

Political Science 583 Economic Theories of Politics

Directed by Dr. T

With appearances by

Mancur Olson

Anne Krueger

James Buchanan

Margaret Levi

Ronald Coase

George Stigler

Michael Granovetter

Debra Friedman

Friedrich Bastiat

and Michael Munger
... as the Beaver.

Coming
Winter 2020

Th 1:30 - 4:20 pm
Savery 140

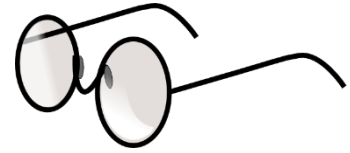
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 DOLBY
DIGITAL

Economic Theories of Politics

Political Science 583
University of Washington
Winter 2020



Prof. Anthony Gill
Office Hours

Tuesdays 1:00 pm – 3:00 pm in By George Cafeteria

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Statement of Purpose

A long, long time ago, political scientists used to be called political economists. Economists used to be called political economists too. In fact, intellectuals prior to the 20th century dabbled in all sorts of social science-y topics such as sociology, history, anthropology, and even philosophy! Adam Smith and Karl Marx played in these broad intellectual fields. But that was before the advent of highly specialized online journals and the intense drive to “publish or perish,” which ruined everything. And then, ‘round about the early 1900s the division of academic labor went into third gear and folks split themselves into new tribes with silly names such as “political science department” and “department of economics.” Separated by giant lawns on quads, it looked as if scholars entrenched in their own tribal bailiwicks would never meet for lunch or even wave hello to one another.¹ Other than two global wars, several major social revolutions, the prohibition of alcohol (and subsequent birth of NASCAR), a widespread economic depression, fluoridation of the water supply, and the jitterbug craze, nothing much else happened from 1900 to the 1950s, and the world was pretty boring.

But then, around the middle of the twentieth century, something wondrous happened – these two long-lost partners began to rediscover one another! The impetus for this re-marriage came mostly from economists, with folks like Duncan Black, Kenneth Arrow, Anthony Downs, James Buchanan and a few others exploring an economic approach to political decision-making that became known as the “public (social) choice school.” The romantic rediscovery was further advanced by the related intellectual development of rational choice theory, with individuals such as Gary Becker and Mancur Olson taking this fairly basic “economic” view of human behavior into new territories. Political scientists, a bit slow on the uptick because they weren’t that good at math, began absorbing this approach into their own research by the mid-1970s, with momentum picking up in the 1980s, where your fluffy little professor gets injected into the story by attending graduate school at UCLA, a rationalist hotbed and place where the economics and political science departments were on friendly terms. Since that last quarter of the 20th century, the “economic approach to politics” has been applied

¹ In reality, there was never 100% separation between the fields of political science and economics. A few people kept plodding along trying to understand both politics *and* markets at the same time, but they were seen as crackpots and weirdos. Therefore, some of the introductory paragraph is hyperbole, but hyperbole designed to make a compelling introductory paragraph.

in a wide range of empirical territory, including legislative behavior, international conflict, civil wars, and (gasp!) even religion. Of course, none of this came without its share of criticisms because that is what scholars do best – criticize! By the late 1980s, economics and political science began (re-)discovering psychology and the “behavioral approach”² that got its kick-start with opinion survey methodology. This technology expanded into the field of experimental social science and with their modifications to rational choice theory social scientists nudged their way to a new perspective called “bounded rationality” (a.k.a. “behavioral economics”).

The purpose of this course is to introduce students to some of the basic logic and foundational writings within the “new economics of politics” (which is now starting to get “old”). Not surprisingly, given that we are more than a half-century beyond the advent of this approach, and given the explosion in social scientific publishing, we cannot cover everything of major importance. Indeed, we can barely scratch the surface in a ten-week course. As such, we will dabble our toes into the water of rational choice, public (social) choice, collective action theory, and some of the contending views of the state that have grown from this economic approach. And we will finish off with some “odd applications” of economic theory to demonstrate that while rationality might be bounded, the use of economic logic is really only constrained by a scholar’s imagination. Creativity is a skill that is almost as important as knowing how to write everything in LaTeX (or NITrILE for those allergic). Hopefully this will inspire some of you to think beyond the unimaginative confines of what our discipline tends to discipline its young scholars to think about. Prof. Gill is big on looking around everyday life to find interesting social puzzles to explore. And you will be given the opportunity to do this as well.

The professor will approach this subject matter under the assertion that the economic approach to politics has been very useful and enlightening in terms of understanding social behavior. We won’t be able to read all the great works in this field, nor will all substantive or theoretical topics be addressed. Many of the readings assigned are from old, dusty, and dead scholars, but these folks represent the foundational cornerstones upon which everything else is built. You need to know these things. Also, most of the readings will be from economics and political science. If you are from anthropology or the communications department, don’t expect anthropological or communications readings.³ This might irritate some folks; however, it should motivate you to get that PhD done in due course so that you can teach your own course with your own topics and readings to the next generation of young minds. Incentives, folks. Incentives!! There has to be some benefit to earning a doctorate, and Prof. Gill⁴ is taking the spoils of that process by putting forth the stuff and junk he finds most convincing. In fact, having trained in this stuff in graduate school back in the late 1980s and early ‘90s, he is quite jazzed to have the opportunity to revisit some of these old ideas as a means of seeing what he has discovered over the past two decades or so. Indeed, each time he rereads these works, he gets new ideas for research or it helps him bolster some of his ongoing scholarship.

