PSC 575: Topics in Political Economy

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M, W 10:00-12:00
Harkness 112

Office Hours: T: 10-12 or by appointment

Course Outline: This course will focus on surveying and discussing applications of dynamic models to political economy. Studying political dynamics helps to better align applied theory with important observed phenomena and to gather insight into the mechanics of the models we work with. Examples of topics covered are: dynamic electoral competition and extensions (or failures) of median voter theorems; dynamic legislative bargaining and the evolution (or unraveling) of compromise; sequential elections and the formation (or not) of bandwagons, etc. Lectures will consist of working though important 'classic' papers as well as interesting new research and results.

We will focus mostly on infinite-horizon models. This is not because finite extensive-form games cannot be useful to understand political dynamics. I see this course as being as much about learning how to apply a set of interrelated theoretical tools as about specific results. You are probably much more familiar with backward induction than with repeated and dynamic games. Going through a lot of examples of the latter should give you a good feel for their applications in any number of fields.

Evaluation: There will be no exam for this class. Instead, evaluation will be based on paper presentations and/or referee reports. First option is to present some of the papers in the course. Alternatively, you may write referee reports (max 3 pages) on papers that need not be on the class reading list. What papers are acceptable is open to accommodation. The number of presentations and reports and their respective weights in the grading scheme will depend on the time allowed by the number of students in the class.

Topics: I have included mostly those papers I think we may cover. Depending on class interests, we can be flexible with respect to the topics and papers covered as well as the order in which we do so.

1 Dynamic Extensions of the Standard Spatial Model

1.1 Repeated Games

Alesina (1988), Duggan and Fey (2006).

1.2 Unknown Candidate Preferences

Duggan (2000), Banks and Duggan (2008), Bernhardt et al. (2004), Bernhardt et al. (2009), Bernhardt et al. (2011), Kalandrakis (2009a), Van Weelden (2013)

1.3 Policy Persistence

Wittman (1977), Kramer (1977), Anesi (2012), Forand (2014)

2 Dynamic Bargaining

2.1 Pie/Risk-sharing

Dixit et al. (2000), Yared (2010)

2.2 Legislative bargaining with Persistent Status Quo

Baron (1996), Kalandrakis (2004), Baron et al. (2007), Fong (2008), Kalandrakis (2009b), Baron et al. (2011), Duggan and Kalandrakis (2012)

3 Dynamic Public Goods Provision

Battaglini and Coate (2007), Battaglini and Coate (2008), Azzimonti (2011), Bai and Lagunoff (2011)

4 Dynamic Institutional Choice/Change

Fernandez and Rodrik (1991), Acemoglu and Robinson (2000), Acemoglu and Robinson (2001), Lizzeri and Persico (2004), Jack and Lagunoff (2006), Martinelli and Escorza (2007), Acemoglu and Robinson (2008), Lagunoff (2009), Acemoglu et al. (2010), Acemoglu et al. (2012)

5 Dynamic Political Agency

5.1 Retrospective Voting and Politician Screening

Ferejohn (1986), Banks and Sundaram (1993), Banks and Sundaram (1998), Schwabe (2009)

5.2 Preventing Disasters and Crises

Myerson (2008), Biais et al. (2010), Myerson (2015)

5.3 Lobbying and Common Agency

Bergemann and Valimaki (2003)

6 Political Experimentation/Learning

6.1 Campaigns and Voter Learning

Gul and Pesendorfer (2010)

6.2 Policy Choice and Government Experimentation

Keppo and Smith (2008), Strulovici (2009), Callander (2011)

7 Sequential Elections

Dekel and Piccione (2000), Battaglini (2005), Callander (2007), Nageeb and Kartik (2012)

References

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Acemoglu, D., G. Egorov, and K. Sonin (2010). Political selection and persistence of bad governments. *Quarterly Journal of Economics 125* (4), 1511-75.

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Alesina, A. (1988). Credibility and policy convergence in a two-party system with rational voters. *American Economic Review 78* (4), 796-805.

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Azzimonti, M. (2011). Barriers to investment in polarized societies. *American Economic Review 101* (5), 2182-2204.

Bai, J. and R. Lagunoff (2011). On the Faustian dynamics of policy and political power. *Review of Economic Studies 78* (1), 17-48.

Banks, J. and J. Duggan (2008). A dynamic model of democratic elections in multidimensional policy spaces. *Quarterly Journal of Political Science 3* (3), 269-299.

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