

**Master Seminar on Political Economy of Democracy:**  
**Suggested Topics**

Please write an essay on your assigned topic. The essay should answer the questions of the topic by critically reviewing and analyzing several academic papers. The provided references are a starting point in your search, and these references will help you to find other relevant academic papers.

**1. *Democracy and growth***

Is democracy on average good for growth? How has the perception of the economic consequences of democracy evolved in the literature? Describe the methodological approaches in the early empirical literature and show how subsequent contributions try to improve upon the methodology of the seminal studies.

References:

- Barro, R. J.,  
Democracy and growth  
*Journal of Economic Growth*, **1996**, 1, 1-27.
- Giavazzi, F. & Tabellini, G.  
Economic and political liberalizations  
*Journal of Monetary Economics*, **2005**, 52, 1297-1330

**2. *The empirical link between political institutions and fiscal policies***

Not all democracies are alike. Two dimensions along which democracies vary are their political and electoral institutions. Summarize the literature on the fiscal consequences of different types of democracy. What are the strengths and weaknesses of the methodologies applied in the existing studies?

References:

- Persson, T. & Tabellini, G.  
Constitutional rules and fiscal policy outcomes  
*American Economic Review*, **2004**, 94, 25-45
- Persson, T. & Tabellini, G.  
Democracy and development: the devil in the details  
*American Economic Review*, **2006**, 96, 319-324

### **3. The empirical link between democracy and redistribution**

It is often claimed that more democratic countries tend to redistribute more. Describe how the literature attempts to test this hypothesis. What are the main results in this literature? What are the main criticisms that can be leveled against existing studies?

#### References

- Ross, M.  
Is democracy good for the poor?  
*American Journal of Political Science*, **2006**, 50, 860-874
- Feld, L. P.; Fischer, J. A. V. & Kirchgaessner, G.  
The effect of direct democracy on income redistribution: evidence for Switzerland  
*Economic Inquiry*, **2010**, 48, 817-840

### **4. Electoral business cycles in democracies**

One important feature of a democracy is the existence of elections. It has been hypothesized that elections result in “electoral business cycle”. What does the empirical literature on electoral business cycles say? Describe the early approaches to test the electoral business cycle hypothesis and discuss the most recent evidence.

#### References:

- Alesina, A.; Cohen, G. D. & Roubini, N.  
Electoral business cycle in industrial democracies  
*European Journal of Political Economy*, **1993**, 9, 1-23
- Block, S. A.  
Political business cycles, democratization, and economic reform: the case of Africa  
*Journal of Development Economics*, **2002**, 67, 205-228

### **5. Problems of fragmented governments in democracies**

In a democracy, it is necessary to form a coalition consisting of many heterogeneous groups to win elections. This may result in government fragmentation, i.e. in a situation where policies are jointly decided by a multitude of stakeholders. Describe what types of government fragmentation exist. What are the consequences of government fragmentation?

#### References:

- Schaltegger, C. & Feld, L. P.  
Do large cabinets favor large governments? Evidence on the fiscal commons problem for Swiss Cantons  
*Journal of Public Economics*, **2009**, 93, 35-47
- Perotti, R. & Kontopoulos, Y.  
Fragmented fiscal policy  
*Journal of Public Economics*, **2002**, 86, 191-222

## **6. Democracy and decentralization**

Democratic states often choose to decentralize the public sector. Decentralization is believed to bring the government closer to the people, thereby leading to better policy outcomes. Does the empirical literature confirm this hypothesis? Does decentralization lead to higher growth, more accountability, and better governance?

References:

- Enikolopov, R. & Zhuravskaya, E.  
Decentralization and political institutions  
*Journal of Public Economics*, **2007**, 91, 2261-2290
- Fiscal decentralization and economic growth in the United States  
*Journal of Urban Economics*, **1999**, 45, 228-239

## **7. Sex and fiscal policy in democracies**

In many countries, the right to vote was granted to different sections of society at different times. In particular, women were often allowed to vote only after universal franchise had been granted to men. It has been argued that the women's vote resulted in changes in fiscal policy. Discuss the empirical literature on the following questions: Did the women's vote result in more or less public expenditures? Did it affect the structure of public expenditures?

