ECON3106 / ECON5306

Politics and Economics

Course Outline
Semester 1, 2017

Part A: Course-Specific Information

Please consult Part B for key information on Business School policies (including those on plagiarism and special consideration), student responsibilities and student support services.

Table of Contents

PART A: COURSE-SPECIFIC INFORMATION

1   STAFF CONTACT DETAILS

Lecturer-in-charge: Gabriele Gratton
Room 470A
Email: g.gratton@unsw.edu.au
Consultation Times – Thu 5-7pm

Tutor: Maleke Fourati
Email: m.fourati@unsw.edu.au

1.1   Communications with staff

You should feel free to contact your lecturer about any academic matter. However, I strongly encourage, for efficiency, all enquiries about the subject material be made at lectures or tutorials or during consultation time. Discussion of course subject material will not be entered into via lengthy emails.

Email correspondence on administrative matters (e.g. advising inability to attend tute) will be responded to within 48 hours. Please note that the lecturer has no advance notice of the date and time of the exam].

2   COURSE DETAILS

2.1   Teaching Times and Locations

Lectures start in Week 1 (to Week 13), with no lecture held in Week 7. The Time and Location is:
Wednesday 4-6pm, Chemical Sciences M18.

Tutorials start in Week 2 (to Week 13), with no tutorials held in Weeks 4 or 9. A full list of tutorials, times and tutors will be on the Course Website.

2.2   Units of Credit

The course is worth 6 units of credit.

There is no parallel teaching in this course.

2.3   Summary of Course

This course covers theory, evidence and current issues at the intersection between economics and political science. Topics considered include: social choice theory, models of political agency, analysis of the economic effects of different electoral systems, and an economic view of the origin of the state, dictatorship and democracy.

2.4   Course Aims and Relationship to Other Courses

This course is offered as part of the economics stream in the B.Com and B.Econ degrees. A prerequisite for this course is ECON2101 (ECON2112 is strongly encouraged). It aims to build on basic theories and knowledge learnt in ECON1101 and ECON 2101 and explores their applications to political and institutional issues.

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2.5 Student Learning Outcomes

The Course Learning Outcomes are what you should be able to DO by the end of this course if you participate fully in learning activities and successfully complete the assessment items.

The Learning Outcomes in this course also help you to achieve some of the overall Program Learning Goals and Outcomes for all undergraduate coursework students in the Business School. Program Learning Goals are what we want you to BE or HAVE by the time you successfully complete your degree. You demonstrate this by achieving specific Program Learning Outcomes - what you are able to DO by the end of your degree.

For more information on the Undergraduate Program Learning Goals and Outcomes, see Part B of the course outline.

Program Learning Goals and Outcomes		Course Learning Outcomes	Course Assessment Item
This course helps you to achieve the following learning goals		*On successful completion of the course, you should be able to:*	*This learning outcome will be assessed in the following items:*
1	Knowledge	Describe and critically analyse the effects of institutions on collective choice problems.	• Problem Sets • Discussion Forums • Mid-session Exam • Final Exam
2	Critical thinking and problem solving	Evaluate and critically analyse different voting systems. Explain major ideas regarding causes and effects of political corruption. Discuss the economic origins of dictatorship and democracy.	• Problem Sets • Discussion Forums • Mid-session Exam • Final Exam
3a	Written communication	Organize and present your own perspective on major political debates using quantitative analytical skills.	• Mid-Session Exam • Final Exam
3b	Oral communication	Communicate complex analytical ideas in a succinct and clear manner.	• Discussion Forums
4	Teamwork	Work collaboratively to discuss major political and economic ideas and apply them to current political debates.	• Discussion Forums
5a.	Ethical, environmental and sustainability responsibility	Identify causes of collective action failure. Appreciate institutions that favour efficient collective action.	• Problem Sets • Discussion Forums • Mid-Session Exam • Final Exam
5b.	Social and cultural awareness	Appreciate advantages and contradictions of democratic methods.	• Discussion Forums • Problem Sets • Final Exam

