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DEPARTMENT OF ECONOMICS
YALE UNIVERSITY

Econ 472a: Senior Seminar
Theories of Political Economy
Fall 2009

Time and Location: Th 2:30-4:20, TBA

Office Hours: F 1:30-3:30, 30 Hillhouse Avenue, Room 22A.

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Program. This course is an introduction to recent theories of political economy. We use game-theoretical models to study how economic policies (taxes, public spending, redistribution, etc.) are chosen. We analyze the behavior of voters (why do people vote and how they choose among several parties), politicians (how they select their positions), parties (how they reach a compromise among their preferred policies) and interest groups. We then compare different electoral systems in terms of the size of government and the composition of public spending. Finally, we analyze collective decisions with incomplete information. We investigate whether elections aggregate the available information and generate efficient decisions.

Classes. The objective of this seminar is to read and present advanced research in political economy. In each session a group of two or three students will present one or more papers on a given topic. Students in a group should work together to prepare the presentation, but each of them should have primary responsibility (including the presentation) for a particular part of the session.

During your presentation you can use both the blackboard and the overhead projector. You can also prepare a handout with the basic notation and results (this may help the audience follow the seminar). Please remember that the goal of your presentation should be to convey the main message and the basic insight of a paper (you do not need to present every single detail of an article). Start your presentation by illustrating the problem analyzed in the paper and then focus on the main results. Please feel free to include your comments, criticisms and suggestions in your presentation.

The students who do not present in a session are required to write a brief report (one page) in which they discuss the topic analyzed in class and give their comments about the presentation.

Textbooks and Reading. The reference texts for this seminar are Persson and Tabellini (2000) (P-T) and Grossman and Helpman (2001) (G-H). Further references are included in the course outline. The articles marked with an asterisk (*) are part of the course package available at the Audobon Copy Shop.

Topics

1. Introduction - Refresher on Game Theory

Gibbons (1992), Osborne (2004).

2. Voter Turnout

Palfrey and Rosenthal (1985)*, Shachar and Nalebuff (1999), Coate and Conlin (2004), Feddersen (2004)*, Feddersen and Sandroni (2006)*, G-H, 3.1.

3. Multicandidate Elections

Cox (1987), Myerson and Weber (1993)*, Myerson (2002), Myatt (2007).

4. The Median Voter Theorem

Downs (1957), Calvert (1985)*, Banks (1990), Gul and Pesendorfer (2009)*, Kartik and McAfee (2007)*, G-H 2.2 , P-T 3.2, 3.3.

5. Candidate Entry

Feddersen, Sened and Wright (1990), Osborne and Slivinsky (1996)*, Besley and Coate (1997)*, G-H 2.2, P-T 51.-5.3.

6. Legislative Structures and Bargaining

Austen-Smith and Banks (1988), Weingast and Marshall (1988), Baron and Ferejohn (1989)*, Baron (1991)*, Diermeier and Myerson (1999)*, Dixit, Grossman and Gul (2000), Eraslan (2001).

7. Interest Groups and Informational Lobbying

Crawford and Sobel (1982)*, Gilligan and Krehbiel (1989)*, Austen-Smith (1993), Banerjee and Somanathan (2001), Battaglini (2002), G-H 4, 5 and 6.

8. Interest Groups and Campaign Contributions

Becker (1983), Snyder (1990)*, Grossman and Helpman (1994), Groseclose and Snyder (1996)*, Grossman and Helpman (1996)*, Dixit, Grossman and Helpman (1997), G-H 7, 8 and 9, P-T 7.

9. Comparison of Electoral Systems

Cox (1987), Myerson (1993a)* and (1993b), Persson and Tabellini (1999)*, Austen-Smith (2000), Lizzeri and Persico (2001)*, Milesi-Ferretti, Perotti, and Rostagno (2002).

10. Information Aggregations in Elections

Young (1988), Austen-Smith and Banks (1996), Feddersen and Pesendorfer (1996), (1997)* and (1998)*, Dekel and Piccione (2000)*, Gerardi (2000), Piketty (2000), Gerardi and Yariv (2007)*.

11. Information Acquisition in Committees

Li (2001), Cai (2003), Persico (2004)*, Martinelli (2006)*, Gerardi and Yariv (2008)*, Gershkov and Szentes (2009).

References

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