

Political Economy For Public Policy
(Strategic and Theoretical Foundations of Analytical Politics)
the Wilf Family Department of Politics
New York University

Course Information:

Instructor: Congyi Zhou

Time and Location: TBA

Office hours: TBA

E-mail: cz536@nyu.edu (use the subject "PEPP: Name").

Course Description:

This course has four objectives, three substantive and one methodological. The three major substantive themes of the course are (i) the normative foundations of policy making, (ii) how strategic interactions give rise to social dilemmas that create room for public policy to improve social welfare, and (iii) how technological, political, and institutional factors constrain policy-makers and sometimes prevent good policies from being enacted.

Methodologically, the course introduces basic game theory. Game theory is the mathematical tool used to study situations of strategic interdependence, which is most of life. As such, it is a critical for understanding the substantive issues discussed above. In addition, understanding basic game theory is a valuable skill in its own right for policy professionals. It helps us predict and understand how people and organizations will behave in response to changes in the policy environment.

Course Requirements

The course has three requirements: participation, problem sets, and two exams.

- **Participation** You are expected to do the readings, and attend class. Attendance at TA sessions is optional but encouraged.

- **Problem Sets** There will be five problem sets during the quarter. They are due at the beginning of class on the date indicated on the syllabus. You will have a week for each problem set. A few guidelines for the problem sets:

- **Exams** There will be two exams, a midterm and a comprehensive final.

Textbook: The required text book is "*Political Economy for Public Policy*" by Ethan Bueno de Mesquita (Princeton University Press)

Grades: Grading will be based on the course requirements as follows:
final exam (40%), midterm exam (30%), problem sets (30%).

Academic Integrity: NYU has a formal policy on academic integrity that you are expected to adhere to. Examples of academic dishonesty include (but are not limited to) turning in someone else's work as your own, copying solutions to past years problem sets, and receiving any unapproved assistance on exams. Academic dishonesty will not be tolerated in this course. All cases of academic misconduct behaviours will be referred to the committee on student discipline. If you have any questions regarding what would or would not be considered academic dishonesty in this course, please do not hesitate to ask.

Course Outline:

Reading with * sign is optional

Week 1: Introduction and Normative Frameworks

Reading:

- Introduction to Part I, and Chapter 1 of PEPP textbook
- * Charles W. Mills. 2018. "Black Radical Kantianism." *Res Philosophica* 95(1):1-33.
- * Margaret Urban Walker. 2015. "Making Reparations Possible: Theorizing Reparative Justice." In *Theorizing Transitional Justice*, Claudio Corradetti, Nir Eisikovits and Jack Volpe Rotondi (eds). London: Ashgate:211-222.

Week 2: Pareto Concepts and Utilitarianism

Reading:

- PEPP Chapter 3.
 - *James Sallee. 2020. "Pigou Create Losers: On the Implausibility of Achieving Pareto Improvements from Corrective Taxation."
- Problem Set 1 Distributed

Week 3: Rationality, Games and Nash Equilibrium

Reading:

- PEPP Appendix A.
- Problem Set 1 Due

Week 4: Externalities

Reading:

- PEPP Introduction to Part II and Chapter 4.1-4.3.

Week 5: Coordination Problems

Reading:

- PEPP, Chapter 5
- *Eduardo Bonilla-Silva. 2015. "The Structure of Racism in Color-Blind, Post-Racial America." *American Behavioral Scientist* 59(11):1358-1376

Week 6: Subgame Perfection

Reading:

- PEPP, Appendix B.1-B.4

Week 7: Midterm Exam

Week 8: Commitment Problems

Reading:

- PEPP, Chapter 6

Week 9: Strategic Adjustment

Reading:

- PEPP, Chapter 7

Week 10: Dynamic Inconsistency

Reading:

- PEPP, Chapter 8

Week 11: Need for Information(Mechanism Design)

Reading:

- PEPP, Chapter 9

Week 12: Influence over Elected Officials

Reading:

- PEPP, Chapter 10

Week 13: When Bad Policy is Good Politics (Institution, Incentive and Power)

Reading:

- PEPP, Introduction to Part III, Chapter 11.1-11.2

Recommended alternative reading:

- *Bruce Bueno de Mesquita, James Morrow, Randolph Siverson, and Alastair Smith. 2001. "Political Competition and Economic Growth." *Journal of Democracy* 12(1):58-72

- *Daron Acemoglu and James A. Robinson. 2011. *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*

Week 14: Foreign Aid

Reading:

- PEPP, Chapter 11.3–11.4