

Policy Determination in North American History

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303 492 4257

Econ 8534 Fall 2006
MW 3:00-4:15
Econ Room 5

<http://www.colorado.edu/ibs/EB/alston/>

Required Readings: There is no textbook. Most of the readings are available through JSTOR or can be photocopied.

Components of Grade: Class Participation 40%
Paper - First Draft 20%
Paper Presentation 10%
Paper - Second Draft 20%
Class Discussion Leader 10%

We will start with an overview of the political and economic theory of policy determination, generally coupled with an application of the theory. Following this, we will examine in more detail specific case studies of policy determination. The hope is that the theory will motivate and inform empirical work and that the empirical work will help us revise our theory of policy formation. The course should be of interest to students in all applied fields who are interested in policy and political economy overall. The course readings will not only discuss the role of special interests but also the role of political institutions, e.g. Congress, in shaping policy. Though the course will use primarily examples from North American History, I will draw parallels to policy formation in other parts of the world where the underlying institutions differ. The success of the course will depend to a large extent on your preparation before class. As part of your class participation, each student is required to lead a class discussion of one of the assigned days.

Class Schedule:

Aug 28	Introduction
August 30	Why Regulate? Externalities? Coase, "The Problem of Social Cost," Journal of Law and Economics , 1960 Coase, "The Lighthouse in Economics," Journal of Law and Economics 17, 1974: 357-376
Sept 6	Why Regulate? Monopoly? Demsetz, Harold "Why Regulate Utilities," Journal of Law and Economics , April 1968 Williamson, "Franchise Bidding for Natural Monopoly" Chapter 13 in The Economic Institutions of Capitalism

- Sept 11 Why Regulate? A Transaction Costs Approach
- Spiller, Pablo T. and Mariano Tommasi “The Institutions fo Regulation: An Application to Public Utilities” Chapter 20 in **The Handbook of New Institutional Economics** edited by Claude Menard and Mary M. Shirley. New York: Springer 2005.
- Werner Troesken, "The Sources of Public Ownership: Historical Evidence from the Gas Industry," **Journal of Law, Economics, and Organization**, vol. 13, no. 1, (April 1997): 1-27.
- Sept 13 Why We (the citizens) Do Not Get What We Want
Chapters 1, 2 and 6 in **The Logic of Collective Action** by Mancur Olsen
- Sept 18 Why We Get Some of What We Want
- Denzau and Munger (1986) , “Legislators and Interest Groups: How Unorganized Interests Get Represented” **American Political Science Review** 80: 89-106.
- Alston, Dupre, and Nonnenmacher, “Social Reformers and Regulation: The Prohibition of Cigarettes in the U.S. and Canada” **Explorations in Economic History** (December 2002).Ideology or Special Interests
- Sept 20 How Government Works? Spatially?
- Thomas Gilligan, William Marshall and Barry Weingast, "Regulation and the Theory of Legislative Choice: The Interstate Commerce Act of 1887," **Journal of Law and Economics** 1989
- Alston Lee J. and Bernardo Mueller, Pork for Policy: Executive and Legislative Exchange in Brazil” **Journal of Law Economics and Organization** 22, Number 1 (Spring 2006): 87-114.
- Sept 25 How Congress Works? The Role of Committees
- Weingast and Marshall “The Industrial Organization of Congress; or, Why Legislatures, Like Firms Are Not Organized as Markets” **Journal of Political Economy** 96; 132-163.
- Gilligan and Krehbiel, 1990, Organization of Informative Committees by a Rational Legislature,” **American Journal of Political Science** 34; 531-64
- Sept 27 How Congress Works? The Role of Party
- Cox, Gary W. and and Matthew D. McCubbins, Chapter 7 in **Legislative Leviathan: Party Governance in the House** Berkeley: University of California Press, 1993.

Cox, Gary W. and Matthew D. McCubbins, Chapter 2 in **Setting the Agenda: Responsible Party Government in the U.S. House of Representatives** Cambridge: Cambridge University, 2005.

Jenkins, Jeffery, "Examining the Bonding Effects of Party: A Comparative Analysis of Roll-Call Voting in the the U.S. and Confederate Houses" **American Political Science Review**, 43, No 4 (1999): 1144-1165.

