

**Department of Politics
Graduate Program
Princeton University
Fall 2016**

**POL 581
Charles Cameron**

**Modern Institutional Analysis
Mon 1.30-4.20**

This course is an introduction to *modern institutional analysis* (MIA). MIA studies the logic, structure, operation, and social importance of political institutions. The underlying philosophy of MIA is that all political institutions involve a relatively limited repertoire of “strategic situations.” By learning *how to recognize* and *how to analyze* these strategic situations in different guises, one acquires a set of tools that afford deep insight into virtually any political institution.

In accord with this philosophy, the course –

- Introduces students to some of the main strategic situations commonly encountered in modern institutional analysis (“nuts and bolts”)
- Drills students in pattern recognition (distinguishing nuts from bolts)
- Illustrates MIA in a wide variety of settings (building things with nuts and bolts)
- Surveys some of the “greatest hits” of MIA (appreciating nuts and bolts)

The ultimate aim is to teach students how to think in models.

Our selection of “strategic situations” is necessarily limited but includes most of central importance in MIA.¹ The applications depend on student interest (explained shortly). But, the range on offer is wide – *very* wide. Because legislatures, courts, , chief executives, electoral systems (including votes and political parties), and interest groups are so important for the fields of bureaucracies American and Comparative Politics, most weeks include applications from these institutions. But the potential applications address many other political institutions as well, ranging from private orderings to international law, from blood feuds to military alliances, and many others.

The course is intended primarily for *first-year doctoral students* in political science, public policy, and political economy. Because of this focus, the course puts comparatively less emphasis on technical detail and comparatively more on intuition and pattern recognition, than Politics 542 or the methods courses. Some of the readings are very easy; some are quite challenging. I encourage you to try at least some of the difficult ones (see below). In fact, Politics 541 is designed to complement the first year methods courses in the Politics Department by showing students what they will be able to do with the skills they are ever-so-painfully acquiring. As you learn more in those courses, you will be able to master more challenging applications in this one – and begin to construct your own applications too.

¹ Time prohibits consideration of institutional applications of matching games, screening games, games in and over social networks, and games involving social learning.

Class Organization and Student Requirements

Each week, you should read and spend some time thinking about the “theory” material. The lecture will address this material. For example, in Week 4 the theory and lecture concern Coordination. After the lecture you may want to re-read the material to deepen your understanding and dip into an optional reading.

The *following* week (if you write that week), you will write one of two kinds of papers. The first is a “book report” on an application from the preceding week, e.g., in Week 5 one of the Coordination applications. A “book report” will generally be 4 or 5 pages in length and have three parts. First, you should summarize the reading, including a terse presentation of its theoretical model (if theory) or research design and empirical strategy (if empirical). Second, you should relate the paper to the strategic dilemma presented in the previous week’s theoretical readings. You may do this formally (mathematically) or conceptually, but this part of a book report is obligatory. Third, you should go on to discuss the reading from other perspectives. How you do this is up to you, but you might want to address its contribution to political scientific theory, its empirical implications and testability, logical extensions, the adequacy of its research design or the tightness of the link between theory and data, its relation to readings from previous weeks or readings from your other courses, its applicability or adaptability to other research areas, and so on. You can address alternative assumptions, alternative empirical strategies, and so on. In short, in the third part of your book report you should try to say something interesting and analytical about the reading. You will present the report in class and share your written analysis with the class.

In the second kind of paper (a “my idea” paper), you address a research topic of interest to you, explain how and why it is driven by the strategic dilemma under consideration, and offer some preliminary notes on how to analyze it as an example of the strategic dilemma under consideration. I will be happy to discuss your ideas and make suggestions.

You should write about every other week, once we reach the “applications” material in Week 3. As there are 12 classes, you should write 4 papers. I will often ask you present your paper in class and elaborate/expand/justify parts of it. I will grade the papers pass, fail, high pass.

There will be a brief final exercise, asking you to identify some strategic situations in some institutional settings, and suggest some avenues for analyzing it (or them).

Availability of Readings

There is no text book on modern institutional analysis. For some weeks I have written lecture notes, *Lectures on Modern Institutional Analysis*. As I make changes and additions, I will post them. Realistically, though, there will be weeks when my notes will not be written or will consist mostly of pneumonics to myself.

Of the required “theory” readings, everything that can be placed on-line will be available via Blackboard, or links will be given if possible. It is your responsibility to find the applied readings you choose; generally they are readily available on line.

Prerequisites

This is a course for first- or second-year graduate students; I don't assume you know any Political Science. But it is a *graduate course*. We really do real Political Science. This has implications about methods.

In particular, if you are a first year student, you should be taking the first semester of the game theory sequence concurrently with this course, unless you are so well prepared that you have passed out of the course. Consequently, you should already own a copy of McCarty and Meirowitz's *Political Game Theory*, which undoubtedly you will want to consult many times over the semester. However, if you desire a small quick primer on material that will be used over and over in the readings, I suggest you spend a weekend with the Appendix to Jean Tirole's *Theory of Industrial Organization*. A copy is on reserve.

You should already have taken the first semester of quantitative analysis and now be taking the second. But again, if you wish a quick primer on material that appears virtually every week, I suggest spending a few days with Chris Achen's little book *Interpeting and Using Regression*. Copies are on reserve.

Schedule of Classes

1. Introduction 9/19
 - a. What are institutions?
 - b. Why study them?
 - c. History of MIA
 - d. How should we study institutions?
 - e. How much do we know?
 - f. What next?
2. Actors and Institutions 9/26
 - a. Summary of strategic situations
 - b. Varieties of Political Institutions
 - c. Motivations of Actors in Political Institutions
 - d. Institutions as Bundles of Strategic Situations
3. Three Fundamental Concepts 10/3
 - a. Power
 - b. Welfare
 - c. History
 - d. Applications
4. Coordination 10/10
 - a. Presentations on power or history
 - b. Coordination – Theory
 - c. Coordination -- Applications
5. Collective Action 10/17
 - a. Presentations on Coordination applications

- b. Collective Action – Theory
 - c. Collection Action -- Applications
- 6. Commitment and Dynamic Consistency 10/24
 - a. Presentations on Collective Applications
 - b. Commitment – Theory
 - c. Commitment -- Applications
- No Class (Fall Break) 10/31
- 7. Relational Contracts 11/7
 - a. Presentations on Commitment applications
 - b. Relational Contracts -- Theory
- 8. Bargaining 11/14
 - a. Presentations on Relational Contracts applications
 - b. Bargaining -- Theory
- 9. Resource Contests 11/21
 - a. Presentations on Bargaining applications
 - b. Contests -- Theory
- 10. Position Contests 11/28
 - a. Presentations on Resource Contest applications
 - b. Persuasion -- Theory
- 11. Persuasion and Persuasion Contests 12/5
 - a. Presentations on Position Contest applications
 - b. PA -- Theory
- 12. Presentations on Persuasion applications 12/12

II. Syllabus of Readings

1. Introduction

Main themes: What are political institutions? Why bother to study them? How should we study them? What is the history of institutional analysis? What is the MIA way? As political scientists, what do we know?

Lectures on Modern Institutional Analysis, Lecture 1.

1.1 What Do We Mean by “Political Institutions”?

Main themes: Hair splitting is tedious and jejune. We just mean any situation involving politics that is sufficiently structured so that it makes sense to talk about “the rules of the game.” Often we are interested in the formal institutions of democracy. But we don’t have to be.

Optional

Douglas North, definitions of institutions.

Randall Calvert, ditto.

1.2 Why Study Political Institutions?

Main themes: Economic growth, human rights, public order and the provision of public goods seem to be positively associated with some institutional arrangements and negatively associated with others. And, political institutions shape policy outcomes in general. Accordingly, understanding how political institutions work (and fail to work) is a worthwhile intellectual endeavor.

