BE International Program

Faculty of Economics, Thammasat University

THAMMASAT

Course Syllabus (Tentative)

EE 405 New Political Economy

Semester 2/2021

Number of credits: 3 credits (3-0-6)

Prerequisites: EE311 and EE312

Course Description:

Political process as a platform used to formulate and implement economic policies will be extensively discussed. Issues cover political decision making, political institutions, Election, Electoral Rules, redistributive politics, comparative politics, dynamic politics, incentives and behaviors of various agents, i.e., voters, politicians, special interested groups in a political regime. Moreover, Institutional structure of political institutions and its implication on macroeconomic policies will be examined. All issues above have much things to do with institutional design of political structure and incentive mechanism facilitating formation and implementation of good economic policies.

In this course, we will select topics and issues from the three main following textbooks to discuss. Seminal papers will be also assigned to read. For instance, topics/issues cover

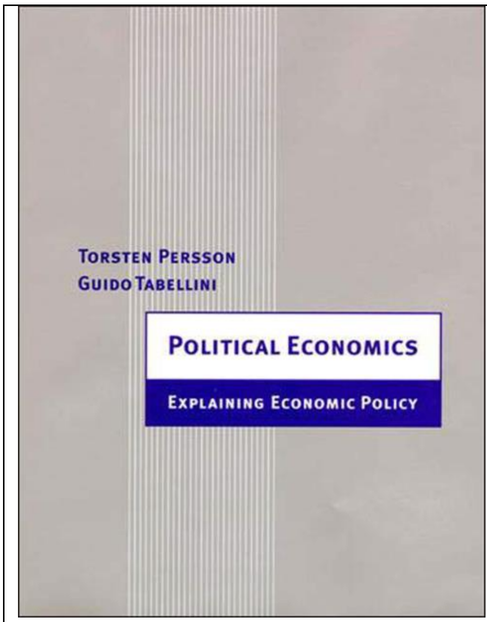
• Origin of the state	• Comparative Social System: Socialism Vs. Capitalism	• Romanticism and cynicism views towards government
• What do we know about democracy? ○ Direct democracy ○ Representative democracy	• Electoral rule and electoral competition	• Institutions and accountability
• Separation of powers	• Political business cycles	• Media capture and Political accountability

• Consequences of constitutions	• Coups and consolidation (Acemoglu and Robinson, Chapter 7)	• Non-democratic politics
• The size of government and economic performance	• Special interest groups	• Rent seeking and corruption

Evaluation: Papers, Presentation, Midterm Exam, Final Exam

Textbooks

Torsten Persson and Guido Tabellini (2000) "Political Economics", MIT Press.



Torsten Persson

Torsten Persson is Director of the Institute for International Economic Studies at Stockholm University and Centennial Professor at the London School of Economics.

Guido Tabellini

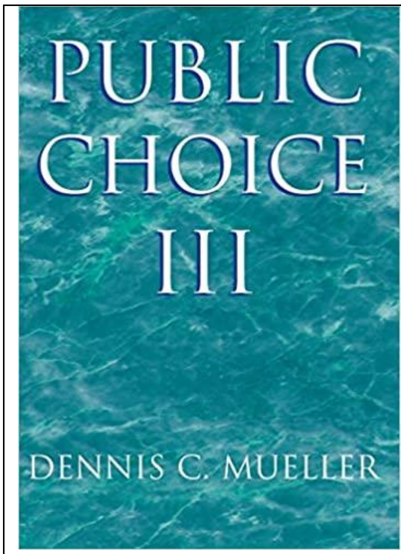
Guido Tabellini is Professor of Economics at Bocconi University in Milan and President of the Innocenzo Gasparini Institute of Economic Research, also at Bocconi University.

Summary

What determines the size and form of redistributive programs, the extent and type of public goods provision, the burden of taxation across alternative tax bases, the size of government deficits, and the stance of monetary policy during the course of business and electoral cycles? A large and rapidly growing literature in political economics attempts to answer these questions. But so far there is little consensus on the answers and disagreement on the appropriate mode of analysis.

