

*Programa del curso/Course Syllabus:
Análisis de las Decisiones Públicas/ Public Choice*

Valor académico: 3 UMA,s (45 horas presenciales)

Código: R2ANDEP

Semestre V, Año III

Professor: Carroll Ríos de Rodríguez (crios@ufm.edu)

Course description:

This course introduces students to classic and contemporary concerns in Public Choice Theory. Public Choice Theory provides students with an alternative theoretical tool to interpret collective decision-making: in groups, society, and above all, politics. Humans are social beings. Politics impacts on the lives of the individuals who are members of a given social group, even on those who do not participate in the decision making process. This theoretical framework is helpful to understand social and political events in Guatemala.

Some of the questions that interest us are:

- **What is the difference between individual and collective decision-making?**
- **How do people behave when they participate in a collective decision?**
- **What incentives do decision makers encounter in different circumstances?**
- **How do rules impact on the quality of the decision?**
- **Can we improve the results obtained in collective decision-making?**

These questions triggered the Public Choice revolution. It has been described as a “research program”, a theory and a school. During the 1950s, scholars began to independently explore these questions, from various disciplines. They were brought together by James M. Buchanan and Gordon Tullock in Virginia, to discuss their common concerns and give shape to the research program. James Buchanan, Gordon Tullock, Mancur Olson, Anthony Downs, William Riker and others decided to label their interest as studies into “non-market decision-making”. This title was soon substituted for Public Choice, a catchier phrase, although it is still not descriptive of all the questions that intrigue this group of academics.

Two common definitions are:

1. The application of the scientific tools of economic analysis to the domain of politics and collective decision-making in general.
2. The study of government failure.

Public Choice analysis puts forth a positive (realistic), not normative (judgemental), diagnosis of the collective decisions made by individual, rational actors. It detects instances where decisions are sub-optimal, failures, due to the incentives determining the decision. Results in the political arena are measured with the same criteria applied to the economic arena: the concept of efficiency. This is a vibrant, dynamic branch of economics that continues to develop and expand.

Course objectives:

1. General:

- **Analyze the underlying premises of Public Choice Theory**
- **Comprehend the main insights of Public Choice Theory**
- **Understand how Public Choice Theory relates to other disciplines**
- **Understand the solutions congruent with the Public Choice diagnosis**

2. Specific:

- **Identify the main authors associated with Public Choice Theory and their contributions to the research program**
- **Understand the historical evolution of Public Choice Theory**
- **Apply Public Choice methodologies to Guatemalan realities**

Student profile at the end of course:

Student will be conversant in Public Choice Theory. He or she will be able to apply the concepts learned to different contexts and circumstances, and also compare and contrast this perspective with more traditional political science theories. Critical thinking and active discussion is encouraged.

Course methodology:

We will combine different pedagogies, ranging from the traditional lectures, to group work, debates, class exercises, audiovisual support, student presentations and guest speakers. We will reap better results when students come to class prepared.

Syllabus:

	Date	Topic	Readings (+ = recommended, not required)
1	ENE. JAN. 10	Why do I need to know Public Choice? Course description, class rules	<i>Class dynamic: Democracy, Populism and Citizenship</i> <i>Self-Evaluation: Do I remember the principles of economics?</i> (Use the Marginal Revolution University online course Principles of Economics: Microeconomics, http://www.mruniversity.com/courses/principles-economics-microeconomics) +Randall Holcombe (RH), “Introduction”, Advanced Introduction to Public Choice (2016), pp. 3-12
2	12	MARKET FAILURE Map of different schools in economics	Joseph Stiglitz, “Market Failure”, Economics of the Public Sector, pdf (MIU) +Video: Cowen, Tyler, “¿Cuándo es problema el fracaso de mercado?”, conferencia dictada en el I Seminario Interuniversitario, 2003. http://www.newmedia.ufm.edu/cadepcowenmercado
3	17	Class discussion	
4	19	Public Goods Critical perspective of public goods	Ronald H. Coase, “The Lighthouse in Economics”, MIU +Benegas Lynch, Alberto, “Bienes públicos, externalidades y los free-riders: el argumento reconsiderado” MIU
5	24	Self-regulation and governing the commons	Peter Boettke, “Is the only form of “Reasonable Regulation” Self-Regulation”, <i>Living Economics</i> , p. 159-171, fotocopia

