

Berlin School of Economics
 Freie Universität Berlin
 Department of Economics
 Prof. Dr. Anja Prummer
Anja.prummer@fu-berlin.de
 Prof. Dr. Theodor Grigoriadis
Theodor.grigoriadis@fu-berlin.de
 Summer Semester 2025

Political Economy

Lecture: Mondays, 16-18, HU Berlin Spandauer Str. 1/Raum 203 (Anja Prummer, Theodor Grigoriadis).

Exercise: Tuesdays, 12-14, FU Berlin Garystr. 21/Hörsaal 108a (Anja Prummer, Theodor Grigoriadis).

Seminar (Block):

Wednesday 02.07.2025, 9-17, FU Berlin Thielallee 73/Raum UG (Anja Prummer, Theodor Grigoriadis).

Thursday 03.07.2025, 9-17, FU Berlin Thielallee 73/Raum UG (Anja Prummer, Theodor Grigoriadis).

Wednesday 09.07.2025, 9-17, FU Berlin Thielallee 73/Raum UG (Anja Prummer, Theodor Grigoriadis).

Thursday 10.07.2025, 9-17, FU Berlin Thielallee 73/Raum UG (Anja Prummer, Theodor Grigoriadis).

Office Hours: Anja Prummer: upon request, before and after classes is often easiest
 Theodor Grigoriadis: Mondays, 8-10, Garystr. 55/101A

Modules:

BSoE Doctoral Program: *Field*

Master of Science in Economics/Public Economics: *Methods in Economic Policy Analysis*

This course provides students with strong theoretical and empirical foundations to pursue advanced research in the field of political economy. While our approach is primarily grounded in economic theory and quantitative methods, we are open to qualitative inputs from neighboring disciplines such as history, political science and philosophy. The first part of the course will cover the foundations of modern political economics and will be delivered mainly by Professor Anja Prummer. The focus will be on different approaches toward collective action, why dictatorships persist and democracies emerge. Moreover, we will discuss the mechanisms that may advocate transitions to democracy. A significant part of the course will elaborate on decision-making and preference aggregation mechanisms under direct and representative democracies and the efficiency consequences of special interest politics with a primary interest on lobbying. The second part of the course will be delivered primarily by Professor Theodor Grigoriadis and it will involve normative approaches to distribution and class competition, while the concepts of ethical voting and social norms will be reviewed extensively. Probabilistic models of voting and equilibrium concepts of multidimensional political competition underscore the logic of electoral politics, while the last two sessions are devoted to empirical designs with explicit reference to political science and historical approaches to political economy.

Attendance : mandatory for Master students for the seminar, strongly encouraged otherwise

Active Participation for Master Students

- i. Seminar presentation (25 slides per person, 45 minutes per person) in the end of the semester.
- ii. Completion of a multi-exercise set (ungraded).

Grade:

Doctoral students

Exam+ Referee Report

Master students

Research Paper (4 K words).

Required Bibliography

1. Acemoglu D. and J. A. Robinson. *Economic Origins of Dictatorship and Democracy*. Cambridge University Press, 2005.
2. Austen Smith D. and J.S. Banks. Information aggregation, rationality, and the Condorcet jury theorem, *American Political Science Review*, 1996
3. Brocas Isabelle et al. *Workbook to Accompany Political Economics: Explaining Economic Policy*, MIT Press, 2000.
4. Dixit A. and J. Londregan (1995). Redistributive Efficiency and Economic Efficiency. *American Political Science Review* 89(4) 856-866.
5. Feddersen T. and W. Pesendorfer. Convicting the innocent: The inferiority of unanimous jury verdicts under strategic voting, *American Political Science Review*, 1999.
6. Grossman G.M. and E. Helpman. *Special Interest Politics*. MIT Press, 2001.
7. Lindbeck A. and J. Weibull (1987). Balanced Budget Redistribution as the Outcome of Political Competition. *Public Choice* 52(3), 273-297.
8. Persson T. and G. E. Tabellini. *Political Economics: Explaining Economic Policy*. MIT Press, 2002.
9. Persson T. and G. E. Tabellini. *The Economic Effects of Constitutions*. MIT Press, 2005.
10. Persson T., G. Roland and G. Tabellini (2000) .Comparative Politics and Public Finance. *Journal of Political Economy*, vol. 108 (6), pp. 1121-1161.
11. Roemer, John E. *Political Competition: Theory and Applications*. Harvard University Press, 2009.
12. Roemer, John E.. *Theories of Distributive Justice*. Harvard University Press, 1996.
13. Shepsle K. *Analyzing Politics: Rationality, Behavior, and Institutions*. New Institutionalism in American Politics. W.W. Norton, 2010.
14. Weingast B. and D. Wittman. *The Oxford Handbook of Political Economy*. Oxford University Press, 2008.

Reading List for Seminar Presentations:

1. Allen, Robert C., Mattia C. Bertazzini, and Leander Heldring. "The economic origins of government." *American Economic Review* 113.10 (2023): 2507-2545.
2. Battaglini, Marco, and Eleonora Patacchini. "Influencing connected legislators." *Journal of Political Economy* 126.6 (2018): 2277-2322.
3. Battaglini, Marco, and Thomas R. Palfrey. "Organizing for Collective Action: Olson Revisited." *Journal of Political Economy* 132.9 (2024): 2881-2936.
4. Becker, Sascha O., et al. "Forced migration and human capital: Evidence from post-WWII population transfers." *American Economic Review* 110.5 (2020): 1430-1463.

