

**Department of Politics & Woodrow Wilson School
Graduate Program
Princeton University**

**WWS 527b & POL 542
Analyzing Political Institutions I: Concepts and Tools**

Wednesdays 1:30-4:20
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Location TBA

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I. Introduction

This course is the first half of a two-semester sequence devoted to studying political institutions (e.g., electoral systems, political parties, legislatures, public bureaucracies, presidents and prime ministers, judiciaries, interest groups). The first semester emphasizes concepts and tools that collectively provide a unified approach for analyzing political organizations of all kinds. The second semester, “Analyzing Political Institutions II: Classics and Controversies” examines constitutions, legislatures, executives, bureaucracies, and judiciaries in more depth, emphasizing classic writings and contemporary research controversies. These classes are joint between the Woodrow Wilson School and Politics Department. Within the Politics Department, they are listed in the subdiscipline American politics and accordingly, many of the applications will be from the American politics literature. We made efforts, however, to include at least one comparative reading in most weeks (and sometimes there are more than one). The purpose of doing so is threefold: first, we hope that students in comparative and international politics will take the class; second, we believe that Americanists will gain a better conceptual and theoretical understanding of institutions if they are forced to think about them comparatively; and finally (and correspondingly), some of the most interesting research in institutions assesses them comparatively across political units.

Each semester in sequence is free-standing. Students may take either part separately. A student who takes both semesters, however, will acquire a cutting-edge knowledge of the new institutionalism, understand much of the classic and contemporary research on political institutions, jump to the fast-track to general exam preparation, and (we hope) move more quickly from student to research scholar.

The course is intended primarily for first- and second-year doctoral students in public policy, political science, and political economy. More advanced students will find much of interest, however. Others should discuss the course with the instructors to make sure that it is appropriate for their interests.

Background and Prerequisites

We do not assume any prerequisites except an open mind and a willingness to work hard. Much of the material in this course is too new, too advanced and in some cases too controversial to have entered standard textbooks in political science. Necessarily, then, we rely on research articles to supply many of the readings. Some of these articles are written entirely in prose, some use statistics, and some use game theory. Students who have taken methods and game theory should find all of the articles thoroughly accessible. We realize that students at the beginning of their graduate careers may find some of them tough going.

Don't despair! To help you get started, we have scheduled three "Cliff Notes" lectures in conjunction with Politics 521 (Introduction to Comparative Politics): "How To Read A Formal Model," "How to Read and Critique a Regression Analysis," and "Research Design for Dummies." Dates and locations will be determined early in the semester. These lectures are no substitute for serious training in methods but should help novices jump into the deep end of the pool.

Class Organization, Student Requirements, & Grading

The class is divided into three parts. Part I discusses introductory issues including why one should study institutions, why political institutions exist, and decision-making within institutions.

Part II introduces analytic tools that are commonly used to develop theories about institutions. These classes will adopt an unconventional format to ensure that students can do the readings. In the first hour (to hour and a half) of class students (and depending on the enrollment, faculty) will present readings illustrating the topic *from the previous week*, as applied to a significant political institution (legislature, executive, court, etc.). The discussion leader should explicitly elaborate the link between the application and the previous week's lecture and readings. In addition, she should evaluate the application on the basis of theory and evidence. The discussant's colleagues are expected to play an active role in the discussion. Then, in the second portion of the class, the instructors will introduce the next topic via a lecture. Each student is expected to present two readings over the course of the semester.

Part III, entitled "Historical and Empirical Issues," advances into second-semester material that is particularly relevant for the application of the analytic tools that have been introduced. In particular, we will discuss ways one can develop theories of institutional development, as well as challenges to the testing of theories. In these weeks, we will return to the traditional "one topic per week" format.

The requirements of the class consist of the above-described presentations, class participation, and *either* a take-home written examination (comprised of short essays) or a research paper. The

research paper would satisfy the first-year writing requirement. Class participation may include one-page writing assignments to be graded pass-fail (completed/not completed).

The distribution of grading is as follows: Research paper or take home exam 35%; class participation 40%; and the two in-class presentations 25% (12.5% each).