If this is the thing that interests you, then get ready for a fun and wild ride because Prof. Gill’s pedagogy is “if it ain’t fun, it ain’t worth pursuing!”

A BRIEF NOTE ON THE MATHY STUFF. One of the great *benefits* of an economic approach to politics is that it relies upon mathematical logic to uncover interesting equilibrium (or lack thereof) and counter-intuitive assertions. One of the great *drawbacks* of an economic approach to politics is that it relies upon mathematical logic to uncover interesting equilibrium (or lack thereof) and counter-intuitive assertions. Let’s face it. While a small handful of political science grad students may be intrigued by the abstractions of math, most of us ended up here because math was pretty scary and we were kicked out of the astrophysics department but still longed for the title of “scientist.” And while some of us

² It is not clear how “behavioralism” got its name because behavioralists are not the only ones who study behavior, surprisingly.

³ This was actually one of the vocal complaints the last time this course was taught; there were too many political economy readings in a course on political economy!

⁴ Yes, Prof. Gill does refer to himself in the third person in his syllabi. It is one of the many perks of the job; allow Prof. Gill the indulgence of this vanity.

may have rediscovered the joys of formal modeling and simultaneous equations, such technical tools can only be useful when combined with a playful sense of the qualitative language of the common person. This includes Prof. Gill who thought he would never have to look at another derivative function once he chose political science, but then ended up with formal theory and statistics as one of his major fields in grad school. Like any language that has not been used over time, knowledge rusts and the professor will admit to being a bit foggy on the math. However, he does acknowledge that such formalized training did help him tighten his theoretical and empirical focus even though he doesn't use the math. The mathy stuff we will encounter in this class is important and the more you can understand and work with it, the better scholar you will be. However, Prof. Gill will teach this class with empathy to the mathy-challenged and seek to develop the intuitions behind the mathy. Indeed, throughout the years he has become skeptical of over-formalization (probably a result of the "sour grapes" phenomenon of having so much of the field pass him by). So, if those formulae scare you, fear ye not ... we will huddle together (metaphorically, not literally) to get through those storms.

Course Requirements

Incomplete grades may only be awarded if you are doing satisfactory work up until the last two weeks of the quarter. Undergraduate students must not register for courses in which they have received an Incomplete, since a grade earned in a repeat course will not be recorded as an incomplete conversion grade. To obtain credit for the course, an undergraduate student must convert an Incomplete into a passing grade no later than the last day of the next quarter. An Incomplete not made up by the end of the next quarter (summer excluded) will be converted to the grade of 0.0 by the Registrar unless the instructor has indicated, when assigning the Incomplete grade, that a grade other than 0.0 should be recorded if the incomplete work is not completed. The original incomplete grade is not removed from the transcript.

Final grades will be determined accordingly (please note due dates):

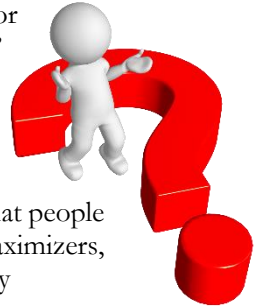
		<i>Date</i>
Individual course participation	50%	Weekly
Weekly writing assignments	25%	Weekly
Life's Little Mysteries	10%	Each Wednesday by noon
Group grade	15%	January 24 and TBD

INDIVIDUAL COURSE PARTICIPATION. While this class will have a bit more "lecture" than a traditional graduate seminar, it is incumbent upon students to participate with comments and questions. Participation is as much a function of quality as it is of quantity. Come prepared to class with some of your own discussion points or questions.

WEEKLY WRITING ASSIGNMENTS. Academia is a profession that feeds on writing. To get better at this part of the profession, you will need to write. Each week students will be required to type up and submit 2-4 paragraphs reflecting upon the week's reading beginning in Week 2 and continuing through Week 10. This may be a general summary of the readings and your own reflection, a point of connection between the week's readings and some research agenda (be it your own or within a subfield more generally), or a potential research project that the readings may have inspired.

LIFE'S LITTLE MYSTERIES. Asking questions (a.k.a., being curious) is a critical skill in academia. It may be the most critical skill; without questions there are no answers. Alas, undergraduate and graduate education often neglects teaching (and practicing) this vital skill. To this end, you are required to submit a "Life's Little Mysteries" question online (including the second week when we don't meet).

