

The Political Economy of Democracy

Master in Social Sciences (2nd year)

Juan March - Carlos III Institute

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Aim of the course

The course adopts a political economy approach to analyze democratic representation. It evaluates how institutional factors, inequality, and the economic context affect three key elements of representative government: **Selection**, **Accountability**, and **Responsiveness**.

Structure of the course

The course is structured in three parts. The first is centered around selection, i.e. the capacity of voters to choose representatives that reflect their preferences. In this analysis we will examine whether campaigns provide credible information to voters, how rising inequality shapes the policy proposals of political parties, and how clientelism constitutes a non-ideological base of political selection.

The second part of the course considers responsiveness, i.e. the degree to which government decisions reflect the preferences and interests of their constituents. In this section of the course we review how interest groups shape policy-making, the consequences of descriptive

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representation for policy outcomes, and how political influence is unequally distributed across income groups.

The last part revolves around accountability. It addresses questions about the impact of globalization on retrospective accountability, the electoral consequences of economic austerity, the role of elections in disciplining corrupt incumbents, and whether institutional checks and balances discourage incumbents from engaging in malfeasance.

Course requirements

This course has three major requirements:

Participation: (20%): This is a graduate level seminar and participation is an essential component of satisfactory completion of the course.

Response papers: (30%): Each student will be required to write three response papers once we complete each part of the course. To do so, select one of the topics discussed in that part of the course, describe the core aspect of the theoretical debate, and identify shortcomings in both the theoretical discussion and the empirical evidence. **Two pages maximum.**

Research paper (50%): Each student is expected to write a research paper related to the topics covered in the course. The paper must identify a research question, present motivating empirical evidence, describe a research design, and report empirical analyses. Paper proposals will be discussed in class on December 18th. **15 pages maximum.**

1 Selection

September 18th Course Presentation. Q& A

September 25th The Credibility of Campaign Policy Proposals.

Elections offer the possibility of choosing representatives. This week examines the spatial model approach to elections, which posits that voters select the candidates or

political parties with the most similar policy position or ideology. We then evaluate whether election campaigns provide voters with valuable information about the policy position of the contenders in the election.

Required Readings:

- Samuel Merrill and Bernard Grofman. 1999. *A Unified Theory of Voting*. Cambridge University Press. Chapters 1 and 2.
- Pablo Fernandez-Vazquez. 2017. The Credibility of Party Policy Rhetoric: Survey-Experimental Evidence. Unpublished manuscript.
- Michael Tomz and Robert Van Houweling. 2009. The Electoral Implications of Candidate Ambiguity. *American Political Science Review* 103(1): 83-98.

October 2nd Inequality and Party Platforms.

How does inequality affect the policy offerings of political parties and hence the menu of options that voters can choose from in an election? That is the object of this session.

Required readings:

- Margit Tavits and Joshua D. Potter. 2015. “The Effect of Inequality and Social Identity on Party Strategies.” *American Journal of Political Science* 59(3): 744-758.
- Michael Becher. 2016. “Endogenous Credible Commitment and Party Competition over Redistribution under Alternative Electoral Institutions.” *American Journal of Political Science* 60(3): 768-782.

October 9th Clientelism

This week examines clientelism as a mechanism to select politicians that does not rely on policy-based appeals.

Required readings:

- Susan Stokes. 2005. Perverse Accountability: A Formal Model of Machine Politics with Evidence from Argentina. *American Political Science Review* 99(3):315-325
- Frederico Finan and Laura Schechter. 2012. Vote-Buying and Reciprocity. *Econometrica* 80(2): 863-881
- Rebecca Weitz-Shapiro. 2012. What Wins Votes: Why Some Politicians Opt Out of Clientelism. *American Journal of Political Science* 56(3): 568-583.

2 Responsiveness

October 16th Money and Politics: Interest Group Influence in Policy-Making

A key factor that determines who politicians are responsive to is the access of interest groups to lobbying, campaign finance, and the use of the revolving door. This week we examine these three key components of the link between money and politics.

Required readings:

- John de Figueiredo and Brian K. Richter. 2014. Advancing the Empirical Research on Lobbying. *Annual Review of Political Science* 17(1): 163-185. [**do *not* have to read the section “Empirical Approaches to Studying Lobbying”**]
- Joshua L. Kalla and David E. Broockman. 2016. Campaign Contributions Facilitate Access to Congressional Officials: A Randomized Field Experiment. *American Journal of Political Science* 60(3): 545-558
- Simon Weschle. 2017. How Permissive Campaign Finance Laws Slow Down the Revolving Door: Evidence from Citizens United. *Unpublished manuscript*, Syracuse University.

October 19th Descriptive Representation

When members of traditionally underrepresented groups access positions of political power the presence, how does this affect the responsiveness of institutions to these underrepresented groups? This is the question we examine in this session.