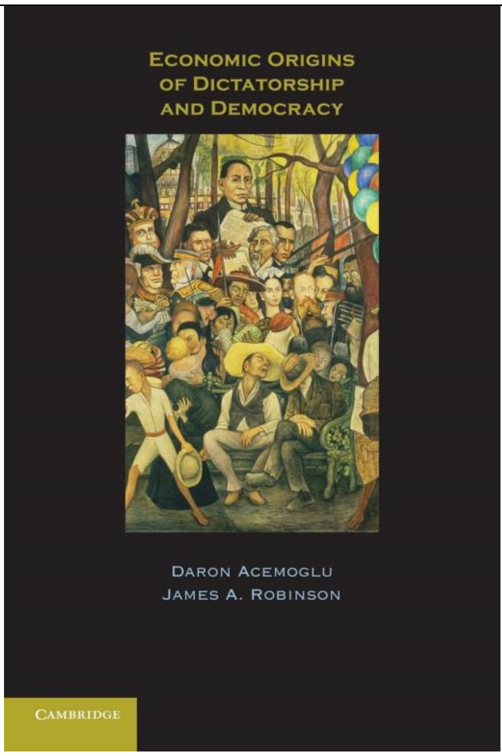
Combining the best of three separate traditions—the theory of macroeconomic policy, public choice, and rational choice in political science—Torsten Persson and Guido Tabellini suggest a unified approach to the field. As in modern macroeconomics, individual citizens behave rationally, their preferences over economic outcomes inducing preferences over policy. As in public choice, the delegation of policy decisions to elected representatives may give rise to agency problems between voters and politicians. And, as in rational choice, political institutions shape the procedures for setting policy and electing politicians. The authors outline a common method of analysis, establish several new results, and identify the main outstanding problems.

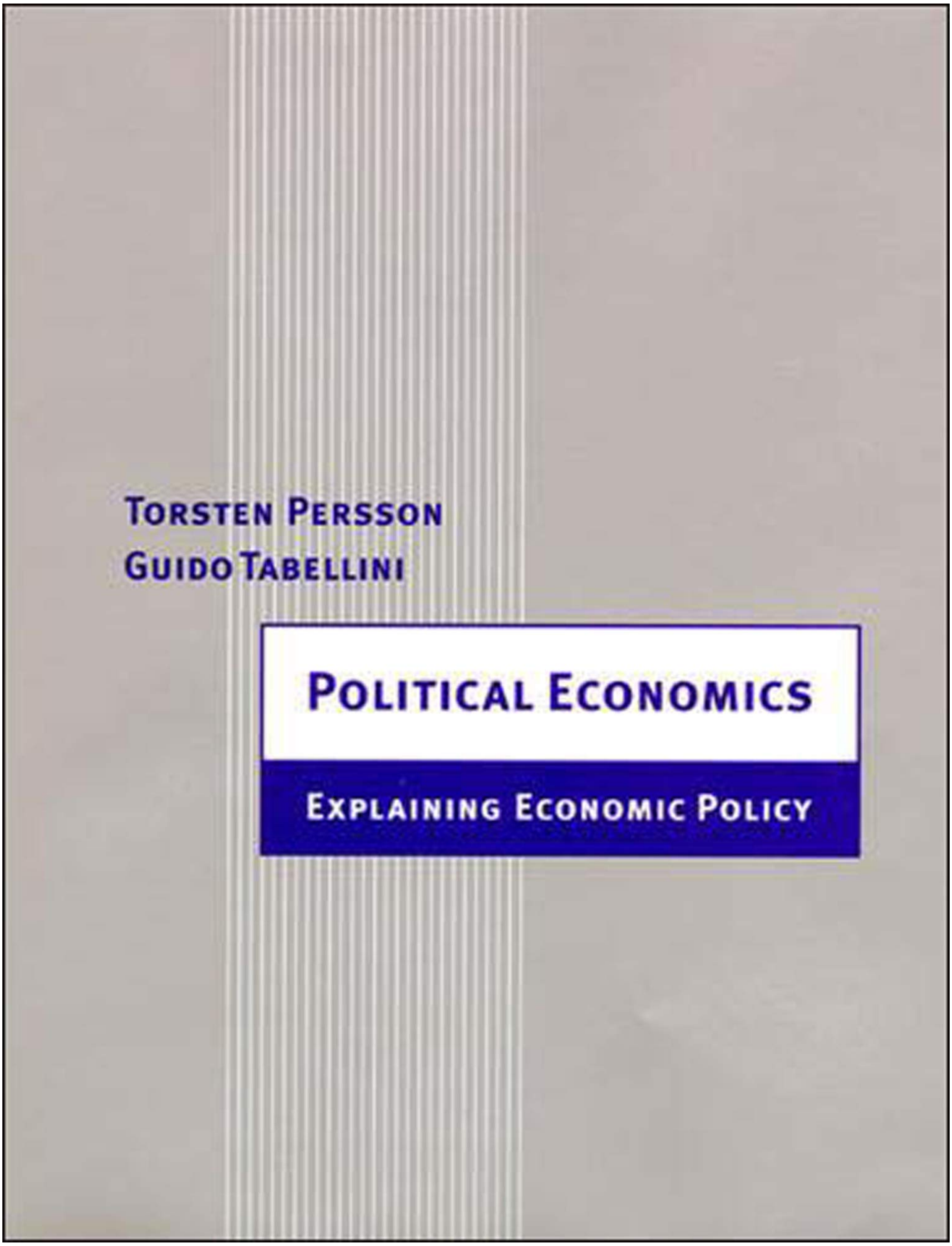
Dennis C. Mueller, Public Choice III, 3rd edition, Universität Wien, Austria

