Dan Bernhardt

University of Illinois and University of Warwick

Monday, November 15: 12:00 – 1:00 pm ET

Virtual via Zoom: Click here for link to Zoom meeting

Demagogues and the Fragility of Democracy

We investigate the susceptibility of Democracy to demagogues, studying tensions between representatives who guard voters' long-run interests and demagogues who cater to voters' short-run desires. Parties propose consumption and investment. Voters base choices on current-period consumption and valence shocks. Younger/poorer economies and economically-disadvantaged voters are attracted to the demagogue's dis-investment policies, forcing far-sighted representatives to mimic them. This electoral competition can destroy democracy: if capital falls below a critical level, a death spiral ensues with capital stocks falling thereafter. We identify when economic development mitigates this risk and characterize how the death-spiral risk declines as capital grows large.

Dan Bernhardt is the IBE Distinguished Professor of Economics and Finance at the University of Illinois and Professor of Economics at the University of Warwick. He has a PhD in Economics from Carnegie Mellon University. Bernhardt’s research is focused on political economy, finance, industrial organization, and labor.

Due to the COVID-19 pandemic, all Ostrom Workshop presentations will be virtual until further notice. Join instantly using the link above. For questions, contact Allison Sturgeon (sturgeon@iu.edu)