The assignment is simple. Look around you in your daily life. Observe patterns of behavior that are normally “background radiation.” Or try to find things that don’t “make sense,” particularly when set against a counterfactual behavior. Practice becoming observant. And then, each week submit your question to the discussion board. Read the questions of your compatriots and feel free to comment on them, or talk about them in the halls of Gowen and Smith or over beer. A typical question would be, “I notice that nobody jaywalks in Seattle, but in NYC everybody crosses against the light. Why? This is even more odd considering that people stand on the street when no cars are in approaching distance. If humans are cost-benefit maximizers, why waste time standing around?” As an added bonus, questions that touch upon our weekly readings would be really awesome. However, I want you to avoid the “big questions” (e.g., Why is there war? Why did the Conservative Party win in Britain?). Choose mundane, “daily life” questions. This emphasis will help you build a general sense of curiosity and could come in handy when working on your dissertation or other research projects. **Question are due by 12:00 noon each Wednesday.**



GROUP GRADE. Learning is often a collective endeavor, much like pirates looting a merchant ship. And together, we can become “learning pirates” that push back the frontiers of “intellectual scurvy.” By Friday, January 24 (at 8:00 pm via email to Prof. Gill), the students enrolled in the class are required to turn in a contract agreed upon (somehow) by the members of the course outlining how they wish to be graded as a group. This group grade should consist of some reasonable metric of class performance. This could include some class project, or some means of evaluating one another. While Prof. Gill reserves the right to exercise veto power over the contract and send it back for renegotiation, the students in the class will be given substantial latitude in determining this portion of the grade. Note: A group grade means that the grade assigned to one person will be the same as every other person in the class.

Textbooks

The following required texts are on sale at the University Bookstore or online (unless otherwise noted):

Munger, Michael & Kevin Munger. 2015. *Choosing in Groups: Analytical Politics Revisited*. Cambridge: Cambridge University Press.

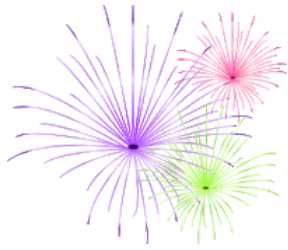
Buchanan, James & Gordon Tullock. 1999 [1962]. *The Calculus of Consent: Logical Foundations of Constitutional Democracy*. Indianapolis: Liberty Fund. (Early versions by different publishers accepted).

Olson, Mancur. 1971 [1965]. *The Logic of Collective Action*. Cambridge: Harvard University Press. (More updated versions are acceptable.)

Buchanan, James. 2000 [1975]. *The Limits of Liberty: Between Anarchy and Leviathan*. Indianapolis: Liberty Fund. (Earlier versions by different publishers accepted.)

OPTIONAL TEXTBOOK.

Mueller, Dennis. 2003. *Public Choice III*. Cambridge: Cambridge University Press. (An expensive book coming in at about \$60 for a new paperback, but an indispensable resource for those interested in this literature.)



Optional Fun Stuff

While you are not required to purchase, read, or listen to any of the following books and podcasts, they are recommended for preliminary winter break investigation, particularly if you are not that well-versed in political economy or basic economics. Some of these books are used in my POL S 270 class and I have found them to be useful for a number of purposes.

Winter, H. 2005. *Trade-Offs: An Introduction to Economic Reasoning and Social Issues*. 2nd Edition. Chicago: University of Chicago Press. (The simple concept of trade-offs is essential to understanding economics, but a concept that is often neglected in analysis. Professional baseball players report to spring training every year and go over the basic mechanics of fielding a ground ball. Think of this book as spring training for political economy.)

Leeson, P. 2009. *The Invisible Hook: The Hidden Economics of Pirates*. Princeton: Princeton University Press. (This book has it all: basic political economy concepts; public choice theory; democratic theory, and pirates. Prof. Gill will be referring to this book a great deal during the course.)

Mueller, John. 2001. *Capitalism, Democracy, & Ralph's Pretty Good Grocery*. Princeton: Princeton University Press. (Mueller has a way of easily explaining the public choice paradox and the difference between market choice and democratic choice.)

Listen to a variety of episodes at **EconTalk.org**. There are many economics podcasts out there, including Planet Money, Freakonomics, and sites telling you why gold is so valuable that you need to trade in your dollars for gold (because the people telling you that gold is valuable must somehow want paper currency more). However, EconTalk – imho – is the best of the bunch, in part because your fuzzy little professor has appeared on it twice! In his second appearance, he incurred the wrath of individuals who hate the cultural norm of tipping.

Course Plan and Reading Assignments

Although this is not a lecture-based course, there may be a bit more lecture than in standard graduate seminars. Nonetheless, the professor would like to run this course as an intellectual discussion of timeless topics, akin to what goes on in a Liberty Fund colloquium or in faculty clubs and private professor parlors around the world. You will be considered “colleagues” more than “students.” To accomplish this, though, “colleagues” are required to come to class prepared to discuss the assigned readings. The readings are intended as a springboard for discussion. Often the readings will inspire debate on issues that are not directly found in the texts. Important themes and concepts found in the readings may not necessarily be covered in class. Nonetheless, students are responsible for the content of the weekly reading assignments. Many of the articles and texts used in this course are considered “foundational” works that anybody interested in the study of “economic approach to politics” should have some familiarity. At the end of the day, it is your career and how you pursue the building blocks of that career is your personal responsibility. Questions pertaining to the readings always are welcome in class. Civil debate is always fun, and people bringing their outside readings or personal empirics to the table can enhance our discussion.





