

PSC575: Topics in Political Economy (Spring 2020)

Time: TR 1230-1345 , Room: Harkness 112

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Office Hours: Monday 1300-1400 or by appointment

Course Description

This course surveys classic and recently developed game theoretic models of political institutions. We first examines models of intra-branch policymaking (e.g., legislative bargaining, bureaucratic policymaking, and judicial rulemaking), and we move to models of how the branches interact with each other in policymaking. The goals of this course are as follow:

1. Students become aware of literature on formal models.
2. Students practice reading, presenting, and writing about research that has formal models.

Prerequisites

Game theory course. Students should know key solution concepts such as Nash equilibrium, subgame perfect equilibrium, and perfect Bayesian equilibrium.

Class Format

There will be a total of 14 class meetings (excluding the first meeting). 12 of those meetings (i.e., normal class meeting) will be devoted to presenting and discussing papers that have formal models. Of the 2 remaining class meetings, one meeting will be used for student's proposals of their course projects. The other meeting (i.e., the final class meeting) is devoted to a mini-conference in which students present their course projects.

Course Work

- *Class Presentations:* Each student must present at least three papers over the course of the semester. In each normal class meeting, three papers are presented. For each paper presented, 30 minutes are assigned for the presentation, and 20 minutes are assigned to discussion. One of the best ways to learn something is to prepare to teach it. To conduct a good presentation, it would be great to imagine yourself as the author of the paper and you are going to teach your paper to graduate students who have basic game theory knowledge and have not read the paper yet. An effective presentation used to have the following general structure:

1. The question the paper seeks to address should be framed in the beginning of the presentation. That is, what is the question and why the question is important should be pointed out.
2. The next couple minutes are devoted to explain the model's basic setup in detail, that is, articulating who the players are, their respective strategies, payoffs, and the solution concept used.
3. Then, the main results of the model is presented. In this course, you must use the chalk board to explain the results. You should be careful that this does not mean going over all proofs. Rather, you need to present the general logic that derives the main results. This sometimes requires using figures or simplified examples that are enough to give a deep sense of the model's logic.
4. Finally, you should be ready to point out the contribution of the model to literature and empirical implications.

Students presenting a paper must meet me at least a week prior to the presentation and do a “practice” presentation.

- *Analytical Summaries:* You are required to turn in five short analytical summaries over the course of the semester. Each summary should be no longer than three pages (double-spaced, 12pt font size) and focus on a single paper. Each analytical summary are expected to take the following structure:

1. identifying the question of the paper
2. providing a brief overview of the model
3. summarizing the main results of the model
4. explaining the key logic behind the main results with as little mathematical notation as possible
5. suggesting potential extensions or applications of the model

One good tip for writing analytical summary is to assume that the reader of your summary is a scholar who knows the literature and game theory, but has not read the paper yet. Each summary should be e-mailed to me at least 24 hours prior to the class meeting.

- *Research Project:* One of the most important skills to develop is placing your own research on a topic in the literature. You need to choose a topic about political institutions covered in this course and conduct your own research.

1. *Three to five page initial research proposal:* You need to choose two topics that interest you. For each topic, the followings are required:
 - a series of questions of the following form: What are the effects of institution x on some measure of voter or citizen welfare? Under what conditions are these effects beneficial to voters and under what conditions are they harmful?
 - three papers (with two having a model in it) that related in some way to the question you pose about that topic.

- two op-eds, one law review article, and, if possible, one classic political text (e.g., the Federalist papers), where people discuss the potential consequences of the institution that interests you
- one to two paragraphs explaining why you think the questions you posed are interesting.
- one to two paragraphs explaining the intuitions you have about the answers to the questions you posed.

This research proposal should be submitted to me by the fourth class meeting.

