Advanced Topics in Political Economy

Economics 36102/ Public Policy 47500

Winter 2009, Tue & Thurs 10:30-11:50am

Course description: This course is an introduction to current research in political economics. The emphasis is on game-theoretic models that can be used to study the effects of different constitutional structures on the competitive behavior of politicians and the welfare-relevant performance of government.

Instructors: Roger Myerson and Ethan Bueno de Mesquita.

COURSE OUTLINE

Social Choice and the Spatial Model

1. Muller-Sattherwaite/Binary Agendas
   - Myerson, Roger. 1996. “Fundamentals of social choice theory” Sections 1.2-1.5
     \[\text{http://home.uchicago.edu/~rmyerson/research/schch1.pdf}\]

2. The Median Voter Theorem and Probabilistic Voting
   - Myerson, Sections 1.6-1.7
     Recommended:

3. Valence Models
     Recommended (models with endogenous valence)
4. Candidates

**Agency Models of Elections**

5. Pure Moral Hazard and Signaling Models

   **Recommended**

6. Adverse Selection and Moral Hazard: Signal Jamming/Career Concerns

   **Recommended**

7. Lobbying and Common Agency
8. Pandering

   Recommended

**Informational Models of Voting**

9. Swing Voter’s Curse

**Comparative Electoral Systems**

10. Strategic Voting and Electoral Systems

11. Alternative Electoral Systems

**Legislative Politics**

12. Information Transmission under Alternative Legislative Rules

13. Legislative Bargaining
14. Legislative Organization
     Consequences for the Internal Organization of Legislatures.” *American Economic
   • Diermeier, Daniel and Timothy Feddersen. 1998. “Cohesion in Legislatures and
     the Vote of Confidence Procedure.” *American Political Science Review* 92: 611-621.

15. Elections and Legislation
   • Austen-Smith, David and Jeff Banks. “Elections, Coalitions and Legislative
     Outcomes.” *American Political Science Review* 82(2).

Endogenous Institutions and Institutional Stability

16. Property Rights
   • Hafer, Catherine. 2006. “On the Origins of Property Rights: Conflict and

17. Redistribution and the Revolutionary Threat
   • Acemoglu, Daron and James Robinson. 2000. “Why did the West extend the
     franchise?” *Quarterly Journal of Economics* 115:1167-1199
   • Lizzeri, Alessandro and Nicola Persico. 2004. “Why did the elites extend the
     suffrage?” *Quarterly Journal of Economics* 119:707-765

18. Microfoundations of the Revolutionary Threat
     “Signaling in a Global Game: Coordination and Policy Traps.” *Journal of
     Political Economy* 114(3).

19. The Selectorate Model
   • Bueno de Mesquita, Bruce, Alastair Smith, Randolph Siverson, and James
     3.
   • Bueno de Mesquita, Bruce and Alastair Smith. 2008. “Political Survival and
     Endogenous Institutional Change.” *Comparative Political Studies*.

20. Federalism
   • D. Epple and A. Zelenitz, “The implications of competition among jurisdictions:
   • *Recommended*
     o A. Dixit and J. Londregan, ”Fiscal federalism and redistributive
     o Myerson, Roger. 2006. “Federalism and incentives for success of
       democracy” *Quarterly Journal of Political Science* 1:3-23.