ISSUES IN POLITICAL ECONOMY (14.298)

Spring 2000

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Mondays and Wednesdays from 9 to 10:30 in Room E51-393.

This course deals with the political economy of inequality and redistribution, emphasizing primarily theoretical results. This syllabus probably extends over more topics than it will be possible to cover during the term, so please do not hesitate to tell me about your preferences. There are going to be four assignments. No final exam.

Many papers are not in the course packet and will be handed in class. Only starred articles will be discussed at some length in class. The other ones are recommended reading.

I – The capital/labor conflict.

1. Facts


2. The classical model of growth and distribution

3. The nature of capital-labor relationship: efficient institutions or exploitation?


*Kremer, M., "Worker cooperatives as economic democracies", mimeo.


4. Bargaining over wages and employment: what can unions do?

a) Facts


b) Theory: long term effects on wages and employment


**II - Wage inequality: selected issues**

1. **Endogenizing complementarity between skilled and unskilled labor**


2. **Trade**


**III - Normative views: the equity-efficiency tradeoff**


IV - The politics of economic reform and redistribution


V - Voting vs. the market: the informational approach


VI - The government: benevolent or corrupt?