2. *Five to seven page literature review and research proposal:* You are expected to choose one topic from the initial two topics as your research topic. You need to identify sixteen papers, one book, and two opinion editorials (NYT, WSJ, Washington Post, or leading non-US papers) that are in some way related to your research topic. You need to summarize this literature and identify a minimum of two possible contributions you might try to make to it. Your literature review must also identify one or two “textboook” models that might speak to the question you are interested in. The successful literature review will be used in the introduction part of your final research paper. This literature review and research proposal should be submitted to me by the eighth class meeting.
3. *Research Proposal Presentation:* In the eighth class meeting, you will present your research proposal and literature review. Beamer or Power Point presentation is expected. Your presentation should begin with a question of the following form: Under what conditions does institution x have a beneficial effect on y and when does it have a harmful effect on y ? Upon doing so, you should discuss how the literature you reviewed relates to these questions.
4. *Eight to twelve page research paper:* You need to write a paper that formulate and solve the simplest model that illustrates the key logic behind your intuition. You must contain a full introduction part in which the contribution of your model to formal and substantive literature on the topic, a description of your model, and characteristics of the equilibrium are situated. This research paper should be submitted to me by the last class meeting.
5. *Mini-conference style presentation:* You will present your research paper to the class in the last class meeting. Beamer or Power Point presentation is expected.
6. *Peer feedback:* Everyone in the class will be paired with someone else. For each written part of the research project, pair should trade rough drafts at least 72 hours before they are due via email (cc’ing me on the emails), and provide two to three paragraphs of written feedback within a week of receiving the draft.

Evaluation

Analytical summaries will constitute 1/3 of your grade, your research project will constitute 1/3 of your grade, and your class presentations will constitute 1/3 of your grade.

Helpful Textbooks and Articles

- Ashworth, S., and Bueno de Mesquita, E. 2006. “Monotone Comparative Statics.” *American Journal of Political Science* 50(1): 214-231.
- Bueno de Mesquita, E. 2017. *Political Economy for Public Policy*. Princeton University Press.
- Gelbach, S. 2013. *Formal Models of Domestic Politics*. Cambridge University Press.
- McCarty, N., and Meiowitz, A. 2007. *Political Game Theory: An Introduction*. Cambridge University Press.
- Sundaram, R. 2014. *A First Course in Optimization Theory*. Cambridge University Press.
- Weingast, B., and Wittman, D. 2006. *Oxford Handbook of Political Economy*. Oxford University Press.

Proposed Course Outline

- Week 2: Spatial Bargaining
 - Buisseret, Peter and Dan Bernhardt. 2017. “Dynamics of Policymaking: Stepping Back to Leap Forward, Stepping Forward to Keep Back.” *American Journal of Political Science* 61(4): 820-835.
 - Chen, Ying and Hulya Eraslan. 2015. “Dynamic Agenda Setting.” *American Economic Journal: Microeconomic* 9(2): 1-32.
 - Gehlbach, Scott. 2013. *Formal Models of Domestic Politics*, chapter 4.
- Week 3: Veto Bargaining
 - Matthews, Steven A. 1989. “Veto Threats: Rhetoric in a Bargaining Game.” *Quarterly Journal of Economics* 104(2): 347-369.
 - McCarty, Nolan. 2000. “Presidential Pork: Executive Veto Power and Distributive Politics.” *American Political Science Review* 94(1): 117-129.
 - Groseclose, Tim, and Nolan McCarty. 2001. “Politics of Blame: Bargaining before an Audience.” *American Journal of Political Science* 45(1): 100-119.
- Week 4: Foundations of Delegation
 - Callandar, Steven, and Keith Krehbiel. 2014. “Gridlock and Delegation in a Changing World.” *American Journal of Political Science* 58(4): 819-834.
 - Callander, Steven. 2008. “A Theory of Political Expertise.” *Quarterly Journal of Political Science* 3(2): 123-140.
 - Gehlbach, Scott. 2013. *Formal Models of Domestic Politics*, chapter 5.
- Week 5: Oversight
 - Bueno de Mesquita, Ethan, and Matthew C. Stephenson. 2007. “Regulatory Quality Under Imperfect Oversight.” *American Political Science Review* 101(3): 605-620.

