COURSE DESCRIPTION
This course provides an introduction to the economic analysis of politics, a field referred to as public choice or political economy. Part I provides an overview of economic theories of political behavior. Part II discusses alternative voting methods and electoral systems. Part III discusses how political decisions are distorted away from those that would be made by the benevolent governments from economics textbooks. Part IV offers economic perspectives on a number of contemporary political issues.

PREREQUISITES
This is an advanced course intended for graduate students who are interested in learning about and analyzing economic models of politics. The course will draw on knowledge of microeconomics, macroeconomics, and statistics and econometrics. Economic models of politics tend to be game theoretic, so familiarity with game theoretic reasoning is highly desirable. The course focuses primarily on theoretical models, but relevant empirical work will be discussed.

TEXTS AND READING
I will put the lecture notes on the class Blackboard site and you should print them out and bring them to each class. This will help you follow the lectures. The lecture notes are self-contained and comprehensive and there is no textbook required. Nonetheless, you may find the following books useful if you become interested in the area.

Besley, T., Principled Agents: Motivation and Incentives in Politics, Oxford University Press, 2006. (B)
Morton, R., Analyzing Elections, Norton, 2006. (M)

P & T is a graduate textbook covering the field of public choice. It covers most of the material discussed in Part I of the course as well as applications of the theory to a wide variety of policy problems. It is well written and interesting. G & H is a graduate text, more tightly focused around the issue of the influence of interest groups on policy-making. It is a fine book. D is another graduate text on political economy with a macro focus. It is pretty interesting, but
spends less time on the political science stuff and more on macro applications. M is an advanced undergraduate textbook on American Politics. It contains useful institutional detail and discussion of the substantive issues. It also has an excellent bibliography. S is an advanced undergraduate textbook focusing more on theoretical political science. B provides an excellent and accessible treatment of the political agency model. W & W is a new handbook for the field and contains 59 distinct essays on various parts of the literature.

GRADING
There will be an in-class mid-term exam and a final exam. Both exams will be closed book. Problem sets will also be provided. On the exams, you are responsible for the material covered in lectures and problem sets, so it is important that you attend lectures and do the problem sets.
COURSE OUTLINE
The following outline is tentative. Coverage of topics will be adjusted in light of time constraints, class interests, and prior class exposure to the material.

I. ECONOMIC THEORIES OF POLITICAL BEHAVIOR
We review economic perspectives on the behavior of the key actors in the political arena: voters, candidates, legislatures, political parties, interest groups, and the media.

I.1 Voter Behavior
We discuss voter turnout, voting in multi-candidate elections, and voter information.

I.2 Candidate Behavior
We discuss candidate competition, candidate entry, and candidate policy choice in light of re-election concerns. Specifically, we cover models of two candidate electoral competition, the citizen-candidate model, and political agency models.

I.3 Legislatures
We discuss how legislatures make decisions. Specifically, we discuss Condorcet winners, ideological vs distributive issues, and legislative bargaining.

I.4 Political Parties
We discuss the role played by political parties, focusing on party primaries and the role of the party in the legislature.

I.5 Interest Groups
We discuss how interest groups form and how they influence policy-making via lobbying and campaign contributions.

I.6 Media
We discuss the role the media plays in policy determination.

II. VOTING RULES AND ELECTORAL SYSTEMS
We discuss alternative ways in which groups may rank social alternatives and different systems for electing legislatures. Some general results concerning social choice problems are reviewed.

II.1 Voting Rules
We identify alternative voting rules and explain why they give rise to different outcomes.

II.2 Arrow’s Impossibility Theorem and the Gibbard-Satterthwaite Theorem
We review two famous general results concerning the non-existence of voting rules with desirable properties.

II.3 Electoral Systems
We discuss alternative systems used for electing legislatures.

III. POLITICAL DISTORTIONS
We discuss how the policies that emerge from political decision-making can be expected to differ from those that would be chosen by the benevolent governments from economics textbooks.
III.1 Socially Optimal Policies
We briefly review the textbook theory of how governments should choose policies.

III.2 Politics and Equity
We review different models of political income redistribution and discuss ways in which politically-determined policies may violate standard notions of equity.

III.3 Politics and Efficiency
We discuss reasons why politically-determined policies may be inefficient. We focus primarily on inefficiencies stemming from reputational concerns and lack of commitment.

III.4 Implications for the Role of Government
We discuss the implications of political distortions for the role of government.

IV. CONTEMPORARY POLITICAL ISSUES
We discuss economic perspectives on a number of contemporary political issues.

IV.1 Districting
We consider the problem of districting. We discuss how to measure the impact of different districting plans. We also discuss gerrymandering and socially optimal districting.

IV.2 Citizens’ Initiatives
In some U.S. states, citizens can place legislation directly on the ballot via citizens’ initiatives. We discuss the pros and cons of such initiatives.

IV.3 Campaign Finance Policy
We discuss the optimal regulation of campaign giving and the case for public financing of campaigns.

IV.4 Fiscal Policy and Fiscal Restraints
We review political economy models of fiscal policy and consider the desirability of restraining government’s ability to tax, spend, and borrow via constitutional fiscal restraints, such as balanced budget rules.

IV.5 Term Limits
We discuss the pros and cons of term limits for elected representatives.

IV.6 Bureaucrats or Politicians
An important issue concerning public officials concerns their method of selection – elected or appointed. We discuss this issue from a welfare perspective.

IV.7 Electing the President
We discuss some controversies concerning the mechanism for electing the U.S. president. Specifically, we focus on the sequential timing of presidential primaries and the electoral college.

IV.8 Federalism
We discuss the optimal assignment of policy responsibility between local and central governments.

IV.9 Electoral Quotas
We discuss ethnic and gender issues in representation, focusing on the ways in which appropriate representation might be achieved.

IV.10 Political Borders
We discuss the formation of political jurisdictions.
READINGS

1.1 Voter Behavior


G & H, Ch 3.1.


Levine, D. and T. Palfrey, “The Paradox of Voter Participation? A Laboratory Study,” American

M, Chs 2, 3, 13 & 14.


I.2 Candidate Behavior

Ansolabehere, S., “Voters, Candidates, and Parties,” Ch 2 in W & W.


D, 223-228, 268-278.


G & H, Ch 2.2.


R, Ch 4.


**I.3 Legislatures**


S, Chs 4 & 5

I.4 Interest Groups


G & H, Chs 4, 5, 6, 7, 8 & 9


**1.5 Political Parties**


Krehbiel, K., “Pivots,” Ch 12 in W & W.


I.6 The Media


M, Ch 8.


II. Voting Rules and Electoral Systems


S, Chs 6 & 7


### III. Political Distortions


B, Ch 3.


D, Chs 4 & 8.


Londregan, J., “Political Income Redistribution,” Ch 5 in W & W.


P & T, Chs 11, 12 & 13.


### IV.1 Districting


**IV.2 Citizens’ Initiatives**


**IV.3 Campaign Finance Policy**


M, Chs 6 & 7.


### IV.4 Fiscal Policy and Fiscal Restraints


B, Ch 4.


Von Hagen, J., “Political Economy of Fiscal Institutions,” Ch 26 of W & W.

### IV.5 Term Limits


**IV.6 Bureaucrats or Politicians**


**IV.7 Electing the President**


**IV.8 Federalism**


Rodden, J., “Federalism,” Ch 20 in W & W.

IV.9 Electoral Quotas


IV.10 Political Borders