Required

Peruse for substantive overview, but not for technical details:

Tim Besley and Anne Case, "Policy Institutions and Policy Choices: Evidence from the United States," *Journal of Economic Literature*, March 2003, v. 41(1): 7-73. Note identification strategies. <http://www.jstor.org/stable/3217387>

Acemoglu, Daron, Simon Johnson and James A. Robinson. 2004. "Institutions as the Fundamental Cause of Long-Run Growth" Chapter in *Handbook of Economic Growth*. <http://elsa.berkeley.edu/~chad/handbook9sj.pdf>

Rafael La Porta, Florencio Lopez-de-Silanes, Cristian Pop-Eleches, and Andrei Shleifer, "Judicial Checks and Balances," *Journal of Political Economy*. 2004.

Adam Przeworski. "Institutions Matter?" *Government and Opposition* Volume 39 Issue 4 Page 527 - September 2004 http://www.dri.as.nyu.edu/docs/IO/2800/go_2004.pdf

Optional

Dani Rodrik, Arvind Subramanian, and Francesco Trebbi. 2004. "Institutions Rule: The Primacy of Institutions Over Geography and Integration in Economic Development," *Journal of Economic Growth* 9(2): 131-165.

Acemoglu, Johnson, Robinson, Yared. 2009. "Re-evaluating the Modernization Hypothesis," Working Paper MIT Department of Economics (June 2009) <http://econ-www.mit.edu/faculty/acemoglu/paper>

1.3 The History of Institutional Analysis

Required

None

Optional

Robert Dahl, *Modern Political Analysis*, an early edition. Skim.

V.O. Key, *Southern Politics in State and Nation*. Skim, read pp. __.

Stanley Kelly, "Introduction" to Anthony Downs *An Economic Theory of Democracy*

1.4 How to Study Institutions the MIA Way?

Cameron and Park, "Congressional Hearings and Supreme Court Nominations." Chapter from Andrew Gelman (ed) *A Quantitative Tour of the Social Sciences*.

1.5 How Much Do We Really Know Empirically?

Main theme: Is there Trouble in River City? Apply the framework below to any empirical article in a recent issue of the *APSR*. What conclusion should you draw?

John P.A. Ioannidis. 2005. "Why Most Published Research Findings Are False," *PLoS Med* 2(8) e124 (696-701).

<http://www.plosmedicine.org/article/info%3Adoi%2F10.1371%2Fjournal.pmed.0020124>

Charles Cameron, "Comments on Stra and Spriggs: The Methodology of Multiple Unstructured Hypotheses (MUSH)" link.

Optional

John P.A. Ioannidis. 2005. "Contradicted and Initially Stronger Effects in Highly Cited Clinical Research," *Journal of the American Medical Association* 294(2): 218-228. Rate of successful replication of highly cited random clinical trials: 45%. Significant diminution of initial findings: 16%. Flat refutation of initial findings: 16%.

2 Actors & Institutions

Main themes: 1) What are the main "strategic situations" for introductory MIA? 2) What are the main political institutions we care about, and what are some important things to know about them? How do political scientists currently think about those institutions? 3) What do people in institutions care about? What are they trying to accomplish? How should we think about that? 4) How do strategic situations map into these organizations? Legislatures, courts, executives, bureaucracies, electoral systems, interest groups, political parties, the media, and dictatorships are all interesting, but in somewhat different ways.

Cameron, *Lectures on Modern Institutional Analysis*. Lecture 2.

2.1 Varieties of Strategic Situation

Main themes: A quick overview of the strategic situations we study. Think about them as you read the following material.

2.2 Types of Political institutions

Main themes: What are the most important or key features of a legislature, a court, a bureaucracy, an executive, a political party, an interest group, and the media?

Legislatures and Congress

Michael Laver, "Legislatures and Parliaments in Comparative Context," pp. 121-140 in Weingast and Wittman (eds) *Oxford Handbook of Political Economy* (2006).

Gary Cox, "The Organization of Democratic Legislatures," pp. 141-161 in Weingast and Wittman (eds) *Oxford Handbook of Political Economy*, Chapter 8 (2006).

David Rohde, "What A Difference Twenty-Five Years Makes," pp. 323-338 in Maisel and Berry (eds) *The Oxford Handbook of American Political Parties and Interest Groups* (2010)

Optional

Gerald Gamm and John Huber, "Legislatures as Political Institutions: Beyond the Contemporary Congress," pp. 313-341 in Katznelson and Milner (eds) *Political Science: The State of the Discipline* (2002).

Keith Krehbiel, Chapter 2 in Organization book

David Brady, "Party Coalitions in the U.S. Congress: Intra- v. Interparty," pp. 358-376 in Maisel and Berry (eds) *The Oxford Handbook of American Political Parties and Interest Groups* (2010). Interprets some recent events from the perspective of theory.

Courts and Law

Cameron and Kornhauser, "Theorizing the U.S. Supreme Court," *Oxford Research Encyclopedia of Polits* (September 2016)

John Kastellec, "The Judicial Hierarchy" in *ibid*

Barry Friedman, "Taking Law Seriously," *Perspectives on Politics* 4(2): (2006).

http://papers.ssrn.com/sol3/papers.cfm?abstract_id=896921##

Executives and the President

Peter Sperlich, "Bargaining and Overload: An Essay on Presidential Power," Sections 1-3 (only) pp 168-177 in *The Presidency*, (ed) Aaron Wildavsky (1969) (reprinted in Wildavsky *Perspectives on the Presidency*).

Charles Cameron, "The Political Economy of the U.S. Presidency," *The Oxford Handbook of Political Economy*, Barry Weingast and Donald Wittman editors, Oxford University Press, (2006).

Shugart & Carey, selections on powers of presidents.

Optional

Charles Jones, *The American Presidency: A Very Short Introduction*. Short summary of the conventional wisdom.

Bureaucracy and Agencies

Jean Tirole. 1994. "The Internal Organization of Government," *Oxford Economic Papers* 46(1):1-29. <http://www.jstor.org/stable/2663521?seq=3>

James Q. Wilson, *Bureaucracy*, selections.

Electoral Systems, Parties, and Voters

John Aldrich and Jeffrey Grynviski, "Theories of Parties," pp. 21-36 in Maisel and Berry (eds) *The Oxford Handbook of American Political Parties and Interest Groups* (2010)

Michael Heaney, "Linking Parties and Interest Groups," pp. 568-587 in Maisel and Berry (eds) *The Oxford Handbook of American Political Parties and Interest Groups* (2010)

Highly Recommended

Roger Myerson. 1999. "Theoretical Comparisons of Electoral Systems," rather difficult piece but deep. Serious students of electoral systems will want to return to this when they have more tools.

Interest Groups

Andrew McFarland, "Interest Group Theory," pp. 37-56 in Maisel and Berry (eds) *The Oxford Handbook of American Political Parties and Interest Groups* (2010)

Beth Leech, "Lobbying and Influence," pp. 534-551 in Maisel and Berry (eds) *The Oxford Handbook of American Political Parties and Interest Groups* (2010).

The Media

Matthew Genzkow and Jesse Shapiro, "What Drives Media Slant? Evidence from U.S. Daily Newspapers," *Econometrica* 78(1): 35-71 (2010).

