

Economics 852
Public Choice I
Fall 2011
Instructor: Garrett Jones

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Office Hours: Tuesday, 1:30-3:30, Carow Hall 8A. Thursday, 6-7, location TBD, Arlington campus.

Welcome to the course. This semester we'll cover four major areas:

1. Canonical models of public choice.
2. Rent-seeking in theory and practice
3. Congress as a case study in 1 & 2.
4. Dynamic political economy models.

Required Books, available in the University Bookstore:

Axelrod, *Evolution of Cooperation*

The classic book on repeated prisoner's dilemmas, it established the power of Tit-for-Tat and argued that French and German soldiers in World War I colluded with each other.

Caro, *Master of the Senate* [available on Kindle]

A Pulitzer-prize winning biography of Lyndon Johnson. We'll read the first half, which shows how LBJ ascended to a position of power in record time.

Mayhew, *Congress: The Electoral Connection*

Written after the author spent a year as a legislative aide on Capitol Hill, Mayhew explicitly used public choice theory to interpret the reality of Congress.

Cox and McCubbins, *Legislative Leviathan*

Parties as legislative cartels. Widely praised for integrating public choice theory, institutional knowledge, and simple statistics, it is a model worthy of shameless imitation.

Mueller, *Public Choice III*

Part encyclopedia, part textbook, part commentary, this book is indispensable.

Persson and Tabellini, *Political Economics*

A good textbook that will help you get to the frontier, it has better coverage of dynamic models than Mueller offers. We will cover half of it.

Recommended books:

There are a number of serious undergraduate texts in public choice/political economy/voting methods. You should acquire at least one of them; these texts give the background information and intuition that are hard to find in graduate texts. I can recommend any of these:

Shepsle, *Analyzing Politics*

Kenneth Shepsle based this text on his course for Harvard undergraduates. Shepsle's text can be seen as a summation of the school of "positive political theory" associated with William Riker and the University of Rochester political science department. This covers the major topics in Mueller with the exceptions of constitutions and rent seeking.

Hinich and Munger, *Analytical Politics*

An exceptionally clear text on basic voting models along with insightful historical context.

Mitchell and Simmons (with forward by Gordon Tullock), *Beyond Politics*
Of the three, this feels most like a “public choice textbook.” It covers largely the same topics as Shepsle’s text but with a greater willingness to point toward the efficiency failures of actually existing political systems. It also has the best anecdotes.

Course Outline

Unit 1A: Basic Games

Buchanan, “Public Choice: Politics without Romance,” *Policy*, Spring 2003.
<http://www.montana.edu/econ/hfretwell/332/buchananpublicchoice.pdf>

Mueller, c.2,4,5, 6.1-6.3.

Axelrod

Jones, (2008). “Are Smarter Groups More Cooperative?” *Journal of Economic Behavior and Organization*.
<http://mason.gmu.edu/~gjonesb/iqcoop1>

Coase, “The Problem of Social Cost,” *Journal of Law and Economics*, 1960.

Persson and Tabellini, c.1-3

Hinich and Munger (handout)

Unit 1B: Public Goods and Club Goods

Mueller, c.9, 15.

Persson and Tabellini, c. 4-5, 7.

Buchanan, “An Economic Theory of Clubs,” *Economica*, 1965.
<http://www.jstor.org/stable/2552442>

Wagner, (1966). “Pressure Groups and Political Entrepreneurs,” *Public Choice*.
<http://www.springerlink.com/content/v0q638t434k1j463/>

[Twitter Tests on LBJ begin about here]

Unit 2: Rent Seeking

Riordon, *Plunkitt of Tammany Hall*, preface and chapters 1 and 2.
<http://nationalhumanitiescenter.org/pds/gilded/power/text7/plunkitt.pdf>

President Eisenhower’s Farewell Address
<http://www.americanrhetoric.com/speeches/dwightdeisenhowerfarewell.html>

Tullock, “The Welfare Cost of Tariffs, Monopolies, and Theft,” *Western Economic Journal* (now *Economic Inquiry*), 1967
<http://cameroneconomics.com/tullock%201967.pdf>

Tullock, “The Transitional Gains Trap,” *Bell Journal of Economics*, 1975.
<http://www.jstor.org/stable/3003249>

Tullock, “The Fundamentals of Rent Seeking,” *The Locke Luminary*, 1998.
http://www.thelockeinstitute.org/journals/luminary_v1_n2_p2.html

~Fisman, "Estimating the Value of Political Connections," *American Economic Review*, 2001.
<http://www.columbia.edu/~jfs2106/teaching/causality/readings/suharto.pdf>

Yandle, "Baptists and Bootleggers," *Regulation*, 1983.
<http://www.cato.org/pubs/regulation/regv7n3/v7n3-3.pdf>

Makowsky and Stratmann, "Political Economy at Any Speed," *American Economic Review*, 2009.

~Ferguson and Voth, "Betting on Hitler," *QJE*, 2008.

Kornai, "The Soft Budget Constraint," *Kyklos*, 1986.

~Kornai, Maskin, Roland, "Understanding the Soft Budget Constraint," *JEL* 2003.