“Holy moly, Prof. Gill. That is a boatload of reading!” Prof. Gill realizes that in some weeks (if not all) the reading goals are overly ambitious. In part, he is merely remembering the pain he endured as a graduate student and wants to impose “sacrifice and stigma” on all his students (see Iannaccone article below). However, Prof. Gill is also a fun-loving tyrant who realizes that graduate students have teaching obligations, beer to drink, and would occasionally like to see a movie. To that end, he recommends that first you learn how to read efficiently. (Prof. Gill who has other obligations, likes beer, and enjoys movies also will be reading “efficiently.”) Second, while each of you are pursuing an individual goal of a Ph.D. and a quality career, it is also observed that this class is a “club good,” so to speak, and onerous tasks can often be shared. As we will be studying collective action, what better way to learn it than to practice it?! Finally, Prof. Gill – in his infinite benevolence as a cruel taskmaster – has denoted some articles with an asterisk, which indicates that if triage needs to be performed, these patients can be left outside the emergency room doors to be tended at a later time. If you do need to perform triage when it comes to time pressure, the readings marked with a red asterisk [*] are ones that can be jettisoned. That said, it wouldn’t hurt to keep these readings in a folder for later exploration.

Following each section of required readings will be a section called “digging deeper” for those of you who wish to explore the topic at greater length. The readings contained therein also are helpful resources for the comprehensive exams.

Note: Readings may be subject to change at the professor’s discretion. Due notice will be given.

I. Rational Choice: What It Is and Is Not.

January 9

A grand experiment in collective choice, and all that is rational and not.

Required Readings:

- Boettke, P.** n.d. “The Tasks of Economics Education.” SSRN manuscript. [*]
Choy, E. 2019. “[Why Every Business Leader Needs to Know about Narrative Economics](#).” *Forbes* (online). December 8. [*] (A short summary of Robert Shiller’s new book.)
Becker, G. 1976. “The Economic Approach to Human Behavior.” In *The Economic Approach to Human Behavior*. pp. 3-14.
Shepsle, K.A. and M.S. Bonchek. 1997. “Rationality: The Model of Choice.” In *Analyzing Politics: Rationality, Behavior, and Institutions*. Pp. 15-38.
Harsanyi, J.C. 1969. “Rational-Choice Models of Political Behavior vs. Functionalist and Conformist Theories.” *World Politics* 21 (4): 513-38.
Mullainathan, S. & R.H. Thaler. 2000. “Behavioral Economics.” NBER Working Paper 7948.
Boettke, P, W.Z. Caceres, & A. Martin. 2012. “Error is Obvious, Coordination is the Puzzle.” George Mason University. Dept. of Economics. Paper 12-23.
Thomas, M. 2019. “Reapplying Behavioral Symmetry: Public Choice and Choice Architecture.” *Public Choice* 180 (1-2): 11-26.
Alchian, A. 1950. “Uncertainty, Evolution, and Economic Theory.” *Journal of Political Economy* 58(3): 211-21.
Chong, D. 1996. “Rational Choice Theory’s Mysterious Rivals.” In *The Rational Choice Controversy*, Jeffrey Friedman, ed. New Haven: Yale University Press. Pp. 37-57.
Leeson, P. 2017. “Do We Need Behavioral Economics to Explain Law?” Working paper. (Best abstract ever.) [*]
Schmidt, D. 2015. “Altruism.” Uncorrected page proofs (by way of author). [*]
Schmidt, D. 2015. “Choosing Ends.” Uncorrected page proofs (by way of author). [*]
Iannaccone, L.R 1990. “Religious Participation: A Human Capital Approach.” *Journal for the Scientific Study of Religion* 29(3): 297–314. [*]

Digging Deeper (Optional Readings):

Becker, G. 1976. *The Economic Approach to Human Behavior*. Chicago: University of Chicago Press. (A collection of essays applying rational choice to unusual subjects.)

Green, D.P. & I. Shapiro. 1994. *The Pathologies of Rational Choice*. New Haven: Yale University Press. (An influential, though very narrow, critique of rational choice.)

Friedman, J. ed. 1996. *The Rational Choice Controversy*. New Haven: Yale University Press. (A set of responses to the Green & Shapiro salvo.)

Cook, K.S. & M. Levi. 1990. *The Limits of Rationality*. Chicago: University of Chicago Press. (An earlier and more nuanced version of Green & Shapiro.)

Gill, A. 1998. *Rendering Unto Caesar: The Catholic Church and the State in Latin America*. Chicago: University of Chicago Press. (Yeah, it is by your professor, and it is an awesome application of rational choice that just melts Green and Shapiro.)

