

Just some thoughts on Political Economy, in the light of Trump's success.

I am still struck by the chaos theorem that McKelvey and I published back in 1986 or so. The response to this theorem was to emphasize Nash equilibria, particularly those that occur as a result of institutional structures. In recent years after Citizens United, there has been an emphasis on the role of money in elections. However in some work I have done with my students it has proved very difficult to show that money gives a clear advantage in Senate races (see also the work by Ansolabehere and Snyder, and Bueno de Mesquita. If money did drive elections then I would be inclined to believe in equilibria. However, Trump's victory does not seem to me to be due to his ability to raise large amounts of money. In fact it seems due to his creation of an unexpected and possibly unstable coalition of the disaffected- Somewhat like the Brexit coalition in the UK. Which brings me back to Madison's fear as expressed in Federalist 10 about political instability. I have suggested that Madison believed the Republic could be stable because of the logic of Condorcet's jury Theorem. But we don't really know how valid the Jury Theorem is when voters are disaffected, or more specifically when voters can form odd looking coalitions against people they fear. These remarks are intended to push the point that Madisonian stability may be a chimera