Course Description

This course offers an introduction to the field of political economy, defined as the use of economic approaches to study politics. We focus on the foundational issues that came out of the social choice and game theoretic literatures, basically all the so-called “market failures” and causes for second-best outcomes, each calling for an institutional or normative fix going beyond market interaction. Among the problems touched upon in the seminar are the aggregation of individual preferences (or cycling) problem, the impact of uncertainty, the curse of free riding in collective action and the provision of public goods, the more generic notion of transaction costs, cause for incomplete contracting and uncertain property rights, and the time consistency (or inability to commit) problem. We end with a snapshot of path dependence, a rational-historicist hybrid, on the unfathomable subject of change. The course requires no prior knowledge of economics, game theory, or statistics.

The course will be run in the form of a seminar. A set of readings will be assigned each time, with each participant being expected to present and comment on all the readings.

The class will be sanctioned by a seminar paper, a ten-to-fifteen-page-long paper further exploring, or developing a tangent on, a theme addressed in the class, in either case, strictly analytical (facts and data should be strictly illustrative), to be outlined in the last sitting and handed in by the official deadline.

We will read the following books from cover to cover:


The rest will be in the form of journal articles and book contributions.
Week 1. Introduction
• overview of the course and administrative details (no readings)

Week 2. Cycling
• Hinich, Melvin and Michael Munger, Analytical Politics, chaps 1-5.

Week 3. Uncertainty--I

Week 4. Uncertainty--II
• Hinich, Melvin and Michael Munger, Analytical Politics, chaps 6 and 9 (pp. 190-209).

Week 5. Free riding
• Olson, Mancur. 1967. The Logic of Collective Action. Cambridge University Press. Chaps 1-3 (pp. 5-97).
• Hinich, Melvin and Michael Munger, *Analytical Politics*, chap. 7

**Week 6. Transaction Costs, Incomplete Contracting—I**

**Week 7. Transaction Costs, Incomplete Contracting—II**

**Week 8. Time Consistency and Commitment Problems**

**Week 9. Change**


**Week 10. Paper Presentations**