<http://onlinelibrary.wiley.com/doi/10.3982/ECTA7195/abstract;jsessionid=8FAEAC70F9D2E31D3B4FEE84A4BC39D8.d01t02>

Optional

Matthew Genzkow, Edward Glaeser, and Claudia Golden, "The Rise of the the Fourth Estate: How Newspapers Became Informative and Why It Mattered," NBER Working Paper 10791 (2004). <http://www.nber.org/papers/w10791.pdf>

2.3 Motivations of Actors in Political Institutions

Legislators

Richard Fenno, *Congressmen in Committee*, selections. Chapter 1 (US legislators)
//need reading on ideologues//

Judges

Brian Tamanaha, "The Realism of Judges Past and Present," *Cleveland State Law Review* 58 (2008) (Summarizes many [apparently candid] writings by judges about their motivation)
http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1024747

Cameron and Kornhauser, *Modeling Courts*, Chapter 3, "What Do Judges Want?" (2016)

Elliot Ash and Bentley MacLeod, "Intrinsic Motivation in the Public Sector: Evidence from State Supreme Courts"

Executives

Charles Cameron, *Veto Bargaining*, Chapter 3. (2000) (US presidents)

Optional

Margaret Levi, "The Predatory Theory of Rule," *Economics and Society* 10(4):431-66
<http://pas.sagepub.com/cgi/reprint/10/4/431.pdf> (in general)

Bureaucrats

Marissa Golden, *What Motivates Bureaucrats?* Pp. 1-32, 151-172. (bureaucrats in advanced industrial countries)
(see also Prendergast 2007, in PA section)

Optional

Niskanen (no nice short version, unfortunately)

Edward Banfield. 1959. "Ends and Means in Planning"

<http://www.sims.monash.edu.au/subjects/ims5042/stuff/readings/banfield.pdf>

Candidates and Voters

One of the congress-voter scaling papers, e.g.,

Brookman paper on “moderates”
Note: You should already have read Converse.

Interest Groups and Firms

Larry Rothenburg. 1988. “Organizational Maintenance and the Retention Decision in Groups,”
APSR. <http://www.jstor.org/stable/1961753> Implications for group? Implications for
“modern” groups?

2.4 Institutions as Bundles of Strategic Situations

Review the excel spreadsheet from Week 1.

3 Three Fundamental Concepts

Main themes: Three fundamental concepts in MIA: power, welfare, and history. Who has power and how do you know? How can or should we evaluate institutions normatively? Does history matter, and if so, how and why?

Cameron, *Lectures on Institutional Analysis*, Lecture 3.

3.1 Power

Main themes: What is power? How do you know it when you see it? Institutions as a determinant of power.

Robert Dahl, *Modern Political Analysis*, Chapter 3.

Jack Nagal, *Descriptive Analysis of Power*, 3-34.

John Gaventa, *Power and Powerlessness*, 3-32.

Brian Barry, “Capitalists Rule OK? Some Puzzles about Power,” *Politics, Philosophy and Economics*, 1(2): 155-184 (2002)

Optional

Jon Elster, *Making Sense of Marx*, Section 1.3.1 (on false consciousness).

3.2 Welfare

Main themes: How should we evaluate institutions normatively?

David Kreps, *A Course in Microeconomic Theory*, Sections 5.1 and 5.2. Add Section 5.3 if you get into it. Think of actors in an institution (possibly including citizens) as members of a “society.” How well does the institution perform? Would a feasible change in the institution be an improvement? How can you tell?

Optional

3.3 History

Main themes: When does “history matter”? Why do institutions change? Why are some institutions stable? Some ways to think about history. Intention vs. accidents. Functionalism. Evolution toward efficiency? Lock-in. Teleology. Conflict, revolution, change.

Scott Page "A Path Dependence Primer." *Quarterly Journal of Political Science* volume 1.
<http://www.qjps.com/prod.aspx?product=QJPS&doi=100.00000006>

Some nice slides that go along with the paper:

http://www.mit.edu/~pjl/page2/files/path_dependance.pdf

Nathan Nunn, "The Importance of History for Economic Development," *Annual Review of Economics* 1: 65-92 (2009).

http://www.economics.harvard.edu/faculty/nunn/files/Nunn_ ARE_ 2009.pdf

Or, Nunn "Historical Development," *Handbook of Economic Growth* 2014, Esp section 7.5

http://scholar.harvard.edu/files/nunn/files/nunn_handbook_growth_v3_0.pdf?m=1422800714

Optional

Peyton Young, *Individual Strategy and Social Structure: An Evolutionary Theory of Institutions* (1998).

Kevin Roberts. 1999. "Dynamic Voting in Clubs" (way way too hard for first year students, here as a reminder to me).

Acemoglu, Egerov, and Sonin 2008. Ditto.

3.4 Applications

Application (power): Empirical Descriptive Analysis of Power

Barry Weingast and Mark Moran, "Bureaucratic Discretion or Congressional Control," *Journal of Political Economy* 91:765-800 (1983) <http://www.jstor.org/stable/1837369>

Martin Gilens, *Paying the Piper: Economic Inequality and Democratic Responsiveness in the US* (2011) [http://www.princeton.edu/~mgilens/Paying_the_Piper/Complete_Manuscript_\(11-2-10\).pdf](http://www.princeton.edu/~mgilens/Paying_the_Piper/Complete_Manuscript_(11-2-10).pdf)

Application (history): "Regimes," "Party Systems" and Re-aligning Elections?

Walter Dean Burnham, *Critical Elections and the Mainsprings of American Politics*, Chapter One (1970)

David Mayhew, *Electoral Realignments: A Critique of an American Genre* (2004)

Application (history): Regimes and Re-aligning Presidents?

Stephen Skowronek, "Presidential Leadership in Political Time," Chapter 2 in Skowronek *Presidential Leadership in Political Time: A Reprise*.

Robert Lieberman, "Political Time and Policy Coalitions: Structure and Agency in Presidential Power," pp. 274-310 in essay in Shapiro et al (eds) *Presidential Power: Forging the Presidency for the Twent-first Century* (2000)

4 Coordination

Coordination of expectations can create self-fulfilling prophecies, multiple equilibria, tipping, and path dependence. Which can lead to some very ugly situations; but also some very nice ones. Strategic complements and substitutes. Dynamic stability in coordination games. Endogenous focal points.

4.1 Coordination -- Theory

Thomas Schelling, Chapter 3 “Thermostats, Lemons, and other families of Models,” from *Micromotives and Macrobehavior*.

Rabah Amir. 2005. “Supermodularity and Complementarity in Economics: An Elementary Survey,” *Southern Economic Journal* 71 (3): 636-660. review essay

<http://www.jstor.org/stable/20062066> (Parts of this are a bit hard for first year students)

Roberto Weber, Colin Camerer, Yuval Rottenstreich, and Marc Knez. 2001. “The Illusions of Leadership: Misattribution of Cause in Coordination Games,” *Organization Science* 12(5): 582-598.

Peyton Young, 1996. “The Economics of Convention,” *Journal of Economic Perspectives* 10(2):105-122. Emphasis on history.

Need reading on the theory of focal points: e.g.,

Ken Binmore and Larry Samuelson. 2006. “The Evolution of Focal Points,” *Games and Economic Behavior* 55(1):21-42.

A reading on complementary institutions:

Stanly Engerman and Kenneth Sokoloff. 1997. “Factor Endowments, Institutions, and Differential Growth Paths among New World Economies,” pp. in Stephen Haber (ed) *How Latin America Fell Behind*.

Optional

Colin Camerer. 2003. *Behavioral Game Theory*, Chapter 7 “Coordination”

Levin lecture notes on supermodular games

<https://listserv.cds.caltech.edu/help/uploads/wiki/files/187/SupermodularGames.pdf>

Jack Ochs. 1995. “Coordination Problems,” Chapter 3 in Kagel and Roth (eds). *The Handbook of Experimental Economics*.

