CES Lecture Series
Political Economy Models of Candidate Competition

Prof. Mattias Polborn June 2010

Course description

A central focus of formal models in political economy is how candidates for political office choose their political positions. The models analyze how policy convergence or divergence arise as a function of the objectives of candidates and the political environment. In this lecture series, we will review some of the classical models of candidate competition and then focus on a new modeling framework, the "differentiated candidates model" in which candidates have fixed characteristics that determine how voters evaluate the candidates' policy proposals.

Course outline

1. **The spatial model**
   Median voter theorem; office and policy motivation; valence.

   Readings for lecture 1
   Main reading:

   Osborne, M. (1995), "Spatial Models of Political Competition Under Plurality Rule: A Survey of Some Explanations of the Number of Candidates and the Positions They Take", Canadian Journal of Economics, 27, 261-301.

   Further readings:

   Calvert, R. (1985), "Robustness of the multidimensional voting model: Candidate motivations, uncertainty and convergence", American Journal of Political Science, 29 (1), 69-95.

   Groseclose (2001), " A Model of Candidate Location When One Candidate Has a Valence Advantage", American Journal of Political Science, 45 (4), pp. 862-886

   Plott, C. (1967), "A notion of equilibrium and its possibility under majority rule", AER, 787-806

2. **Multidimensional policy spaces, the Probabilistic Voting Model and the Binary Policy Model**
   This lecture deals with problems that arise when candidates have to choose policies in more than one policy area.
   Readings for lecture 2

   Plott, C. (1967), "A notion of equilibrium and its possibility under majority rule", AER, 787-806

   Persson, T. and G. Tabellini, "Political Economics. Explaining Economic Policy", 2000, MIT Press. Section 3.4.

   Krasa, S. and M. Polborn (2010), The binary policy model, Journal of Economic Theory, 145 (2), March 2010, 661-688.

3. **The Differentiated Candidates Model**
   In the "differentiated candidates model", candidates have different fixed characteristics that determine how voters evaluate the candidates' policy proposals.

   Readings for lecture 3
   The following working papers, all joint with Stefan Krasa, are available at my webpage https://netfiles.uiuc.edu/polborn/www/research.html

   Political competition between differentiated candidates

   A political-economy model of taxation and government expenditures with differentiated candidates

   Competition between specialized candidates