

Public Policy 319
Distributive Politics
Winter 2006
Professor Boris Shor
Tuesday & Thursday, 1:30-2:50
Version: March 28, 2006

Office: Room 185
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Office Hours: Friday, 12:30-2:30pm

Description This course deals with the organizational basis of public policy. The issues considered in the class include: the preferences of public actors, the relationship of various collective action dilemmas to various organizational forms, the accountability of bureaucracies, and the behavior of an organization in the context of its broader political environment (e.g., legislatures, courts, executive power, other agencies, electoral institutions).

Our point of departure is that decisions within organizations, and about the structure of organizations, are goal-directed and intelligible from the perspective of self-interested individuals. Those decisions are constrained by institutional rules, limits on available information, transaction costs, cognitive limitations, and the strategic choices of others with conflicting goals.

The theoretical framework of the class is presented in the first half, and extensions and applications are presented in the second half.

The Questions of the Course

1. Why do we have organizations and bureaucracies?
2. How should we study organizations and bureaucracies?
3. Why do organizations and bureaucracies look and behave the way they do?
4. How are bureaucracies made accountable?

Teaching Assistants The TA's for this class are Jorge Fabrega (jfabrega@uchicago.edu), Christopher Haid (haid@uchicago.edu), Stephan Whitaker (jfabrega@uchicago.edu), and Babur de los Santos (babur@uchicago.edu). Office contact information for them can be found online. They hold office hours by appointment; email them to set up a time.

Readings There is 1 required book for the class. It is available from the University of Chicago bookstore.

- Wilson, James Q. 2000. *Bureaucracy: What Government Agencies Do and Why They Do It* Basic Books.

All other assigned readings (articles and portions of books) are available electronically on the course web site.

Since the lectures are a complement, not a substitute for the readings, students need to keep up with the readings to do well and help the course succeed. The readings for a particular day need

to be done *before*, not after, the lecture for that day. You should pay particularly close attention to 1) the problem or puzzle being addressed, 2) the proposed solution to the problem, and 3) the method employed in solving the problem.¹ You will find it helpful to discuss the readings with fellow classmates.

Course Web Site The course web site is located at chalk.uchicago.edu. I will be posting readings, links, announcements, and lecture slides (after the class) onto the site. It is your responsibility to check it regularly. I will be sending important announcements through it, not by email.

Requirements There are no formal prerequisites for this course. As in PIPP 316, I presume a basic familiarity with American government.

Lectures The class will be conducted in lecture format, but questions and class participation are welcome. Your attendance is **mandatory** and very much to your advantage. Lectures will cover material both from the readings and outside of them. You are responsible for information presented in lectures and in the readings.

Exams and Quizzes

- Three Quizzes: In class, announced a week in advance
- Midterm exam: In class, May 2
- Final exam: Exam week, TBA

Memos Three memos analyzing case studies will be due as noted in the syllabus. I will drop your lowest grade at the conclusion of the class in calculating your final grade (but you must complete all three). Guidelines for the memos will be distributed in class.

TA Sessions The purposes of the TA sessions are to go over material not covered in lecture, to answer student questions on the reading and lecture material, and to engage students in discussion about the issues and applications of the course material. If you have questions about the readings and lectures, I expect you to raise them in session with your TA, before you come to my office hours. Session attendance is **mandatory** and to your advantage. Your attendance and active participation will be used as a tie-breaker to determine your final grade if it is borderline (say between an A- and a B+).

Sessions will not be held in the first week of class.

The schedule for the TA sessions is as follows:

- Thursday, 5-6pm
- Thursday, 5-6pm
- Friday, 10-11am
- Friday, 11-12pm

¹Some of the readings will have highly technical details (eg, proofs, sophisticated empirical models, etc). You will not be responsible for these.

Policies

- **Lateness.** Is frowned upon. Each day an assignment is late without a substantial excuse, a half letter grade is deducted. Please contact your TA *prior* to a late submission if you have real extenuating circumstances (illness or family/personal emergencies).
- **Incompletes.** Will be granted rarely, if at all.
- **Plagiarism.** Will result in a failing grade for the course.

Grading

- Memos = 20% (Top 2 Count Equally)
- Quizzes = 20% (Top 2 Count Equally)
- Midterm = 20%
- Final Exam = 40%

I Why Do We Have Organizations?

I.1 March 28

Why Study Organizations?

Wilson 2000, ix-xx, 3-28

Milgrom and Roberts 1992, 2-16

I.2 March 30

Cooperation and Collective Action, Large and Small

Hobbes, Leviathan, ch 13 <http://tinyurl.com/g4oh7>

Madison, Federalist 51 <http://www.constitution.org/fed/federa51.htm>

Shepsle and Bonchek 1997, 198-296

Recommended

Sandler 1992, ch 1-2

Cox and McCubbins 1993, 85-106

I.3 April 4

Delegation and Specialization

Adam Smith, The Wealth of Nations. Book 1, Chapter 1: Of the Division of Labor

<http://tinyurl.com/fqx9z>

Economy in Transaction Costs 1

Coase 1937, 386-405

Coase 1960, 1-18

Recommended

Gibbons 1999, 145-157

I.4 April 6

Economy in Transaction Costs 2

Williamson 1981, 207-249

Milgrom and Roberts 1992, 19-33

Epstein and O'Halloran 1999, 1-11, 34-51

Recommended

Milgrom and Roberts 1992, 33-39

I.5 April 6/7 - TA Session

2 Approaches to Studying Organizations

2.1 April 11

Denhardt 2004, 39-82

Allison 1969, 689-718

Bendor and Hammond 1992, 301-322

Recommended
Lindblom 1959, 79-88

2.2 April 13

Psychological
Bazerman 2006, 5-10, 13-60
Cultural
Wilson 2000, 50-71, 90-110
DiIulio 1994, 277-318

