PSCI 1040

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Introduction
O’Connor et al, *American Government*
- You will not like this book.
- There are many worse.
- Sections on TX gov’t amazingly long-winded

Cox et al, *Perspectives on American Politics*
- AKA “The Workbook”
- Readings and homework assignments
- Gosh, it would be easy just to drag questions from here onto your exams, wouldn’t it?
Grading

- Midterm 1 – 20%
- Midterm 2 – 20%
- Midterm 3 – 20%
- Final exam – 20%
- Homework average – 10%
- Attendance – 10%
Midterms

- Multiple choice
- 33-50 questions
- Hopefully time for informal review before exam
- But no study sheets
Final exam

- Not cumulative
- Just the last midterm
- Does cover a bit more material
Homework

- Easy way to get an A averaged in
- But still many people turn in half or fewer
  - Your business
  - But still a silly thing to do
- Due on the Friday of that week
- **MUST** be turned in **ON TIME AND IN CLASS**
  - Slip it under my door? That’s a zero.
  - Put it in my mailbox? That’s a zero.
  - I find it there the next morning? That’s a zero.
Attendance

- Will start being taken next week
- Taken by seeing who’s in which seat
  - Not assigned, but stick to yours
- Taken shortly into period
  - Not there for attendance to be taken? Then you weren’t there.
  - No “I just want to make sure you got me down”
- Absences excused only for university business, documented illness, a legal requirement to be elsewhere, etc.
- Payoff of all this: my slides online
  - http://www.psci.unt.edu/ battista/1040/
Extra credit?

- NO!
- Extra credit is Evil.
- Instead of doing lame makework, spend that time studying.
- Studying in groups helps
  - Easy to think you know more than you do in this class
Three basic problems in human interaction

1. Social choice problems
   - Sometimes there is no will of the people

2. Collective action problems
   - Situations where individual self-interest leads to outcomes where everyone suffers
   - Examples include the Prisoners’ Dilemma and the provision of public and collective goods

3. Principal-agent problems
   - Situations where one person is working on behalf of another
     - Ensuring compliance with the principal’s interests is tricky
Alice, Bob, and Cujo are throwing a party and need to choose one keg of beer. They each have their own preferences, which look like this:

<table>
<thead>
<tr>
<th></th>
<th>Alice</th>
<th>Bob</th>
<th>Cujo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Best</td>
<td>Columbia</td>
<td>Bass</td>
<td>Duff</td>
</tr>
<tr>
<td>Middle</td>
<td>Duff</td>
<td>Columbia</td>
<td>Bass</td>
</tr>
<tr>
<td>Worst</td>
<td>Bass</td>
<td>Duff</td>
<td>Columbia</td>
</tr>
</tbody>
</table>

*Which should they choose?*
So what?

- Social choice problems in real life
  - Setting up the Constitution
    - Balancing large and small states
    - Balancing efficiency and safety
  - Setting up Congress
    - Voting procedures
    - Committee system
    - Powers of leaders
Public goods

A public good has two qualities – a public good is:

1. Nonexcludible – one cannot be prevented from partaking of or enjoying the good, even if one has not paid for it
2. Nonrival – one person’s partaking of or enjoying the good does not reduce the amount available for anyone else

Examples of (nearly) public goods include:
- Nuclear deterrence
- Flood control dams
The problem with public goods is that, left to our own (selfish) devices, they tend to be underprovided. To see this, imagine that if you contribute a dollar into a fund, everyone in the class (including you) will receive a dime.

- What makes the class best off?
  - Everyone chucks in a dollar
- What makes an individual best off, given the choices of others?
  - Minimal (zero) contribution
  - To you, contributing a dollar has *exactly* the same effect as throwing $0.90 into the toilet

A person who shirks while others contribute is known as a **free rider**.
Solving collective action problems

There are several possible ways out, including:

1. Repeated interaction with the possibility of punishment
   - Appeal to the shadow of the future

2. Force
   - Create / find someone to punish ‘violators’ or defectors
   - Examples:
     - Mafia organizations
     - Governments
     - Chinese boatmen
Collective action problems in real life

- Providing collective goods (nuclear deterrence)
- Passing necessary but unpopular legislations
- Not passing popular but unwise legislation (pork)
- Building coalitions behind policies
  - Presidents for their policies
  - MCs for their policies
  - Justices for their favored positions
Whenever one person is performing a task for another, the first is the agent of the second, who is the principal. Examples include:

<table>
<thead>
<tr>
<th>Principal</th>
<th>Agent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Client</td>
<td>Lawyer</td>
</tr>
<tr>
<td>Your boss</td>
<td>You</td>
</tr>
<tr>
<td>District</td>
<td>U.S. Representative</td>
</tr>
</tbody>
</table>

The problem with principal-agent relationships is one of asymmetric information— the agent knows how hard and how well (s)he is working; the principal does not (without effort/cost). The critical goal is to get the agent to work in the interests of the principal at the lowest cost.
There are three basic forms of solutions to the principal-agent problem:

- **Monitoring** – examine the actions of the agent to make sure the agent is doing what the principal wants
  - Very expensive – why not do it yourself?
  - Opens to door to **false fidelity**
    - Doing what the principal demands, even what that is against his/her interests
- **Hire a monitor!**
  - Who monitors the monitor?
Controlling agents

- Incentive structures
  - Give the agent a cut of the gains to the principal
    - Hard to find the ‘right’ incentive
    - Not likely to achieve maximally best effort from agent

- Find a compatible agent
  - Find an agent who already holds your interests
    - Search costs
    - How can you tell?
P/A problems in real life
- Us controlling our legislators
- Legislators controlling their party leaders
- Party leaders controlling their legislators
- Presidents controlling bureaucracies
- Congress controlling bureaucracies