SOCIAL CHOICE AND POLITICAL ECONOMY

Catalogue description:
A formal theoretical analysis of social choice, aggregation of preferences, collective decision making and the spatial model of politics, with applications to the study of the electoral competition and the determination of economic policies.

Course description:
This course provides a rigorous theoretical foundation of social choice and political economy. Starting with fundamental concepts such as preference relations and their properties, the course analyses the aggregation of individual preferences into group preferences. Social choice theory studies how a collective choice is made according to some rule based on the individual preferences. The properties of several voting rules are considered, in the light of theoretical results that prove the impossibility of finding rules that simultaneously have a number of desirable properties.

The second part of the course covers the spatial model of politics, in which rational agents have preferences defined over a vector policy space (typically one or two dimensional) and make decisions to maximize their utility. The approach is game-theoretic: The policy outcome is the equilibrium of the game defined by the political institutions in place. Fundamental results such as the median-voter theorem and concepts such as the core, the top-cycle and the uncovered set are explained.

The last part of the course applies the previous results to offer political economy models of electoral competition and economic policy outcomes. Citizen-candidate models of electoral competition, probabilistic voting models of redistribution and a simplified model of public economics with parliamentary voting are considered.

Prerequisite:
G53.1110. Mathematics for Political Scientists.

Readings:

Schedule of Topics:
5. The Spatial Model. Single-Peaked and Order-Restricted Preferences.
6. The Median Voter Theorem.
8. Core, Top-Cycle, Uncovered Set.
9. Application: The Uncovered Set in Recent Political Outcomes.
11. Electoral Competition with Endogenous Number of Candidates.
13. Distributive Policies with Multiple Districts.