

Public Choice in Theory and Practice

Public Choice is defined as the economic study of nonmarket decision making or as the application of economics to political science. By the end of the course participants will understand a number of vital concepts. First, they will learn the basic concept of public choice and how economic theories contribute to this field. Second, students will engage in and be able to comprehend the economic analysis of different systems, levels of collective choice and investigate public choice from a theoretical perspective to cover basic knowledge about public activities. Third, students will learn about and be able to apply the behavioral model of homo oeconomicus to political analysis and understand the strengths and weakness of its application. By the end the course students will gain a foundation in public choice theory, how public choice theory is analyzed, tested empirically and engage in groups work to apply public choice theory to current events.

Course Structure

- I Introduction
- II Foundation of Public Choice
 - 1 Basic Concepts
 - 2 Public Choice and the difference to Welfare economics
- III Origins of the State
 - 1 Reason for the Rules
 - 2 From Anarchy to the Social Contract
- IV Voting Rules, Institutional Structures and, their effects
 - 1 Voting Rules: Unanimity vs Majoritarian
 - 2 Constitutional Structures and Outcomes
 - 3 Problems of Delegated Power (Classical Principle Agent)
 - 3.1 Asymmetric Information
 - 3.2 Rent Seeking
 - 3.3 Voters Paradox
- V Power, Institutions and Public Choice
- VI Other Factors in Public Choice
 - 1 Social Norms
 - 2. Ethnic Fractionalization

Liturature

- 1) "Public Choice III" by Dennis Mueller, 2nd edition.
- 2) All other literature will be assigned over the course of the semester.

Presentation Topics

All presentations will take place on the Tuesday of each week, beginning in the second week. Each student must submit their top three preference topics to matthewbonick@vwl.uni-freiburg.de on 13.12.2016.

- Week 2
 - Morality in economics
- Week 3
 - Constitutional democracy as a two stage game
- Week 4
 - Transparency is not enough: making transparency effective in reducing corruption
- Week 5
 - Economics of voting
- Week 6
 - Spontaneous market orders and social rules
- Week 7
 - Fractionalization

Grading Structure

The grading will have two parts: student exams, with a weight of 2/3, and class presentations, with a weight 1/3, will determine the overall mark. Students will be required to pass both the presentation and exam to pass the course.

Presentations will be in groups, with group sizes depending on the number of course participants. The length of each presentation will be 50 minutes with an additional 30 minutes for class discussion and questions. Each student will need to individually submit a one page overview of their group presentation. Students who fail the presentation or have an excused absence will be required to write a short paper on the topic they were assigned. The length will be 6-7 pages.

The exam will consist of 5 written essay questions with an exam length of 90 minutes. Students are required to answer all 5 questions. The exam will take place during the 8th week of the course on the final day. If students fail the exam, there will be a re-take during the time period April 11th and May 8th.

General Rules

Please see link to UCF rules with regard to study and exam regulations: <https://www.ucf.uni-freiburg.de/dateien/liberal-arts-and-sciences/LAS-Study-and-Examination-Regulations2015-EN.pdf>