3   LEARNING AND TEACHING ACTIVITIES

3.1   Approach to Learning and Teaching in the Course

The philosophy underpinning this course and its Teaching and Learning Strategies are based on "Guidelines on Learning that Inform Teaching at UNSW. These guidelines may be viewed at: www.guidelinesonlearning.unsw.edu.au. Specifically, the lectures, tutorials and assessment have been designed to appropriately challenge students and support the achievement of the desired learning outcomes. A climate of inquiry and dialogue is encouraged between students and teachers and among students (in and out of class). The lecturers and tutors aim to provide meaningful and timely feedback to students to improve learning outcome.

3.2   Learning Activities and Teaching Strategies

The examinable content of the course is defined by the references given in the Lecture Schedule, the content of Lectures, and the content of the Tutorial Program.

Lectures
The purpose of Lectures is to provide a logical structure for the topics that make up the course; to emphasize the important concepts and methods of each topic, and to provide relevant examples to which the concepts and methods are applied.

Tutorials
Tutorials are an integral part of the subject. Tutorial presentations, discussion and problems will build on the material discussed in class with the lecturer.

Out-of-Class Study
While students may have preferred individual learning strategies, it is important to note that most learning will be achieved outside of class time. Lectures can only provide a structure to assist your study, and tutorial time is limited.

An "ideal" strategy (on which the provision of the course materials is based) might include:

- Reading of the relevant chapter(s) of the text and any readings **before the lecture.** This will give you a general idea of the topic area.
- Attendance at lectures. Here the context of the topic in the course and the important elements of the topic are identified. The relevance of the topic should be explained.
- Attending tutorials and attempting the tutorial questions.

4   ASSESSMENT

4.1   Formal Requirements

In order to pass this course, you must:
- achieve a composite mark of at least 50 out of 100;
- make a satisfactory attempt at ALL assessment tasks;

AND
- Achieve a satisfactory level of performance in the final exam. This means a minimum mark of 40 per cent. Any student having an overall mark of 50 or more but less than 40 per cent in the final examination will be given an UF grade (unsatisfactory fail).

4.2 Assessment Details

Assessment Task	Weighting	Length	Due Date
Tutorial problem sets	18%	See 4.4 below	See 4.4 below
Midsession Exam	20%	40 minutes	Week 9
Discussion Forums	18%	See below	
Final Exam	44%	2 hours	As scheduled in official exam period
	100%		

4.3 Tutorial Participation

No marks are awarded for tutorial attendance. However, a record of attendance at tutorials will be kept. **Students should note that** 80% attendance is required by UNSW and the Business School rules. In certain circumstances, such as where a request for special consideration is made in relation to assessment items, tutorial attendance will be taken into account in determining your final assessment or whether special consideration is granted.

Attendance at 8 of 10 tutorials will be deemed as meeting the requirement. Students must sign on by 10 minutes from the start of tutorial to qualify as 'in attendance'. Signing on for another student will be treated as misconduct. If, owing to illness or other exceptional circumstances, you are unable to attend your usual tutorial, you may try to attend another tutorial in the same week. However, you are required to attend your usual tutorial class at least 8 times during the session. This allows for occasional absence due to minor illness and other reasons, hence special consideration applications will not reduce this requirement.

4.4 Tutorial Problem Sets

3 tutorial problem sets are due in weeks 3, 6, and 10. Students are required to submit solutions to their tutor at the beginning of tutorial (no more than 10 minutes late). The problems will be discussed in the tutorial in the following weeks (see 7.2).
Tutors will normally record the homework as follows:

Mark	Description	Points
0	Solutions not submitted or barely attempted	0
Check minus	Solutions attempted but substantially incorrect	2
Check	Solutions substantially correct	4
Check plus	Excellent work	6

They will generally not mark all the problems in detail. However, for each problem set, one or more sections, randomly selected and without advance notice, will be marked in detail, and marks will be recorded.
As this component of assessment is worth less than 20%, special consideration does not apply to any of the components of tutorial assessment**.**

4.5 Midsession Exam

There will be a midsession exam in Week 9. The exam will take place during the second hour of the lecture and will be 40 minutes in length. The exam will cover topics from Week 1 to 6. It is essential, for this reason, that students attend all lectures.

