

# POL-GA 3400: Political Economy of Special Interests

## FALL 2017

**Professor:** Hye Young You

**Time and Location:** Thursday 2:00 pm - 3:50 pm, 19 West 4th Room 435

**Email:** [hyou@nyu.edu](mailto:hyou@nyu.edu)

**Office Hours:** Thursday 10:00 am - 12:00 pm or by appointment. 19 West 2nd Room 224

## Overview and Objectives

This course is a research seminar in political economy of special interests. Interest groups lie at the heart of politics and democratic process. Understanding why groups are organized and how they influence various public policies is critical to our understanding of political representation. This course examines the ways that citizens, firms, institutions, various types of governments attempt to make their voices heard in elections and public policy making processes both in the United States and other countries.

## Requirements:

- 1. Participation (30%)** Class participation is essential in this seminar. You must come prepared and discuss the readings for each week. Students are expected to submit a weekly memo that summarizes (i) question, (ii) data and method, (iii) argument, and (iv) includes at least one question for each assigned reading, before the class (by Wednesday 11:59 pm). No more than 2-pages (double-space, 12 point). You do not need to submit a memo in a week when you submit a referee report.
- 2. Referee Review Essays (30%)** Students need to write **two** referee review essays. Students can choose two topics for reviews based on their research interests. However, first review essay should be submitted before we cover Topic 8. The length is 3~5 pages (double spaced).
- 3. On-page Proposal (5%):** In this proposal, include either a figure (i.e., scatterplot, histogram, map, cartoon) or simple statistics or tables that clearly present your puzzle. State your research question clearly. **Due: October 26th.**
- 4. Final Paper (35%)** A final paper can be either a research paper or a proposal that describes a research project that should identify a specific question or puzzle, discuss how you answer that question, lay out the necessary steps of the projects, and suggest how this project would advance the literature. In the last class (December 14th) students will present their paper. Final paper due is **December 21st (Thursday), 5 pm.**

## Topics:

### 1. Introduction and Overview (9/7)

### 2. Theories of Special Interests (9/14)

Madison, James. 1787. *The Federalist* #10.

Allard, Nicholas. 2008. "Lobbying is an Honorable Profession: The Right to Petition and the Competition to be Right." *Stanford Law and Policy Review* 19(1): 23-68.

Hojnacki, Marie, David Kimball, Frank Baumgartner, Jeffrey Berry, and Beth Leech. 2012. "Studying Organizational Advocacy and Influence: Reexamining Interest Group Research." *Annual Review of Political Science* 15: 379-399.

Hacker, Jacob, and Paul Pierson. 2014. "After the "Master Theory": Downs, Schattschneider, and the Rebirth of Policy-Focused Analysis." *Perspectives on Politics* 12(3): 643-662.

Schlozman, Kay, Philip Jones, Hye Young You, Tracy Burch, Sidney Verba, Henry Brady. 2015. "Organizations and the Democratic Representation of Interests: What Does It Mean when Those Organizations Have No Members?" *Perspectives on Politics* 13(4): 1017-1029.

Hertel-Fernandez, Alexander. 2016. "American Employers as Political Machines." *Journal of Politics* 79(1): 105-117.

### 3. Political Connections and Returns to Office (9/21)

Faccio, Mara. 2006. "Politically Connected Firms." *American Economic Review* 96(1): 369-386.

Khwaja, Asim Ijaz, and Atif Mian. 2005. "Do Lenders Favor Politically Connected Firms? Rent Provision in an Emerging Financial Market." *Quarterly Journal of Economics* 120(4): 1371-1411.

Fisman, Raymond, and Yongxiang Wang. 2015. "The Mortality Cost of Political Connections." *Review of Economic Studies* 82(4): 1346-1382.

Della Vigna, Stefano, Ruben Durante, Brian Knight, and Eliana La Ferrara. 2016. "Market-Based Lobbying: Evidence from Advertising Spending in Italy." *American Economic Journal: Applied Economics* 8(1): 224-256.

Eggers, Andrew, and Jens Hainmueller. 2009. "MPs for Sale? Returns to Office in Postwar British Politics." *American Political Science Review* 103(4): 1-21.

Fisman, Raymond, Florian Schulz, and Vikrant Vig. 2014. "The Private Returns to Public Office." *Journal of Political Economy* 122(4): 806-862.

#### **4. Government Procurement (9/28)**

Gordon, Sanford. 2011. "Politicizing Agency Spending Authority: Lessons from a Bush-era Scandal." *American Political Science Review* 105(4): 717-734.