- Facchini, Giovanni, and Cecilia Testa. 2014. "The Rhetoric of Close Borders: Quotas, Lax Enforcement and Illegal Migration." Working paper.
- Sean Gailmard. 2009. "Oversight and Agency Problems in Legislative-Bureaucratic Interaction." *Journal of Theoretical Politics* 121(2): 161-186.
- Week 6: Delegation and Accountability
 - Fox, Justin, and Stuart V. Jordan. 2011. "Delegation and Accountability." *Journal of Politics* 73(3): 831-844.
 - Gailmard, Sean. 2002. "Expertise, Subversion, and Bureaucratic Discretion." *Journal of Law, Economics, and Organization* 18(2): 536-555.
 - Volden, Craig. 2002. "A Formal Model of the Politics of Delegation in a Separation of Powers System." *American Journal of Political Science* 46(1): 111-133.
- Week 7: Politics of Appointments
 - McCarty, Nolan. 2004. "The Appointment Dilemma." *American Journal of Political Science* 48(3): 413-438.
 - Bertelli, Anthony, and Sven Feldmann. 2007. "Strategic Appointments." *Journal of Public Administration Research and Theory* 17: 19-38.
 - Shotts, Kenneth, and Alan Wiseman. 2010. "The Politics of Investigations and Regulatory Enforcement by Independent Agents and Cabinet Appointees." *Journal of Politics* 72: 209-226.
- Week 8: Research Proposal Presentations
- Week 9: Learning in Agencies
 - Hirsch, Alexander V. 2016. "Experimentation and Persuasion in Political Organizations." *American Political Science Review* 110(1): 68-84.
 - Warren, Patrick L., and Thomas S. Wikenberg. 2012. "Regulatory Fog: The Role of Information in Regulatory Persistence." *Journal of Economic Behavior and Organization* 84(3): 840-856.
 - Sean Gailmard, and John W. Patty. 2007. "Slackers and Zealots: Civil Service, Policy Discretion, and Bureaucratic Expertise." *American Journal of Political Science* 51(4): 873-889.
- Week 10: Unilateral Actions
 - Howell, William G., and Stephane Wolton. 2018. "The Politician's Province." *Quarterly Journal of Political Science* 13(2): 119-146.
 - Chiou, Fang-Yi, and Lawrence S. Rothenberg. 2014. "The Elusive Search for Presidential Power." *American Journal of Political Science* 58(3): 653-668.
 - Voeten, Erik. 2001. "Outside Options and the Logic of Security Council Action." *American Political Science Review* 95(4): 845-858.
- Week 11: Judicial Politics

- Gennaioli, Nicola, and Andrei Shleifer. 2007. "The Evolution of Common Law." *Journal of Political Economy* 115(1): 43-68.
- Fox, Justin, and Matthew C. Stephenson. 2011. "Judicial Review as a Response to Political Posturing." *American Political Science Review* 105(2): 397-414.
- Deborah Beim, Tom S. Clark, and John W. Patty. 2017. "Why Do Courts Delay?" *Journal of Law and Courts* 5(2): 199-241.

- Week 12: Separation of Powers

- Persson, Torsten, Gerard Roland, and Guido Tabellini. 1997. "Separation of Powers and Political Accountability." *Quarterly Journal of Economics* 112(4): 1163-1202.
- Gilmard, Sean. 2017. "Building a New Imperial State: The Strategic Foundations of Separation of Powers in America." *American Political Science Review* 111(4): 668-685.
- Ting, Michael M. 2001. "The 'Power of the Purse' and Its Implications for Bureaucratic Policy-Making." *Public Choice* 106(3-4): 234-274.

- Week 13: Deference

- Crombez, Christophe, Tim Groseclose, and Keith Krehbiel. 2006. "Gatekeeping." *Journal of Politics* 68(2): 322-334.
- Maskin, Eric, and Jean Tirole. 2004. "The Politician and the Judge: Accountability in Government." *American Economic Review* 94(3): 1034-1054.
- Stephenson, Matthew C. 2004. "Court of Public Opinion: Government Accountability and Judicial Independence." *Journal of Law, Economics, and Organization* 20(2): 379-399.

- Week 14: Research Presentations