

**POLITICAL ECONOMY I
ECONOMICS 3363F-001**
Department of Economics
University of Western Ontario

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Lectures: T, 2:30-4:30 and Th, 2:30-3:30, UC 2105

Office Hours: Tu 11:30 -1:30 or by appointment (I think these will have to be via Zoom, so send me an email to set up a specific time.)

Registration

You are responsible for ensuring you are registered in the correct courses. If you are not registered in this course, the Department will not release any of your marks until your registration is corrected. You may check your timetable by using the Login on the Student Services website at <https://student.uwo.ca/>. If you notice a problem, please contact your home Faculty Academic Counsellor immediately.

Prerequisite: The prerequisites for this course are **Economics 2260** or **Economics 2150**.

You are responsible for ensuring that you have successfully completed all course prerequisites, and that you have not taken an anti-requisite course. Lack of pre-requisites may not be used as a basis for appeal. If you are found to be ineligible for a course, you may be removed from it at any time and you will receive no adjustment to your fees. This decision cannot be appealed.

If you find that you do not have the course prerequisites, it is in your best interest to drop the course well before the end of the add/drop period. Your prompt attention to this matter will not only help protect your academic record, but will ensure that spaces become available for students who require the course in question for graduation.

Course Summary: The field of economics known as Political Economy has come to mean ‘the economic analysis of political behavior’, which includes the behavior of political leaders, candidates, parties, voters, bureaucrats, office-holders, donors and even the media. This makes it an immense field, forcing me to make choices in putting together this course. I have organized around four ‘Big Questions’ about politics and behavior which are at present not nearly fully resolved. They are:

1. What motivates people to vote or not and to vote for particular candidates when they do, and why has voter turnout declined in many advanced democracies in the last 40+ years?
2. Do electoral systems influence the number and type of candidates who run for office, the policies enacted/espoused by those candidates, and the voting behavior of citizens?
3. What are the impacts on behavior of candidates, voters and office-holders of alternative means of financing political campaigns?
4. What has been the impact, if any, of changes in the news/information industry on political outcomes?
5. What is meant by corruption in government and what conditions cause it to increase or decrease?

Learning Outcomes: Students who successfully complete the course will

- at least three times during the term say to themselves; ‘I hadn’t thought of that’.
- be able to explain to non-specialists a variety of motivations for citizens to vote (or not) as well as explain variations across countries in patterns of voting behavior.
- have a more than superficial understanding of key differences in the way different government structures operate and the influences those differences have on policy and the type and number of candidates running for office.
- understand the differences in the incentives to run for office, the likely electoral outcomes and the influences on voting behavior that are implied by alternative voting systems.
- understand the difference between a *claim* an *argument* and *evidence*, and be able to assess the quality of all three in one’s own and in other people’s writing.

Textbook: There is no text for the course. It will be organized around a set of readings listed below in the course outline, and available for download from the course website. We will also at times make use of material from the following websites (which are, in any case, full of interesting information for anyone interested in political behavior).

Making Electoral Democracy Work – www.electoraldemocracy.com/
International Institute for Democracy and Electoral Assistance - www.idea.int
Center for Responsive Politics (USA) - www.opensecrets.org/
Elections Canada - www.elections.ca/
Federal Elections Commission (USA) - www.fec.gov/
Transparency International - www.transparency.org

Evaluation: As this is an essay course, the University requires that you write a minimum of 2500 words to obtain credit. In this course 90% of what you are evaluated on will be written, so you will in fact write more than that. The work to be evaluated will consist of the following:

1. An in-class essay quiz, which will count for 20% of your term mark. This will be open-book, which means: you can have anything *on paper* on your desk when you write. However - *No electronic devices can be on your desk*. There will be no make-up quiz. If you miss this quiz for an approved reason, that extra weight will be transferred to your Term Paper mark. This does not mean the quiz is *optional*; if you miss it without approval you will get a 0 which will count toward your final mark. This quiz will be given in class on **November 17**, and will cover material from the course up to that point. You will have two hours to write on a set of essay questions.

2. Three take-home writing assignments.

Essay Assignment 1: You will get an article and a set of questions about that article on **Thursday, September 17**. Your answers to those questions are due at the start of class on **Thursday, September 26**. This first assignment will count for 10% of your mark.