Boas, Taylor, Daniel Hidalgo, and Neal Richardson. 2014. "The Spoils of Victory: Campaign Donations and Government Contracts in Brazil." *Journal of Politics* 76(2): 415-429.

Mironov, Maxim, and Ekaterina Zhuravskaya. 2016. "Corruption in Procurement and the Political Cycle in Tunneling: Evidence from Financial Transaction Data." *American Economic Journal: Economic Policy* 8(2): 287-321.

#### **5. Lobbying on Foreign Policy (10/5)**

Kawande, Kishore, Pravin Krishna, and Michael J. Robbins. 2006. "Foreign Lobbies and U.S. Trade Policy." *Review of Economics and Statistics* 88: 563-571.

Hye Young You. 2017. "Foreign Lobbying in the US Congress: Evidence from Free Trade Agreements" *Working Paper*.

Mearsheimer, John, and Stephen Walt. 2009. "Is It Love or The Lobby? Explaining America's Special Relationship with Israel." *Security Studies* 18(1): 58-78.

Kuzieumko, Ilyana, and Eric Werker. 2006. "How Much Is a Seat the Security Council Worth? Foreign Aid and Bribery at the United Nations." *Journal of Political Economy* 114(5): 905-930.

#### **6. Globalization and Interest Groups (10/12)**

Messer, Anne, Joost Berkhout, and David Lowery. 2010. "The Density of the EU Interest System: A Test of the ESA Model." *British Journal of Political Science* 41: 161-190.

Hanegraaff, Marcel, Caelesta Braun, Dirk Be Bievre, and Jan Beyers. 2015. "The Domestic and Global Origins of Transnational Advocacy: Explaining Lobbying Presence During WTO Ministerial Conferences." *Comparative Political Studies* 48(12): 1591-1621.

Wellhausen, Rachel. 2016. "Recent Trends in Investor-State Dispute Settlement." *Journal of International Dispute Settlement* 7: 117-135.

Meyer, Timothy. 2017. "Local Liability in International Economic Law." *North Carolina Law Review* 95: 261-337.

Chernotsky, Harry, and Heidi H. Hobbs. 2001. "Responding to Globalization: State and Local Initiatives in the Southeastern United States." 3(1): 57-82.

## 7. Knowledge Production (10/19)

Egan, Patrick, and Megan Mullin. 2017. "Climate Change: US Public Opinion." *Annual Review of Political Science* 20: 209-227.

Jacques, Peter, Riley Dunlap, and Mark Freeman. 2008. "The Organization of Denial: Conservative Think Tanks and Environmental Skepticism." *Environmental Politics* 17(3): 349-385.

Shapiro, Jesse. 2016. "Special Interests and the Media: Theory and an Application to Climate Change." *Journal of Public Economics* 144: 91-108.

Hertel-Fernandez, Alexander. 2014. "Who Passes Business's Model Bills? Policy Capacity and Corporate Influence in U.S. State Politics." *Perspectives on Politics* 12(3): 582-602.

Skocpol, Theda, and Alexander Hertel-Fernandez. 2016. "The Koch Network and Republican Party Extremism." *Perspectives on Politics* 14(3): 681-699.

Fisman, Raymond, Jing Shi, Yongxiang Wang, and Rong Xu. 2017. "Social Ties and Favoritism in Chinese Science." *Journal of Political Economy* (forthcoming).

**\*\* October 26: Due for One-Page Proposal for Final Project \*\***

## 8. Campaign Contributions I: Motivations (10/26)

Ansolabehere, Stephen, John M. de Figueiredo, and James M. Snyder, Jr. 2003. "Why Is There So Little Money in U.S. Politics?" *Journal of Economic Perspectives* 17(1): 105-130.

Gordon, Sanford, Catherine Hafer, and Dimitri Landa. 2007. "Consumption or Investment? On Motivations for Political Giving." *Journal of Politics* 69(4): 1057-1072.

Hall, Richard and Frank W. Wayman. 1990. "Buying Time: Moneyed Interests and the Mobilization of Bias in Congressional Committees." *American Political Science Review* 84(3): 797-820.

Bonica, Adam. 2013. "Ideology and Interests in the Political Marketplace." *American Journal of Political Science* 57(2): 294-311.

Fourinaies, Alexander, and Andrew Hall. 2016. "The Exposure Theory of Access: Why Some Firms Seek More Access to Incumbents Than Others." *Working Paper*.

\*\* If you are interested in political finance in non-US countries, see: Scarrow, Susan. 2007. "Political Finance in Comparative Perspective." *Annual Review of Political Science* 10: 193-210.