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A special set of exercises (sample exam) and solutions will be distributed for preparation to the midsession exam.

There will be **NO supplementary tests** offered for the mid-session exam. You should make every effort to take the mid-session exam. Students who fail to attend the examination will need to apply for Special Consideration.

In cases of serious illness, students will need full and convincing documentation of that illness. Students who are found to be genuinely too ill to have attended the exam will have their mark in the remaining assessment tasks re-weighted to include the mark reserved for the missed test. In all other cases of non-attendance students will receive a grade of zero. Employment obligations or holiday plans of any kind are not acceptable reasons for absence from any test/examination.

Applications for special consideration must be **lodged online through myUNSW within 3 working days of the assessment** (Log into myUNSW and go to My Student Profile tab > My Student Services channel > Online Services > Special Consideration). Then submit the originals or certified copies of your supporting documentation and a completed Professional Authority form (pdf - download here) to Student Central.

4.6 Discussion Forums

Discussion forums on predetermined topics will be held during tutorials (see 7.2 for the schedule). A list of mandatory readings is available below (see 5). Students are encouraged to seek for further readings. The tutor will be in charge of moderating the discussion. Students will be divided in groups of 3 or 4 students each. Each group will be responsible for leading the discussion on one of the readings following the tutor's advice. Valuable contributions to the discussion will be noted by the tutor who will allocate up to 6 marks per student for each discussion forum.

4.7 Final Exam Format

A special set of exercises for preparation to the final exam will be put up on Course website in Week 11. Tutorials regarding how to answer the questions in the sample exam will be carried in Week 13. Students should note that, given changes in the course content, past exam papers for this subject are misleading. As outlined in 3.2 above all material covered in the lectures and tutorial program is examinable.

4.8 Quality Assurance

The Business School is actively monitoring student learning and quality of the student experience in all its programs. A random selection of completed assessment tasks may be used for quality assurance, such as to determine the extent to which program learning goals are being achieved. The information is required for accreditation purposes, and aggregated findings will be used to inform changes aimed at improving the quality of Business School programs. All material used for such processes will be treated as confidential.

5   COURSE RESOURCES

The website for this course is on UNSW Moodle at: http://moodle.telt.unsw.edu.au/

It is essential, for the successful completion of this unit, that **students attend all lectures**, as the examination will focus on material presented and discussed in lectures.

Material covered in lectures is accompanied by **lecture notes** available on the course website.

There is not a single textbook for all the material covered in this course. Weeks from 4 to 9 roughly follow:

Besley, T. (2006). *Principled Agents? The Political Economy of Good Government*, Oxford University Press.

5.1   Discussion Forums readings

Discussion forum I: Strategic voting and its implications
1. Palfrey, T. (2009). Laboratory Experiments in Political Economy. *Annual Review of Political Science*, 12: 379-388.
2. Fujiwara, T. (2011). A Regression Discontinuity Test of Strategic Voting and Duverger's law. *Quarterly Journal of Political Science*, 6(3-4): 197-233.
3. Bordignon, M., Nannicini, T & Tabellini, G. (2016). Moderating Political Extremism: Single Round vs. Runoff Elections Under Plurality Rule. *American Economic Review*, forthcoming.

Discussion forum II: accountability, corruption, and the media
1. Ferraz, C., & Finan, F. (2011). Electoral Accountability and Corruption: Evidence from the Audits of Local Governments. *American Economic Review*, 101: 1274-1311.
2. Besley, T,. & Burgess, R. (2002). The Political Economy of Government Responsiveness: Theory and Evidence from India. *The Quarterly Journal of Economics*, 117(4): 1415-1451.
3. Egorov, G., Guriev, S. & Sonin, K. (2009). Why Resource-poor Dictators Allow Freer Media: A Theory and Evidence from Panel Data. *American Political Science Review*, 103(4): 645-668.