	This book represents a considerable revision and expansion of Public Choice II (1989). As in the previous editions, all of the major topics of public choice are covered. These include: why the state exists, voting rules, federalism, the theory of clubs, two-party and multiparty electoral systems, rent seeking, bureaucracy, interest groups, dictatorship, the size of government, voter participation, and political business cycles. Normative issues in public choice are also examined. The book is suitable for upper level courses in economics dealing with politics, and political science courses emphasizing rational actor models.

Click at the link for table of contents:
http://catdir.loc.gov/catdir/samples/cam031/2002022287.pdf

Economic Origins of Dictatorship and Democracy by Acemoglu, Daron and Robinson, James A. , New York , Cambridge University Press , 2006 , xv + 416 pp .

	This book develops a framework for analyzing the creation and consolidation of democracy. Different social groups prefer different political institutions because of the way they allocate political power and resources. Thus democracy is preferred by the majority of citizens, but opposed by elites. Dictatorship nevertheless is not stable when citizens can threaten social disorder and revolution. In response, when the costs of repression are sufficiently high and promises of concessions are not credible, elites may be forced to create democracy. By democratizing, elites credibly transfer political power to the citizens, ensuring social stability. Democracy consolidates when elites do not have strong incentive to overthrow it. These processes depend on (1) the strength of civil society, (2) the structure of political institutions, (3) the nature of political and economic crises, (4) the level of economic inequality, (5) the structure of the economy, and (6) the form and extent of globalization.


TORSTEN PERSSON
GUIDO TABELLINI
POLITICAL ECONOMICS
EXPLAINING ECONOMIC POLICY

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Economic origins of dictatorship and democracy /

Daron Acemoglu, James A. Robinson.

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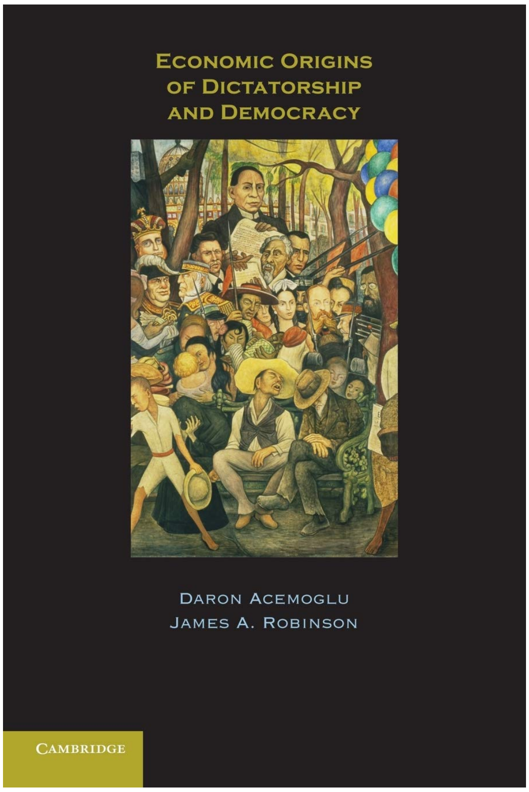

Contents

Part 1. Questions and Answers

Part 5. Conclusions and The Future of Democracy

Part 6. Appendix

Library of Congress Subject Headings for this publication:

Democracy -- Economic aspects.
Democratization.
Equality.
Political culture.
Dictatorship.
Comparative government.