## 9. Campaign Contributions II: Outcomes (11/2)

Gordon, Sanford, and Catherine Hafer. 2005. "Flexing Muscle: Corporate Political Expenditures as Signals to the Bureaucracy." *American Political Science Review* 99(2): 245-261.

Mian, Atif, Amir Sufi, and Francesco Trebbi. 2010. "The Political Economy of the US Mortgage Default Crisis." *American Economic Review* 100(5): 1967-1998.

Fowler, Anthony, Haritz Garro, and Jorg Spenkuch. "Quid Pro Quo? Corporate Returns to Campaign Contributions." *Working Paper*.

Barber, Michael. 2016. "Ideological Donors, Contribution Limits, and the Polarization of American Legislatures." *Journal of Politics* 78(1): 296-310.

## 10. The *Citizens United* and New Campaign Finance (11/9)

Kang, Michael. 2012. "The End of Campaign Finance Law." *Virginia Law Review* 98(1): 1-65.

Briffault, Richard. 2012. "Super PACs." *Minnesota Law Review* 96(5): 1644-1693.

Klumpp, Tilman, Hugo Mialon, and Michael Williams. "The Business of American Democracy: Citizens United, Independent Spending, and Elections." *Journal of Law and Economics* 59(1): 1-43.

Abdul-Razzak, Nour, Carlo Prato, and Stephane Wolton. 2017. "How Outside Spending Shapes American Democracy." *Working Paper*.

Weschle, Simon. 2017. "How Permissive Campaign Finance Laws Slow Down the Revolving Door: Evidence from Citizens United." *Working Paper*.

## 11. Lobbying I: Mechanisms (11/16)

Ansolahehere, Stephen, James M. Snyder, and Micky Tripathi. 2002. "Are PAC Contributions and Lobbying Linked?" *Business & Politics* 4(2): 131-155.

Hall, Richard and Alan V. Deardorff. 2006. "Lobbying as Legislative Subsidy." *American Political Science Review* 100(1): 69-84.

You, Hye Young. 2017. "Ex Post Lobbying." *Journal of Politics* (Forthcoming).

Bertrand, Marianne, Matilde Bombardini, and Francesco Trebbi. 2014. "Is It Whom You Know or What You Know? An Empirical Assessment of the Lobbying Process." *American Economic Review* 104(12): 3885-3920.

Blanes i Vidal, Jordi, Mirko Draca, and Christian Fons-Rosen. 2012. "Revolving Door Lobbyists." *American Economic Review* 102(7): 3731-3748.

**\*\* No Class on November 23: Thanksgiving Holiday \*\***

## 12. Lobbying II: Policy Outcomes (11/30)

de Figueiredo, John M., and Brian Kelleher Richter. 2014. "Advancing the Empirical Research on Lobbying." *Annual Review of Political Science* 17: 163-185.

de Figueiredo, John M., and Brian S. Silverman. 2006. "Academic Earmarks and the Returns to Lobbying." *Journal of Law and Economics* 49(2): 597-625.

Richter, Brian Kelleher, Krislert Samphantharak, and Jeffrey Timmons. 2009. "Lobbying and Taxes." *American Journal of Political Science* 53(4): 893-909.

Faccini, Giovanni, Anna Maria Mayda, and Prachi Mishra. 2011. "Do Interest Groups Affect US Immigration Policy?" *Journal of International Economics* 85(1): 114-128.

Haeder, Simon, and Susan Yackee. 2015. "Influence and the Administrative Process: Lobbying the U.S. President's Office of Management and Budget." *American Political Science Review* 109(3): 507-522.

## 13. Government as Interest Groups (12/7)

Goldstein, Rebecca, and Hye Young You. 2017. "Cities as Lobbyists" *American Journal of Political Science* (Forthcoming).

Payson, Julia. 2017. "Cities in the Statehouse: The Distributive Consequences of Municipal Lobbying." *Working Paper*.

Anzia, Sarah. 2011. "Election Timing and the Electoral Influence of Interest groups." *The Journal of Politics* 73(2): 412-427.

Gerber, Elizabeth, and Justin Phillips. 2003. "Development Ballot Measures, Interest Group Endorsements, and the Political Geography of Growth Preference." *American Journal of Political Science* 47(4): 625-639.

Stephens, Ross, and Nelson Wikstrom. 1998. "Trends in Special Districts." *State & Local Government Review* 30(2): 129-138.

McCabe, Barbara Coyle. 2000. "Special-District Formation among the States." *State & Local Government Review* 32(2): 121-231.

#### **14. Student Presentation (12/14)**