

The Political Economy of Interest Group Influence
Politics G53.3300.001
Spring 2008

Professors Sanford Gordon and Catherine Hafer

I. Introduction

This course will introduce students to some of the most important topics in the study of private interests and their influence on public policy in the United States and abroad.

II. Contact and meeting Information

Professors

Sanford Gordon

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Office Hours: Thursday 2-4pm, or by appointment

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Class Meetings

Tuesday, 4:10-6pm, 19 West 4th Street Room 212

III. Student Responsibilities and Course Grading

Participation: 20%

Participating in seminar is an essential component of satisfactory completion of the course.

Presentations: 10%

In addition to normal participatory duties, each student will spend several of our meetings providing a public good as “defender” of a particular text or perspective, which will include a 10-15 minute presentation at the beginning of the class.

Thought papers: 20%

Each student will write a paper *no longer than one single-spaced page* each week he/she is not presenting. The paper should be e-mailed by close of business (5pm) on the day before class so that we can incorporate its insights into class discussion. The paper may critically examine a particular feature of a single reading, or draw comparisons among multiple readings for that week. At the end of the semester, we will drop the lowest short paper score. (This has the practical effect of permitting you to miss writing one paper.)

Research paper: _____ 50%

A final research paper will count for 50% of the grade. Details will be discussed in class. You should be thinking about your paper and discussing the topic with us by late February or early March. Note that if your research interest lies primarily in topics covered toward the end of the class, you should be prepared to read ahead.

IV. Weekly Schedule

Part A. Tactics

Week 1. January 22, 2008

Introduction and Orientation

Week 2. January 29, 2008

Buying Policy

- Grossman, Gene M., and Elhanan Helpman. 2001. *Special Interest Politics*, chs. 7-8.
- Dal Bó, Ernesto, and Rafael Di Tella. 2003. "Capture by Threat." *Journal of Political Economy* 111: 1123-1154.
- Goldberg, Pinelopi K., and Giovanni Maggi. 1997. "Protection for Sale: An Empirical Investigation." *American Economic Review* 89: 1135-1155.
- Gawande, Kishore, and Usree Bandyopadhyay. 2000. "Is Protection for Sale? Evidence on the Grossman-Helpman Theory of Endogenous Protection." 2000. *Review of Economics and Statistics* 89: 139-152.

Week 3. February 5, 2008

Campaign Contributions: Alternative Mechanisms

- Prat, Andrea. 2002. "Campaign Spending with Office-Seeking Politicians, Rational Voters, and Multiple Lobbies." *Journal of Economic Theory* 103: 162-189.
- Ashworth, Scott. 2006. "Campaign Finance and Voter Welfare with Entrenched Incumbents." *American Political Science Review* 100: 55-68.
- 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: 105-130.
- Poole, Keith T., Thomas Romer and Howard Rosenthal. 1987. "The Revealed Preferences of Political Action Committees." *American Economic Review* 77: 298-302.
- Kroszner, Randall L., and Thomas Stratmann. 1998. "Interest-Group Competition and the Organization of Congress: Theory and Evidence from Financial Services' Political Action Committees." *American Economic Review* 88: 1163-1187.

Week 4. February 12, 2008

Lobbying

- Lohmann, Susanne. 1995. "Information, Access, and Contributions: A Signaling Model of Lobbying." *Public Choice* 85: 267-284.

- Bennedsen , Morten, and Sven E. Feldmann. 2002. "Lobbying Legislatures." *Journal of Political Economy* 110: 919-946.
- Austen-Smith, David, and John R. Wright. 1994. "Counteractive Lobbying." *American Journal of Political Science* 38: 25-44.
- Boehmke, Frederick J., Sean Gailmard, and John Wiggs Patty. 2007. "Business as Usual: Interest Group Access and Representation Across Policy-Making Venues. Typescript.

Week 5. February 19, 2008

Distribution and the Political Environment

- Dixit, Avinash, and John B. Londregan. 1996. "The Determinants of Success of Special Interests in Redistributive Politics." *Journal of Politics* 58: 1132-1155.
- Lowry, Robert C., and Matthew Potoski. 2004. "Organized Interests and the Politics of Federal Discretionary Grants." *Journal of Politics* 66: 513-533.
- McGillivray, Fiona. 2004. *Privileging Industry: The Comparative Politics of Trade and Industrial Policy*. Princeton, NJ: Princeton University Press.