II. Midterm Break

January 16

After a taxing⁵ first week, we are going to all need a rest. Actually, Dr. T has been invited to a very prestigious conference thingy and has to fly out on January 16. We will make up this lost week by having a session during the scheduled final exam for this class. While that sounds like it will suck, it won't. Trust me. I make sure things don't suck.

Reminder: You still have Life's Little Mysteries due by noon on Wednesday.



III. Markets: What They Do and Do Not.

January 23

If you want to know how economics applies to politics, might as well find out how it applies to markets.

Required Readings:

Smith, A. 1976 [1776]. Selections from *An Inquiry into the Nature and Causes of the Wealth of Nations*, Book I, 13-36. Indianapolis: Liberty Fund.

Alchain, A. 2006. [1967] "Pricing and Society." In *The Collected Works of Armen A. Alchain, Vol 2*. Indianapolis: Liberty Fund.

Kirzner, I.M. 2011. [1963]. *Market Theory and the Price System*. Indianapolis: Liberty Fund. Chpts. 1-3.

Hayek, F.A. 1945. "The Use of Knowledge in Society." *American Economic Review*. 35 (4): 519-30.

Munger, M. 2011. "Evolutionary or Not: Exchange Is Just." *Social Philosophy and Policy*. 28 (2): 192-211.

Munger, M. & M. Villarreal-Diaz. 2019. "The Road to Crony Capitalism." *Independent Review* 23(3): 331-44.

Locke, J. 2003 [1695]. "Venditio." In David Wooten, ed., *John Locke: Political Writings*. Cambridge: Hackett Publishing Company. Pp. 442-46. [*]

Beito, D. 1990. "Mutual Aid for Social Welfare: The Case of American Fraternal Societies." *Critical Review* 4(4): 709-38. [*]

Review [history of Underwriter's Laboratory online](#). (See also Richardson article in Week XI.)

Digging Deeper (Optional Readings):

Smith, A. 1976 [1776]. *An Inquiry into the Nature and Causes of the Wealth of Nations*. Indianapolis: Liberty Fund. (Lots of people cite Smith, but how many have read him? Book V covers a number of "public goods" that Smith thought needed to be addressed by governmental action, and his musings on how effective government provision might be. A remarkably nuanced and seemingly contemporary discussion.)

Hasnas, J. 2008. "The Obviousness of Anarchy." In *Anarchism/Minarchism: Is Government Part of a Free Country?*, edited by Roderick Long and Tibor Macham. Burlington, VT: Ashgate Publishing Ltd. (It is often said that "markets" can't do a lot of things, therefore government. This article is a survey of a lot of things markets and cooperative civil society groups, do that is the typical domain of government. Online.)

⁵ That's a political economy pun. Get it?!

IV. Of Coase! Transactions, Public Goods, and Public Bads

January 30

Please note that this class may have to be postponed until January 24. If so, we will just push all other class meetings into final exam week.

How often do, and what happens when, “markets go bad?”

Required Readings:

Coase, R.H. 1937. “The Nature of the Firm.” *Economica* 4(3): 386-405.

Allen, D.W. 1991. “What Are Transaction Costs?” *Research in Law and Economics* 14 (1): 1-18. [*]

Coase, R.H. 1974. “The Lighthouse in Economics.” *Journal of Law and Economics* 17 (2): 357-76.

Coase, R.H. 1960. “The Problem of Social Cost.” *Journal of Law and Economics* 3(1): 1-44.

Baumol, W.J. 1972. “On Taxation and the Control of Externalities.” *American Economic Review* 62(3): 307-22.

Nye, J. 2008. “The Pigou Problem.” *Regulation* (Summer): 32-37.

Anderson, T.L., and P.J. Hill. 1975. “The Evolution of Property Rights: A Study of the American West.” *Journal of Law and Economics* 18 (1): 163-79. [*]

Keech, W.R. and M.C. Munger. 2015. “The Anatomy of Government Failure.” *Public Choice* (online open access article).



Digging Deeper (Optional Readings):

Ostrom, E. 1990. *Governing the Commons*. Cambridge: Cambridge University Press.

Barzel, Y. 1997 [1989]. *Economic Analysis of Property Rights*. Cambridge: Cambridge University Press.

Ellickson, R. 1994. *Order without Law: How Neighbors Settle Disputes*. Cambridge: Harvard University Press.

V. Public Choice: The Fundamentals

February 6

Choosing in groups can be hard, but nothing good was ever easy, right?

Required Readings:

Shugart II, W.F. & L. Razzolini. 2001. “Public Choice at the Millennium.” In Shugart II, W.F., and L. Razzolini. 2001. *The Elgar Companion to Public Choice*. Cheltenham, UK: Edward Elgar.

Munger, M.C. & K.M. Munger. 2015. *Choosing in Groups: Analytical Politics Revisited*. Cambridge: Cambridge University Press. Chapters 1-6.

Buchanan, J.M. & G. Tullock. *Calculus of Consent*. Preface, Chpts. 1-8, and two appendices.