4.2 Coordination – Applications

Constitutions

Application: Constitutions

Hardin, Russell. 1989. “Why a Constitution,” In *The Federalist Papers and the New Institutionalism*, Bernard Grofman and Donald Wittman (eds) New York: Agathon Press.

Congress and Legislatures

Application: Leadership in Organization

Randall Calvert, “Leadership and Its Basis in Problems of Social Coordination,” *International Political Science Review* 13: 7-24 (1992). Apply to presidents, chief justices, speaker of the House, committee chairman, or any other type of leader you are interested in.

Courts and Law

Application: The Power of Law

George Mailath, Stephen Morris, Andrew Postlewaithe, “Laws and Authority,” Working paper, Department of Economics, University of Pennsylvania.

<http://www.ssc.upenn.edu/~apostlew/paper/working.html>

Weingast and Hadfield.
Cameron and Shadmehr

Presidents and Executives

Application: Presidential Leadership in Legislative Agenda Setting
Matthew Beckmann, *Pushing the Agenda*, pp. . Focus on “the early game.”

Bureaucracies and Agencies

Application: Bureaucratic Culture as Coordinating Device
David Kreps, “Corporate Culture and Economic Theory,” pp. _- in Alt and Shepsle (eds) *Perspective on Positive Political Economy* (1990).
Benjamin Hermalin, “Economics and Corporate Culture,” manuscript (2000). Explicates Kreps.
<http://faculty.haas.berkeley.edu/hermalin/cultchds.pdf>

Electoral Systems, Parties, and Voters

Application: Coordination in Elections (Duverger)
Gary Cox, “Electoral Rules and Electoral Coordination,” *Annual Review of Political Science*, 2:145-161 (1999)

Application: More Voter Coordination
Roger Myerson and Robert Weber. “A Theory of Voting Equilibria,” *American Political Science Review* 87(1): 102-114 (1993).

Application: Quality and Competence of Elected Officials
Francesco Caselli and Massimo Morelli. 2004. “Bad Politicians,” *Journal of Public Economics* 88: 759-82.

<http://www.econ.ohio-state.edu/morelli/paper.pdf>

Parts of this paper are way too hard for first year students but other parts are not; if you are interested in honesty, competence, corruption etc may be worth a look.

Application: Elections and Self-Enforcing Democracy
James Fearon, “Self-Enforcing Democracy.” End of elections as a coordinating device for citizens to over-throw an autocrat (see also the Weingast paper under Relational Contracts).
<http://www.escholarship.org/uc/item/1gr744vf;via-ignore%3Drss>

Interest Groups

Application: Riot Entrepreneurs
Cameron & Parikh, “Riot Games,” .

Application: Cascading Demonstrations
Susanne Lohman, “The Dynamics of Information Cascades: The Monday Demonstrations in Leipzig, East Germany, 1989-91,” *World Politics* 47: 42-101.

Apply to Tunisia and the Middle East demonstrations of 2011.

Application: Unraveling in Groups
Paul Johnson. 1990. “Unravelling in Democratically Governed Groups,” *Rationality and Society* (2): 4-34. Somewhat similar to Schelling’s dying seminar. In what sense is this a coordination game?

Other

Application: The Politics of Language Choice

Laitin, David. 1994. "The Tower of Babel as a Coordination Game: Political Linguistics in Ghana," *American Political Science Review* 88(3): 622-634.

Application: Sub-optimal Social Norms: Foot-binding

Mackie, Gerry. 1996. "Ending Foot-binding and Infibulation: A Convention Account," *American Sociological Review* 61(6): 999-1017.

Application: Tipping

Thomas Schelling, *Micromotives and Macrobehavior*, pp.

5 Collective Action, Cooperation, and Human Nature

Main themes: Free riding, prisoners' dilemmas, threshold games. Pivotality calculations. Information aggregation as a collective action problem on teams (jury theorems). Institutional solutions other than relational contracts. Why so much collective action? The nature of human nature. Behavioral game theory and MIA.

Cameron, *Lectures on Modern Institutional Analysis*, Lecture 5

5.1 Theory

Russell Hardin, *Collective Action*, pp. 16-66.

Daron Acemoglu and Martin Kaare Jensen. 2013. "Aggregate Comparative Statics," *Games and Economic Behavior* 8:27-49.

Thomas Palfrey and Howard Rosenthal. "Participation and the Provision of Discrete Public Goods: A Strategic Analysis," *Journal of Public Economics* 24:171-193. Threshold collective action games. Just read the part on "non-refundable" contributions. You may wish to read with M&M pp. 140-145, their exegesis is very clear.

Need a simple reading on jury theorems!

Stuart West, Claire El Mouden, Andy Gardner. 2010. "Review Article: Sixteen Common Misconceptions about the Evolution of Cooperation in Humans," *Evolution and Human Behavior*.

http://www.zoo.ox.ac.uk/group/gardner/publications/WestElMoudenGardner_InPress.pdf

//Ernst Fehr and Simon Gächter. 2002. "Altruistic Punishment in Humans," *Nature* 415:137-140.

<http://www.nature.com/nature/journal/v415/n6868/pdf/415137a.pdf> //

Elinor Ostrom, "Collective Action and the Evolution of Social Norms." 2000. *Journal of Economic Perspectives* 14(3): 137-158.

PseudoErasmus, "Where Do Pro-Social Institutions Come From?"

<https://pseudoerasmus.com/2015/10/04/ce/> Breezy introduction with lots of links.

Optional

John Ledyard. 1995. "Public Goods: A Survey of Experimental Evidence," pp. 111-194 in Kagel and Roth (eds) *The Handbook of Experimental Economics*, Princeton: Princeton University Press.

Elinor Ostrom, "Collective Action Theory," pp. 186-203 in Boix and Stokes (eds) *Oxford Handbook of Comparative Politics*

Samuel Bowles and Herbert Gintis, "The Evolutionary Basis of Collective Action," pp. 951-967 in Weingast and Wittman (eds) *Oxford Handbook of Political Economy*.

Ernesto Dal Bo and Pedro Dal Bo. 2009. “‘Do the Right Thing’: The Effects of Moral Suasion on Cooperation,” working paper, Department of Economics, Brown University.
Brian Barry and Russell Hardin, *Rational Man and Irrational Society?* Especially the short introductory essays by the editors. Somewhat dated but still terrifically good.
Delia Baldassarri, “Collective Action,” in *Oxford Handbook of Analytical Sociology*.
Todd Sandler, *Collective Action: Theory and Application*. Chapter 1, pages 1-18. (1992)

5.2 Collective Action – Applications

Legislatures and Congress

Application: Why Doesn’t Congress Implode?

David Mayhew, *Congress: The Electoral Connection*. Pp. -- (last part of the book). Material on free-riding and institutional maintenance in legislatures: does he have an answer? What could be an answer?

Courts and Law

Application: Jury Theorems

Palfrey experimental paper on Condorcet jury theorems, APSR. Jury theorems in the lab.
Matias Iaryczower, structural estimation of jury games.

Presidents and Executives

Application: Presidents and Centralization

(Moe thesis). Which reading?

Application: Public Good Provision by Predatory States

Mancur Olson. 1993. “Dictatorship, Democracy, and Development,” *American Political Science Review* 87(3): 567-576. Stationary bandits.

Bureaucracies and Agencies

Application: Governing the Commons

Elinor Ostrom, *Governing the Commons: The Evolution of Institutions for Collective Action*. (1990). Nobel thoughts.

Electoral Systems and Voting

Application: Why Vote? Free-riding in Elections (1)

Roger Myerson, “Population Uncertainty and Poisson Games,” *International Journal of Game Theory* (available as a working paper on line). Analyzes the extension of the threshold game to electoral turnout, using Poisson games. This is too hard for a first year student but a good choice for a second year one. Lots of cool but under-utilized tricks here.

