**PSC/PEC/ECON 582: POLITICAL ECONOMY II**

**Time & Location:** Wednesday 14:00-16:40, 112 Harkness Hall  
**Instructor:** Tasos Kalandrakis  
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Political Economy is a broad field in the boundaries of Political Science and Economics that emphasizes the interplay of political and economic forces in shaping distribution and efficiency in societies. Rather than offer a survey of the diverse literature that spans this research area, in this seminar we shall focus on contributions that emphasize political/distributional aspects and the role of institutions in shaping social outcomes. Maintained assumption is that agents are optimizers of some sophistication and behave in order to have their preferences prevail, possibly at the cost of efficiency.

Given the emphasis on distribution, the question of multi-agent bargaining will be covered in some generality. Subsequently, we treat contributions from the applied game-theoretic literature on political institutions, their origins and effects. Topics may include parliamentary government; endogenous legislative organization (rules of procedure, seniority, committees); debate and information; lobbying; political parties; courts; bureaucracy; formation & breakup of nation-state; federalism; etc. The course concludes with the study of some broad questions on the nature and emergence of institutions. Emphasis on particular topics may vary with the configuration of class interests. Research directions will be discussed.

This is a research seminar and depth of coverage will be emphasized at the expense of breadth. Each week we shall focus on a couple of selected papers. Class participants are expected to take turns and present a good fraction of these papers.

**Evaluation:** Your grade will be based on class participation (15%), a class presentation 15%, assignments 30%, and a research proposal (40%).

**Participation:** Each week you are expected to have read the papers covered and be able to contribute during presentations with questions, comments, and articulate coherent thoughts.

**Presentations:** You will be required to present one of the papers covered during the semester on a topic that will be assigned ahead of time. Preparing a presentation forces you to think seriously about the assigned topic and comprehend the structure of the argument and formal proof. Your presentation should take approximately one hour unless otherwise instructed. It should include motivation for the research question, a clear statement of the model and assumptions, and a fair part of the basic proof arguments. You are evaluated on your comprehension of the paper as well as the quality of the presentation. You should contact me ahead of time for advice on the paper and to work through the specifics for each weekly topic.
Assignments: Depending on the suitability of the papers we cover, there will be a few assignments over the course of the semester. The goal of the assignment is to enhance understanding specific models, and of modeling in general. Good formalism and clear mathematical statements are appreciated, but the emphasis is on the applied theory aspect of the exercise, i.e., understanding the model and solving it.

Research proposal: Ideally this should involve the development of a model on a question relevant to your own research, but might also be an empirical project under certain conditions. Sometime toward the middle of the semester we will schedule a meeting to discuss possible ideas and appropriate length and format for the proposal, depending on the nature of the topic you wish to undertake. You will present your proposal at the end of the semester.

Reading: Each week you are all expected to have read closely the articles that we discuss or your fellow students present. More comprehensive reading lists for each topic are provided for your convenience should you wish to follow a particular topic more closely.

Prerequisites: An understanding of non-cooperative game theory at the level of PSC 584 or similar is required for the course.

TENTATIVE SCHEDULE
(I will make an effort to cover topics that reflect your research interests as much as is possible. If there are related topics/papers of particular relevance to your current or future research let me know)

I. Sequential Bargaining

II. Government Formation

III. Vetos & Audiences

IV. Political Rhetoric & Information
Battaglini, Marco. "Multiple referrals and Multidimensional Cheap Talk", *Econometrica*.

V. Legislative Organization: Multicameralism, Committees, & Seniority
Diermeier and Myerson, "The Internal Organization of Legislatures" AER 1999 December, 89(5), 1182-1196.

VI. Lobbying, Special Interests, & (In)Efficiency
Eddie Dekel, Mathew Jackson, and Asher Wolinsky. “Vote Buying I: General Elections”
Eddie Dekel, Mathew Jackson, and Asher Wolinsky. “Vote Buying II: Legislatures and Lobbying.”

VII. Political Parties
Eguia, J. “Voting Blocs, Coalitions and Parties,” mimeo

VIII. Number of States, Federalism, & Integration

IX. Bargaining Dynamics

X. Miscellaneous
Barbera S, Jackson MO. 2004. Choosing how to choose: Self-stable majority rules and
constitutions QJE, 119 (3): 1011-1048 AUG 2004
Econometrica 63: 103-43.
Theory 63: 370-91.
Tirole J. 1996. “A Theory of Collective Reputations (with applications to the
persistence of corruption and to firm quality),” RESTUD, 63 (1): 1-22.
Yong-Gwan Kim and Joel Sobel, "An Evolutionary Approach to Pre-Play

XI. End of Semester: Presentation of Research Proposals