POLITICAL ECONOMY

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Course Material Developed by Department of Economics,
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Syllabus

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Course objectives:

Students should learn how methods of Economics can be used to analyse political phenomena. They should also practice their writing and quantitative skills. Students should acquire a realistic understanding of actions of actors in the sphere of politics and how institutions affect them. Didactically, students should be able to understand textbook chapters in English. Upon completing the course, students should be able compare the advantages and disadvantages of state and market, they should understand government failures as well as market failures. At their workplace, they should be able to productively work together with politicians and people with degrees in political science.

Topics covered:

We start by an introduction, a short excursion on the term “Political Economy” and Arrow’s Impossibility theorem and what it implies. We continue by presenting voting mechanisms, discussing Downs’ model and multiparty competition and the different solutions to the paradox of voting. Thereafter we present models of rent seeking, bureaucracy and dictatorship, followed by a few applications like the links between macroeconomic policies and political competition, lobbying and theories and empirical results about the size of the state.
Set texts


Further reading

Week-by-week:

Week 1: Introduction, Arrow’s Impossibility Theorem and what follows from it

Week 2: The Choice of Voting Rule

Week 3 and 4: The Simple Majority Rule and its alternatives

Week 5: The Exit option and Federalism

Week 6: Two-party Competition

Week 7: Multiparty Competition, coalitions, stability, strategic voting

Week 8: The paradox of voting

Week 9: Rent seeking

Week 10: Bureaucracy

Week 11: Dictatorship

Week 12: Applications: Macroeconomic Performance, Money and Votes

Week 13: Applications: The size of government and economic performance + Summary