5. Callander, Steven, and Bård Harstad. "Experimentation in federal systems." *The Quarterly Journal of Economics* 130.2 (2015): 951-1002.
6. De Mesquita, Ethan Bueno, and Matthew C. Stephenson. "Regulatory quality under imperfect oversight." *American Political Science Review* 101.3 (2007): 605-620.
7. Desierto, Desiree A., and Mark Koyama. "Feudal political economy." *Economic Theory* (2024): 1-40.
8. Enikolopov, Ruben, Maria Petrova, and Ekaterina Zhuravskaya. "Media and political persuasion: Evidence from Russia." *American economic review* 101.7 (2011): 3253-3285.
9. Gailmard, Sean, and John W. Patty. "Slackers and zealots: Civil service, policy discretion, and bureaucratic expertise." *American Journal of Political Science* 51.4 (2007): 873-889.
10. Gailmard, Sean. "Game theory and the study of American political development." *Public choice* 185.3 (2020): 335-357.
11. Gorodnichenko, Y., & Roland, G. (2021). Culture, institutions and democratization. *Public choice*, 187, 165-195.
12. Gorodnichenko, Yuriy, and Gerard Roland. "Culture, institutions, and the wealth of nations." *Review of Economics and Statistics* 99.3 (2017): 402-416.
13. Guarnieri, Eleonora. "Cultural Distance and Ethnic Civil Conflict." *American Economic Review* 115.4 (2025): 1338-1368.
14. Izzo, Federica. "Ideology for the Future." *American Political Science Review* 117.3 (2023): 1089-1104.
15. Kawai, Kei, and Takeaki Sunada. "Estimating candidate valence." *Econometrica* 93.2 (2025): 463-501.
16. Lu, Xiaobo. "Social policy and regime legitimacy: the effects of education reform in China." *American Political Science Review* 108.2 (2014): 423-437.
17. Nageeb, Ali S. et al. "Who controls the agenda controls the legislature." *American Economic Review* 113.11 (2023): 3090-3128.
18. Nageeb, Ali S., Maximilian Mihm, and Lucas Siga. "The Political Economy of Zero-Sum Thinking." *Econometrica* 93.1 (2025): 41-70.
19. Polugodina, Maria, and Theocharis N. Grigoriadis. "East Prussia 2.0: Persistent regions, rising nations." *European Economic Review* 167 (2024): 104790.
20. Powell, Robert. "Monopolizing violence and consolidating power." *Quarterly Journal of Economics* 128.2 (2013): 807-859.
21. Powell, Robert. "Why some persistent problems persist." *American Political Science Review* 113.4 (2019): 980-996.
22. Roemer, John E. "Rationalizing revolutionary ideology." *Econometrica: Journal of the Econometric Society* (1985): 85-108.
23. Roland, Gérard. "Understanding institutional change: Fast-moving and slow-moving institutions." *Studies in comparative international development* 38 (2004): 109-131.
24. Satyanath, Shanker, Nico Voigtländer, and Hans-Joachim Voth. "Bowling for fascism: Social capital and the rise of the Nazi Party." *Journal of Political Economy* 125.2 (2017): 478-526.
25. Krishna, Vijay, and John Morgan. "A model of expertise." *Quarterly Journal of Economics* 116.2 (2001): 747-775.
26. Lagunoff, Roger. "A Dynamic Model of Authoritarian Social Control." *Review of Economic Studies* (2024): rdae109.
27. Levine, David K., and Andrea Mattozzi. "Voter turnout with peer punishment." *American Economic Review* 110.10 (2020): 3298-3314.
28. Levy, Gilat, and Ronny Razin. "Political Social Learning: Short-Term Memory and Cycles of Polarization." *American Economic Review* 115.2 (2025): 635-659.
29. Mayshar, Joram, Omer Moav, and Luigi Pascali. "The origin of the state: Land productivity or appropriability?." *Journal of Political Economy* 130.4 (2022): 1091-1144.
30. Urvoy, Camille. "Organized Voters: Elections and Public Funding of Nonprofits." *American Economic Review* 115.1 (2025): 183-219.

Outline:**1: Anarchy & Dictatorship**

Prummer.

2: Democratization

Prummer.

3: Transition

Grigoriadis.

4: Social Choice

Prummer.

5: Direct Democracy

Prummer.

6: Representative Democracy

Prummer.

7: Special Interest Politics: Lobbying

Prummer.

8: Probabilistic Models of Voting & Political Competition

Grigoriadis.

9: Ethical Voting & Social Norms

Grigoriadis.

10: Distributive Justice

Grigoriadis.

11: Accountability

Grigoriadis.

12: Information Aggregation

Grigoriadis.

Block Seminar, 02.07 & 03.07: Presentations & Discussion (Grigoriadis, Prummer)

Block Seminar, 09.07 & 10.07: Presentations & Discussion (Prummer, Grigoriadis)