Digging Deeper (Optional Readings):

Mueller, D. 2003. *Public Choice III*. Cambridge: Cambridge University Press. (The most comprehensive summary of public choice theory and its offshoots that you can find.)

Downs, A. 1957. *An Economic Theory of Democracy*. New York: Harper & Row. (A classic that is amazingly out of print.)

Shugart II, W.F. & L. Razzolini. 2001. *The Elgar Companion to Public Choice*. Cheltenham, UK: Edward Elgar. (A set of review and reflection essays by second and third generation public choice theorists looking at where the field is.)



VI. Public Choice II: Voting Paradoxes and Impossibility

February 13

Democracy can be arbitrary, dictatorial, and possibly “impossible.”

Required Readings:

Munger, M.C. & K.M. Munger. 2015. *Choosing in Groups: Analytical Politics Revisited*. Cambridge: Cambridge University Press. Chapter 7-8.

Buchanan & Tullock. *Calculus of Consent*. Chpts. 9-18. (Skim for general theoretical logic and a way to reflect back on Munger². Don’t get bogged down into memorizing every voting rule. Read it for the “forest,” not the “trees.” Remember the lesson of “narrative economics.”)

Digging Deeper (Optional Readings):

Riker, W.H. 1982. *Liberalism Against Populism: A Confrontation Between the Theory of Democracy and the Theory of Social Choice*. Prospect Heights, IL: Waveland Press. (Until the Mungers’ book, this was probably the most accessible discussion of public choice voting theory that combined rigorous, yet accessible, math with a blend of political theory. It set the standard for future books of this ilk.)

Shepsle, K. A. & M.S. Bonchek. 1997. *Analyzing Politics: Rationality, Behavior, and Institutions*. New York: W.W. Norton. (Similar to Riker, but with easier math and a bit less political theory punch. I used this book in my undergraduate political economy class for a few years.)

Maskin, E. & A. Sen. 2014. *The Arrow Impossibility Theorem*. New York: Columbia University Press. (An interesting, mostly non-technical set of lectures and responses to the implications of the Condorcet Paradox and Arrow Impossibility Theorem.)



VII. Collective Action

February 20

Edgar Winter said, “C’mon and take a free ride.” So why not? What could go wrong?

Required Readings:

Olson, M. 1965. *The Logic of Collective Action*. Cambridge: Harvard University Press. Preface, Intro, and Chapters I, II and V.⁶

Munger, M.C. & K.M. Munger. 2015. *Choosing in Groups: Analytical Politics Revisited*. Cambridge: Cambridge University Press. Chapter 9.

Taylor, M. 1987. *The Possibilities of Cooperation*. Cambridge: Cambridge University Press. Chapter 2. (online)

Ellickson, R. 1991. *Order without Law: How Neighbors Settle Disputes*. Cambridge: Harvard University Press. Chapters 2-3 and 9-10. [*]

Digging Deeper (Optional Readings):

Although a common subject of inquiry for scholars from time immemorial, collective action theory as a specialized field of focus has exploded as a cottage industry since Olson. See the “Digging Deeper” readings in Week VIII for where the field has gone.

⁶ My edition has a preface from 1971. Your edition may be different, either with no preface or multiple prefaces. Reading the preface is not critical, but it does provide insight into the profession.

VIII. Collective Action II

February 27

Where we learn that coming together may mean keeping people away, or arranging our chairs in circles!

Readings:

Hardin, R. 1971. "Collective Action as an Agreeable n-Prisoner's Dilemma Game." *Behavioral Science* 16: 472-81.

Axelrod, R. 1981. "The Emergence of Cooperation among Egoists." *American Political Science Review* 75 (2): 306-18.

Schelling, T. 1973. "Hockey Helmets, Concealed Weapons, and Daylight Savings: A Study of Binary Choice with Externalities." *Journal of Conflict Resolution* 17 (3): 381-428.

Granovetter, M. 1978. "Threshold Models of Collective Behavior." *American Journal of Sociology* 83 (6): 1420-43.

Iannaccone, L.R. 1992. "Sacrifice & Stigma: Reducing Free-riding in Cults, Communes, and Other Collectives." *Journal of Political Economy* 100 (2): 271-91.

Chwe, M. 1998. "Culture, Circles, and Commercials: Publicity, Common Knowledge, and Social Coordination." *Rationality and Society* 10: 47-75. [*]

Hechter, M., D. Friedman, & M. Appelbaum. 1982. "A Theory of Ethnic Collective Action." *International Migration Review* 16 (2): 412-34. [*]

Storr, V.H. & S. Haeffele-Balch. 2012. "Post-disaster Community Recovery in Heterogeneous, Loosely Connected Communities." *Review of Social Economy* LXX (3): 295-314. [*]



Digging Deeper (Optional Readings):

Lichbach, M.I. 1995. *The Rebel's Dilemma*. Ann Arbor: University of Michigan Press. (Ostensibly a book about applying collective action theory to revolutions, this book is really a summary of the wide varieties of [mostly] rationalist explanations of cooperation that can apply to any group.)

