**Political Science 948: Political Economics**

“All models are wrong, but some are useful.” –George Box

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OH: M 2:30-3:30 (undergrad priority), Th. 1:30-3pm (grad priority) & by appt.

**Class meetings**: Wednesday 3:30-5:30PM in Education L173

**Description**: This is an advanced graduate course designed to introduce students across political science subfields to major political-economic models and concepts relevant to the study of politics. Understanding these models will improve your ability to make contributions, whether theoretical or empirical, in any of the major subfields of political science. The class will emphasize the theoretical work emerging out of political science and economics but some attention will be paid to empirical testing and current controversies.

I consider this course to be core to a graduate curriculum in political economy. The other directly relevant courses are introductory and advanced game theory; political institutions; international political economy; and political economy of development. Since we only have a semester, I have omitted important topics that are already covered in other courses.

Relevant topics NOT covered in detail include:
- Basic social choice models (Arrow, etc.)
- Abstract bargaining models;
- Models of war, conflict, & terrorism;
- principal agent models, regulation & bureaucracy;
- accountability and representation;
- the spatial model and models of coalition formation
- the causes and effects of international trade, capital flows, currency regimes, and organizations.

There is a very heavy reading load in this class, on the order of ~5-6 journal articles per class. The order of assigned readings in each week is important; often they cumulate or argue with one another. I have also made an effort to assign a review article in each week that situates the topic more broadly. You should read the review piece only after you have read the assigned readings for that week. I have also included extensive (but not exhaustive) lists of recommended reading for you to use as you prepare for your field exams and work towards finalizing a dissertation topic.

Class meetings will be a combination of lecture and discussion. *I expect to see each of you in office hours at least once during the semester*. If my scheduled hours are inconvenient for you, we can find another mutually agreeable time.

This syllabus is not carved in stone. I have included what is likely to be too much material to cover in a semester. I reserve the right to alter it and I am amenable to spending more time on topics people may be struggling with. How far we get and which of the topics from the end of the course we end up covering will be driven by my assessment of your progress as well as which topics you find most relevant to your research agendas. Please let me know if the class is moving too quickly or slowly for you!
Prerequisites: This class assumes you have taken introductory game theory and basic regression courses. You should know how to take a derivative and should be able to recognize linear (matrix) algebra and Bayes' Law.

Assignments & Grading:
There will be three primary written assignments for the course:
1. (15%) Model summary and extension: You will choose or be assigned one of the models from class readings. You will prepare a memo of no more than 7 pages. In it, you are responsible for writing up a description of the model and major results. You will also identify either a) one extension of the model and discuss results and implications of this extension or b) discuss the empirical relevance of the model, specifically how we might go about attempting to falsify it. You make yourself the “class expert” on your chosen paper; presenting your memo to the class in no more than 10 minutes.
   a. Papers in red are eligible for student presentations
   b. Grading will be based on 1) the clarity and accuracy of the model description and 2) originality. You should also feel free to emphasize steps or logical jumps that the author makes that you do not understand.
2. (50%) Final paper. You will submit a research paper at the end of the semester. This paper can be a continuation of a project you are already working on or the beginnings of a new one. Your ultimate objective for this paper should be publication as a piece of original research. Literature review pieces and generic analytic essays are NOT acceptable paper topics. You are expected to have presented your proposed paper to me and gotten my approval by week 8.
3. (20%) Occasional problem sets.
   a. Problem sets will be graded on a full credit/no credit basis, with no restrictions on the number of rewrites within the semester.
   b. To get full credit, you must
      i. Turn in a completed problem set by the initial due date.
      ii. Provide an acceptable answer for every question.
          1. If you fail to do so, you can redo the questions you answered incorrectly and resubmit the problem set. You can do this as many times as necessary to get full credit, up to the last day of classes of the semester.
   c. While you can hand write your problem sets, I prefer typeset versions using, e.g., LaTeX. If your problem sets are illegible, I reserve the right to require you to type your problem sets.
   d. You can and should work together on problem sets provided that you attempt all problems on your own and you write up individual assignments.
4. All written work (except any hand-written problem sets...boo!) MUST be submitted electronically via the dropbox on the course website. I will only accept .pdf or .txt files. No proprietary software files (.docx, etc.)!

The balance of your grade will be determined by the quality of your class participation.

Attendance: I expect you attend each and every class meeting (unless you are feeling ill!).

PEC: We are lucky to have a very active and exciting political economy group at the University of Wisconsin, including the Political Economy Colloquium speaker series which meets Thursdays over the lunch hour. I expect to see each of you at no fewer than one of
the PEC meetings. More information and a schedule are here:
http://users.polisci.wisc.edu/pec/

Incompletes: I generally refuse to grant incompletes though I may make exceptions for times of personal or family emergencies.

Required Books:

All required books are available for order online or through the university bookstore. Chapters of book I don't ask you to buy will be will be available as scanned .pdf downloads on the Learn@UW site. All journal articles can be downloaded through the library. SAVE A TREE...print double-sided (or not at all)!

Recommended reference:
THE PLAN

1. What is political economy? lecture on constrained optimization, & utility functions
Perrson, Torsten and Guido Tabellini. 2000. Ch.1 (online)
Table of Contents. The Oxford Handbook of Political Economy.
Przeworski Ch. 1-2

→ First Problem set handed out

2. Trial by fire: More utility functions, consumers, firms, & equilibria (partial, general)
Przeworski ch. 2-3
<<other stuff>>

→ First problem set due.
→ Second problem set handed out

3. Collective Action*

→ Second problem set due.

Recommended:


4. Firms, Organizations & Leadership

Przeworski, Ch. 4


Recommended:


Dickson, Eric. 2009. Leadership, Followership, and Beliefs About the World: An Experiment. Mimeo. NYU.


5. The State
Przeworski Ch.5
Levi. Ch. 1-3 and at least 2 of the case studies.
BDM's Ch. 1-3

Recommended:


6. State Building and Market Building

Frye, Ch. 1-6 and at least 2 of the case studies.

Recommended:


7. Growth & Development
Przeworski, Ch. 9
BDM's 3 Ch. 4

Recommended:


8. Institutions, Inequality and Redistribution I

Przeworski ch. 10

Acemoglu & Robinson, Scan parts I & III; read part II in detail (see me if you want to present any part of this)

<<lecture on dynamic programming & games>>

Recommended:


9. Institutions, Inequality and Redistribution II


Ansell, Benjamin, and David Samuels. 2010. "Inequality and Democratization: a contractarian approach." Comparative Political Studies 45 (1).


BDM^2 Ch. 8


Recommended:


10. Electoral cycles, parties, economic policies and outcomes


Canes-Wrone, Brandice, and Jee-Kwag Park. forthcoming. "Electoral Business Cycles in OECD"


→ *paper topics must be approved by this week!*

**Recommended:**


**11. Monetary Policy, Interest rates, & Rational expectations**


**Recommended:**


**12. Social Democracy, Insurance, and Risk**

Przeworski Ch. 11


**Recommended:**


13. Political organization of economic interests

14. Human capital*

Recommended:


**15. Centralization, decentralization & federalism**


**Recommended:**


* Conditional on time and student interest