Recommended
Rabin 1998, 11-46

2.3 April 18

Rational Choice
Shepsle and Bonchek 1997, 15-35
Milgrom and Roberts 1992, 42-48
Ostrom and Ostrom 1971, 203-216

Recommended
Niskanen 1971, 36-42
North 1990, 201-207

3 Principal-Agent Theory and Transaction Cost Politics

3.1 April 20

Principal-Agent Theory 1 - Hidden Information
Levitt and Dubner 2005, 55-85
Akerlof 1970, 488-500
Spence 1973, 355-374
Alchian and Demsetz 1972, 777-795

Recommended
Jensen and Meckling 1976, 305-360
Sappington 1991, 364-378
Milgrom and Roberts 1992, 126-140
Milgrom and Roberts 1992, 140-162
Milgrom and Roberts 1992, 166-197

Assignment
Read Kennedy School Case: "Contracting for Human Services". Case analysis memo due to your TA in session April 27/28, and by eChalk dropbox submission by the same time.

3.2 April 20/21 - TA Session

3.3 April 25

Principal-Agent Theory 2 - Public Bureaucracies

Moe 1984, 739-777
Wilson 2000, 154-179
Brehm and Gates 1993, 555-581
Of the Expense of the Institutions for the Education of Youth by Adam Smith
<http://tinyurl.com/148v4>

3.4 April 27

Transaction Cost Politics

Moe 1995, 116-151
Dixit 1996, 37-107

Recommended

Weingast and Marshall 1988, 132-163

3.5 April 27/28 - TA Session

3.6 May 2

In-class Midterm

4 Influence, Control and Accountability

4.1 May 4

Evaluation, Pay, and Performance

Levitt and Dubner 2005, 89-114
Milgrom and Roberts 1992, 388-421
Wilson 2000, 137-154
Dixit 2002, 696-727

Recommended

Lazear 1991, 89-110
Milgrom and Roberts 1992, 206-236
Gibbons 1998, 115-132

Assignment

Read Kennedy School Case: Merit pay at the Department of Health. Case analysis memo due to your TA in session May 11/12, and by echalk dropbox submission by the same time.

4.2 May 4/5 - TA Session

4.3 May 9

Interest Groups and Bureaucracy

Wilson 2000, 72-90
Stigler 1971, 3-21
Moe 2005, 1-29

4.4 May 11

Organization and Public Schools

Chubb and Moe 1990, 26-68

Dee, Thomas and Benjamin Keys, "Dollars: What a Tennessee Experiment Tells Us About Merit Pay", *Education Next*, Winter 2005

Levitt and Dubner 2005, 26-37

Recommended

4.5 May 11/12 - TA Session

4.6 May 16

Bureaucracy and Congress

Weingast 2005, 312-338

Wilson 2000, 235-256

Arnold 1979, 95-129

Recommended

Moe 1989, 267-329

4.7 May 18

Political Control - Ex Post and Ex Ante

Shipan 2005, 432-454

McCubbins and Schwartz 1984, 165-179

Weingast and Moran 1983, 765-800

Administrative Procedures

McCubbins, Noll and Weingast 1987, 243-277

Recommended

McCubbins 1989, 431-482

Assignment

Kennedy School Case: "US Forest Service Champions Bottom-Up Management." Case analysis memo due to your TA in session May 25/26, and by echalk dropbox submission by the same time.

4.8 May 18/19 - TA Session

4.9 May 23

Case Discussion - Mike Pertschuk and the FTC

Tradeoffs

Bawn 1995, 101-126

Huber and Shipan 2002, 1-13, 109-139

4.10 May 25

Ferejohn and Shipan 1990, 1-20

Political Control - Presidents

Wood 1988, 213-234

Moe 1985a, 235-271

Wilson 2000, 257-276

Political Control - Courts

Wilson 2000, 277-294

Melnick 2004, 89-104

Recommended

Moe 1985b, 1094-1116

4.11 May 25/26 - TA Session

4.12 May 30

Organizational Redundancy and Reliability

Landau 1969, 346-358

Heimann 1993, 421-435

Wilson 2000, 179-195

Recommended

Ting 2003, 274-292

4.13 June 1

Reforms and the Future

Wilson 2000, 315-333, 346-378

Reynolds 2006, TBA

Hoxby 2004, 1-21

5 The End

5.1 June TBA - TA Session. Final exam review

5.2 June Exam Week - Final Exam. Date TBA

References

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