Axelrod, R. 1984. *The Evolution of Cooperation*. New York: Basic Books. (The expanded version of the APSR article.)

Hechter, M. 1987. *Principles of Group Solidarity*. Berkeley: University of California Press. (One of Prof. Gill's favorite sociologists who used to be at the UW.)

Chong, D. 1991. *Collective Action and the Civil Rights Movement*. Chicago: University of Chicago Press. (One of Prof. Gill's favorite books that used to be on his undergraduate political economy syllabus.)



IX. Econ Theories of the State: Pluralism (& Rent Seeking)

March 5

Is the state a neutral playground? Is it all just rent we seek?

Required Readings:

- Olson, M.** 1965. *The Logic of Collective Action*. Cambridge: Harvard University Press. Chapter IV-A pp. 98-102.
- Becker, G.** 1983. "A Theory of Competition among Pressure Groups for Political Influence." *The Quarterly Journal of Economics* 98 (3): 371-400. [*] (At a minimum, skim this article fast for the main point.)
- Buchanan & Tullock.** *Calculus of Consent*. Chpts. 19-20.
- Stigler, G.J.** 1971. "The Theory of Economic Regulation." *Bell Journal of Economics and Management Science* 2 (1): 3-21.
- Peltzman, S.** 1976. "Toward a More General Theory of Regulation." *Journal of Law and Economics* 19
- Krueger, A.O.** 1974. "The Political Economy of the Rent-seeking Society." *American Economic Review* 64 (3): 291-303.
- Bastiat, F.** "[A Petition from the Manufacturers of Candles ...](#)" (Click hyperlink.)
- Wittman, D.** 1989. "Why Democracies Produce Efficient Results." *Journal of Political Economy* 97: 1395-424.
- Yandle, B.** 1983. "Bootleggers & Baptists: The Education of a Regulatory Economist." *Regulation* 7: 12-16.
- Yandle, B.** 1999. "Bootleggers and Baptists in Retrospect." *Regulation* 22 (3): no pages listed. [*]
- Niskanen, W.A.** 1975. "Bureaucrats and Politicians." *Journal of Law and Economics* 18 (3): 617-44. [*]
- Marvel, H.P.** 1977. "Factory Regulation: A Reinterpretation of Early English Experience." *Journal of Law and Economics* 20 (2): 379-402. [*]
- Hoffer, A.J., W.F. Shugart III & M.D. Thomas.** 2014. "Sin Taxes and Sindustry: Revenue, Paternalism, and Political Interest." *The Independent Review* 19 (1): 47-64. [*]

Digging Deeper (Optional Readings):

- Bastiat, F.** 2012. *The Collected Works of Frederic Bastiat*, edited by Jacques de Guenin. Indianapolis: Liberty Fund. (Although writing for only a short span of time during the upheavals of the mid-19th century France, Bastiat is perhaps the wittiest political economist to ever have lived and foresaw the rent-seeking nature of representative democracy. He is best known for "[A Petition from the Manufacturers of Candles...](#)" and "[What Is Seen and What Is Not Seen](#)." However, "[The War against Chairs of Political Economy](#)" rings stingingly true for our profession today as it did back then.)
- Riker, W.** 1962. *The Theory of Political Coalitions*. New Haven: Yale University Press. (Well before the Next Generation, William Riker was a political economist with an eye towards pluralism.)
- McCormick, R.E. & R.D. Tollison.** 1981. *Politicians, Legislation, and the Economy: An Inquiry into the Interest-Group Theory of Government*. Boston: Martinus Nijhoff. (Pluralism and rent-seeking.)
- McChesney, F.S.** 1997. *Money for Nothing: Politicians, Rent Extraction, and Political Extortion*. Cambridge: Harvard University Press. (Look at those yo-yos, that's the way you do it.)
- Niskanen, W.A.** 1971. *Bureaucracy and Representative Government*. Chicago: Aldine-Atherton. (Bureaucracy is an interest group, or "special interest," that we rarely consider as a lobbying force.)

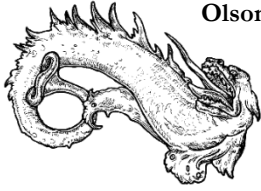


X. Economic Theories of the State: Contractarian & Predatory

March 12

Does the state have an interest? And can it be contained?

Required Readings:



Olson, M. 1965. *The Logic of Collective Action*. Cambridge: Harvard University Press. Chapter IV-B and C pp. 102-10.

Buchanan, J. *The Limits of Liberty*. Preface, Chpts. 1-4, 6, and 8.

Tilly, C. 1985. "War Making and State Making as Organized Crime." In *Bringing the State Back In*, P. Evans, D. Rueschmeyer, and T. Skocpol, eds. Cambridge: Cambridge University Press.

Levi, M. 1981. "The Predatory Theory of Rule." *Politics & Society* 10: 431-65. [*]

Olson, M. 1993. "Dictatorship, Democracy, and Development." *American Political Science Review* 87 (3): 567-76.