Essay Assignment 2: You will get a set of essay questions about the course material to date on **October 13**, and your answers will be **due on October 20** at the start of class. This will also count for 10% of your mark.

Essay Assignment 3: You will write an exposition of some *scholarly paper* that is related to the course material. The paper you choose cannot be one of the ‘starred’ papers in the course outline, but in any case, you must get the paper you’ve chosen *approved* by me or the Assignment will not be accepted. Further details on what I expect in Essay Assignment 3 can be found on the website under **Resources/Quiz and Assignment Information**. This Essay Assignment is due at the start of class on **November 24**, and will count for 20% of your mark.

No late assignments will be accepted.

3. A term paper. This will be 15+ typed pages (about 3500 words) not counting a title page or reference page or any tables or graphs. Details regarding what I expect for this are on the website under **Resources/Quiz and Assignment Information**, and it will count for 30% of your course mark. You must inform me of your topic (and have me approve it) no later than **Tuesday, December 1**, and it is due at 4:00pm on **Wednesday, December 16**.

Penalty for a late Term paper will be a 20% reduction in the mark if I do not have it in my hand at the due date, and another 20% for each day beyond that.

Plagiarism - is copying or stealing another’s words or ideas and attributing them as one’s own. This includes the words and ideas of your classmates as well as those you find in written or online material. Any instance of plagiarism in this class will result in my doing everything I can to insure the perpetrator receives the maximum penalty.

4. Class participation. This will count for 10% of your course mark. You will lose 1 percent of this total for each of these possible actions. I) Missing class. I will take attendance every day. II) Going through any week without asking a question. Each student must ask at least one substantive question about the course material every week. This can be done verbally, in class, or you can email me a question at any time. If you do the latter, and the question passes the ‘AI thinks this is substantive’ test, then I will put the question before the class and either I or the class will answer it.

Course Outline and Readings

All of the readings listed below can be found on and downloaded from the course website, *or* from an indicated website. We will not come close to discussing all of the readings on this list. Many are there simply to give you a place to start looking for papers to use for Assignment 3 and the Term Paper. I will keep you abreast of which papers from each section you need to read as we go.

0. Claims, Arguments, Evidence and Understanding Regression Results

Slivinski, AI, 2020, “Basic Notes on Linear Regression”

Fowler, A, 2020, “Partisan intoxication or policy voting?” *Quarterly Journal of Political Science*, 15: 141–179

I. To Vote or Not to Vote? Theory and Data

A. A first look at data on voting

IDEA data on turnout (<http://www.idea.int>)

*US Census Bureau, 2009, 'Voting and Registration in the Election of November 2008'

*Elgot, J, 2016, 'Young remain voters came out in force but were outgunned', *The Guardian*, July 19.

*File, T., 2014, 'Young-Adult Voting: An Analysis of Presidential Elections, 1964–2012', *US Census Bureau Report*

*Burn-Murdoch, J, 2016 FT Data Blog: EU Referendum, *The Financial Times*, June 24

B. Why do people vote – or not vote? Theories of voting behavior

***Slivinski, A, 2019, 'Notes on Voting Theory'.**

*Aldrich, John H. 1993. "Rational Choice and Turnout," *American Journal of Political Science* 37 (1): 246–78.

*Feddersen, Timothy, 2004. "Rational choice theory and the paradox of not voting", *Journal of Economic Perspectives* 18 (1), 99–112.

* Geys, B. 2016, 'Rational' Theories of Voter Turnout: A Review' *Political Studies Review*, 4:16-35

*Ledyard, J.,1984 "The Pure Theory of Large Two Candidate Elections," *Public Choice*. 44: 7–41.

Shachar, Ron and Barry Nalebuff, 1999, "Follow the Leader: Theory and Evidence on Political Participation," *American Economic Review*, 89:3, pp. 525–47.

Uhlaner, C., "Rational Turnout: The Neglected Role of Groups," *American Journal of Political Science*, 1989, 33(2), pp. 390–422.

Gerber, A. S., and D. P. Green, 2000, "The Effects of Canvassing, Telephone Calls, and Direct Mail on Voter Turnout: A Field Experiment" *American Political Science Review*, 49: 653-663.

