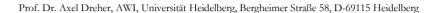
Universität Heidelberg

ALFRED-WEBER-INSTITUT

PROF. DR. AXEL DREHER





Heidelberg, March 13, 2023

Summer Term 2023

Empirical Public Choice

Lecture:

Prof. Dr. Axel Dreher

Office hour: please arrange per e-mail (office: 01.019a+b)

E-mail: axel.dreher@awi.uni-heidelberg.de

Web: www.uni-heidelberg.de//fakultaeten/wiso/awi/professuren/intwipol/index en.html

Exercise:

Annika Kaiser

Office hour: please arrange per e-mail (office: AWI 01.020)

E-mail: annika.kaiser@awi.uni-heidelberg.de

Time of Lecture (3SWS): Monday, 9.30-11.00, AWI 01.030

Wednesday, 9.30-11.00, AWI 01.030 Lecture period: April 17-July 12

There will be no lectures on May 3, 8, and 31; June 12 and 14

Exercise (1 SWS): Tuesday, 14:00-15:30, AWI 01.030. Every two weeks

The first tutorial is on April 25

Exam: A 120-minute exam at the end of the term, 20 points for

homework

Language: The lecture will be held in German, the exercise may be held in

English

I. Content

The approach of New Political Economy is helpful for a better understanding of economic and financial policy. The lecture will focus on the scientific discussion of theoretical reflections and the results of empirical research, as well as on the possibilities and limits of Political Economy.

II. Literature

The standard textbook "Public Choice III" by Dennis Mueller covers most subjects:

* Mueller, Dennis C., 2003, *Public Choice III*, Cambridge, New York and Melbourne: Cambridge University Press.

III. Schedule

Part 1 Politics from the Perspective of Political Economy

- 1. Introduction: Public Finance and Public Choice Frey (1982), Külp (1982), Mueller (2003): Chap. 1
- 2. Models of Government Behavior Dreher et al. (2009a), Mueller (2003): Chap. 11-12, Pommerehne (1978)
- 3. Electoral Popularity and Political Business Cycles Alt and Lassen (2006), Brenden and Drazen (2008), Jordahl (2006), Mueller (2003): Chap. 19, Reynolds (2014)

Part 2 Essential Political Institutions

- 4. Economic Theory of Representative Democracy Mueller (2003): Pages 264-278, Persson and Tabellini (2004), Persson, Tabellini and Trebbi (2003)
- 5. Economic Theory of Direct Democracy Benz and Stutzer (2004), Frey and Stutzer (2000, 2006), Matsusaka (2005)
- 6. Economic Theory of Federalism Frey and Eichenberger (2001), Mueller (2003): Chap. 9-10, Oates (2005)

Part 3 Important Players in Political Processes

7. Lobbies and Interest Groups Luechinger and Moser (2014), Mueller (2003): Chapters 15, 20

8. Bureaucracy Mueller (2003): Chap. 16

Part 4 Selected Aspects of Political Economy

9. Development Aid

Dreher, Eichenauer, Gehring (2018), Dreher et al. (2019a), Kuziemko and Werker (2006)

10. International Organizations

Dreher et al. (2009b, c, 2013), Schneider (2013)

11. Corruption

Dreher and Gassebner (2013), Dreher and Rudolph (2011), Rose-Ackerman (2004)

IV. Literature

Electronic files of most literature can be downloaded from Moodle. Additional literature will be indicated in the lectures.

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- Brender, Adi and Allan Drazen, 2005, Political Budget Cycles in New Versus Established Democracies, *Journal of Monetary Economics* 52, 7: 1271-1295.
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