Availability of Readings

Everything that can be placed on-line will be available via Blackboard.

Other readings will be available via a short packet, which will be on reserve at Stokes as well as available for purchase.

Students with no background in game theory may want to consult Martin J. Osborne, *Introduction to Game Theory*. The book is intended for 3rd and 4th year undergraduates (as well as graduate students) who have no background in formal theory. We will place this reading on reserve.

II. Class Schedule and Syllabus

Part I: Introduction

1. Why Study Political Institutions? 9/21

Main themes: Political institutions shape policy outcomes. Arrow's theorem indicates there cannot be a single "best" set of institutional arrangements. Yet at the same time, economic growth, human rights, and the provision of public goods appear to be associated with specific institutional arrangements.

Peruse for substantive overview, but not for technical details:

1. Tim Besley and Anne Case, "Policy Institutions and Policy Choices: Evidence from the United States," *Journal of Economic Literature*, March 2003, v. 41(1): 7-73.
2. Acemoglu, Daron, Simon Johnson and James A. Robinson. 2004. "The Rise of Europe: Atlantic Trade, Institutional Change and Economic Growth."
http://www.people.fas.harvard.edu/~7Ejrobins/researchpapers/unpublishedpapers/jr_han_dbook9sj.pdf
3. Rafael La Porta, Florencio Lopez-de-Silanes, Cristian Pop-Eleches, and Andrei Shleifer, "Judicial Checks and Balances," *Journal of Political Economy*. 2004.
4. Adam Przeworski. "Institutions Matter?" *Government and Opposition* Volume 39 Issue 4 Page 527 - September 2004
5. McCarty and Meirowitz on Arrow's Theorem (handout)

2. Why Are There Political Institutions Anyway? 9/28

Main themes: Decentralized norms (or “culture”) can solve commitment and other problems in small, static societies. But decentralized norms break down or become inefficient in large dynamic ones. Institutions then become critical in solving social dilemmas. Institutions are also the structural mechanism used by political winners to coerce political losers.

1. Moe, Terry M. 1990. “Political Institutions: The Neglected Side of the Story.” *Journal of Law, Economics and Organization* 6: 213-53.
2. Milgrom, Paul R., Douglass C. North and Barry Weingast. 1990. "The Role of Institutions in the Revival of Trade: The Medieval Law Merchant, Private Judges, and the Champagne Fairs" (with Paul R. Milgrom and Douglass C. North) *Economics and Politics* 2(March): 1-23.
3. Shepsle, K. 1991. “Discretion, institutions and the problem of government commitment”, in P.Bordieu y J.Coleman (eds.), *Social Theory for a Changing Society*. Boulder: Westview Press.
4. Robert Gibbons, “Lecture Note 2: Relational Contracts” sections 1-3 [the basic idea of culture/norms as equilibria in a repeated game]
5. Dixit, *Lawlessness and Economics*. Chapter 1.

3. Decision-making 10/5

Main themes: What assumptions are appropriate for individual decision-making within organizations? We consider rational choice, boundedly rational choice, strategic decision-making, and prospect theory.

1. Allison, Graham T. 1969. "Conceptual Models and the Cuban Missile Crisis." *American Political Science Review* 63 (3): 689-718.
2. Bendor, Jonathan, and Thomas H. Hammond. 1992. "Rethinking Allison's Models." *American Political Science Review* 86 (2): 310-22.
3. Reading on Gibbard-Satterthwaite. (McCarty and Meirowitz handout)
4. Reading on Prospect Theory (McCarty and Meirowitz handout)
5. March, James and Herbert Simon. 1958. "Cognitive Limits on Rationality," Chapter Six in *Organizations*. New York: Wiley, pp. 136-171.

The class now shifts into the format it takes for the remainder of the semester. In particular, each three hour seminar is divided into two sessions. In part 1, we discuss applications of the theoretical readings from the previous week. In part 2, we move on to new theoretical material, which will be presented via a lecture by the faculty. The purpose of organizing the class this way is to give students an introduction to the general theoretical concepts before asking them to take on the applied readings.