			Video en clase: Elinor Ostrom, Premio Nobel, http://www.youtube.com/watch?v=ByXM47Ri1Kc&feature=related
6	26	Class discussion	James M. Buchanan, "Politics without Romance", http://www.montana.edu/hfretwell/documents/332/buchananpublicchoice.pdf
7	31	AGGREGATING VOTER PREFERENCES The Politics of Left and Right	RH, pg. 13-23
8	FEB. 2	Case study: Multiparty systems	
9	7	Institutions: proportional vs. plurality; parliamentary vs. presidential	RH, pg. 24-31; Movie clip: Monty Python and the Holy Grail CGP Grey, First past the post, https://www.youtube.com/watch?v=s7tWHJfhiyo and other videos
10	9	Case study: Instant Run-off Voting	
11	14	Political strategy: turnout and the distribution of preferences	RH, pg. 32-39
12	16	Democracy, from a political and economic standpoint	Video: ¿Cómo sería Guatemala si fuera una República?, Producido por MCN https://www.youtube.com/watch?v=HePqzQ0U5ME
13	21	Multidimensional issue space	RH, pg. 40-49
14	23	Why do people vote? Rational ignorance, expressive voting, rational irrationality	RH, pg. 50-58

15	28	MIDTERM/PARCIAL	
16	MAR.2	DESIGNING PUBLIC POLICY Transaction costs and political exchange	Randy Simmons, Beyond Politics, "Pathological Politics", Chapter 4, pg. 85-110, photocopies. RH, pg. 63-71
17	7	Exercises: Applications of Coase theorem	
18	9	Political markets: interest groups, rent-seeking and regulatory capture	RH, pg. 73-83
19	14	George Stigler and Chicago's Public Choice School	Stigler, "The Theory of Economic Regulation", MIU
20	16	More on rent seeking	Steven Brill, "On Sale: Your Government. Why Lobbying Is Washington's Best Bargain", <i>TIME Magazine</i> , 12 de julio, 2010, http://www.time.com/time/magazine/article/0,9171,2001015,00.html
21	21	Bureaucracy	RH, pg. 85-93 Ludwig von Mises, <i>Bureaucracy</i> (Introduction, Profit Management and Bureaucratic Management), 1944. (Photocopies and online copies available.)
22	23	Class exercise	Movie clip: "The Pentagon Wars"
23	28	Political organization: districts, committees, and institutional design	RH, pg. 94-105
24	30	Case study: decentralization	Charles Tiebout, "A Pure Theory of Local Expenditures", MIU
25	APR. 4	Political entrepreneurship	RH, pg. 106-120 Robert Tollison & Richard Wagner, "Romance, Realism and Economic Reform", <i>KYKLOS</i> , 1991 (MIU)

26	6	Case study: the telecom revolution in Guatemala	Ibárgüen, Giancarlo, et. al., "Property Rights to Radio Spectrum in El Salvador and Guatemala: An Experiment in Liberalization", GMU paper, 2006, MIU
27	18	CONSTITUTIONAL DESIGN Constitutional and post-constitutional decision making	Mauricio García-Villegas, "Law as Hope: Constitution and Social Change in Latin America" (2002), https://www.academia.edu/20110701/Law_as_hope RH, pg. 121-129 +Colorado's Taxpayers Bill of Rights (TABOR)
28	20	Interest groups and constitutional evolution	RH, pg. 130-136
29	25	A closer look at James M. Buchanan	Peter Boettke, "James M. Buchanan and the Rebirth of Political Economy", <i>Living Economics</i> , p. 241-261, fotocopia
30	27	The Calculus of Consent and The Reason for Rules	Niclas Berggren, The Calculus of Consent at 50: Insights for Liberalism, MIU
31	MAYO 2	Checks and balances: elites and masses	RH, pg. 138-143
32	4	Student Presentations	
33	9	Student Presentations	
34	11	CONCLUSIONS, Q&A	

Grades:

The following criteria will factor into the final grade:

Participation in class discussions	10%
Quizzes, homework, graded class work	15%
Research project	
-Oral presentation and first draft	15%
-Second draft with incorporated corrections	15%
Midterm	15%
Final exam	30%
TOTAL	100%

Honesty:

Absolute academic honesty is required when completing exams and when writing research projects. Any suspicion of plagiarism or fraud will be treated with severity in accordance with UFM's established rules.

Bibliography:

*** Basic:**

Randall Holcombe, *Advanced Introduction to Public Choice*, Edward Elgar Publishing, 2016

Peter Boettke, *Living Economics, Yesterday, Today and Tomorrow*, Independent Institute/Universidad Francisco Marroquín, 2012