

Government 2006: Formal Political Theory II

James M. Snyder, Jr.

Spring 2019

Tuesdays, 9-11am, CGIS K401

This course is intended as an introduction to the application of game theory to questions in political science and political economy. It is assumed that you will have already taken an introductory course in game theory, such as Government 2005 Formal Theory.

Textbook: The main reference text for this class is:

- Persson, Torsten and Guido Tabellini. 2000. *Political Economics: Explaining Economic Policy*. Cambridge MA: MIT Press. (PT)

The syllabus gives the corresponding sections in PT. Also good to read:

1. David Austen-Smith and Jeffrey S. Banks. 1999. *Positive Political Theory I: Collective Preference*. Ann Arbor: University of Michigan Press.
2. David Austen-Smith and Jeffrey S. Banks. 2005. *Positive Political Theory II: Strategy and Structure*. University of Michigan Press.
3. Scott Gelbach. 2013. *Formal Models of Domestic Politics*. Cambridge University Press.
4. Nolan McCarty Adam Meirowitz. 2014. *Political Game Theory: An Introduction*. Cambridge University Press.

Grading: The course grade will be based on problem sets (50%) and a final paper (50%). Each student will write a paper in which they develop and analyze their own formal model. Problem sets will be assigned on a weekly basis (this may be changed to biweekly later in the course).

Course Information:

Professor: James M. Snyder, Jr., jsnyder@gov.harvard.edu

Office Hours: By appointment.

Teaching Assistant: Sophie Hill, sophie_hill@g.harvard.edu

Office Hours: TBD

Section: TBD

Schedule

- Lecture 1: Introduction and Motivation (January 29th)
- Lecture 2: One-Dimensional Electoral Competition (February 5th)
- Lecture 3: Public Goods and Size of Government (February 12th)
- Lecture 4: Taxation and Income Redistribution (February 19th)
- Lecture 5: Macroeconomic Policy (February 26th)
- Lecture 6: Multidimensional Electoral Competition I (March 5th)
- Lecture 7: Multidimensional Electoral Competition II (March 12th)

(No Lecture on March 19th due to Spring break.)

- Lecture 8: Comparative Electoral Systems I (March 26th)
- Lecture 9: Comparative Electoral Systems II (April 2nd)
- Lecture 10: Internal Party Politics (April 9th)
- Lecture 11: Legislative Decision-Making I (April 16th)
- Lecture 12: Legislative Decision-Making II (April 23rd)
- Lecture 13: Representative vs. Direct Democracy (April 30th)

(Reading period begins May 2nd)

Course website: <https://canvas.harvard.edu/courses/49131>

Lecture 1: Introduction and Motivation (1/29)

Lecture 2: One-Dimensional Electoral Competition (2/5)

1. **PT:** 2.2.1, 2.2.2, 3.1-3.3, 5.1, 5.2
2. **Hotelling, Harold.** 1929. "Stability in Competition." *Economic Journal* 39: 41-57.
3. **Downs, Anthony.** 1957. *An Economic Theory of Democracy*. New York: Harper and Row.
4. **Black, Duncan.** 1958. *The Theory of Committees and Elections*. Cambridge: University of Cambridge Press.
5. **Roberts, Kevin W.S.** 1977. "Voting Over Income Tax Schedules" *Journal of Public Economics* 8: 329-340.
6. **Calvert, Randall L.** 1985. "Robustness of the Multidimensional Voting Model: Candidate Motivations, Uncertainty, and Convergence." *American Journal of Political Science*, 29: 69-95.
7. **Alesina, Alberto.** 1988. "Credibility and Policy Convergence in a Two-Party System with Rational Voters." *American Economic Review* 78: 796-805.
8. **Dixit, Avinash, Gene M. Grossman and Faruk Gul.** 2000. "The Dynamics of Political Compromise." *Journal of Political Economy* 108: 531-568.

Lecture 3: Public Goods and Size of Government (2/12)

1. **Bergstrom, Theodore C. and Robert P. Goodman.** 1973. "Private Demands for Public Goods." *American Economic Review* 63: 280-296.
2. **Romer, Thomas and Howard Rosenthal.** 1979. "The Elusive Median Voter." *Journal of Public Economics* 12: 143-170.
3. **Downs, Anthony.** 1960. "Why the Government Budget is Too Small in a Democracy." *World Politics* 12: 541-563
4. **Alesina, Alberto and Guido Tabellini.** 1990. "A Positive Theory of Fiscal Deficits and Government Debt." *The Review of Economic Studies* 57: 403-414

Lecture 4: Taxation and Income Redistribution (2/19)

