Course Aim: To give a solid grounding in methods and subject matter of modern political economy, stressing concepts and theory; Background for empirical work; Learn to use basic models

Prerequisite: First-year micro sequence (or equivalent).

Requirements: 1. Final exam at the end of the semester; 2. Student presentation of one area on the reading list; 3. I will give you a large number of exercises, and, with a lag, solutions to some of the exercises. Not required, but recommended you do some, where you can decide what is useful for you.

Readings: Most are linked, but an old website https://sites.google.com/site/econ754/ should also contain readings. There is a course page on ELMS where I will put new material and lecture notes used in 2020, when I taught remotely. We can also modify the reading list according to your interests.

Lecture notes: I will also send out detailed lecture notes on each topic. Most of these are from last year, but I will make corrections and revisions. You should bring them to class (either hard copy or digital), as I will often refer to diagrams rather than redrawing those diagrams in class. You should of course feel free to take notes on them.

UMD Guidelines: UMD’s policies on graduate courses and graduate student rights and responsibilities can be found here: Course Related Policies | The University of Maryland Graduate School [umd.edu]. Here is another link you might find useful. https://faculty.umd.edu/main/activity/teaching-policies-guidelines#syllabus-guidelines. If you have any questions about these or other course-related issues, do not hesitate to ask me.

Texts: (None is “required”)
Austen-Smith and Banks, Positive Political Theory I and II, U. of Michigan Press (ASB)
Drazen (2000), Political Economy in Macroeconomics, Princeton (D)
Grossman and Helpman, Special Interest Politics, MIT Press (GH)
Persson and Tabellini (2000), Political Economics, MIT Press (PT)
Riker (1982), Liberalism Against Populism, Waveland Press (R)

1. Basic Electoral Models
   a) Introduction and Background
      D, ch. 1
      R, ch. 1
   b) Equilibrium in Direct Democracy – Preference Aggregation
      PT, pp. 19-25
2. Participation and Turnout

a) Pivotal Voter Models


b) Ethical Voter Models


3. Politicians – Basic Models
a) Equilibrium with Opportunistic Candidates
JR, pp. 13-27, 52-55
PT, pp. 47-58

b) Policy-Motivated Candidates
JR, pp. 28-37, 55-72

c) Commitment to Platforms and Candidate Entry

4. Credibility of Policy
D, pp. 175-207

5. Political Agency and Accountability
a) Moral Hazard

b) Selection and Accountability

c) Political Budget Cycles

6. Legislatures
a) Legislative Bargaining

b) Legislative Rules

c) Legislative Dynamics

7. Special Interest Politics
a) Redistribution
D, ch. 8


b) *Resistance to Policy Change*


c) *Influence*

GH Ch. 3


GH Ch. 4, 5, 6

8. *Campaign Financing*


9. *Polarization and Ambiguity*


10. **Behavioral Political Economy**

11. **Populism**

12. **Political Parties**