Digging Deeper (Optional Readings):

Hayek, F.A. 2011 [1960]. *The Constitution of Liberty*. Chicago: University of Chicago Press.

Mueller, D.C. 1996. *Constitutional Democracy*. Oxford: Oxford University Press.

Brenan, H.G. and J.M. Buchanan. 1985. *The Reason of Rules*. Cambridge: Cambridge University Press.

XI. Whacky Applications of Economics

Exam Week (TBD)

It ain't just about money so use your imagination.

Optional Readings (Choose 2 of the following articles to read and report on):



Allen, D.W. & C. Reed. 2006. "A Duel of Honor: Screening for Unobservable Social Capital." *American Law and Economics Review* 8: 81-115. (Two princes make a dynamic duel.)

Berndt, C.E.H. 2007 "Hostile Territory: High Tension Religion and the Peddler" *American Journal of Economics and Sociology* 66 (5): 1005-28. (Why people might really like the people they hate.)

Bikhchandani, S. D. Hirschleifer, & I. Welch. 1998. "Learning from the Behavior of Others: Conformity, Fads, and Informational Cascades." *Journal of Economic Perspectives* 12 (3): 151-70. (Economics can't explain preference formation? Nonsense!)

Escalante, E.E. & R.J. March. 2019. "Fighting on Christmas: Brawling as Self-Governance in Rural Peru." *Journal of Institutional Economics* (online version): 1-14. (Fighting for peace? Makes sense!)

Gill, A. 2018. "An Economic and Pedagogical Defense of Tipping." *Journal of Private Enterprise* 33(1): 79-102. (Another paper on gifting w/ M. Thomas may also be "presented." Stay tuned.)

Leeson, P.T. 2012. "God Damn: The Law and Economics of Monastic Malediction." *Journal of Law, Economics, and Organization* 30 (1): 193-216. (Who said cursing is bad for your soul?)

Leeson, P.T. 2013. "Vermin Trials." *Journal of Law and Economics* 56: 811-36. (We often poke fun of lawyers for being dirty rats, but wait until you see some of their clients!)

Leeson, P.T. 2014. "Human Sacrifice." *Review of Behavioral Economics* 1: 137-65. (Yep, this is an article about how human sacrifice is rational. Yep, seriously. No, I'm not kidding. Really.)

McCloskey, D. 1991. "The Prudent Peasant: New Findings on Open Fields." *The Journal of Economic History* 51 (2): 343-55. (A scattered analysis of insurance. A paper that influenced Prof. Gill's thought process.)

Richardson, G. 2005. "Craft Guilds and Christianity in Late Medieval England: A Rational Choice Analysis" *Rationality and Society* 17: 139-189. (Of pewter and plagues and all time horizons shortened.)

Skarbek, D. 2011. "Governance and Prison Gangs." *American Political Science Review* 105 (4): 702-16. (If you practice human sacrifice today, you might get arrested. As such, here's a self-help guide on how to establish property rights in prison.)

Subrick, J.R. 2018. "The Political Economy of Black Panther's Wakanda." SSRN Working Paper 3129750. (You will "marvel" at where political economy appears.)





The Legal (& Other) Stuff

DISABILITY ACCOMMODATIONS

If you would like to request academic accommodations due to a disability, please contact Disability Resources for Student, 011 Mary Gates Hall, 206-543-8924 (V/TDD). If you have a letter from DRS indicating you have a disability that requires academic accommodations, please notify the professor within the first week of class so that adequate time can be devoted to meeting your accommodations

RELIGIOUS ACCOMMODATIONS

Washington state law requires that UW develop a policy for accommodation of student absences or significant hardship due to reasons of faith or conscience, or for organized religious activities. The UW's policy, including more information about how to request an accommodation, is available at [Religious Accommodations Policy](#). Accommodations ***must be requested within the first two weeks*** of this course using the [Religious Accommodations Request Form](#).

INCOMPLETE GRADES

Incomplete grades may only be awarded if you are doing satisfactory work up until the last two weeks of the quarter. Undergraduate students must not register for courses in which they have received an "incomplete," since a grade earned in a repeat course will not be recorded as an "incomplete" conversion grade. To obtain credit for the course, an undergraduate student must convert an Incomplete into a passing grade no later than the last day of the next quarter. An "incomplete" not made up by the end of the next quarter (summer excluded) will be converted to the grade of 0.0 by the Registrar unless the instructor has indicated, when assigning the "incomplete" grade, that a grade other than 0.0 should be recorded if the incomplete work is not completed. The original "incomplete" grade is not removed from the transcript. Students are responsible for knowing important registration and financial aid deadlines when scheduling make-up work for the incomplete. The professor will need at least one week's time to schedule make-up exams or assignments for incompletes.

RESOURCES FOR MENTAL HEALTH

Questions on mental health resources should be directed to the [UW Counseling Center](#). This website contains a list of helpful resources.