1. **PT:** 6.1, 14.1
2. **Browning, Edgar K.** 1975. "Why the Social Insurance Budget is Too Large in a Democracy." *Economic Inquiry* 13: 373-388.
3. **Meltzer, Allan H. and Scott F. Richard.** 1981. "A Rational Theory of the Size of Government." *Journal of Political Economy* 89: 914-927.
4. **Persson, Torsten and Guido Tabellini.** 1994. "Is Inequality Harmful for Growth?" *American Economic Review* 84: 600-621.
5. **Alesina, Alberto and Dani Rodrik.** 1994. "Distributive Politics and Economic Growth." *Quarterly Journal of Economics* 109: 465-490.
6. **Tabellini, Guido.** 2000. "A Positive Theory of Social Security." *Scandinavian Journal of Economics* 102: 523-545.

Lecture 5: Macroeconomic Policy & Agency Models (2/26)

1. **PT:** 16.2
2. **Alesina, Alberto.** 1987. "Macroeconomic Policy in a Two-Party System as a Repeated Game." *Quarterly Journal of Economics* 102: 651-678.
3. **Alesina, Alberto, John Londregan and Howard Rosenthal.** 1993. "A Model of the Political Economy of the United States." *American Political Science Review* 87: 12-33.
4. **Rogoff, Kenneth.** 1990. Equilibrium Political Budget Cycles. *American Economic Review* 80, 21-36.
5. **Barro, Robert J.** 1973. "The Control of Politicians: An Economic Model", *Public Choice*, 14: 19-42.
6. **Ferejohn, John.** 1986. "Incumbent Performance and Electoral Control" *Public Choice* 50: 5-25.
7. **Fearon, James.** 1999. "Electoral Accountability and the Control of Politicians: Selecting Good Types Versus Sanctioning Poor Performance." in Przeworski, A., Susan C. Stokes and Bernard Manin (ed.) *Democracy, accountability, and representation*, ch.2

Lecture 6: Multidimensional Electoral Competition I (3/5)

1. **PT: 2.3.1**
2. **Plott, Charles R.** 1967. "A Notion of Equilibrium and Its Possibility Under Majority Rule." *The American Economic Review* 57: 787-806.
3. **McKelvey, Richard D.** 1976. "Intransitivities in Multidimensional Voting Models and Some Implications for Agenda Control." *Journal of Economic Theory* 12: 472-482.
4. **Schofield, Norman.** 1983. "Generic Instability of Majority Rule." *The Review of Economic Studies* 50: 695-705.
5. **Caplin, Andrew and Barry Nalebuff.** 1988. "On 64%-Majority Rule." *Econometrica: Journal of the Econometric Society*, 787-814.

Lecture 7: Multidimensional Electoral Competition II (3/12)

1. **Hinich, Melvin J., John O. Ledyard and Peter C. Ordeshook.** 1972. "Non-voting and the Existence of Equilibrium Under Majority Rule." *Journal of Economic Theory* 4: 144-153.
2. **Coughlin, Peter C. and Shmuel Nitzan.** 1981. "Electoral Outcomes with Probabilistic Voting and Nash Social Welfare Maxima." *Journal of Public Economics* 15: 113-121
3. **Lindbeck, Assar and Jorgen W. Weibull.** 1987. "Balanced-Budget Redistribution as the Outcome of Political Competition." *Public Choice* 52: 273-297.
4. **Dixit, Avinash and John Londregan.** 1996. "The Determinants of Success of Special Interests in Redistributive Politics." *Journal of Politics* 58: 1132-1155.
5. **Besley, Timothy and Stephen Coate.** 1997. "An Economic Model of Representative Democracy." *The Quarterly Journal of Economics* 112: 85-114.
6. **Osborne, Martin J. and Al Slivinski.** 1996. "A Model of Political Competition with Citizen-Candidates." *The Quarterly Journal of Economics* 111: 65-96.
7. **Patty, John W., James M. Snyder Jr. and Michael Ting.** 2009. "Two's Company, Three's an Equilibrium: Strategic Voting and Multicandidate Elections." *Quarterly Journal of Political Science* 4.3: 251-278.
8. **Ansolabehere, Stephen and James M. Snyder Jr.** 2000. "Valence Politics and Equilibrium in Spatial Election Models." *Public Choice* 103: 327-336.

(No Lecture on 3/19 due to Spring break.)

Lecture 8: Comparative Electoral Systems I (3/26)

1. **Persson, Torsten, Gerard Roland and Guido Tabellini.** 2000. "Comparative Politics and Public Finance." *Journal of Political Economy* 108.6: 1121-1161.
2. **Myerson, Roger B.** 1993. "Incentives to Cultivate Favored Minorities Under Alternative Electoral Systems." *American Political Science Review* 87: 856-69.
3. **Lizzeri, Alessandro and Nicola Persico.** 2001. "The Provision of Public Goods under Alternative Electoral Incentives." *American Economic Review*, 91: 225-39.
4. **Myerson, Roger B.** 1995. "Analysis of Democratic Institutions: Structure, Conduct and Performance" *Journal of Economic Perspectives* 9: 77-89.