References:

- Lott, J. R. & Kenny, L. W.  
Did women's suffrage change the size and scope of government?  
*Journal of Political Economy*, **1999**, 107, 1163-1198
- Aidt, T. S. & Dallal, B.  
Female voting power: the contribution of women's suffrage to the growth of social spending in Western Europe (1869-1960)  
*Public Choice*, **2008**, 134, 391-417

## **8. Lobbying**

Interest groups try to influence politicians' policy decisions by offering financial and other kind of supports. What are the effects of lobbying on economic policies and social welfare?

References:

- Grossman G. & Helpman, E.  
Protection for Sale  
*American Economic Review*, **1994**, 84, 833-850.
- Grossman G. & Helpman, E.  
Electoral Competition and Special Interests Politics  
*Review of Economic Studies*, **1996**, 63, 265-286.

## **9. Media and politics**

How do media affect political competition on the one hand and how do politicians affect the media on the other hand?

References:

- Stromberg, D.  
Mass Media Competition, Political Competition and Public Policy  
*Review of Economic Studies*, **2004**, 71, 265-284.
- Besley, T. & Prat, A.  
Handcuffs for the Grabbing Hand? Media Capture and Government Accountability  
*American Economic Review*, **2006**, 96, 720-736.

## **10. The theoretical link between democracy and redistribution**

Income redistribution policies are common in many democracies. How does political competition among different groups affect redistributive policies?

References:

- Lindbeck, A. & Weibull, J.  
Balanced-Budget Redistribution as the Outcome of Political Competition  
*Public Choice*, **1987**, 52, 273-297.
- Dixit, A. & Londregan, J.  
The Determinants of Success of Special Interests in Redistributive Politics  
*Journal of Politics*, **1996**, 58, 1132-1155.

## **11. Political economy of reforms**

Even an efficiency-enhancing reform can be difficult to implement since the potential losers will oppose the reform. What are the difficulties involved? How and when can a government overcome these political constraints to implement the reform?

References:

- Wei, S.-J.  
Gradualism versus Big Bang: Speed and Sustainability of Reforms  
*Canadian Journal of Economics*, **1997**, 30, 1234-1247.
- Fernandez, R. & Rodrik, D.  
Resistance to Reform: Status Quo Bias in the Presence of Individual- Specific Uncertainty  
*American Economic Review*, **1991**, 81, 1146-1155.

### **12. The theoretical link between political institutions and economic policies**

How do electoral rules and political regimes shape economic policies? What are the differences between majoritarian and proportional systems and between parliamentary and presidential regimes in terms of their effects on public good provision and redistributive policies?

References:

- Lizzeri, A. & Persico, N.  
The Provision of Public Goods Under Alternative Electoral Incentives  
*American Economic Review*, **2001**, 91, 225-239.
- Persson, T., Roland, G. & Tabellini, G.  
Comparative Politics and Public Finance  
*Journal of Political Economy*, **2000**, 108, 1121-1161.

### **13. Bureaucracy and corruption**

Which explanations can be given for the corrupt behavior of bureaucrats? In which conditions may this behavior be exacerbated? What are the possible solutions to this problem?

References:

- Shleifer, A. & Vishny, R. W.  
Corruption  
*Quarterly Journal of Economics*, **1993**, 108, 599-617.
- Banerjee, A. V.  
A Theory of Misgovernance  
*Quarterly Journal of Economics*, **1997**, 112, 1289-1332.

### **14. Termination of parliamentary governments**

Which factors explain government terminations in parliamentary systems?

References:

- Lupia, A. & Strom, K.  
Coalition Termination and the Strategic Timing of Parliamentary Elections  
*American Political Science Review*, **1995**, 89, 648-665.
- Baron, D. P.  
Comparative Dynamics of Parliamentary Governments  
*American Political Science Review*, **1998**, 92, 593-609.

### **15. Bicameralism**

Many democracies have a bicameral system. What are the effects of bicameralism on the policy-making process? What are the possible arguments for or against bicameralism?

References:

- Diermeier, D. & Myerson, R. B.  
Bicameralism and its Consequences for the Internal Organization of Legislatures  
*American Economic Review*, **1999**, 89, 1182-1196.
- Riker, W.  
The Justification of Bicameralism  
*International Political Science Review*, **1992**, 12, 101-116.