

PSC 586: The Economics of War

University of Rochester
Spring 2018
M 9:30 a.m.–12:30 p.m.
Harkness 112

Professor Brenton Kenkel
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Office hours: T 10:00 a.m.–12:00 p.m.
Harkness 109E

Overview

This course will examine the economics of war. War requires massive mobilization of money, resources, and manpower. Economic and material motivations loom large as causes of war. Nonetheless, as we will see in this course, the theoretical literature on the economics of war remains incomplete and embryonic. We will discuss the body of existing research and, more importantly, what we can do to create a more robust body of theory on the connections between economics and militarized conflict. Our methodological focus will be on applied formal modeling, but we will also look into possibilities for related empirical research.

A secondary goal of the course will be to develop our skills as applied modelers. We will read papers through the lens of model-builders, asking why the authors made the modeling choices they did and what would happen if we made different choices. Even students who do not plan to pursue further research into the economics of war should benefit from these nuts-and-bolts examinations of model creation.

Requirements

We will read two papers per week. In class, each article will be presented by a student (assigned in advance). The presentation will explain the setup of the model and derive its most important results. Ideally this will be done on the whiteboard; I think it makes for a more interactive presentation and would rather you not waste gobs of time tweaking Beamer slides. Needless to say, I also expect everyone else to have read the articles in question and come prepared to discuss them.

The student presenting each article will also write a one-page paper summarizing the contribution the article makes and why it is important. Unlike the

class presentations, these papers will use *no* mathematics, notation, or technical jargon. The goal is to be able to explain a piece of technical research to someone who knows nothing at all about math or game theory. Like it or not, those of you in political science will have to spend the rest of your research careers explaining and justifying your work to people who DGAF about your technical rigor, so you may as well get some practice now. These papers should be circulated to the class (and me) no later than the evening before class.

Each student will complete a final paper that makes a new contribution to the theoretical literature on the economics of war. You should start thinking about ideas for the final project *now*, and you should drop by my office regularly throughout the semester to talk about it. If you are taking PSC 577 or another closely related course, I expect your final paper for this course to be distinct from what you turn in for that one—no double-dipping.

Your final grade will be a convex combination of my assessments of your class presentations, the associated short papers, your final project, and your participation throughout the semester.

Tentative Schedule

1. **January 22.** Foundational models of economic conflict. Tullock (1980), Hirshleifer (1991).
2. **January 29.** Variations on the foundations. Grossman and Kim (1995), König et al. (2017).
3. **February 5.** Resource wars. Grossman and Mendoza (2003), Hodler (2006).
4. **February 12.** Trade and interstate war. Martin, Mayer and Thoenig (2008), Garfinkel, Skaperdas and Syropoulos (2015).
5. **February 19.** Trade and civil conflict. Anderson and Marcouiller (2005), Ghosh and Robertson (2012).
6. **February 26.** Financing war. Grossman and Han (1993), Slantchev (2012).
7. **March 5.** Arms markets. Levine and Smith (1995), Benson and Ramsay (2017).

8. **March 19.** The economic geography of conflict. Alesina and Spolaore (2005), Caselli, Morelli and Rohner (2015).
9. **March 26.** Individual participation in violence. Bueno De Mesquita (2010), Dal Bó and Dal Bó (2011).
10. **April 2.** Ethnic conflict. Esteban and Ray (1999), Rohner, Thoenig and Zilibotti (2013).
11. **April 9.** Conflicts across multiple battlefields. Kovenock and Brian (2012), Powell (2007).
12. **April 16.** Alliances and multilateral conflict. Garfinkel (2004), Bloch, Sánchez-Pagés and Soubeyran (2006).

Depending on enrollment, the last one or two classes will be to discuss students' final projects. Class on April 23 is likely to be rescheduled due to instructor travel.

References

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