Application: Why Vote? Free-riding in Elections (2)

Ron Schachar and Barry Nalebuff. 1999. “Follow the Leader: Theory and Evidence on Political Participation,” *American Economic Review* 89(3):525-547. Leaders and parties as an institutional response to free-riding in elections.

Interest Groups

Application: Formation of Interest Groups

Mancur Olsen. 1965. *The Logic of Collective Action*

Jack Walker. 1983. "The Origin and Maintenance of Interest Groups in America," *APSR*

Application: Free Riding and Social Movements

Dennis Chong. 1991. *Collective Action and the Civil Rights Movement*. Chicago: University of Chicago Press. Social movements and collective action.

Application: Extremist Participation in Political Participation Contests

Morris Fiorina. 2009. *Disconnect: The Breakdown of Representation in American Politics*. This is proto-theoretical but addresses a central problem in contemporary American politics.

Read with the essay on civic engagement.

Application: Interest group Alliances

Mancur Olson and Richard Zeckhauser. 1966. "An Economic Theory of Alliances," *Review of Economics and Statistics* 48(3): 266-279.

Marie Hojnacki. 1997. "Interest Groups Decisions to Join Alliances or Work Alone," *AJPS* 41(1):61-87.

Other

Application: Revolutionary Collective Action

Michael Taylor, chapter in *Rationality and Revolution* (Taylor ed), on organizing revolutionary cadres. Endogenous social structure as a solution to free-riding. Looks ahead to next week.

Application: Moral Suasion and Public Goods Provision

Ernesto Dal Bo and Pedro Dal Bo. 2009. "'Do the Right Thing:' The Effects of Moral Suasion on Cooperation," working paper, Department of Economics, Brown University

6 Commitment and Dynamic Consistency

Main themes: How can I control my own bad behavior in the face of temptation? How can I get you to do good things if you don't believe I can resist temptation? Moral issues ... but quintessentially political as well. Also: unilateral action to alter state variables, then play conditional on the state variable. Note: The use of relational contracts to solve dynamic consistency problems will be addressed in Lecture 7, not this week.

Cameron, *Lectures on Modern Institutional Analysis* Lecture 6 . [Chuck, add simplified version of BCW to illustrate strategic pre-action}

6.1 Commitment and Dynamic Consistency – Theory

Shepsle, K. 1991. "Discretion, institutions and the problem of government commitment", in Pierre Bourdieu y James Coleman (eds.), *Social Theory for a Changing Society*. Boulder: Westview Press.

Thomas Schelling, Chapter 5 in *The Strategy of Conflict*.

Optional

Howell, *Power without Persuasion*, Chapter 2. Requires some grasp of pivotal politics.

6.2 Commitment – Applications

Congress & Legislatures

Application: Slavery, Institutional Design, and the Onset of the U.S. Civil War
Weingast, Chapter on the Civil War in *Analytic Narratives*.

Application: Closed Rules and Committee Investment in Expertise
Gilligan and Krehbiel. It takes some care to see the commitment issue.

Application: Constitutions

North, Douglas and Barry Weingast. 1989. “Constitutions and Commitment: Evolution of Institutions Governing Public Choice,” *Journal of Economic History* 49:803-832.
<http://www.jstor.org/view/00220507/di975689/97p00731/0>

Stasavage, David. 2002. “Credible Commitment in Early Modern Europe: North and Weingast Revisited,” *Journal of Law, Economics, and Organization* 18(1):155-186.

Courts

Application: An Independent Judiciary

Daniel Klerman and Paul Mahoney. 2007. “The Value of Judicial Independence: Evidence from 18th Century England,” *American Law and Economics Review*. An empirical test of North and Weingast.
http://papers.ssrn.com/sol3/papers.cfm?abstract_id=587383

Presidents and Executives

Application (dynamic consistency): Presidents and Executive Orders

William Howell, *Power without Persuasion: The Politics of Direct Presidential Action*.

Application (dynamic consistency): Presidents and (simple) Going Public

Canes-Wrone, *Who Leads Whom*, first half of the book.

Bureaucracy and Agencies

Application: Central Banks

Susanne Lohmann, “The Nonpolitics of Monetary Policy,” *Oxford Handbook of Political Economy* pp. _-_. 2008. (alternative: her AER article from the early 90’s – helps if you know a little macroeconomics)

Application: Delegation in Organizations

Aghion, Phillip and Jean Tirole. 1997. “Formal and Real Authority in Organizations,” *Journal of Political Economy* 105:1-29. A fundamental problem in organizations dissected with a beautifully simple model.

Application: Restraining Autarchs

Root, Hilton. 1989. “Tying the King’s Hands: Credible Commitments and Royal Fiscal Policy During the Old Regime,” *Rationality and Society*. 1(2):240-258.

Application: Regulatory Mechanisms to Offset Populism

Werner Troesken, "The Sources of Public Ownership: Historic Evidence from the Gas Industry," *Journal of Law, Economics, and Organization* 13(1):1-25 (1997)

Electoral Systems, Parties & Voting

Application: War and the Extension of the Franchise

Andrea Vindigni and Davide Ticchi, "War and Endogenous Democracy," Working Paper, Department of Politics, Princeton University
<http://works.bepress.com/andreavindigni/>

Application: Anti-Democratic Parties and Political Transitions

Stathis Kalyvas. 2000. "Commitment Problems in Emerging Democracies: The Case of Religious Parties," *Comparative Politics*, 32(4): 379-398.

Interest Groups

Application: Creation of New Groups to Assure Policy Stability

Eric Patshnick, *After Reforms* book. See me for more readings.

Other

Application: Ethnic Conflict

James Fearon. "Commitment Problems and the Spread of Ethnic Conflict," in David Lake and Donald Rothchild (eds) *The International Spread of Ethnic Conflict: Fear, Diffusion, and Escalation*. Princeton: Princeton University Press.

7 Relational Contracts

Main themes: Decentralized enforcement of norms can solve commitment problems, free-riding, opportunistic behavior, and other problems in small, static societies. Also, coordination problems. But decentralized norms tend to break down or fail in large dynamic ones. (But why?) Formal institutions then become critical in solving social dilemmas. However, institutions themselves require appropriate sets of norms to work well (or perhaps at all). And, institutions shape norms in turn. (How?) Thus, culture and institutions go hand-in-hand and, conceivably, co-evolve.

Cameron, *Lectures on Modern Institutional Analysis*, Lecture 7.

7.1 Theory

Robert Gibbons, "Lecture Notes 2: Relational Contracts" sections 1-3 [the basic idea of norms as equilibria in a repeated game]

http://web.mit.edu/rgibbons/www/LN_2_Relational_Contracts.pdf

McCarty and Meirowitz, Chapter 9 Section 6 (pp. 263-269). A simplified version of Fearon and Laitin 1996, illustrating the Abreau tricks. You may want to review the whole chapter.

Kaushik Basu. 2000. *Prelude to Political Economy*, Section 5.1 & 5.2 pp 109-124. Norms (culture) can do anything institutions can. Take that institutionalists.

Avinash Dixit, *Lawlessness and Economics*. Chapter 3, "Relation-based Contract Enforcement." Failure of decentralized norms in dynamic societies. Institutions to the rescue.

Benjamin Hermalin. 1999. "Economics and Corporate Culture," manuscript Cornell. Pay special attention to the Kreps "Corporate Culture" model. Solving coordination problems with a relational contract.