Lecture 9: Comparative Electoral Systems II (4/2)

1. **Cox, Gary W.** "Centripetal and Centrifugal Incentives in Electoral Systems." 1990. *American Journal of Political Science* 34: 903-35.
2. **Myerson, Roger B. and Robert J. Weber.** 1993. "A Theory of Voting Equilibria." *American Political Science Review* 87: 102-14.
3. **Austen-Smith, David and Jeffrey Banks.** 1988. Elections, Coalitions, and Legislative Outcomes." *American Political Science Review* 82: 405-422.
4. **Cremer, Jacques and Thomas R. Palfrey.** 2000. "Federal Mandates by Popular Demand" *Journal of Political Economy* 108: 905-927.

Lecture 10: Internal Party Politics (4/9)

1. **Roemer, John. E.** 1998. "Why the Poor Do Not Expropriate the Rich: An Old Argument in New Garb." *Journal of Public Economics* 70: 399-424.
2. **Caillaud, Bernard, and Jean Tirole.** 1999. "Party Governance and Ideological Bias." *European Economic Review* 43.4-6: 779-789.
3. **Caillaud, Bernard, and Jean Tirole.** 2002. "Parties as Political Intermediaries." *The Quarterly Journal of Economics* 117.4: 1453-1489.
4. **Polborn, Mattias K. and James M. Snyder Jr.** 2017. "Party Polarization in Legislatures with Office-Motivated Candidates." *The Quarterly Journal of Economics* 132.3: 1509-1550.

Lecture 11: Legislative Decision-Making I (4/16)

1. **Romer, Thomas, and Howard Rosenthal.** 1978. "Political Resource Allocation, Controlled agendas, and the Status Quo." *Public Choice* 33:27-44.
2. **Cox, Gary W.** 2001. "Agenda setting in the US House: A majority-party monopoly?" *Legislative Studies Quarterly*: 185-210.
3. **Shepsle, Kenneth A. and Barry R. Weingast.** 1987. "The Institutional Foundations of Committee Power." *American Political Science Review*, 81: 85-104.
4. **Baron, David P. and John Ferejohn.** 1989. "Bargaining in Legislatures." *American Political Science Review* 83: 1181-206.
5. **Jackson, Matthew O. and Boaz Moselle.** 2002. "Coalition and Party Formation in a Legislative Voting Game." *Journal of Economic Theory* 103: 49-87

Lecture 12: Legislative Decision-Making II (4/23)

1. **PT:** 5.4, 7.2
2. **Diermeier, Daniel and Timothy J. Feddersen.** 1998. "Cohesion in Legislatures and the Vote of Confidence Procedure." *American Political Science Review* 92: 611-621.
3. **Leblanc, William, James M. Snyder, Jr. and Micky Tripathi.** 2000. "Majority-Rule Bargaining and the Under Provision of Public Investment Goods." *Journal of Public Economics* 75: 21-47.
4. **McCarty, Nolan. M.** 2000. "Presidential Pork: Executive Veto Power and Distributive Politics." *American Political Science Review* 94: 117-129.
5. **Snyder, James M., Michael M. Ting and Stephen Ansolabehere.** 2003. "Bargaining in Bicameral Legislatures: When and Why Does Malapportionment Matter?" *American Political Science Review*, 97: 471-481
6. **Snyder, James M., Michael M. Ting and Stephen Ansolabehere.** 2005. "Legislative Bargaining Under Weighted Voting." *American Economic Review* 95: 981-1004.
7. **Battaglini, Marco and Stephen Coate.** 2008. "A Dynamic Theory of Public Spending, Taxation, and Debt." *American Economic Review* 98: 201-236.

Lecture 13: Representative vs. Direct Democracy (4/30)

1. **Besley, Timothy, and Stephen Coate.** 1997. "An Economic Model of Representative Democracy." *Quarterly Journal of Economics* 112: 85-114.
2. **Schultz, Christian.** 2004. "Information, Polarization and Accountability in Democracy." Manuscript.
3. **Maskin, Eric and Jean Tirole.** 2004. "The Politician and the Judge: Accountability in Government." *American Economic Review* 94: 1034-1054.
4. **Alesina, Alberto and Guido Tabellini.** 2007. "Bureaucrats or Politicians? Part I: A Single Policy Task" *American Economic Review* 97: 169-179