Oct 2 How Congress Works? Ideology or Special Interests

Poole, Keith T. and Howard Rosenthal, Chapters 2 and 6 in **Congress: A Political-Economic History of Roll-Call Voting**, New York: Oxford University Press, 1997

Seltzer, Andrew, "The Political Economy of the Fair Labor Standards Act of 1938," **Journal of Political Economy** 105, 1995: 1302-1342

Oct 4 How Congress Should Work? Principal-Agency Problems

Bianco, William T., David B. Spence, and John D. Wilkerson. "The Electoral Connection in the Early Congress: The Case of the Compensation Act of 1816." **American Journal of Political Science** 40, no. 1 (1996): 145-71.

Alston, Lee J., Jeffery A. Jenkins and Tomas Nonnenmacher "Who Should Govern Congress? Access to Power and the Salary Grab of 1873," **Journal of Economic History** September 2006:

Oct 9 Early Regulation

Nonnenmacher, Tomas "State Promotion and Regulation of the Telegraph Industry, 1845-1860." **Journal of Economic History** March 2001, Pp. 19-36.

Kanazawa, Mark and Roger Noll. 1994. "The Origins of State Railroad Regulation: The Illinois State Constitution of 1870," in *The Regulated Economy: An Historical Approach to Political Economy*. Edited by Claudia Goldin and Gary Libecap. Chicago: University of Chicago Press.

Oct 11 Crises and Policies

Higgs, Robert. "Crisis, Bigger Government, and Ideological change: Two Hypotheses on the Ratchet Phenomenon." **Explorations in Economic History** 22,1 (January 1985) 1-28.

Alston, Lee J. and Andres Gallo, "The Political Economy of Bank Reform in Argentina Under Convertibility" **The Journal of Policy Reform**, 5, Number (2002): 1-16.

- Oct 16 Anti-trust?
- Gary D. Libecap, "The Rise of the Chicago Packers and the Origins of Meat Inspection and Antitrust," **Economic Inquiry**, 30, No 2 (1992): 242-262.
- Sicotte, Richard "Economic Crisis and Political Response: The Political Economy of the Shipping Act of 1916. **Journal of Economic History** December 1999
- Oct 18 Public Interest or Private Interest
- Dupre, Ruth, "'If It's Yellow It Must Be Butter: Margarine Regulation in North America Since 1886,'" **Journal of Economic History** (1999):353-71
- Olmstead, Alan and Paul Rhode. "The 'Tuberculosis Cattle Trust': Disease Contagion in an Era of Regulatory Uncertainty," **Journal of Economic History** (December 2004): 929-963.
- Oct 23 Economic or Regulatory Failure
- Higgs, Robert, "Legally Induced Technical Regress in the Washington Salmon Fishery, In **Empirical Studies in Institutional Change**, edited by Lee J. Alston, Thrainn Eggertsson and Douglass C. North, (New York: Cambridge University Press, 1996): 244-279.
- Libecap, Gary D. and Steven Wiggins, "The Influence of Private Contractual Failure on Regulation: The Case of Oil Field Unitization," **Journal of Political Economy**, August, 1985.
- Oct 25 Agriculture and Policy
- Lee J. Alston, "Farm Foreclosure Moratorium Legislation: A Lesson From the Past," **American Economic Review** 1984.
- Lee J. Alston, Herb Emery, Randy Rucker and Marc Weidenmeir, "Do U.S. Agricultural Policies Subsidize Canadian Farmers: the Capitalization of Agricultural Programs into Land Values" Working Paper
- Oct 30 Race, Ethnicity and Policy
- Troesken, Werner, "The Limits of Jim Crow: Race and the Provision of Water and Sewerage in American Cities, 1880-1925," **Journal of Economic History**, vol. 62, no. 3, (September 2002): 734-773.
- Higgs, Robert. "Landless by Law: Japanese Immigrants in California Agriculture to 1941." **Journal of Economic History**, 38 (March 1978) 205-225.
- Nov 1 Paper Presentation by

Nov 6	Paper Presentation by
Nov 8	Paper Presentation by
Nov 13	Paper Presentation by
Nov 15	Paper Presentation by
Nov 27	Paper Presentation by
Nov 29	Paper Presentation by
Dec 4	Paper Presentation by
Dec 6	Paper Presentation by
Dec 11	Paper Presentation by
Dec 13	What Have We Learned?