

**PS 101
Analytical Politics
Spring, 2008**

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To uphold the Duke Community Standard:

**I will not lie, cheat, or steal in my academic endeavors;
I will conduct myself honorably in all my endeavors; and
I will act if the Standard is compromised.**

Analytical Politics is an undergraduate seminar. It is intended to serve as a course that can be applied to the Philosophy, Politics, and Markets certificate program. It is, of course, an interdisciplinary course, but designed to be of special relevance for Political Science students.

The questions that motivate this course are those centered on the relationship between a liberal market economy and a liberal democracy. This relationship has been studied for several centuries, and we have learned a great deal about the working of the market and a fair amount about the workings of a well-established democracy. While the questions about the latter certainly trace back to the American founding (and before), only in the last half-century have social scientists developed a way to seek to answer the questions the founding fathers (and others before them) asked. In many respects, this latter development has allowed the study of democracy to “catch up” to the study of the market. We emphasize this parallelism in the structure of the course by moving for a considerable time in tandem, looking first at the market and then at the government.

The questions about how the free market and the democratic government are best to be understood are both empirical and normative. The questions can be asked in

common language forms, just as the American founding fathers did for democracy through *The Federalist Papers*, a political tract designed to win popular support (and votes at state conventions). Trying to answer these questions, however, requires precision in statement, and that has required the use of formal (that is mathematical) language. An important component of this course, then, is the use of mathematical analysis. We keep this at a fairly low level of formalization (relative to the most advanced versions, at least, but a high level for most Political Science undergraduate courses). For those not trained in and comfortable with mathematics, then, it requires some patience on your part. In particular, the amount of reading is low, in page numbers, but you will not fully learn the material unless you:

- a. Read the required readings carefully at least once or twice before class;
- b. Follow through the lecture part of this course – and ask questions;
- c. Read through the required readings at least two or three times afterwards.

Structure of the Course:

There are two parts to the structure of this course. First, it is a once-a-week seminar divided into two parts. The first half of the course is, more or less, a lecture-based presentation, working through key parts of the material for the week. This is done jointly with PS 212S Politics and Markets. (The two have parallel syllabuses, although not identical.) We then break to meet as a seminar for discussion of the material for the week.

The second part of the structure of the course is its content. We begin with a consideration of individual choice. All of the materials in this course are built on the assumption of rational choice by consumers/voters and by producers/politicians. While many of you undoubtedly understand these models already, we need to ensure that all do, and we do so, in part, using the notation that will be used in following parts of the course.

We then turn to the first parallelism. We start with markets and develop theorems of welfare economics – what gives the market its normative justification. The third and final of these theorems (Kenneth Arrow's General Possibility Theorem) is also the central theorem for developing the nature of democratic choice, and so we use that as the fulcrum result for moving to the study of majority voting. We then turn to the second parallelism, between the nature of public goods and that of collective action, the former being perhaps the most important theoretical example of market failure, the latter being a critical result for the study of participation in democracies (inter alia).

The remainder of the course traces a few other parallelisms between the study of markets and politics. One is based on Amartya Sen's theorem, "The Impossibility of Paretian Liberalism" and some of its political effects, the other two are two different looks at the political economy of institutions.

Requirements:

There will be regular problem sets, a midterm, paper, and final. The research paper is expected to develop a research problem using formal theoretic methods, and will be presented in seminar.

Readings:

The assigned readings are mostly papers available on Jstor of equivalent or on the Blackboard page for this course. We have one required text, available at the bookstore:

Johansson, Per-Olov, *An Introduction to Modern Welfare Economics* (Cambridge, UK: Cambridge University Press, 1991).

Mueller, Dennis C., *Public Choice III* (Cambridge, UK, Cambridge University Press, 2003).