4. Applications of Decision-Making 10/12

1. Arnold, *Logic of Congressional Action*. Chapters 1-4 (pages 3-88)
2. Bendor, Jonathan and Terry M. Moe. 1985. “An Adaptive Model of Bureaucratic Politics.” *American Political Science Review* 79 (3): 755-774. (Don't worry about the appendix, but read the main text, focusing on the use of bounded rationality)

Part II. Analytic Tools

5. Basic Voting Theory 10/12

Main themes: What makes political preferences different from economic ones? How do we represent political preferences? In this section, we introduce the median voter theorem as well as ideal point estimation.

1. McCarty and Meirowitz on median voter theorem (handout).

6. Applications of Voting Theory and Ideal Point Estimation 10/19

1. Keith Poole. *Spatial Models of Parliamentary Voting*. Chapters 1 and 2.
2. McCarty, Poole, and Rosenthal. 2005. "Polarization of the Politicians." Chapter 2 of *Polarized America*
3. Londregan, *Legislative Institutions and Ideology in Chile*. Chapters 1 and 2.

7. Introduction to Bargaining 10/19

How do political actors, within and across institutions, come to agreements and compromises? What factors determine the outcomes of such negotiations?

1. Romer, Thomas, and Howard Rosenthal. 1978. Political Resource Allocation, Controlled Agendas, and the Status Quo. *Public Choice* 33: 27-43.

8. Applications of Basic Bargaining Theory 10/26

1. Krehbiel, Keith. Pivotal Politics. Chapters 1 and 2.
2. Canes-Wrone. 2005. *Who Leads Whom? Presidents, Policy, and the Public*. Chapters 1 and 2.
3. Lisa Baldez and John M. Carey. 1999. "Presidential Agenda Control and Spending Policy: Lessons from General Pinochet's Constitution." *American Journal of Political Science* 43(1): 29-55

9. Bargaining and Signaling 10/26

Main themes: How does one analyze bargaining among political actors who have private information that the other players lack? For instance, what if a president hides his policy preferences, or a central bank is not forthcoming about future plans for monetary policy? We also provide a very basic (and relatively informal) introduction to signaling models.

1. Cameron, Chuck and Nolan McCarty. 2004. "Models of Vetoes and Veto Bargaining." *Annual Review of Political Science* 7: 409-435.

10. Applications of Bargaining and Signaling 11/9

1. Peter A. Hall and Robert J. Franzese, Jr. 1998. "Mixed Signals: Central Bank Independence, Coordinated Wage Bargaining, and European Monetary Union." *International Organization* 52(3): 505-535.
2. Rogers, James R. 2001. "Information and Judicial Review: A Signaling Game of Legislative-Judicial Interaction." *American Journal of Political Science* 45(1): 84-99.
3. Brace and Langer. 2001. "The Florida Supreme Court in the 2000 Presidential Election: Ambiguity, Ideology, and Signaling in a Judicial Hierarchy." *PS: Political Science and Politics* 34(3): 645-650.

11. Distributive Politics 11/9

Main themes: What determines the allocation of resources among a collectivity? We introduce the Baron-Ferejohn divide-the-dollar games and other approaches.

1. Riker, "Implications from the disequilibrium of majority rule for the study of institutions." *APSR* 74:432-447
2. McCarty & Meirowitz on Baron-Ferejohn. (handout)

12. Applications involving Distributive Politics 11/16

1. Daniel Diermeier; Peter van Roozendaal. The Duration of Cabinet Formation Processes in Western Multi-Party Democracies *British Journal of Political Science* > Vol. 28, No. 4 (Oct., 1998), pp. 609-626
2. Barry R. Weingast; William J. Marshall. The Industrial Organization of Congress; or, Why Legislatures, Like Firms, Are Not Organized as Markets *The Journal of Political Economy* > Vol. 96, No. 1 (Feb., 1988), pp. 132-163

13. Basic Agency Theory: Hierarchy, Delegation, Expertise, and Effort 11/16

Main themes: How do principals control agents when they cannot observe their effort or know their preferences with certainty? Who are the agents and principals in the institutional contexts we study?