Discussion Forum III: Conflict and Terrorism
1. Krueger, A. B., & Malečková, J. (2003). Education, Poverty and Terrorism: Is there a Causal Connection?. *The Journal of Economic Perspectives*, 17(4): 119-144.
2. Baliga, S., Lucca, D. O., & Sjöström, T. (2011). Domestic Political Survival and International Conflict: Is Democracy Good for Peace?. *The Review of Economic Studies*, 78: 458-486.
3. Conconi, P., Sahuguet, N., & Zanardi, M. (2014). Democratic Peace and Electoral Accountability. *Journal of the European Economic Association*, 12(4): 997-1028.

6   COURSE EVALUATION AND DEVELOPMENT

Each year feedback is sought from students and other stakeholders about the courses offered in the School and continual improvements are made based on this feedback. UNSW's myExperience Survey Tool is one of the ways in which student evaluative feedback is gathered. You are strongly encouraged to take part in the feedback process.

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7   COURSE SCHEDULE

7.1   Lecture Schedule

Lectures start in Week 1 and finish in Week 13. There is no lecture in Week 7. Week topics subject to small changes.

LECTURE SCHEDULE		
Week	Topic	Reference
Week 1 27 February	Introduction: 1. institutions and economics, theoretical and empirical evidence; 2. ideas on the origin of the state.	Lecture notes 1
Week 2 6 March	Politics as Choice: 1. Arrow's Impossibility Theorem; 2. Condorcet voting paradox; 3. Condorcet Jury Theorem.	Lecture notes 2
Week 3 13 March		
Week 4 20 March	Democracy and Elections: 1. Median Voter Theorem; 2. Downsian competition; 3. introduction to voting theory: strategic voting and Gibbard-Satterthwaite Theorem	Lecture notes 3
Week 5 27 March		
Week 6 03 April	Evaluating political outcomes: 1. redistributive politics; 2. public goods and the collective action problem; 3. corruption and rent-seeking behaviour.	Besley (2006), Ch. 2.1-2.5
Week 7 10 April	*NO LECTURE*	
Mid-semester break: Friday 14 – Saturday 22 April inclusive		
Week 8 24 April	Continued from Week 7: Evaluating political outcomes: 1. redistributive politics; 2. public goods and the collective action problem; corruption and rent-seeking behaviour.	Besley (2006), Ch. 2.1-2.5

Week 9 1 May	Political agency I: modelling re-election incentives	Besley (2006), Ch. 3.1-3.3.2
Week 10 8 May	Political agency II: 1. the term limit effect; 2. the role of political advertising and campaign funding 3. press freedom and corruption.	Besley (2006), Ch. 3.3.3-3.4.2
Week 11 15 May	Theories of conflict: 1. explaining conflict and bargaining; 2. the democratic peace.	Lecture notes 4
Week 12 22 May	Dictatorships and regime changes: 1. revolutions and coups; 2. democratic (in)stability	Lecture notes 6
Week 13 29 May		

7.2 Tutorial Schedule

Tutorials start in Week 2 and finish in Week 13. There are no tutorials in Weeks 4 or 9.

TUTORIAL SCHEDULE		
Week	Topic	Reference
Week 1 27 February	NO TUTORIALS	
Week 2 6 March	Review of basic game theory	
Week 3 13 March	Review of basic econometric methods	Problem set 1 due
Week 4 20 March	NO TUTORIALS	
Week 5 27 March	Review of problem set 1	
Week 6 03 April	Discussion forum I	Problem set 2 due
Week 7 10 April	Review of problem set 2	
Mid-semester break: Friday 14 – Saturday 22 April inclusive		
Week 8 24 April	Midterm exam review	
Week 9 1 May	NO TUTORIALS	
Week 10 8 May	Discussion Forum II	Problem set 3 due

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| Week 11
15 May | Review of problem set 3 | |
| Week 12
22 May | Discussion Forum III | |
| Week 13
29 May | Review of sample exam | |