Myatt, D, 2015, 'A theory of protest voting', *Economic Journal*,

C. Theory meets data

*Goodman, N and L Stokes, 2018, "Reducing the Cost of Voting: An Evaluation of Internet Voting's Effect on Turnout," *British Journal of Political Science*

*Statistics Canada, 2016, 'Reasons for not voting in the federal election, October 19, 2015'

Campbell, D E, 2014, 'Social Networks and Political Participation', *Annual Review of Political Science*, 16:33–48

Jon H. Pammett and Lawrence LeDuc. 2003. "Explaining the Turnout Decline in Canadian Federal Elections: A New Survey of Non-voters," Elections Canada.

Fowler, A, 2020, "Partisan intoxication or policy voting?" *Quarterly Journal of Political Science*, 15:

Kasara, K and P Suryanarayan, 2015, 'When Do the Rich Vote Less Than the Poor and Why? Explaining Turnout Inequality across the World', *American Journal of Political Science*, 59, No. 3, Pp. 613–627.

*Blais, A., E. Gidengil, N. Nevitte & R. Nadeau, 2004, "Where does turnout decline come from?" *European Journal of Political Research* 43: 221–236.

Søberg, M, and T Tangeras, 2007, "Voter turnout in small referendums," *Electoral Studies*, 26: 445-459

Endersby, James, Steven E. Galatas and Chapman B. Rackaway, 2002 "Closeness Counts in Canada: Voter Participation in the 1993 and 1997 Federal Elections," *Journal of Politics*, 64(2),610-631.

Harbaugh, W T, 'If People Vote Because They Like to, Then Why do so Many of Them Lie?', *Public Choice*, Vol. 89, No. 1/2 (Oct., 1996), pp. 63-76

Kan, K. and C C Yang, 2001, 'On expressive voting: Evidence from the 1988 U.S. presidential election', *Public Choice*, 108: 295–312

Gallego, A, 2010, 'Understanding unequal turnout: Education and voting in comparative perspective', *Electoral Studies* 29: 239–248

*Turcotte, M., 2015, 'Political participation and civic engagement of youth', Statistics Canada.

D. Compulsory voting

*Jackman, S, 2001, "Compulsory Voting", *International Encyclopedia of the Social and Behavioral Sciences*. Elsevier: Oxford, UK.

*'Compulsory voting around the world: Executive summary', 2006, *The Electoral Commission*, United Kingdom

*Birch, S., 2009, 'The case for compulsory voting', *Public Policy Research*, March-May: 21-27.

*Harb, M., 2005, 'The case for mandatory voting in Canada', *Canadian Parliamentary Review*, Summer

*Coyne, A., 2014, "Like jury duty or paying your taxes, voting should be mandatory," *National Post*, May 14.

*Lijphart, A., 1997, "Unequal Participation: Democracy's Unresolved Dilemma," *The American Political Science Review*, 91:1-14

*Hill, L., 2006, "Low Voter Turnout in the United States: Is Compulsory Voting a Viable Solution?" *Journal of Theoretical Politics* 18: 207

*"Mike Rowe Shares his Wise Opinion on Voting", October 12, 2016, www.outdoorhub.com

*Hill, L., 2002, "Compulsory Voting: Residual Problems and Potential Solutions", *Australian Journal of Political Science*, 37:3, 437-455

Singh, 2016, "Compulsory voting and dissatisfaction with democracy", *British Journal of Political Science*, 48, 843-854

Fowler, A, 2013, "Electoral and Policy Consequences of Voter Turnout: Evidence from Compulsory Voting in Australia," *Quarterly Journal of Political Science*, 8: 159-182

S P. Singh , 'Compulsory Voting and the Turnout Decision Calculus', 2015, *Political Studies*, 63, 548-568.

Bechtel, M, D Hangartner and L Schmid, 2016, 'Does Compulsory Voting Increase Support for Leftist Policy?' *American Journal of Political Science*, 60, 752-767

*A. Barton Hinkle, 2016, 'No, You Don't Have an Obligation to Vote', *Reason.com*

Jensen, C B, and Jae-Jae Spoon, 2011, 'Compelled without direction: Compulsory voting and party system spreading', *Electoral Studies* 30: 700-711.

