Abstract

This course will focus on integrating recent strands of behavioral economics into models of political economy. The area is sufficiently new that there is not even agreement about what it includes. We will look at both the basis for behavioral approaches and at specific questions and topics, using theoretical models and results from laboratory experiments. The course will look at some or all of the following subjects, focusing on voter and politician behavior: general modeling of non-selfish preferences; bounded rationality; cognitive biases and context effects; overconfidence; aspiration-based adaptive rules; political participation and voter turnout; polarization; and experimental evidence.

READINGS: We may add (or subtract) from this list.

1. **Overview and Basic Issues**


2. **Other Regarding Behavior**


3. Aspirations


4. Voter Turnout


5. Beliefs and Polarization

a. Prospect Theory – Loss Aversion and Status Quo Bias


b. Rational Polarization


c. Confirmation Bias, Correlation Neglect, and Overconfidence


6. Voter Choice


BDST, chapter 5.

7. Politician Reactions

BDST, chapter 3.


8. Behavioral Politicians