<http://faculty.haas.berkeley.edu/hermalin/WorkingPapers.html>

Jean Ensminger, "How institutions create culture": View streaming video lecture on the co-evolution of norms & markets among the Orma

http://today.caltech.edu/theater/list?subset=culture&story_count=end

Optional

J. Henrich et al. 2005. "'Economic Man' in Cross-Cultural Perspective: Behavioral Experiments in 15 Small-scale Societies," *Behavioral and Brain Science* 28: 795-855. Also read the rejoinder to critics/commentators, and perhaps any of the critics who sound interesting.

<http://www.sscnet.ucla.edu/anthro/faculty/boyd/McBBSPublished.pdf>

Pedro Dal Bo. 2005. "Cooperation Under the Shadow of the Future: Experimental Evidence from Infinitely Repeated Games," *American Economic Review* 95(5):1591-1604. Pretty clean evidence, plus review of other experimental papers.

7.2 Relational Contracts – Applications

Congress and Legislatures

Application: Norm of Reciprocity (and others) in Congress

Barry Weingast and William Marshall. 1988. "The Industrial Organization of Congress: Why Legislatures, like Firms, are not Organized As Markets," *Journal of Political Economy* 96(1):132-163 <http://www.jstor.org/stable/1830714>

Richard Fenno, Congressmen in Committee, selections in McCubbins and Sullivan (eds), *Congress: Structure and Policy*.

Courts and Law

Application: Law in a Stateless Society

Branislaw Malinowski, *Crime and Culture in Savage Society* (norms/relational contracts at work). Read the description, you supply the model. A classic in Anthropology, and deservedly so.

Application: Private Orderings

Lisa Bernstein. 1992.. "Opting Out of the Legal System: Extralegal Contractual Relations in the Diamond Industry," *Journal of Legal Studies* 21: 115-157. A private ordering: a governmental institution outside government, sustaining norms

Application: The Rule of Law and Hobbesian Dilemmas

Barry Weingast, "The Political Foundations of Democracy and the Rule of Law," APSR 1997. Can you figure out the actual model?

Application: An Independent Judiciary

Landes and Posner. 1975. An Independent Judiciary in an Interest Group Perspective. *J Law and Economics*. Very easy and very unformalized. What would a proper model look like?

Application: The revival of long-distance trade in Medieval Europe

Milgrom, Paul R., Douglass C. North and Barry Weingast. 1990. "The Role of Institutions in the Revival of Trade: The Medieval Law Merchant, Private Judges, and the Champagne Fairs," *Economics and Politics* 2(March): 1-23.

Application: Horizontal Stare Decisis in a Judiciary

Rasmusen, Eric. 1994. "A Theory of Judicial Independence," *JLEO*. Why should a judge respect precedent? How norms can solve dynamic consistency problems in a judiciary. An overlapping generations model (in effect).

Presidents & Executives

Application: Autocratic Leaders and Elites

Roger Myerson, "The Autocrat's Credibility Problem and Foundations of the Constitutional State," *American Political Science Review* 102(1): 125-139 (2008).

Application: Relation-based versus Rule-based Governance in Asia

J.S. Li, .2003. "Relation-based versus rule-based governance: An explanation of the East Asia Miracle and Asian Crisis," *Review of International Economics* 11: 651-73.

Agencies and Bureaucracies

Application: Bureaucratic Power

Carpenter, Daniel P. *The Forging of Bureaucratic Autonomy. Reputations, Networks, and Policy Innovation in Executive Agencies, 1862-1928*. Princeton University Press.1-36. See if you can figure out the model. Easy reading.

Application: Leadership and Corporate Culture in Organizations

David Kreps, "Corporate Culture and Economic Theory," in Alt and Shepsle (eds) *Perspectives on Positive Political Economy* (1990) COORDINATION + Repeated Game

Electoral Systems, Parties & Voting

Application: Culture and Electoral Systems

John Ferejohn "Rationality and Interpretation: Parliamentary Elections in Early Stuart England" in *The Economic Approach to Politics*, Kristen Monroe (ed.), New York: Harper Collins, 1991.

Interest Groups

Application: Governing a Cartel

Rob Porter, 1983. "A Study of Cartel Stability: The Joint Executive Committee, 1880-1886," *Bell Journal of Economics* 14(2):301-314. This is empirical. You may want to glance at the companion theory piece by Green and Porter in *Eca* 1984 "Non-cooperative collusion under imperfect price information." A simplified version is in M&M.

Application: Norms, Group Policing and Ethnic Conflict

Fearon, James and David Laitin 1996. "Explaining Interethnic Cooperation," *American Political Science Review* 90(4):715-735. You might want to read with M&M's simplified version. Excellent illustration of the Abreau tricks.

Other

Application: Social Capital in Africa

Marcel Fafchamps, “Spontaneous Markets, Networks, and Social Capital: Lessons from Africa,” in Tim Besley and Raji Jayaraman (eds) *The Microeconomics of Institutions*
<http://www.economics.ox.ac.uk/members/marcel.fafchamps/homepage/venicexb.pdf>

8 Bargaining

Main themes: Making offers and (possibly) counter-offers in political situations. Take-it-or-leave-it bargaining. TILI and expertise. Alternating offers. Pork barrel bargaining. “Offers” by sequences of institutional actors. Self-enforcing bargaining versus bargaining leading to an enforceable contract. Implications of an inability to contract.

8.1 Bargaining – Theory

Romer, Thomas, and Howard Rosenthal. “Political Resource Allocation, Controlled Agendas, and the Status Quo.” *Public Choice* 33: 27-43. (1978). Take-it-or-leave-it bargaining.

Nolan McCarty & Adam Meirowitz, *Political Game Theory*. Alternating Offers Bargaining (Rubenstein bargaining) pp. 281-286.

Krehbiel, *Pivotal Politics*, Chapters 1 and 2.

McCarty and Meirowitz. *Political Game Theory*. Divide-the-dollar/pork barrel bargaining (Baron-Ferejohn), pp. 286-294.

Joseph Farrell. 1987. “Information and the Coase Theorem,” *Journal of Economic Perspectives* 1(2): 113-129. When can people bargain to efficient outcomes? Note the normative focus.

Daron Acemoglu, “Why Not a Political Coase Theorem? Social Conflict, Commitment, and Politics.” 2003. *Journal of Comparative Economics* 31:620-652. Involves bargaining, commitment, and relational contracts – which you should now be able to grasp.

Optional

David Kreps, *A Course in Microeconomic Theory*, pp. 551-571. Highly recommended.

Steven Medema and Richard Zerbe, Jr. “The Coase Theorem,” pp. 836-891 in *The Encyclopedia of Law and Economics*

<http://www.valuefronteira.com/vf/images/textbooks2/the%20coase%20theorem.pdf>

More than you ever wanted to know about the Coase Theorem. Fascinating empirical studies.

Massimo Morelli, paper on demand bargaining. Not widely employed but a alternative approach to political bargaining.

8.2 Bargaining – Applications

Congress and Legislatures

Application: Pivotal Politics

Keith Krehbiel, *Pivotal Politics*, Remainder.

Application: Gridlock Intervals and Legislative Productivity

Epstein and O’Halloran. Gridlock intervals don’t work very well, empirically. In edited volume

Application: Legislative Pork Barrel Politics in the Laboratory

Daniel Diermeier and Rebecca Morton. 2005. "Experiments in Majoritarian Bargaining," *Social Choice and Strategic Decisions* 201-226. (testing Baron-Ferejohn in the laboratory).

<http://www.springerlink.com/content/j683213273636631/>

Courts and Law

Application: Judicial Politics and Separation of Powers Games

John Ferejohn and Charles Shipan, "Congressional Influence on Bureaucracy," *Journal of Law, Economics, and Organization* 6:1-20 (1990) (AP) A fundamental paper in the new political science of administrative law, a bit tedious in places.