E. Strategic voting

Blais, A. and A Degan, 2017, "The empirical study of strategic voting", "L'Actualité Économique" mars-décembre 2017, eds. André Le Breton, Andrée Blais and Arnaud Dellis.

J. L. Merolla, and L. B. Stephenson, 2007, "Strategic voting in Canada: A Cross Time Analysis," *Electoral Studies*, 26: 235-246

Blais, A., 2002, 'Why is there so little strategic voting in Canadian plurality rule elections?', *Political Studies*, 50: 445-454.

Bol, Damien, 2014, 'Strategic voting under PR: Evidence from the 2010 Swedish General Election', *electoraldemocracy.com*.

P R Abramson, J H Aldrich, A Blais, M Diamond, A Diskin, I H Indridason, D J Lee and R Levine, 2010, "Comparing strategic voting under FPTP and PR," *Comparative Political Studies* 43: 61-90 [Intro is a good summary of the issues connected with strategic voting]

Seth, C. McKee and M. V. Hood III, 2013, 'Strategic Voting in a U.S. Senate Election', *Political Behavior*, 35:729-751

Freden, Annika, 2014, 'Threshold insurance voting in PR systems', *Journal of Elections, Public Opinion and Parties*, 24:473- 492

*'CUPE Slams Leadnow For Encouraging Canadians To 'Vote Together'', Posted: 04/13/2015, *Huffington Post.ca*

*Byers, M., 2011, 'The problem with strategic voting', CBC News, Posted April 20

II. Information and the Media in Politics

- *Allcott, H. & M. Gentzkow, “Social Media and Fake News in the 2016 Election”, *Working Paper: Stanford Institute for Economic Policy and Research*, January 2017
- *Prior, M, 2013, ‘Media and Political Polarization’, *Annual Review of Political Science*, 16:101–27
- *Ikners, N. 2017, ‘US Presidential Election 2016: ‘Fake News’, Foreign Influence and Social Media’, The ACE Electoral Knowledge Network, <http://aceproject.org>
- *‘Does political advertising work?’, *The Economist*, Feb 6th 2016
- *‘Political advertising: Breaking down the battle of the airwaves’, (Methodological details for above), *The Economist*, Feb 6th 2016
- *D. Lassen, 2005, “The Effect of Information on Voter Turnout: Evidence from a Natural Experiment”, *American Journal of Political Science*, Vol. 49, No. 1, 103–118
- Djankov, S., C. McLiesh,, T. Nenova and A. Shleifer, 2003, ‘Who Owns the Media?’, *The Journal of Law & Economics* Vol. 46, No. 2
- *‘Fact Sheet: Newspapers’, *Pew Research Center*, at <http://www.journalism.org/fact-sheet/newspapers>
- Gerber, Alan S, Dean Karlan, and Daniel Bergan, “Does the Media Matter? A Field Experiment Measuring the Effect of Newspapers on Voting Behavior and Political Opinions,” *American Economic Journal: Applied Economics*, 2009, 1 (2), 35–52.
- *Prat, A and D. Stromberg, 2013, ‘The Political Economy of Mass Media: A Survey’, typescript_
- DellaVigna, S and E Kaplan, 2007, “The Fox News effect: Media bias and voting,” *The Quarterly Journal of Economics*, 122 (3), 1187–1234
- Enikolopov, R, M Petrova, and E Zhuravskaya, “Media and political persuasion: Evidence from Russia,” *The American Economic Review*, 2011, 101 (7), 3253–3285.
- M. Gentzkow, J. Shapiro, and M. Sinkinson, 2011, ‘The Effect of Newspaper Entry and Exit on Electoral Politics’, *American Economic Review*, 101: 2980–3018
- Boleslavsky, R. And C. Cotton, 2015, ‘Information and extremism in elections’, *American Economic Journal: Microeconomics*, 2015, 7: 165–207
- Shigeo Hirano, Gabriel S. Lenz, Maksim Pinkovskiy and James M. Snyder, Jr., 2015, ‘Voter Learning in State Primary Elections’, *American Journal of Political Science* 59, 91-108
- Hayes, D, and J L Lawless, 2015, ‘As Local News Goes, So Goes Citizen Engagement: Media, Knowledge, and Participation in US House Elections’, *Journal of Politics*
- Falck, O, R gold and S Heblich, 2014, ‘E-lections: Voting behavior and the internet’, *American*

Economic Review, 104: 2238-2265.

