Analytical Politics I:
Strategic and Theoretical Foundations

Fall 2020

THIS IS A WORKING DRAFT

Course Description This course has four objectives, three substantive and one methodological. The three major substantive themes of the course are (i) the normative foundations of policy making, (ii) how strategic interactions give rise to social dilemmas that create room for public policy to improve social welfare, and (iii) how technological, political, and institutional factors constrain policymakers and sometimes prevent good policies from being enacted.

Methodologically, the course introduces basic game theory. Game theory is the mathematical tool used to study situations of strategic interdependence, which is most of life. As such, it is a critical for understanding the substantive issues discussed above. In addition, understanding basic game theory is a valuable skill in its own right for policy professionals. It helps us predict and understand how people and organizations will behave in response to changes in the policy environment.

Course Requirements The course has three requirements: participation, problem sets, and two exams.

- **Participation** You are expected to do the readings, watch the video lectures, do the online quizzes, and attend class. Attendance at TA sessions is optional but encouraged.
- **Problem Sets** There will be five problem sets during the quarter. They are due at the beginning of class on the date indicated on the syllabus. You will have a week for each problem set. A few guidelines for the problem sets:
    - We strongly encourage you to work in a problem set group. If you work in a group, you may turn in a single problem set for the whole group. **Groups that turn in a joint problem set can be no larger than four people. If you turn in an individual problem set, it may not be identical to another student's problem set.**

    - For the sake of your heroic TAs, who check huge numbers of problem sets at a time, please write your answers to problems in a linear, concise, and readable form. This will often mean you have to rewrite your answer after solving it. Doing so is an act of kindness.

- **Exams** There will be two exams, a midterm and a comprehensive final.

TA sessions the week prior to exam will be review sessions. We will make at least one sample exam available a week prior to the exams.

Course Materials The required textbook for the course is

Ethan Bueno de Mesquita. *Political Economy for Public Policy.* Princeton University Press.

Ethan designed this book for this course, so we think it makes sense to use it. That said, he has no interest in profiting from your purchase of his book. To put his money where his mouth is, so to speak, he will donate to charity 100% of the royalties he receives from sales of this book to Chicago students. Which charity he donates to will be determined by members of the class in a way we will fill you in on during the course of the quarter. (His only rule is that he has a veto over charities that he finds personally objectionable. In this event, he will simply ask the group to choose a different charity. This has never happened.)

There are additional materials for many topics these are available on Canvas.

Grades & Grading Grading will be based on the course requirements as follows: final exam (40%), midterm exam (30%), problem sets (30%).

We will make every effort to return assignments and exams within a week.

If you believe that your grade on an assignment or exam question is incorrect or unfair, please submit your concerns in writing to the head TA *within a week of the assignment or exam being returned*. Fully summarize what you believe the problems are and why. The head TA and the TA responsible for the relevant question will respond in writing. If you still have concerns, you may submit them in writing to the professor, who will issue a final grade.

Core courses at the Harris School are graded on a rough curve. The basic target distribution is: A $[\frac{1}{8}]$, A- $[\frac{1}{4}]$, B+ $[\frac{1}{4}]$, B $[\frac{1}{4}]$, B- or lower $[\frac{1}{8}]$.

Academic Integrity The Harris School has a formal policy on academic integrity that you are expected to adhere to. Examples of academic dishonesty include (but are not limited to) turning in someone else's work as your own, copying solutions to past years' problem sets, and receiving any unapproved assistance on exams. Academic dishonesty will not be tolerated in this course. All cases of cheating will be referred to the Dean of Students office, which may impose penalties per the Harris School Disciplinary Procedures. If you have any questions regarding what would or would not be considered academic dishonesty in this course, please do not hesitate to ask.

Diversity and Inclusion Consistent with the University of Chicago's commitment to open discourse and free expression, we encourage students to respect and engage with others of differing backgrounds or perspectives, even when the ideas or insights shared may be viewed as unpopular or controversial. Thought-provoking discourse is facilitated when we not only speak freely but also to listen carefully and respectfully to others.

Course Schedule

Introduction

Week 1 – Normative Frameworks

Watch: Normative Frameworks Lecture

Read:

- Preface and Introduction to PEPP textbook.