Course Schedule and Readings

January 9 Introduction (note the special Wednesday meeting)

January 14 Individual Choice

Close: Hinch and Munger, chapter 1, e-reserves
Johansson, Appendix A1 and A2 (147-153), Chap. 9.7, 9.8, 10
Sen, Chapter 1, 1* (Blackboard)
Mueller, Chapter 2

Discussion: Brady and Ansolabehere, The Nature of Utility Functions in Mass
Publics

[JSTOR: American Political Science Review: Vol. 83, No. 1, p. \[143\]](#)

January 28 Choice, cont'd. – Welfare Economics 1

Required Johansson, Chapters 1-3

February 4 Welfare Economics 2

Required: Johansson, Continued
Mueller, Chapter 9

February 11 Majority Rule and Arrow

Required: Sen, 2, 2*, 3, 3* (Blackboard)

Discussion: Riker, Paradox of Voting (APSR)

[JSTOR: American Political Science Review: Vol. 52, No. 2, p. 349](#)

Hinich and Munger (book), Chapters 1-5

February 18 Arrow and Black: Implications for Politics

Required: Johansson, Chap 6.3, 6.4
Mueller, Chapters 6-7, 23-25

Feld, Grofman, Spatial Voting (AJPS)

[JSTOR: American Journal of Political Science: Vol. 31, No. 4, p. \[709\]](#)

Discussion: Riker, Disequilibrium (APSR)

[JSTOR: American Political Science Review: Vol. 74, No. 2, p. 432](#)

February 25 Markets fail, too

Required: Johansson, Chap. 5

March 3 Midterm

March 10 Spring Break

March 17 Public Goods and Collective Action

Required: Samuelson, Pure theory of Public Expenditure (RES)
[JSTOR: Review of Economics and Statistics: Vol. 36, No. 4, p. 387](#)

Olson, Mancur, TBA

Hardin, Garrett, The Tragedy of the Commons (Science)
[The Tragedy of the Commons, by Garrett Hardin \(1968\)](#)

Discussion: Hardin, Russell, Collective Action as an Agreeable "n"-Prisoners' Dilemma, *Behavioral Science*, 16:5 (1971:Sept.) p.472 (Blackboard)

March 24 Paretian Liberals and Repeated Prisoners' Dilemmas

Close: Johansson, Chapter 7.6

Sen, Impossibility of Paretian Liberal (JPE)
[JSTOR: Journal of Political Economy: Vol. 78, No. 1, p. 152](#)

Aldrich, The Dilemma of a Paretian Liberal (Public Choice)
(on Blackboard)

Axelrod, Emergence of Cooperation (APSR)
[JSTOR: American Political Science Review: Vol. 75, No. 2, p. 306](#)

March 31 Coase and Politics through Markets

Required: Johansson, Chapter 7.1, 7.2
Coase, Problem of Social Cost (J Law and Econ)
[JSTOR: Journal of Law and Economics: Vol. 3, p. 1](#)

April 7 Political Institutions, 1

Required: Coase, Nature of the Firm (Economica)
[JSTOR: *Economica*, 1937, Vol. 4, pp. 386-405](#)

Coase, Nature of Firm: Origin (JLEO)
[JSTOR: *Journal of Law, Economics, & Organization*: Vol. 4, No. 1, p. 3](#)

Coase, Nature of Firm, Meaning (JLEO)
[JSTOR: *Journal of Law, Economics, & Organization*: Vol. 4, No. 1, p. 19](#)

Alchian, Armen A., and Demsetz Harold, Production, Information
Costs, and Economic Organization, (AER)
[JSTOR: *American Economic Review*, Vol. 62, No. 5., pp. 777-795, 1972.](#)

April 14 Political Institutions, 2

Required: North and Weingast, Constitutions and Commitment (J Econ Hist)
[JSTOR: *Journal of Economic History*: Vol. 49, No. 4, p. 803](#)

Grief, et al., Coordination, Commitment and Enforcement (JPE)
[JSTOR: *Journal of Political Economy*: Vol. 102, No. 4, p. 745](#)

April 21 Student Presentations (last undergraduate class)