Public Choice and Institutions

Winter 2024

Instructor: Dr. Matias Giannoni

Contact Information

Office:	ADM-313-M
Email:	giannoni@tec.mx
Office Hours:	By Appointment

Overview and Goals

This is an intense course on game theory and public choice, with a focus on political applications (voting models, public goods provisions, and institutions). We will cover the basics of game theory, equilibrium concepts, and learn how to analyze and solve standard games. We will also cover standard theories on the origins of institutions, electoral and party systems, and legislative politics.

Our sessions will convene daily throughout January, with the initial portion dedicated to a lecture format. During this phase, I will introduce key themes, debates from the literature. The latter half of each class will evolve into a recitation-style discussion, where active student participation and questions to address practical exercises is strongly encouraged.

Prerequisites

Willingness to work hard on unfamiliar materials and carefully read all the texts each week.

The basics from calculus and probability are required. Students are encouraged to review math concepts in preparation for the exams.

Course Requirements

Grades will be based on two take-home exams, a mid-term and the evidence, for which Respondus will be used (with the monitoring option activated) and no note will be allowed. Students will have 2 hours to complete the mid-term and 4 hours to complete the final exam.

- Mid-term: Friday, January 19 (45% of the final grade)

- Final Exam (Evidence): Friday, February 2 (55% of the final grade)

The exams will consist of analytical problems and assess understanding and comfort with the readings from the previous weeks. They will consist of multiple choice and true or false items.

Notes on Academic Integrity

Please respect and follow the rules on academic integrity.
In particular, the following is a (partial) list of the acts we will consider academically dishonest:

- Obtaining or consulting course materials from previous years

- Sharing course materials with people outside of the class

- Copying and pasting someone else's answers, even if you collaborated with the person in a legitimate way

- Using any form of machine learning or statistical natural language processing algorithms (commonly referred as AI tools) to draft answers

Course Website

The readings will be posted on Canvas in the course website.

Course Schedule and Reading Assignments[1]

1 Rationality, Game Theory & Public Choice (January 3 & January 8)

- Methodological Individualism

- Equilibrium Concepts & Nash Equilibrium

- Mixed Strategies

- Dynamic Games

- Repeated Games

- Bayesian Games

- Public Goods

- Voting Models & Collective Action

- Redistribution

Required Readings:

1. Osborne, M. J. (2004). *An introduction to game theory.* Oxford University Press

2. Shepsle, K. A. (1997). *Analyzing politics: Rationality, behavior, and institutions* (1st ed.). W.W. Norton

3. Iversen, T., & Goplerud, M. (2018). Redistribution Without a Median Voter: Models of Multidimensional Politics. *Annual Review of Political Science*, *21*(1), 295–317. https://doi.org/10.1146/annurev-polisci-031016-011009

4. Banerjee, A., Iyer, L., & Somanathan, R. (n.d.). Public Action for Public Goods

5. Roemer, J. E. (1998). Why the poor do not expropriate the rich: An old argument in new garb. *Journal of Public Economics*, *70*(3), 399–424. https://doi.org/10.1016/S0047-2727(98)00042-5

6. Olson, M. (1971). The Logic of Collective Action: Public Goods and the Theory of Groups

2 Institutions (January 17)

- Origins of Institutions

- Critical Junctures and Path Dependency

- Institutions and Development

Required Readings:

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[1]The readings are enumerated in the order in which they will be discussed during the week.

