

**Programa del curso/Course Syllabus:
ANÁLISIS DE LAS DECISIONES PÚBLICAS/PUBLIC CHOICE**

***Valor académico: 3 UMA (45 horas presenciales)
Código: AEDEP
Semestre III, Año II***

Professor: Cristian Álvarez (cristian@ufm.edu)

Course description:

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

Some of the questions that will 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 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 explore these questions independently and from various disciplines. They were brought together by James M. Buchanan and Gordon Tullock in Virginia to discuss their common concerns and to give shape to the research program. James Buchanan, Gordon Tullock, Mancur Olson, Anthony Downs, William Riker, and others decided to label their interest as the study of “non-market decision-making.” This term was soon substituted by “Public Choice,” a catchier phrase, although it still does not describe all the questions that interest 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 governmental 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 or failures, due to the incentives determining the decision. Results in the political arena are measured with the same criteria applied to the economic arena, that is, 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 Public Choice diagnostics.

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 by the end of course:

The student will be conversant in Public Choice Theory. He or she will be able to apply the concepts learned to different 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 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:

	TEMA	LECTURAS
14	Concept of Governance. Self-regulation and governing the commons.	Peter Boettke, “Is the only form of “Reasonable Regulation” Self-Regulation”, <i>Living Economics</i> , p. 159-171, Interview with Eleonor Ostrom
16	Analysis and solutions to the problem of public goods	Ronald H. Coase, “The Lighthouse in Economics”, MIU
	Critical perspective of public goods	
21	Institutions: proportional vs. plurality; parliamentary vs. presidential	RH, pg. 24-31
23	Political strategy: turnout and the distribution of preferences	RH, pg. 32-39
28	Multidimensional issue space	RH, pg. 40-49
2	Case study: Instant Run-off Voting	Research and group presentations
	MIDTERM/PARCIAL	VIRTUAL

7	Why do people vote? Rational ignorance, expressive voting, rational irrationality	RH, pg. 50-58
9	DESIGNING PUBLIC POLICY	Randy Simmons, <i>Beyond Politics</i> , “Pathological Politics”, Chapter 4, pg. 85-110, photocopies.
	Transaction costs and political exchange	RH, pg. 63-71
14	Exercises: Applications of Coase theorem INTERNAL AND EXTERNAL MARKET PROCESSES	COASE THEOREM
16	Political markets: interest groups, rent-seeking and regulatory capture	RH, pg. 73-83
21	George Stigler and Chicago’s Public Choice School	Stigler, “The Theory of Economic Regulation”, MIU
23	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
28	RENT-SEEKING BEHAVIOUR AS A MODEL FOR ANALYSIS	CHAPTERS 1 AND 2
30	RENT-SEEKING AS A FACTOR IN GUATEMALAN SOCIETY	CLASSROOM PRESENTATIONS
4	Bureaucracy	RH, pg. 85-93

6	ECONOMIC CALCULATION AND BUREAUCRACY	Ludwig von Mises, <i>Bureaucracy (Introduction, Profit Management and Bureaucratic Management)</i> , 1944. (Photocopies and online copies available.)
18	Political organization: districts, committees, and institutional design	RH, pg. 94-105
20	Political entrepreneurship	RH, pg. 106-120
	REFORM	Robert Tollison & Richard Wagner, “Romance, Realism and Economic Reform”, <i>KYKLOS</i> , 1991 (MIU)
25	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	CONSTITUTIONAL DESIGN	Mauricio García-Villegas, “Law as Hope: Constitution and Social Change in Latin America” (2002), https://www.academia.edu/20110701/Law_as_hope
	Constitutional and post-constitutional decision making	RH, pg. 121-129
2	Interest groups and constitutional evolution	RH, pg. 130-136
4	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
9	The Calculus of Consent and The Reason for Rules	Niclas Berggren, <i>The Calculus of Consent at 50: Insights for Liberalism</i> , MIU
11	Checks and balances: elites and masses	RH, pg. 138-143

Grades:

The following criteria will factor into the final grade:

Participation in classroom activities	20%
Quizzes	20%
Research project	
Oral presentation and first draft	10%
Second draft with incorporated corrections	15%
Essays	15%
Two exams	20%
TOTAL	100%

Honesty:

Absolute academic honesty is required when completing exams and when writing research projects. **Any suspicion of plagiarism or fraud will be subjected to a severe formal process 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.



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