Economics 432  PUBLIC CHOICE

Instructor:  Frank Vorhies

Spring 1980  Jan. 23 to Feb. 25
10:00 - 10:50  MWF  Econ. 119

Office:  Econ 218
Hours 8:00 - 8:50  MWF

Required Reading:  Dennis C. Mueller, Public Choice

Optional Reading:  L. R. Cross, "Compensating Elections: A Solution to the Problem of Externalities"
B. Frey, Modern Political Economy.
N. Frohlich and J. A. Oppenheimer, Modern Political Economy.
F. Vorhies, "The Setting of Public Agendas".  (forthcoming)

Requirements:  (1) three short quizzes on the reading and lectures.
(2) one 14 page survey paper on a topic in public choice.
   final due date:  Monday, February 25  (70%)

Topics on the Agenda:

A.  Reasons for Public Choice (C1, C2)

B.  Direct Democracy  (C3)
   Unanimity rule and optimal majority (19 - 31)
   Majority rule (31 - 38)
   Cycling (38 - 49)
   Logrolling (49 - 58)
   Plurality rule, Condorcet criterion, Borda count,
         exhaustive voting, approval voting (58 - 66)

C.  New processes for Public Decision-Making (C4)
   Thompson's Insurance Mechanism (69 - 71)
   Clarke-Tideman-Tullock's demand revealing process (72 - 79)
   Groves-Ledyard-Smith's general equilibrium d.r.p. (79 - 81)
   Mueller's voting-by-veto method (84 - 87)
   Cross's symmetric compensating elections (optional reading)
   criticisms and comparisons of the processes (81 - 84, 87 - 89)

D.  General Fund Financing Versus Earmarked Taxation (C5)

E.  Representative Democracy (C6)
   Hotelling-Downs's model of two party democracy (98 - 105)
   Testing median voter models (106 - 112)
   Multiparty systems (112 - 117)
   Riker's minimum winning coalition hypothesis (116 - 117)
   Rational behavior of candidates (117 - 120)
   Voter participation (120 - 124)
F. The Relevant Public (C7)

Hirshman's notions of exist and voice (115 - 126)
Tiebout's voting-with-the feet hypothesis (126 - 129, 134 - 142)
Buchanan's theory of clubs (129 - 134)
The concept of primary citizenship (142 - 145)
Tullock's theory of revolutions (145 - 147)

G. Public Choice on Public Provision (C8)

Down-Breton's model of monopoly government (148 - 150)
Investigating governmental behavior (150 - 156)
Niskanen's model of the budget-maximizing bureaucrat (156 - 167)
Buchanan's constitutional constraints on Leviathan (167 - 170)

H. Bergson-Samuelson's Real Valued Social Welfare Functions (C9)

I. Axiomatic Social Welfare Functions (C10)

Arrow's Impossibility Theorem (184 - 201)
Sen's impossibility of a Paretian Liberal (201 - 206)

J. Normative Analysis of Majority and Unanimity Rules (C11)

May's theorem on majority rule (208 - 210)
Ray-Taylor's theorem on majority rule (210 - 212)
Wicksell-Buchanan-Tullock's defense of unanimity (212 - 213)
Majority rule versus unanimity rule (213 - 226)

K. Rawl's Theory of Justice (C12)

L. Utilitarian Social Contracts (C13)

Harsanyi's just social welfare function (247 - 257)
Buchanan-Tullock's just political constitution (257 - 259)

M. Normative and Positive Public Choice Contrasted (C14)

N. The Setting of Public Agendas (optional reading)

Suggested Future Reading:

K. J. Arrow, SOCIAL CHOICE AND INDIVIDUAL VALUES (1951, 1963)
A. Downs, AN ECONOMIC THEORY OF DEMOCRACY (1957)
D. Black, THE THEORY OF COMMITTEES AND ELECTIONS (1958)
M. Olson, Jr., THE LOGIC OF COLLECTIVE ACTION (1965)