Application: A Gravity Model of Bargaining on Collegial Courts

Cameron and Kornhauser. 2009. "Modeling Collegial Courts (3)." Manuscript, NYU School of Law. Also reviews existing models of bargaining on collegial courts. Latest version on Cameron webpage.

Application: Mean-Variance Bargaining on a Collegial Court

Lax and Cameron, JLEO. A "take-it-or-change-it" bargaining model applied to the Supreme Court.

Black,

Presidents and Executives

Application: Vetoes and Proposal Power

Cameron, Charles and Nolan McCarty. 2004. "Models of Vetoes and Veto Bargaining." *Annual Review of Political Science* 7: 409-435.

Cameron. 2010. "Veto Politics," in the *Oxford Handbook of the Presidency*.

Application: Pork Barrel Politics with an Executive Veto

Nolan McCarty. Quite difficult.

Application: Presidential Executive Orders

William Howell, *Power without Persuasion*. Pivot politics with presidential unilateral action.

Application: The President's Legislative Agenda

Cameron and Park. "A Primer on the President's Program." In edited book. Proposal power via "burden sharing." A primitive "take-it-or-change-it" model with some evidence on legislative proposals.

Jeffrey Cohen. APSA convention paper, a test of Cameron and Park.

Application: Presidential Budgeting

William Howell, Saul Jackman and Jon Rogowski, *The Wartime President*. Manuscript, Harris School, 2011. Theory chapter and either the Congress chapter or the budget chapter.

Application: Bargaining Over Budgets with Strong Presidents

Lisa Baldez and John M. Carey. 1999. "Presidential Agenda Control and Spending Policy: Lessons from General Pinochet's Constitution." *American Journal of Political Science* 43(1): 29-55

Application: Cabinet Formation

Daniel Diermeier; Peter van Roozendaal. "The Duration of Cabinet Formation Processes in Western Multi-Party Democracies" *British Journal of Political Science* > Vol. 28, No. 4 (Oct., 1998), pp. 609-626

Bureaucracies and Agencies

Application: Agency Bargaining with a Legislature over its Budget

Banks and Weingast. Bargaining, but with an emphasis on persuasion via signaling.

Other

Application: Crisis Bargaining in International Relations

Jeff Banks, AJPS paper. Bargaining, but with an emphasis on persuasion via signaling.

9 Resource Contests

Main themes: Varieties of contests. Tullock contests. Rent seeking. Vote buying. Campaigning. Interest group pluralism (Chicago style). The all-pay auction with complete and incomplete information. Vote buying again. Wars of attrition. Promoting people in organizations. Possibly: Menu auctions and common agency.

9.1 Theory

Dechenaux, Emmanuel, Dan Kovenock, and Roman M. Sheremeta. "A survey of experimental research on contests, all-pay auctions and tournaments." *Experimental Economics* 18.4 (2015): 609-669.

Kai Konrad, *Strategy and Dynamics in Contests*, Oxford University Press 2009. Pages 1-15, 23-29, 32-65.

Baye, Michael, Dan Kovenock, and Casper G. de Vries. 1996. "The All-Pay Auction with Complete Information," *Economic Theory* 8:291-305. [This is pretty hard, I will explain it so don't freak out]

Bolton, Patrick and Matias Dewatripont, *Contract Theory*, Section 13.3.3 "The Bidding Game: Common Agency and Menu Auctions," pp. 628-630. [Ditto]

9.2 Applications

Congress and Legislatures

Application: Buying Votes in Legislatures (a two player sequential all-pay auction)

Tim Groseclose and James Snyder, "Buying Supermajorities" *APSR* 90(2):303-15 (1996).

Application: Buying Time in Legislatures

Richard Hall, Can you figure out a model for studying this situation? Do you think it would explain his data?

Courts and Law

Application: Tournaments in Judicial Hierarchies

Cameron, "New Avenues for Modeling Judicial Politics" (the tournament model: very easy).
McNollGast USC paper. Another version of the tournament model.

President and Executives

Application: Presidential Tactics in Veto Over-ride Battles

Scott Frisch and Sean Kelly. 2008. *Jimmy Carter and the Water Wars: Presidential Influence in Pork Barrel Politics*. (very easy) What would be a model to go with data?

Application: Presidential Tactics and Floor Coalitions

Matthew Beckman. 2010. *Pushing the Agenda*. Given what he finds empirically, what needs to be added to the theoretical models?

Agencies and Bureaucracy

Application: Bureaucrats and Congress

R.Douglas Arnold, *Congress and the Bureaucracy: A Theory of Influence*. What is the implicit model?

Campaigning

Application: Allocating Resources in Presidential Campaigns

James Snyder, "Election Goals and the Allocation of Campaign Resources," *Econometrica* 57: 637-660 (1987).

Interest Groups & Rent-Seeking

Application: Campaign Contributions as Bribes

Gene Grossman and Elhanan Helpman, *Special Interest Politics*, pp. 225-232, 247-256. A simple menu auction model.

Application: Interest Group Pluralism

Gary Becker, 1983. "A Theory of Competition Among Pressure Groups for Political Influence," *Quarterly Journal of Economics* 98(3): 371-400.

Application: Buying Protectionism

Giovanni Maggi & Penelopi Goldberg. "Protectionism for Sale," *American Economic Review*. An empirical test of the Grossman/Helpman bribe model (a menu auction model).

Other

Application: Cities and Urban Services

Paul Peterson, *City Limits*. Cities compete for high income citizens and to avoid tax eating low income ones. The political implications.

10 Position Contests

Main themes. Competing by taking positions. One and multiple dimensions. An essential part of the MIA tool kit. Oceans of theory, some interesting applications.

10.1 Theory

M&M, chapter 5 Section 3 “Application: The Hotelling Model of Political Competition,” pp 101-107.

John Duggan, “A Survey of Equilibrium Analysis in Spatial Models of Elections,” manuscript, University of Rochester. <http://www.johnduggan.net/papers/existsurvey4.pdf>
A shorter version appeared in the *Oxford Handbook of Political Economy* but the longer one is a little better. Covers only part of the literature but there it is masterful.

10.2 Applications

Application: House Elections

Steven Ansolabehere, James Snyder, and Charles Stewart. 2001. “Candidate Positioning in U.S. House Elections,” *American Journal of Political Science* 45(1): 136-159.

Application: The Senate

Joseph Bafumi and Michael Herron. 2010. “Leapfrog Representation and Extremism: A Study of American Voters and Their Members in Congress,” *American Political Science Review* 104: 519-542. Indicates what happened to the composition of the Senate as a result of Senate races, as compared to the composition of the electorate. What model could lead to such outcomes?

Application: Presidential Elections

Stephen Jessee. 2010. “Voter Ideology and Candidate Positioning in the 2008 Presidential Election,” *American Politics Research* 38(2): 195-210.

----. 2009. “Spatial Voting in the 2004 Presidential Election,” *American Political Science Review* 103(1): 59-81.

11 Persuasion and Persuasion Contests

Main themes. Sometimes you can change people’s actions by giving them information they didn’t have. But only if they understand you and believe you -- meaning and credibility in communication become critical. Costly signaling. Cheap talk. Verifiable information. Single vs. multiple targets. Competition among signalers. Oceans of theory ... and also lots of interesting applications.

11.1 Theory

Jeffrey Banks. 1991. *Signaling Games in Political Science*. Chapter 2 pp. 3-26. Parts are challenging for first year students, who may wish to review M&M pp. 214-219. However, if you like signaling, you will likely return to Banks’s masterful formulation many many times in the future.

Joseph Farrell and Matthew Rabin. 1996. “Cheap Talk,” *Journal of Economic Perspectives* 10(3): 103-118.