1. Gibbons, Lecture Note 1 "Agency Theory" through section 5. (Handout)
2. Milgrom and Roberts. 1992. *Economics, Organization and Management*. 127-129; 149-159; 166-170

14. Applications on Hierarchy, Delegation, Expertise, and Effort 11/23

1. Charles M. Cameron; Jeffrey A. Segal; Donald Songer. Strategic Auditing in a Political Hierarchy: An Informational Model of the Supreme Court's Certiorari Decisions *The American Political Science Review*. Vol. 94, No. 1 (Mar., 2000), pp. 101-116
2. Stokes, Susan. 2001. *Mandates and Democracy. Neoliberalism by Surprise in Latin America*. Selected chapters.

15. Introduction to Teams, Multiple Principals, Multiple Agents 11/23

Main themes: How can one theorize rigorously about group behavior in hierarchies? We consider a number of issues including the role of group fates and socialization in creating team incentives; decentralized information processing; and decentralized decision-making in teams.

1. Gibbons, Robert. 2003. "Team Theory, Garbage Cans, and Real Organizations: Some History and Prospects of Economic Research on Decision-Making in Organizations." *Industrial and Corporate Change* 12: 753-87.
2. Jonathan Bendor and Adam Meirowitz. "Spatial models of delegation" with Jonathan Bendor. *American Political Science Review* 2004 98(2):293-310.

16. Applications involving Teams, Multiple Principals and Agents, and other Advanced Topics of Political Hierarchies 11/30

1. Kornhauser, Lewis. 1995. "Adjudication by a Resource-Constrained Team: Hierarchy and Precedent in a Judicial System." 68 *Southern California Law Review* 1605 (1995).
2. James M. Snyder, Jr.; Michael M. Ting. 2002. "An Informational Rationale for Political Parties." *American Journal of Political Science* 46(1): 90-110
3. *Who Leads Whom? Presidents, Policy, and the Public*. Introduction to part two, Chapter 5 and Chapter 6
4. John Huber and Nolan McCarty. "Bureaucratic Capacity, Delegation, and Political Reform," (with Nolan McCarty), *American Political Science Review*, 98(3): 481-94 (2004).

III. Historical and Empirical Challenges

17. 12/7 Incorporating History and Addressing Political Change

Main theme: Taking history seriously – not so easy! What is the difference between path dependence versus state dependence? How are preferences formed and how do they evolve alongside institutional structures.

1. Weingast and Katznelson. 2005. *Preferences and Situations: Points of Intersection Between Historical and Rational Choice Institutionalism*. Introduction and chapter on 13th century institutional development of parliament.
2. Knight, Jack. 1995. "Models, Interpretations, and Theories: Constructing Explanations of Institutional Emergence and Change." In *Explaining Social Institutions*. Ed. Knight and Sened. University of Michigan Press.
3. Carpenter, Daniel P. *The Forging of Bureaucratic Autonomy. Reputations, Networks, and Policy Innovation in Executive Agencies, 1862-1928*. Princeton University Press. 1-36.
4. Bowles, Samuel. 2003. *Microeconomics: Behavior, Institutions, and Evolution*. Chapter Thirteen: The Coevolution of Institutions and Preferences 437-470.
5. Scott Page "A Path Dependence Primer." Working paper. (Handout)

**18. Special issues in testing theories (to be continued second semester...)
12/14**

Themes: Why is institutional analysis hard? Testing institutional theories often requires acquiring systematic data, obtaining information directly from elites, testing general theories on specific contexts, and making empirical comparisons across different contexts.

1. Cameron, Charles, John Lapinski and Charles Reimann. 2000. "Testing Formal Theories of Political Rhetoric." *Journal of Politics*, 62: 187-205.
2. Canes-Wrone and Shotts. 2004. "The Conditional Nature of Presidential Responsiveness to Public Opinion." *American Journal of Political Science*.
3. Carpenter. *The Forging of Bureaucratic Autonomy*. 37-178.
4. Huber and Shipan. 2002. *Deliberate Discretion? The Institutional Foundations of Bureaucratic Autonomy*. Chapters 1 and 6.