- Charles W. Mills. 2018. "Black Radical Kantianism." *Res Philosophica* 95(1):1–33.

- Margaret Urban Walker. 2015. "Making Reparations Possible: Theorizing Reparative Justice." In *Theorizing Transitional Justice*, Claudio Corradetti, Nir Eisikovits and Jack Volpe Rotondi (eds). London: Ashgate:211–222.

Normative Foundations of Policy Making

October 3 – Normative Frameworks

Read: Introduction to Part I and Chapter 1

Recommended alternative reading: Swift, parts I–III

October 8 – Pareto Concepts

Read: Chapter 3

October 10 – Pareto Concepts and Utilitarianism

Problem Set 1 Handed Out

Read: Chapter 3

Recommended alternative reading: Itzhak Gilboa. *Rational Choice.* MIT Press, Chapter 6.4–6.5

Game Theory, Social Dilemmas, and Opportunities for Pareto Improvements

October 15 – Game Theory 1.1: Rationality, Games, and Strategy

Read: Appendix A

Recommended alternative reading: Tadelis, Chapters 1, 3, and 5.

October 17 – Game Theory 1.2: Nash Equilibrium

Problem Set 1 Due and Problem Set 2 Handed Out

Read: Appendix A

Recommended alternative reading: Tadelis, Chapters 1, 3, and 5.

October 22 – Externalities 1

Read: Introduction to Part II and Chapter 4.1–4.3

Recommended alternative reading: Shepsle, Chapters 9 and 10

October 24 – Externalities 2: Policy Interventions and the Theory of the Second Best

Problem Set 2 Due and Problem Set 3 Handed Out

Read: Chapter 4.4–4.7

October 29 – Coordination Problems

Read: Chapter 5

Recommended alternative reading: Thomas C. Schelling. 1978. *Micromotives and Macrobehavior.* W.W. Norton.

October 31 – Game Theory 2.1: Subgame Perfection

PROBLEM SET 3 DUE

Read: Appendix B.1–B.4

Recommended alternative reading: Tadelis, Chapter 7, 8

November 5 – Midterm

November 7 – Game Theory 2.2: Subgame Perfection

PROBLEM SET 4 HANDED OUT

Read: Chapter B.6–B.7

Recommended alternative reading: Tadelis, Chapter 9

November 12 – Commitment Problems

Read: Chapter 6

Recommended alternative reading: Avinash Dixit, Susan Skeath, and David H. Reily, Jr. 2009. *Games of Strategy.* W.W. Norton. Chapter 10.

November 14 – Summing Up

PROBLEM SET 4 DUE

Read: Summing Up Social Dilemmas

Technological Governance Failures

November 19 – Dynamic Inconsistency

Read: Introduction to Part III and Chapter 8

Recommended alternative reading: Daron Acemoglu and James A. Robinson. 2013. "Economics versus Politics: Pitfalls of Policy Advice." *Journal of Economic Perspectives* 27(2):173–192.

November 21 – Strategic Adjustment

PROBLEM SET 5 HANDED OUT

Read: Chapters 7

Incentive-Based Governance Failures

November 26 – Influence over Elected Officials

Read: Chapter 10

November 28 – Thanksgiving Break

December 3 – When Bad Policy is Good Politics (with applications to economic development)

PROBLEM SET 5 DUE

Read: Chapter 11.1–11.2

Recommended alternative reading:

Bruce Bueno de Mesquita, James Morrow, Randolph Siverson, and Alastair Smith. 2001. "Political Competition and Economic Growth." *Journal of Democracy* 12(1):58–72.

Daron Acemoglu and James A. Robinson. 2011. *Why Nations Fail: The Origins of Power, Prosperity, and Poverty.*

December 5 – Foreign Aid

Read: Chapter 11.3–11.4 and Summing Up

Recommended alternative reading:

William Easterly. 2002. *The Elusive Quest for Growth: Economists Adventures and Misadventures in the Tropics.* MIT Press.

Jeffrey Sachs. 2006. *The End of Poverty: Economics Possibilities for Our Times.* Penguin Books.

Bruce Bueno de Mesquita and Alastair Smith. 2011. *The Dictator's Handbook: Why Bad Behavior Is Almost Always Good Politics.* PublicAffairs.

December 10 – Final Exam (1 PM – 3:50 PM)