Paul Milgrom, “What the Seller Won’t Tell You: Persuasion and Disclosure in Markets,”
Journal of Economic Perspectives 22(2): 115-131 (2008). Verifiable information. Much easier!

Colin Camerer. 2003. *Behavioral Game Theory*, Chapter 8 “Signaling and Reputation.” In the lab.

Optional

Diego Gambetta, “Signaling” in *Oxford Handbook of Analytical Sociology*.

11.2 Applications

Congress and Legislatures

Application: Committee Action as Lobbying the Floor (Gilligan & Krehbiel)

McCarty and Meirowitz, *Political Game Theory*, pages 227-232 (explication of Gilligan and Krehbiel).

Banks, *Signaling Games*, Section 3.2 (pp. 30-38), his version of G&K.

Application: Persuasive Testimony in Congressional Hearings

Paul Burstein and C. Elizabeth Hirsh. 2007. “Interest Organizations, Information, and Policy Innovation in the U.S. Congress,” *Sociological Forum* 22(2): 174-199. An empirical examination of the arguments made in congressional hearings and their apparent influence on bill enactment.

Application: Congressional Hearings As Threats to the Bureaucracy

Ferejohn and Shipan paper (book chapter)

Cameron and Rosendorf, *Games and Economic Behavior*.

Application: Congressional Hearings as Inside and Outside Lobbying

Henry Waxman, book on Congress. What model could make sense of this?

Courts and Law

Application: Why Three Tiers in Judicial Hierarchies? Litigant Selection of Appeals

Cameron and Lewis Kornhauser. 2006. “Appeals Mechanisms, Litigant Selection, and the Structure of Judicial Hierarchies,” in *Institutional Games and the U.S. Supreme Court*, edited by Jon Bond, Roy Flemming, and James Rogers, University of Virginia Press.

Application: Peer Effects on Collegial Courts

Kastellec, *AJPS* (?) paper.

Epstein et al paper

Application: Adversarial Experts (experiments)

Cheryl Boudreau and Matthew McCubbins, “Competition in the Courtroom: When Does Expert Testimony Improve Jurors’ Decisions?” *Journal of Empirical Legal Studies* 6(4): 793-817 (2009). (Very easy)

Application: Adversarial Experts (theory)

Barton Lipman and Duane Seppi, "Robust Inferences in Communication Games with Partial Provability," *Journal of Economic Theory* 66:370- (1995)

Application: The Rules of Evidence

Sobel paper.

Presidents and Executives

Application: Veto Threats

Steven Matthews. 1989. "Veto Threats: Rhetoric in a Bargaining Game," *Quarterly Journal of Economics* 104

This is explicated in a simple way in:

Charles Cameron and Nolan McCarty "Models of Vetoes and Veto Bargaining," *Annual Review of Political Science*, Volume 7: 409-435 (2004). See also Banks *Signaling Games* pp. 50-53.

It is tested (to some extent) in:

Cameron, Lapinski, and Riemann. 2000. "Veto Threats: Testing a Formal Theory of Rhetoric in Political Bargaining," *Journal of Politics* (2000).

Application: The President's Agenda as Legislative Lobbying

Roger Larocca, *The Presidential Agenda*

Electoral Systems and Voting

Application: Voting as Signaling

Adam Meirowitz and Ken Schotts. 2009. "Pivots versus Signals in Elections," *Journal of Economic Theory*.

Parties

James Snyder and Michael Ting. 2002. "An Informational Rationale for Political Parties," *American Journal of Political Science* 46(1):90-110. Self-branding by political parties.

Interest Groups

Application: Informational lobbying (costly signaling)

Grossman and Helpman, *Special Interest Politics*, Chapter 5 "Costly Lobbying". Theory – a lobbying model, not a bribe model.

Cameron & DeFigueiredo, "Endogenous Cost Lobbying," manuscript, Princeton University and UCLA. An extension and empirical test/application of Grossman and Helpman. Empirics.

Application: Informational Lobbying and Campaign Contributions

Morton Bannedsen and Sven Feldman (AP). 2006. "Informational Lobbying and Political Contributions" *Journal of Public Economics* 90: 631-656. Verifiable information combined with a menu auction. Theory.

Application: Informational Lobbying, Divided Government, and Budgetary Institutions

Cameron and DeFigueiredo, "Lobbying and Counter-Lobbying Over Budgets," manuscript, WWS Princeton University 2010. Theory and evidence about informational lobbying expenditures.

Application: Lobbying During the Bork Nomination

Austen-Smith, David and Jack Wright. AJPS 1996 paper. An empirical paper but follows on their theory paper.

Other

Application: Crisis Bargaining

Banks AJPS. Superb, eye-opening use of incentive compatibility.

Application: Presidents and Opinion Contests

Cameron & Park, "Going Public over Supreme Court Nominees," *Presidential Studies Quarterly*. An empirical study. What would a real theory look like?

12 Agency: Hierarchy, Delegation, Shirking, Monitoring, Accountability, Representation, Teams

Main themes: Selecting agents, supervising agents, rewarding agents, punishing agents ... central tasks in all political institutions. Moral hazard, adverse selection, signaling, screening, auditing, fire alarms, whistle blowing. Representation, shirking, pandering, capture.

12.1 Introduction to Agency Theory

Gibbons, Lecture Note 1 "Agency Theory" through section 5.

http://web.mit.edu/rgibbons/www/LN_1_Agency_Theory.pdf

Avinash Dixit. 2002. "[Incentives and Organizations in the Public Sector: An Interpretative Review](#)". *The Journal of Human Resources*, Vol. 37, No. 4. (Autumn, 2002), pp. 696-727. Focus mostly on the last half of the article.

Jean Tirole. 1994. "Internal Organization of Government," *Oxford Economic Papers* 46:1-29. <http://www.jstor.org/view/00307653/di015406/01p0054m/0> (Review from Week 2)

George Stigler, "Econ Theory of Regulation". One of the most influential papers in the social sciences ... What are the implicit informational assumptions? How is this a PA paper?

John Ferejohn. Moral hazard in elections/retrospective voting.

12.2 Agency Theory Applications

Congress and Legislatures

Application: Congressmen from a PA Perspective

Mayhew, Congress: The Electoral Connection.

R. Douglas Arnold, *Logic of Congressional Action*, material on voters and the accountability of congressmen, congressmen's policy calculation

Application: Representation Failure in Congress

David Lee, Enrico Moretti, and Matthew Butler. 2004. "Do Voters Affect or Elect Policies? Evidence from the U.S. House," *Quarterly Journal of Economics*. 119(3):807-860.

David Brady, Brandice Canes-Wrone, and John F. Cogan. 2002. "Out of Step, Out of Office: Electoral Accountability and House Members Voting." *American Political Science Review* 96:127-140. Try to reconcile the two.

Application: Application: Legislative Delegation to Bureaucrats

John Huber and Charles Shipan. 2002. *Deliberate Discretion? The Institutional Foundations of Bureaucratic Autonomy*. Chapters 1 and 6.

Application: Committees and the Design of Legislatures

(Krehbiel). Informational theory of congressional design. Who is the principal? Who are the agents?

Application: Career Incentives in Legislatures

David Mayhew. *America's Congress*.

William Muir. *Legislature*.

Application: Effects of the Personal Attributes of Representatives

Raghobendra Chattopadhyay and Esther Duflo. 2004. "Women as Policy Makers: Evidence from a India-side Randomized Policy Experiment." *Econometrica* 72(5): 1409-1444.

Courts

Application: Judicial Hierarchies (Teams)

Kornhauser, Lewis. 1995. "Adjudication by a Resource-Constrained Team: Hierarchy and Precedent in a Judicial System." 68 *Southern California Law Review* 1605 (1995).

Application: Judicial Hierarchies (Auditing)

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