journal of Economic Literature*, 46(2): 285-332.

Levine, Ross (2005), “[Law, Endowments and Property Rights](#),” *Journal of Economic Perspectives*, 19(3): 61-88.

### February 8: Culture I

Putnam, Robert (1993), *Making Democracy Work*, Princeton University Press. **(MEMO)**

Guiso, Luigi, Paola Sapienza and Luigi Zingales (2006), “[Does Culture Affect Economic Outcomes?](#)”, *Journal of Economic Perspectives*, 20(2): 23-48.

Algan, Yann, Pierre Cahuc, and Andrei Shleifer (2013), “[Teaching Practices and Social Capital](#)”, *American Economic Journal: Applied Economics* 5(3): 189–210.

Marechal, Michel (2019), “[Civic Honesty Across the Globe](#)”, *Science*, 365(6448): 70-73.

### February 15: Culture II (Ben Enke guest)

Enke, Benjamin (2017), “[Kinship Systems, Cooperation, and the Evolution of Culture](#)”

Enke, Benjamin (2017), “[Moral Values and Voting: Trump and Beyond](#)”

### February 22: Data (Hemanth Asirvatham, Elliott Moksiki; Simon Schröder)

## **February 29: US Political Economy (Edgard Dewitte; Aakaash Rao)**

Ansolahehere, Stephen, John de Figueiredo, and James Snyder (2003), “[Why is There so Little Money in U.S. Politics?](#)”, *Journal of Economic Perspectives* 17(1): 105–130.

Bouton, Laurent, Julia Cagé, Edgar Dewitte, and Vincent Pons (2022), “[Small Campaign Donors](#)”, *NBER Working Papers* #30050.

Bursztyn, Leonardo, Thomas Chaney, Tarek Hassan, and Aakaash Rao (Forthcoming), “[The Immigrant Next Door](#)”, *American Economic Review*.

Martin, Gregory and Ali Yurukoglu (2017), “[Bias in Cable News: Persuasion and Polarization](#)”, *American Economic Review* 107(9): 2565-2599.

## **March 7: Corruption**

Riordan, William L., 1994, *Plunkitt of Tammany Hall*, New York: Bedford/St. Martin's. (MEMO)

Shleifer, Andrei and Robert Vishny (1993), “[Corruption](#),” *Quarterly Journal of Economics*, 108(3): 599-617.

McMillan, John and Pablo Zoido (2004), “[How to Subvert Democracy: Montesinos in Peru](#)”, *Journal of Economic Perspectives*, 18(4): 69-92.

Glaeser, Edward L. and Raven E. Saks (2004), “[Corruption in America](#)”, *Journal of Public Economics* 90(6-7): 1053-1072.

La Porta, Rafael, Florencio Lopez-de-Silanes, Andrei Shleifer and Robert Vishny (1999) “[The Quality of Government](#),” *Journal of Law, Economics, and Organization*, 15(1): 222-279.

Chong, Alberto, Rafael LaPorta, Florencio Lopez-de-Silanes, and Andrei Shleifer (2014) “[Letter Grading Government Efficiency](#)”, *Journal of European Economic Association* 12, no. 2: 277-299.

## **March 21: Informality**

DeSoto, Hernando (1989), *The Other Path*, New York: Harper and Row. (MEMO)

LaPorta, Rafael, and Andrei Shleifer (2014) “[Informality and Development](#)”, *Journal of Economic Perspectives* 28, no. 3: 109-126.

## **March 28: Democracy/Democratization**

Barro, Robert (1999), "[Determinants of Democracy](#)", *Journal of Political Economy*, 107(S6):158-183.

Glaeser, Edward L., Giacomo Ponzetto, and Andrei Shleifer (2007), "[Why Does Democracy Need Education?](#)", *Journal of Economic Growth*, 12(2): 77-99.

Besley, Timothy and Reynal-Querol, Marta (2011) "[Do democracies select more educated Leaders?](#)" *American Political Science Review*, 105(03). pp. 552-566.

Botero, Juan, Alejandro Ponce, and Andrei Shleifer (2013), "[Education, Complaints, and Accountability](#)", *Journal of Law and Economics*, 56(4): 959-996.

Guriev, Sergei, and Daniel Treisman (2019), "[Informational Autocrats](#)", *Journal of Economic Perspectives* 33(4): 100–127

## **April 4: Law and Economics**

Posner, Richard, 2008, *How Judges Think*, Cambridge, MA: Harvard University Press. (MEMO)

Coase, Ronald H. (1960), "[The Problem of Social Cost](#)", *Journal of Law and Economics* 3:1-44.

Glaeser, Edward L., Giacomo Ponzetto, and Andrei Shleifer, "[Securing Property Rights](#)"

## **April 11: Regulation**

Stigler, George J. (1971), "[The Theory of Economic Regulation](#)", *Bell Journal of Economics and Management Science* 2(1): 3-21.

Shleifer, Andrei (2012), *[The Failure of Judges and Rise of Regulators](#)*, Cambridge, MA: MIT Press, Chapter 1.

Philippe Aghion, Yann Algan, Pierre Cahuc, and Andrei Shleifer (2010), "[Regulation and Distrust](#)", *Quarterly Journal of Economics*, 125(3): 1015–1049.

Glaeser, Edward L. and Andrei Shleifer (2003), "[The Rise of the Regulatory State](#)", *Journal of Economic Literature*, 41(2): 401-425.

Djankov, Simeon, Rafael La Porta, Florencio Lopez-de-Silanes, and Andrei Shleifer (2002), "[The Regulation of Entry](#)", *Quarterly Journal of Economics*, 117(1): 1-37.

## **April 18: Student Paper Presentation**