- Simon Chauchard. 2014. “Can Descriptive Representation Change Beliefs about a Stigmatized Group? Evidence from Rural India”. *American Political Science Review*, 108(2): 403-422
- Raghavendra Chattopadhyay and Esther Duflo. 2004. “Women as Policy Makers: Evidence from a Randomized Policy Experiment in India”. *Econometrica*, 72(5): 1409-1443.

November 6th Political Influence, Inequality, and Redistribution

This week we examine the (unequal) influence of social groups and classes on policy-making, with a focus on redistribution.

- Meltzer and Richards. 1981. “A Rational Theory of The Size of Government”. *Journal of Political Economy* 89(5): 914-927.
- Martin Gilens and Benjamin I. Page. 2014. “Testing Theories of American Politics: Elites, Interest Groups, and Average Citizens”. *Perspectives on Politics* 12(3):564-581.
- Larry Bartels. 2015. “The Social Welfare Deficit: Public Opinion, Policy Responsiveness, and Political Inequality in Affluent Democracies”. Paper presented at the 22nd International Conference of Europeanists.

3 Accountability

November 13th Accountability and Clarity of Responsibility

To hold politicians accountable for their actions it must be possible to assign credit and blame for political outcomes. This week we examine the theory of “Clarity of Responsibility” and discuss empirical evidence of how clarity of responsibility (and lack thereof) affect both economic and corruption voting.

Required reading:

- G. Bingham Powell and Guy D. Whitten. 1993. “A cross-national analysis of economic voting: taking account of the political context.” *American Journal of Political Science* 37(2): 391-414.
- Evan Parker-Stephen. 2013. “Clarity of responsibility and economic evaluations.” *Electoral Studies* 32(3): 506-511.
- Leslie A. Schwindt-Bayer and Margit Tavits. 2016. *Clarity of Responsibility, Accountability, and Corruption*. Cambridge University Press. Chapter 5 (“Corruption and accountability - an experimental analysis”).

November 16th The Impact of Globalization on Accountability

This week we analyze the impact of globalization and economic constraints on the propensity of voters to hold incumbents accountable for economic outcomes.

Required readings:

- Timothy Hellwig and David Samuels. 2007. “Voting in Open Economies. The Electoral Consequences of Globalization.” *Comparative Political Studies* 40(3): 283-306.
- Jose Fernandez-Albertos, Alex Kuo, and Laia Balcells. “Economic Crisis, Globalization, and Partisan Bias: Evidence from Spain.” *International Studies Quarterly* 57(4): 804-816.
- Spyros Kosmidis. 2017. “International Constraints and Electoral Decisions: Does the Room to Maneuver Attenuate Economic Voting?”. *American Journal of Political Science*, In Press.

November 20th Accountability in Times of Austerity and Welfare Reform.

This week we examine to what extent voters have held incumbents accountable for austerity measures following the Great Recession.

Required readings:

- Nathalie Giger and Moira Nelson. 2011. “The Electoral Consequences of Welfare State Retrenchment: Blame Avoidance or Credit Claiming in The Era of Permanent Austerity?.” *European Journal of Political Research* 50(1): 1-23.
- Larry Bartels. 2014. “Ideology and Retrospection in Electoral Responses to the Great Recession.” In Nancy Bermeo and Larry M. Bartels, eds., *Mass Politics in Tough Times: Opinions, Votes and Protest in the Great Recession*. New York: Oxford University Press.
- Elias Dinas, Ignacio Jurado, Nikitas Konstantinidis, and Stefanie Walter. 2017. “Daring to Fail: When Bad Economic Management can be Electorally Rewarding.” *International Organization*, in press.

November 27th Political Corruption, the Economy, and Electoral Accountability

Do voters punish incumbents who engage in corruption? This week examines how the economic context modulates voters’ attitudes towards political corruption.

Required Readings:

- Elizabeth Zechmeister and Daniel Zizumbo-Colunga. 2013. “The Varying Political Toll of Concerns About Corruption in Good Versus Bad Economic Times”. *Comparative Political Studies* 46(10): 1190-1218.
- Pablo Fernandez-Vazquez, Pablo Barbera, and Gonzalo Rivero. 2016. “Rooting Out Corruption or Rooting for Corruption? The Heterogeneous Electoral Consequences of Scandals”. *Political Science Research and Methods* 4(2): 379-397.

- Matthew S. Winters and Rebecca Weitz-Shapiro. 2013. “Lacking Information or Condoning Corruption”. *Journal of Comparative Politics* 45(4): 418-436.

December 4th Horizontal Accountability: Institutions and Politicians’ Rent-Seeking Behavior

This week examines how institutional checks and balances can hold incumbents accountable.

Required readings:

- Litschig, Stephan and Yves Zamboni. 2015. Judicial Presence and Rent Extraction. Barcelona GSE Working Paper Series.
- Bobonis, Gustavo J, Luis Camara R. Fuertes and Rainer Schwabe. 2016. Monitoring Corruptible Politicians. *The American Economic Review* 106(8):2371-2405.

December 18th In-class presentations of paper projects for this course