III. Electoral systems and their impact

A. Definitions and Data

*Golder, M. 2005, "Democratic electoral systems around the world, 1946–2000," *Electoral Studies*, 24: 103–121.

*Bormann, N and M Golder, 2013, 'Democratic Electoral Systems around the world, 1946–2011,' *Electoral Studies* (update of above)

*King, C., 2000, 'Electoral systems', Georgetown University

B. Why it (might) matter

*Grofman, B. 2016, 'Perspectives on the Comparative Study of Electoral Systems', *Annual Review of Political Science*, 19:523–40

*Dasgupta, P., and E. Maskin, 2008, "Ranking Candidates Is More Accurate Than Voting," *Scientific American*.

*D. L. Horowitz, 2003, "Electoral Systems: A primer for decision-makers," *Journal of Democracy*, 14:115-127.

Rudolph, L, and T. Daubler, 2016, 'Holding Individual Representatives Accountable: The Role of Electoral Systems', *Journal of Politics*

Endersby, J. and J. T. Kriekhaus, 2008, 'Turnout around the globe: The influence of electoral institutions on national voter participation, 1972–2000', *Electoral Studies* 27: 601-610

*A. R. Menocal, 2011, "Why electoral systems matter: an analysis of their incentives and effects on key areas of governance" Overseas Development Institute (ODI) Research Report.

Wright, S., and W. Riker, 1989, "Plurality and runoff systems and numbers of candidates", *Public Choice* 60:155-175.

*'Why Proportional Representation: A look at the evidence', 2015, *Fair Vote Canada*

*Gottlieb, A., 2010, "Win or Lose," *The New Yorker*, August 26

*Edelman, P., 2012, "The Myth of the Condorcet Winner," Vanderbilt University Law School-Public Law & Legal Theory Working Paper Number 12-33.

Ritchie, K. and A. Gardini, 2012, 'Putting Paradoxes into Perspective: in Defence of the Alternative Vote', Chapter 11 of *Electoral Systems: Studies in Choice and Welfare*, pp 275-303.

Bowler, S., T. Donovan and J. Karp, 2006, 'Why Politicians Like Electoral Institutions: Self-Interest, Values, or Ideology?', *The Journal of Politics*, 68: 434–446

Funk, P, and C Gathman, 2013, 'How do Electoral Systems Affect Fiscal Policy? Evidence from Cantonal Parliaments, 1890–2000, *Journal of the European Economic Association*, 11(5):1178–1203

Bordignon, M, T. Nannicini, and G, Tabellini, 2016, 'Moderating Political Extremism: Single Round versus Runoff Elections under Plurality Rule', *American Economic Review*, 106(8): 2349–2370

Milesi-Ferretti, G, R. Perotti and M Rostagno, 2002, 'Electoral Systems and Public Spending', *The Quarterly Journal of Economics*, 117, pp. 609-657

IV. Financing Electoral Campaigns

*Waldman, P., 2014, "How Our Campaign Finance System Compares to Other Countries," *The American Prospect*, April 4.

*Ansolabehere, S., J. M. de Figueiredo, J. Snyder, 2003, "Why is there so little money in US politics?" *Journal of Economic Perspectives*, 17: 105–130.

*Milligan, K. and M. Rekkas, 2008, "Campaign Spending Limits, Incumbent Spending, and Election Outcomes," *Canadian Journal of Economics*, 41: 1351-1374

Avis, E., C. Ferraz, F. Finan, and C. Varjão, 2017, 'Money and Politics: The Effects of Campaign Spending Limits on Political Competition and Incumbency Advantage', *NBER Working Paper* No. 23508

Stratmann, T, 2010, 'Do low contribution limits insulate incumbents from competition?', *Election Law Journal* 9.2, p125.