Week 6. February 26, 2008

Private Politics

- Baron, David. 1993. "Private Politics." *Journal of Economics and Management Strategy* 12: 31-66.
- Baron, David, and Daniel Diermeier. 2007. "Strategic Activism and Non-Market Strategy." *Journal of Economics and Management Strategy* 16: 599-634
- Innes, Robert. 2006. "A Theory of Consumer Boycotts under Symmetric Information and Imperfect Competition." *Economic Journal* 116: 355-381.
- Tyran, Jean-Robert, and Dirk Engelmann. 2005. "To Buy or Not to Buy? An Experimental Study of Consumer Boycotts in Retail Markets." *Economica* 72: 1-16.
- Pargal, Sheoli, and David Wheeler. 1996. "Informal Regulation of Industrial Pollution in Developing Countries: Evidence from Indonesia." *Journal of Political Economy* 104: 1314-1327.
- Hamilton, James T. 1993. "Politics and Social Costs: Estimating the Impact of Collective Action on Hazardous Waste Facilities." *Rand Journal of Economics* 24: 101-125.

Part B. Policy-Making

Week 7. March 4, 2008

Canonical Accounts of Legislative Capture

- Wilson, James Q. 1980. *The Politics of Regulation*, ch. 10.
- Stigler, George. 1971. "The Theory of Economic Regulation." *Bell Journal of Economics and Management Sciences* 2: 3-21
- Peltzman, Sam. 1976. "Toward a More General Theory of Regulation." *Journal of Law and Economics* 19: 211-248.

Week 8. March 11, 2008

Legislative Choice of Policy and Agency Form

- Gilligan, Thomas, William Marshall, and Barry R. Weingast. "Regulation and the Theory of Legislative Choice: The Interstate Commerce Act of 1887." *Journal of Law and Economics* 32: 35-61.
- Poole, Keith T., and Howard Rosenthal. 1993. "The Enduring Nineteenth-Century Battle for Economic Regulation: The Interstate Commerce Act Revisited." *Journal of Law and Economics* 36: 837-860.
- Moe, Terry M. 1989. "The Politics of Bureaucratic Structure." In John E. Chubb and Paul E. Peterson, eds., *The Politics of Bureaucratic Structure*. Washington: Brookings Institution Press, 267-329.
- McCubbins, Mathew D., Roger G. Noll, and Barry R. Weingast. 1987. "Administrative Procedures as Instruments of Political Control." *Journal of Law, Economics, and Organization* 3: 243-277.

Week 9. March 18, 2008

SPRING BREAK

Week 10. March 25, 2008

Collusion in Agency Politics

- Huntington, Samuel P. 1952. "The Marasmus of ICC: The Commission, The Railroads, and the Public Interest." *Yale Law Journal* 61: 467-509.
- Laffont, Jean Jacques, and Jean Tirole. "The Politics of Government Decision-Making: A Theory of Regulatory Capture." *Quarterly Journal of Economics* 106: 1089-1127.
- Che, Yeon-Koo. 1995. "'Revolving Doors' and the Optimal Tolerance for Agency Collusion." *Rand Journal of Economics* 26: 378-397.
- Cohen, Jeffrey E. 1986. "The Dynamics of the 'Revolving Door' on the FCC." *American Journal of Political Science* 30: 689-708.

Week 11. April 1, 2008

The Behavior of Bureaucrats

- Gordon, Sanford C., and Catherine Hafer. 2005. "Flexing Muscle: Corporate Political Expenditures as Signals to the Bureaucracy." *American Political Science Review* 99: 245-261.
- Carpenter, Daniel P. 2002. "Groups, the Media, Agency Waiting Costs, and FDA Drug Approval." *American Journal of Political Science* 46: 490-505.
- De Figueiredo, Rui J.P., and Geoff Edwards. 2007. "Does Private Money Buy Public Policy? Campaign Contributions and Regulatory Outcomes in Telecommunications." *Journal of Economics and Management Strategy* 16: 547-576.

Part C. Group Dynamics

Week 12. April 8, 2008

Group Formation

TBA

Week 13. April 15, 2008

Internal Group Politics

- Prendergast, Canice. 1993. "A Theory of 'Yes Men.'" *American Economic Review* 83: 757-770.
- Prendergast, Canice. 1992. "The Insurance Effects of Groups." *International Economic Review* 33: 567-581.
- Rothenberg, Larry. 1992. *Linking Citizens to Government: Interest Group Politics at Common Cause*.

Week 14. April 22, 2008

Coalitions and Associations

- Gordon, Sanford C., and Catherine Hafer. 2007. "A Theory of Lobbying Coalitions." Typescript.
- Prat, Andrea, and Aldo Rustichini. 2003. "Games Played through Agents." *Econometrica* 71: 989-1026.
- Baumgartner, Frank. 2005. "The Growth and Diversity of U.S. Associations, 1956-2004." Typescript. (skim)
- Mahoney, Christine. 2007. "Networking vs. Allying: The Decision of Interest Groups to Join Coalitions in the US and the EU." *Journal of European Public Policy* 14: 366-383.
- Schattschneider, E. E. 1935. *Politics, Pressures, and the Tariff*. New York: Prentice Hall, selections.

Week 15. April 29, 2008

Wrapping Up: What Have We Learned?