Political Economy: Rational Choice and Collective Action

Instructor: Tamás Meszerics
Teaching Assistant: Clemens Loidl

Credits: 2
(ECTS credit value: 4)

2021/2022 Winter Semester

Prerequisite: none

Office hours: Friday 15:20-16:20 and by appointment

This course introduces students to the notions of strategic interaction and and its consequences in politics. The language of formal modelling and especially game theory is the most widely used form of communication in this area. While the rational choice based approach has many limitations, critical engagement and the assessment of its usefulness for analysis requires a minimal familiarity with the core concepts and ideas in this approach.

Learning outcomes:

Students get acquainted with the core concepts of game theory as well as a more abstract theoretical questions on the nature and usefulness of modelling in the social sciences. Immersing oneself in the basics of rational choice and game theory will enable the students to assess for themselves critically a significant part of formal literature in political science.

Requirements:

Each week’s topic will be introduced by a lecture on Friday and a seminar discussion on Wednesday. The syllabus clearly identifies each date for each topic.

It is essential that the participants read the compulsory literature as preparation for the seminars. To help this preparation, students are required to submit a solution for one of the exercises in the main textbook belonging to that topic. The specific exercise to be solved will be announced by the lecturer at the end of each lecture on Friday. there will be altogether 8 exercises, from which the least successful will be dropped in the assessment (alternatively, students can choose to submit only 7 exercises, in which case all of them will be used in the final assessment). Additional tutorial sessions with the Teaching Assistant could be set up. These sessions will be held online.

During the course students will be required to complete two in-class tests on
the dates specified in the detailed syllabus.

Assessment:

The final grade will be a composite of the following values

In-class tests 70% (35% each)
Homework exercises 21% (3% each)
In-class activity 9%

Within the last component 5% is assigned automatically for regular presence and participation in discussions, the remaining 5% reflects the general quality of individual contributions.

Conversion of percentage points to letter grades:

A: 100-96
A-: 95-88
B+: 87-80
B: 79-71
B-: 70-63
C+: 62-58
F: 57-0

Syllabus

Topic 1 Introduction and the Nature of Models

January 12 Wednesday – Introduction
January 14 Friday – Lecture
January 19 Wednesday – Seminar

Compulsory reading


Topic 2 Basic Concepts of Game Theory

January 21 Friday – Lecture
January 26 Wednesday – Seminar
**Compulsory reading**


**Topic 3 The Extensive Form**

January 28 Friday – Lecture
February 2 Wednesday – Seminar

**Compulsory reading**


**Topic 4 Games and Subgames**

February 4 Friday – Lecture
February 9 Wednesday – Seminar

**Compulsory reading**


February 11 Friday – Overview

**February 16 Wednesday – Midterm In-Class Test**

**Topic 5 Strategic Form and Nash Equilibria**

February 18 Friday – Lecture
February 23 Wednesday – Seminar

**Compulsory reading**


**Topic 6 Mixed Strategies, Domination and Incentive Compatibility**
February 26 Friday – Lecture
March 2 Wednesday – Seminar

Compulsory reading


Topic 7 The Prisoners’ Dilemma

March 4 Friday – Lecture
March 9 Wednesday – Seminar

Compulsory reading


Topic 8 The Effect of Repetition

March 11 Friday – Lecture
March 16 Wednesday – Seminar

Compulsory reading


Topic 9 Agendas and Voting

March 18 Friday – Lecture
March 23 Wednesday – Seminar

Compulsory reading


Topic 10. Models as Fables
March 25 Friday – Lecture
March 29 Wednesday – Seminar and Overview

Compulsory reading


April 1 Friday – Final In-Class Test