



## Korea University International Summer Campus (KU ISC) 2023

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June 27, 2023 ~ August 3, 2023

### ISC239 – Political Economy

#### I . Instructor

Professor	:	Piotr Swistak
E-mail	:	pswistak@umd.edu
Home Institution	:	University of Maryland
Class Time	:	1:10pm-2:50pm
Office	:	TBA
Office Hours	:	TBA

#### II. Textbook

Required Textbook	:	“Analyzing Politics” by Kenneth Shepsle, Norton, 2010, , ISBN-13: 978-0393935073.
Recommended Additional Readings	:	Excerpts (to be posted online) from: Itzhak Gilboa’s Making Better Decisions: Decision Theory in Practice, Wiley, 2011; Kenneth Williams, Game Theory a Behavioral Approach, Oxford University Press, 2013; David Kreps, Notes on the Theory of Choice, Westview Press, 1988; Raymond Wilder “The Axiomatic Method,” pages 1621-1640 in The World of Mathematics, Simon and Schuster, 1956; Avinash Dixit and Susan Skeat, Games of Strategy, Norton, New York, 2004. Robert Axelrod, The Evolution of Cooperation, Basic Books, 2006 (1st ed. 1984.)

#### III. Course Description and Objectives

Political economy belongs to the intersection of economics and politics. It uses assumptions of microeconomics to facilitate our understanding of politics. The tools of modern political economy include theories of rational decision making in individual choice situations (preference theory and expected utility theory) and in strategic interactions (game theory.) These general theories of individual behaviour will help us understand the reason for the existence of political institutions (e.g., a state) and the scope of their authority (e.g., in what type of situations a state should and should not intervene.) Another principal part of political economy, and the class, is that of social choice. Topics covered include different voting methods and their properties, the nature of democratic choice and Arrow’s Theorem, strategic voting and misrepresentation (Farquharson’s conjecture and Gibbard and Satterthwaite Theorem), predicting the outcome of voting (Median Voter Theorem, McKelvey’s Chaos Theorem.)

## IV. Grading

Tests (three)	:	60%
Final Exam	:	optional
Assignments	:	20%
Participation	:	20%

## V. Class Outline

Date	Topic	Readings
June 27 (Tue)	Orientation Day	
June 28 (Wed) June 29 (Thu)	Why Do We Need a Specific Form of the Social Science?	
June 30 (Fri) July 3 (Mon)	Individual Behaviour and Political Institutions	ibid.
July 4 (Tue) July 5 (Wed)	Rational Choice under Certainty: Theory of Preferences	Kreps, pp. 7-11; Williams, pp. 47 and 49-50; Shepsle, pp. 18-35.
July 6 (Thu) July 10 (Mon)	Rational Choice under Risk: Von Neumann-Morgenstern Expected Utility Theory	Shepsle, pp. 18-35; Kreps, pp. 1-6; Williams, pp. 63-68; Gilboa, pp. 102-115.
July 11 (Tue) July 12 (Wed)	Group Choice: Voting Methods and Their Properties	Shepsle, pp. 41-52 and 191-197.
July 13 (Thu) July 17 (Mon)	The Nature of a Democratic Outcome	Shepsle, pp. 53-76 and 67-77.
July 18 (Tue) July 19 (Wed)	Strategic Behaviour, Misrepresentation and Manipulation	Shepsle, pp. 156-188.
July 20 (Thu) July 24 (Mon)	Predicting a Group Choice	Shepsle, pp. 90-123.
July 25 (Tue) July 26 (Wed)	Rational Behaviour in Strategic Situations (Game Theory)	Shepsle pp.156-190; Dixit et al pp. 3-14, 27-34 and 45-55.
July 27 (Thu) July 31 (Mon)	The Borders of Politics	Shepsle, pp. 231-241; Dixit et al, pp. 83-99;
Aug 1 (Tue)	Is Cooperation among Nation States Possible?	Axelrod (excerpts.)
Aug 2 (Wed)	Optional Final Exam	
Aug 3 (Thu)	No class / Graduation Day (Available both Online / Offline)	