Caplan, "Ayn Rand and Public Choice: The Obvious Parallels," in *Ayn Rand's Atlas Shrugged: A Philosophical and Literary Companion*.
<http://econfaculty.gmu.edu/bcaplan/rand.doc>

Brief discussion of Elite Theories:
http://en.wikipedia.org/wiki/Iron_law_of_oligarchy
http://en.wikipedia.org/wiki/Elite_theory

Unit 3: Congress

Mayhew

Cox and McCubbins

Smith, Hedrick, *The Power Game*, Introduction and pps. 13-19 (handout).

Mueller, c. 11, 20.

James Madison, *Federalist #10*.
http://avalon.law.yale.edu/18th_century/fed10.asp

Acemoglu, Johnson, Kermani, "The Value of Political Connections in the United States."
<http://www.hbs.edu/units/finance/pdf/Value%20of%20Political%20Connections%20Dec%207%202010%20v2.pdf>

Ansolabehere, Figueiredo, and Snyder, "Why is there so little money in U.S. politics?" *J. Econ Perspectives*, 2003.

http://www.hks.harvard.edu/m-rcbg/Events/Papers/RPP_9-26-02_de_Figueiredo.pdf

Krosner and Stratmann, "Interest Group Competition and the Organization of Congress," *American Economic Review*, 1998.

<http://www.jstor.org/stable/116865>

Unit 4: Dynamic Political Economy

Mueller, c. 28.

Persson and Tabellini, c. 11-13.

Parente and Prescott, "Monopoly Rights: A Barrier to Riches," *American Economic Review*, 1999.
http://www.sfu.ca/~kkasa/prescott_99.pdf

~Grossman and Helpmann, "Protection for Sale," *American Economic Review*, 1994.
http://www2.warwick.ac.uk/fac/soc/philosophy/intranet/modules/honours/ph331/polecon/protection_for_sale.pdf

Bisin, Lizeri, Yariv, "Government Policy with Time-Inconsistent Voters," 2011.
<http://www.bu.edu/econ/files/2011/03/March6-11.pdf>

Fernandez, "Women's Rights and Development," 2010.
<http://dri.fas.nyu.edu/docs/IO/12607/DRIWP34.pdf>

Acemoglu, "Why not a political Coase theorem?"
<http://econ-www.mit.edu/files/4461>

Tentative Weekly Schedule

Week 1: Basic Models: Coase, Coordination, Prisoner's Dilemmas.

Week 2: Axelrod, Evolution of Cooperation

Week 3: Further models: MVT, Arrow, Tiebout, Clubs.

Week 4: Rent Seeking I: Theory

Week 5: Exam

Week 6: Rent Seeking II: Empirical methodology

Week 7: Congress I: The Electoral Connection

Week 8: Congress II: LBJ's rise to power

Week 9: Congress III: Legislative Leviathan

Week 10: Dynamic Models I

Week 11: Dynamic Models II

Week 12: Dynamic Models III

Week 13: Research Proposals I

Week 14: Research Proposals II

Final Exam: Tuesday, 12/13, 4:30-7:15pm. On dynamic models.

I reserve the right to make modest changes to the outline; time permitting, I would like to include a discussion of bureaucracy, including a discussion of Niskanen's model, James Q. Wilson's excellent book on the topic, and Mueller's c. 17 discussion of the famous McNollGast model.

Honor Code

Please keep in mind that George Mason is an Honor Code University. All forms of academic dishonesty are forbidden in this course. I encourage you to work in groups and to study together, but all exams and all homework assignments must be your own work, unless I specifically state otherwise.

University Policies

The University Catalog, <http://catalog.gmu.edu>, is the central resource for university policies affecting student, faculty, and staff conduct in university academic affairs. Other policies are available at <http://universitypolicy.gmu.edu/>. All members of the university community are responsible for knowing and following established policies.

Grading

There will be two exams, largely, perhaps wholly, on theory. The first will cover canonical public choice, while the latter will cover dynamic political economy models; of course, no ironclad distinction exists between the two areas.

Most weeks, you will be required to submit Twitter-length homework assignments via Blackboard. Effectively summarizing big ideas is an important skill, so we'll practice that this semester. You will have between 6 and 12 of these 140-character homework assignments, which will often be available for your classmates to see or hear.

In the first half of the semester, you will be required to submit two (2) referee reports for recent working papers you have found online written by graduate students or assistant professors. Instructions for this assignment will be provided later in the semester.

In the second half of the semester, you will prepare for an approximately 15-minute talk which will summarize 3 proposed research projects. The last two weeks of the course will be devoted to student presentations, which will partly be graded by your classmates.

The Participation component of your grade is designed to reward good citizenship: Non-disruptive behavior, politeness, an adherence to civility norms both online and in person.

Exams (2):	20% each
Tweets:	10%
Participation:	5%
Referee Reports (2):	10% each
Research Proposals:	25%

Communication

I encourage you to come to my office hours and to contact me via e-mail. I particularly hope that we'll be able to use Blackboard successfully in this course: An account is already set up.

Students with Disabilities

I am happy to make all necessary accommodations for students with disabilities. University policy states that students who would like to request such accommodations should first contact the Office of Disability Services (993-2474, Sub I Room 4205).

Other useful campus resources

Writing Center

A114 Robinson Hall, (703) 993-1200, <http://writingcenter.gmu.edu>

University Libraries:

"Ask a Librarian", <http://library.gmu.edu/mudge/IM/IMRef.html>

Counseling and Psychological Services (CAPS)

(703) 993-2380, <http://caps.gmu.edu>