

Course Preview: Political Economy and Economic Development

This course preview is meant to give prospective learners the opportunity to get a taste of the content and exercises that will be covered in the course. While there are no prerequisites for this online course, it is recommended that learners have some familiarity with economics or statistics. Each question below is tied to concepts that will appear in this course, all of which it would be good to feel comfortable with. If you are new to these subjects, or eager to refresh your memory, please consult the available resources below, and be prepared to refer to these resources over the course of the class. Try to first answer these questions without consulting the resources, but fear not if you do consult them - being an agile user of outside resources will help you succeed in this course.

A score of 60% or above in this course preview indicates that you are ready to take this course, while a score below 60% indicates that you should further review some concepts in the attached materials before commencing the course.

Useful Resources:

- *Basics of Regression:*
 - [An Introduction to Linear Regression Analysis](#)
 - [Introduction to Regression Analysis: Causal Inference Bootcamp](#)

- Regression Interpretation:** In "Hit or Miss: The Effects of Assassinations on Institutions and War," Jones and Olken (2009) consider the effects of successful assassination attempts on institutions and war. Below, we reproduce Table 5, which displays the overall effects of assassinations on institutional change (Panel A), and then breaks the effects down into the effects in autocracies and democracies (Panel B).

TABLE 5—ASSASSINATIONS AND INSTITUTIONAL CHANGE

	Absolute change in POLITY2 dummy (1)	Directional change in POLITY2 dummy (2)	Percentage of "regular" leader transitions in next 20 years (3)
<i>Panel A: Average effects</i>			
Success	0.091 (0.047)	0.079 (0.051)	0.111 (0.057)
Parm. <i>p</i> -value	0.06*	0.12	0.06*
Nonparm. <i>p</i> -value	0.03**	0.02**	0.18
Observations	221	221	138
Data source	Polity IV	Polity IV	Archigos
<i>Panel B: Split by regime type in year before attempt</i>			
Success × autocracy		0.131 (0.055)	0.191 (0.085)
Success × democracy		−0.012 (0.083)	0.034 (0.043)
Autocracy—parm. <i>p</i>		0.02**	0.03**
Autocracy—nonparm. <i>p</i>		0.01***	0.05**
Democracy—parm. <i>p</i>		0.89	0.43
Democracy—nonparm. <i>p</i>		0.13	0.96
Observations		221	133
Data source	Polity IV	Polity IV	Archigos

- How do we interpret the first estimate of 0.091? The absolute change in POLITY2 dummy measures whether or not a country switches between autocracy and democracy after an assassination attempt. Success is a dummy for whether or not the assassination attempt was successful. (1 point)
 - How does this effect differ (or not) between countries that are autocratic and democratic? Panel B splits this effect by regime type, interacting the Success variable with whether or not the country was an autocracy or democracy in the year before the attempt. (2 points)
- Economic Modeling Interpretation:** Let us imagine that we have three types of individuals in the electorate (each with the same population share), with the following preferences over policies A, B, C, and D:
 - Type-1 strictly prefers A to B to C to D
 - Type-2 strictly prefers B to C to A to D
 - Type-3 strictly prefers C to D to B to A
 - Which policy wins a simple majority in A vs. B? (1 point)
 - Which policy wins a simple majority in B vs. C? (1 point)

c. Imagine a world in which a policy wins if and only if it beats all other alternatives in a simple majority. If implemented, which policy (if any) will be chosen? (1 point)

d. Imagine voting proceeds as follows: In round one, there is a vote between A and B and a vote between C and D. In round two, there is a vote between the two winners of round one. Imagine that Type-3 voters know that Type-1 voters and Type-2 voters will vote honestly. What is the best move for Type-3 voters in round one? What about in round two? (2 points)