*Ohman, M., 2014, 'Getting the Political Finance System Right', Chapter 2 of *Funding of Political Parties and Election Campaigns: A Handbook of Political Finance*, IDEA

Raja, R. and B. Schafner, 2014, 'The Effects of Campaign Finance Spending Bans on Electoral Outcomes: Evidence From the States', *Electoral Studies*, 33:102-114

*Dawood, Y, 2015, 'Campaign Finance and American Democracy' *Annual Review of Political Science*, 18:329–48

Stratmann, T. and F. Aparicio-Castillo. 2006. "Competition policy for elections: Do campaign contribution limits matter?" *Public Choice* 127:177-206.

Flavin, P, 2015, 'Campaign Finance Laws, Policy Outcomes, and Political Equality in the American States', *Political Research Quarterly*, 68(1) 77–88

Stratmann, T., 2010 'Do low contribution limits insulate incumbents from competition?', *Election Law Journal*, 9

Ferguson, T, P Jorgensen, and J Chen, 2016, 'How Money Drives US Congressional Elections Working Paper No. 48, *Institute for New Economic Thinking*

Matter, U and M Slotwinski, 2016, 'Precise Control over Legislative Vote Outcomes: A Forensic Approach to Political Economics' *CESIFO WORKING PAPER* NO. 6007

*Gerson, J. 2016, 'Putting too tight of a cap on election spending and donations could do more harm than good', August 10, *The National Post*

Gerber, A., 2004, 'Does Campaign Spending Work? Field Experiments Provide Evidence and Suggest New Theory', *American Behavioral Scientist*, 47: 541-574

*Tokaji, D. P., 2011, "Reviving Equality in Campaign Finance: What the U.S. Can Learn from Canada," Commentary, *Election Law @ Moritz*, Moritz School of Law, Ohio State University, <http://moritzlaw.osu.edu/electionlaw/comments/index.php?ID=8103>

*Smith, B. A., "Why Campaign Finance Reform Never Works" *Commentary*, The Cato Institute, <http://www.cato.org/publications/commentary/why-campaign-finance-reform-never-works>

V. Corruption in Government

*Svensson, J. 2005, 'Eight questions about corruption', *Journal of Economic Perspectives*, 19: 19-42.

*'Corruption Perceptions Index', 2015, *Transparency International*

*'Corruption Perceptions Index: Technical Methodology Note', 2015, *Transparency International*

*Donchev, D, and G Ujhelyi, 2014, 'What do Corruption Indices Measure?', *Economics and Politics*, 26: 309-32

*De Vries, C E, and H Solaz, 2017, 'The Electoral Consequences of Corruption', *Annual Review of Political Science*, 20:391–408

*'Procurement Spending – Rigging the Bids', 2016, *The Economist*

Fisman, Raymond, and Gatti, Roberta, 2002, "Decentralization and Corruption: Evidence across Countries," *Journal of Public Economics*, 83; 325-345.

Klašnja, M, 2015, 'Corruption and the Incumbency Disadvantage: Theory and Evidence', *Journal of Politics*, 77:

Jie Bai, Seema Jayachandran, Edmund J. Malesky, and Benjamin A. Olken, 2014, 'Does Economic Growth Reduce Corruption? Theory and Evidence from Vietnam', typescript

Chang, E, and M Golden. 2007. "Electoral Systems, District Magnitude and Corruption." *British Journal of Political Science* 37 (1): 115–37.

Charron, N, 2011, 'Party systems, electoral systems and constraints on corruption, *Electoral Studies* 30: 595–606

Mocan, Naci, 2008, "What Determines Corruption? International Evidence from Micro Data," *Economic Inquiry*, 46; 493-510.

Adserà, A. C. Boix and M. Payne, 2003, 'Are You Being Served? Political Accountability and Quality of Government', *Journal of Law, Economics and Organization*, 19 (2): 445-490.

Rohwer, A., 2009, 'Measuring corruption: A comparison between Transparency International's Corruption Perceptions Index and the World Bank's Worldwide Governance Indicators', CESifo DICE Report 3/2009.

Kunicova, J, and S Rose-Ackerman, 2005, 'Electoral Rules and Constitutional Structures as Constraints on Corruption', *British Journal of Political Science*, 35, 573–606