Political-Economic Cycles

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Office Hours: Monday 11:00AM-1:00PM, office SSB #370

Objectives

This course provides an introduction to the theoretical and empirical work on political-economic cycles. We will examine the main determinants of incumbents’ ability and incentives to engineer such cycles to obtain electoral gains. Class sessions will be conducted as seminars led by the instructor. Often the instructor will present material based on the more difficult readings. The pace of this course will be fast. Each week, students are expected to study a model in detail, read an empirical paper as well as a survey paper on the topic. The mathematics will not be difficult. However, some basic knowledge of elementary calculus and of macroeconomics is recommended. Students are expected to take a final examination at the end of the term. The exam accounts for 75% of the final grade. Class participation accounts for the remaining 25%.

Theories and Models

Each week we will try to address very complex issues using relatively simple models. In particular, we will attempt to engage in theoretical exercises of abstraction, ignoring many details in order to focus on the most important elements of the problem. With his inimitable fiction, Argentinean writer J. L. Borges illustrated in “Funes the Memorious” the importance of generalization and abstraction in thought and science:

“ He had learned, without effort, English, French, Portuguese, Latin. I suspect, however, that he was not very capable of thinking. To think is to forget differences, to generalize, to abstract. In the over stocked world of Funes there was nothing but details, almost immediate details”

In a similar vein, Paul Krugman argues that the utility of modeling stems from useful simplification:
On the other hand, as Henri Theil observed, “Models should be used, not believed” (cited in Paper Stones by Przeworski and Sprague). And, as these authors note, models “...are not simplified versions of a complex reality but instruments to be used in analyzing complex situations...” Moreover, there is no such thing as the right degree of abstraction for all analytic purposes. The proper degree of abstraction depends on the issue under consideration. In fact, it may well be the case that a few simplistic assumptions will not be sufficient to reconstruct the complexity of some of the topics covered in this class. And, while we should not necessarily expect our models to fit each and every aspect of reality, we should revise or abandon a theory if it does not withstand a confrontation with our empirical observations. Therefore, it is very important that you learn how to evaluate a model, from its overall logic to its constituent assumptions.

Course Policies

*Academic Integrity.* Students in this course are expected to comply with UCSD’s Policy on Integrity of Scholarship. In particular, plagiarism is considered a dishonest practice and a serious academic offense. Hence, there will be a zero tolerance policy with respect to these practices: any student violating the obligation of academic integrity during the term will automatically fail the class. Copies of the current version of the UCSD Policy on Integrity of Scholarship, also commonly referred to as the Academic Dishonesty Policy, may be found on the Academic Senate webpage: http://www-senate.ucsd.edu/AcademicIntegrity/AcademicIntegrity.htm

*Disabilities.* If you have a disability that requires special testing accommodations or other classroom modifications, you need to notify both me and the Office for Students with Disabilities (OSD). You may be asked to provide documentation of your disability to determine the appropriateness of accommodations. To notify the OSD, call (858) 534-4382 to schedule an appointment.
Course Outline

Week 1 (October 1): Introduction


Week 2 (October 8): Political Economics


Week 3 (October 15): Political Competition and Selection


Week 4 (October 22): Electoral Accountability


Week 5 (October 29): Political Business Cycles


**Week 6 (November 5): Political Budget Cycles**


**Week 7 (November 12): Conditional PBC**


**Week 8 (November 19): Partisan PBC**


Week 9 (November 26): Reverse Electoral Business Cycle


Week 10 (December 3): Endogenous Elections