1. North, D. C., & Weingast, B. R. (1989). Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England. *The Journal of Economic History*, *49*(4), 803–832. Retrieved October 20, 2023, from https://www.jstor.org/stable/2122739

2. Hall, P. A., Taylor, R. C. R., & Taylor, R. C. (1996). Political science and the three new institutionalisms. *Political Studies*, *44*(5), 936–957. https://doi.org/10.1111/j.1467-9248.1996.tb00343.x

3. Olson, M. (1993). Dictatorship, Democracy, and Development. *The American Political Science Review*, *87*(3), 567–576. https://doi.org/10.2307/2938736

4. Shepsle, K. A. (2008, June 12). Rational Choice Institutionalism. In S. A. Binder, R. A. W. Rhodes, & B. A. Rockman (Eds.), *The Oxford Handbook of Political Institutions* (p. 0). Oxford University Press. https://doi.org/10.1093/oxfordhb/9780199548460.003.0002

5. Pierson, P. (2000). Increasing Returns, Path Dependence, and the Study of Politics. *The American Political Science Review*, *94*(2), 251–267. https://doi.org/10.2307/2586011

3 Elections, Parties and Legislative Politics (January 22)

- Electoral Systems

- Party Systems

- Legislative Politics

1. Taagepera, R. (2009, July 2). Electoral Systems. In C. Boix & S. C. Stokes (Eds.), *The Oxford Handbook of Comparative Politics* (p. 0). Oxford University Press. https://doi.org/10.1093/oxfordhb/9780199566020.003.0028

2. Shugart, M. S., & Taagepera, R. (2018, April 26). Electoral System Effects on Party Systems. In E. S. Herron, R. J. Pekkanen, & M. S. Shugart (Eds.), *The Oxford Handbook of Electoral Systems* (p. 0). Oxford University Press. https://doi.org/10.1093/oxfordhb/9780190258658.013.15

3. Carey, J. M. (2018, April 26). Electoral System Design in New Democracies. In E. S. Herron, R. J. Pekkanen, & M. S. Shugart (Eds.), *The Oxford Handbook of Electoral Systems* (p. 0). Oxford University Press. https://doi.org/10.1093/oxfordhb/9780190258658.013.6

4. Colomer, J. M. (2008, June 12). Comparative Constitutions. In S. A. Binder, R. A. W. Rhodes, & B. A. Rockman (Eds.), *The Oxford Handbook of Political Institutions* (p. 0). Oxford University Press. https://doi.org/10.1093/oxfordhb/9780199548460.003.0012

5. Beramendi, P. (2009, July 2). Federalism. In C. Boix & S. C. Stokes (Eds.), *The Oxford Handbook of Comparative Politics* (p. 0). Oxford University Press. https://doi.org/10.1093/oxfordhb/9780199566020.003.0031

6. Strøm, K. W., & Nyblade, B. (2009, July 2). Coalition Theory and Government Formation. In C. Boix & S. C. Stokes (Eds.), *The Oxford Handbook of Comparative Politics* (p. 0). Oxford University Press. https://doi.org/10.1093/oxfordhb/9780199566020.003.0032

7. Schickler, E. (2011, March 10). The Development of the Congressional Committee System. In G. C. Edwards, F. E. Lee, & E. Schickler (Eds.), *The Oxford Handbook of the American Congress* (p. 0). Oxford University Press. https://doi.org/10.1093/oxfordhb/9780199559947.003.0031

8. Jones, M. P. (2018, April 26). Presidential and Legislative Elections. In E. S. Herron, R. J. Pekkanen, & M. S. Shugart (Eds.), *The Oxford Handbook of Electoral Systems* (p. 0). Oxford University Press. https://doi.org/10.1093/oxfordhb/9780190258658.013.23

9. Krook, M. L. (2018, April 26). Electoral Systems and Women's Representation. In E. S. Herron, R. J. Pekkanen, & M. S. Shugart (Eds.), *The Oxford Handbook of Electoral Systems* (p. 0). Oxford University Press. https://doi.org/10.1093/oxfordhb/9780190258658.013.27

10. Volden, C., & Wiseman, A. E. (2011, March 10). Formal Approaches to the Study of Congress. In G. C. Edwards, F. E. Lee, & E. Schickler (Eds.), *The Oxford Handbook of the American Congress* (p. 0). Oxford University Press. https://doi.org/10.1093/oxfordhb/9780199559947.003.0003