

Politics and the Economy GOV 370 L

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10:00 – 10:45 AM & 2 - 4:30 PM or by appointment

This course examines the relationships between economics and politics. Political processes define the rules and boundaries of economic relationships. The impact politics has on economic life forces organized groups to engage in political actions that attempt to influence the political process for their economic advantage. There are some patterns that hold for all societies, democratic or not, economically developed or not, but the variation across societies is large. The course will focus primarily on the relationship between politics and market behavior in democracies. I will discuss topics from several theoretical and practical areas of the field in political science called analytical politics. These topics are: social choice, electoral competition, interest group politics, and the theory of economic regulation. My presentation in class should help you with your project.

The required term project will be on an economic interest group **OR** a governmental regulatory agency of your own choosing. The subjects and ideas that I cover in class are important for your understanding of politics and economics but do not have any direct relevance to your term project. You will be expected to take part in the required class discussion as is outlined below.

Each student should check the folder **Courses** on my webpage for any news about changes in the presentation schedule or a canceled class if I am too sick to come to the campus.

COURSE REQUIREMENTS

1 RESEARCH PAPER

Each student will be required to write a term paper which presents a case study in one of two areas: 1) the way an economic interest group functions in politics at the national, state, or local levels, or 2) a study of one area of a government regulatory agency in today's politics or in the past. It is also acceptable to write about an economic interest group or regulatory agency of a foreign country. You must decide which interest group or regulatory agency you will write about. It is **NOT** acceptable to choose an interest group that focuses on charitable activities in this country or abroad. It is also **NOT** acceptable to choose a political umbrella organization such as the National Education Association (NEA) or the AFL-CIO. State or local teachers unions and specific labor unions such as the United Steel Workers are acceptable.

You are required to support any assertions that you make in your paper with data and facts. You will be required to do more than copy from news media web sites. Thus you will have to use the library to find support for your arguments. You may cut and paste from web pages **if and only if** it fits in with your study but to get a good grade you must spend a considerable time researching your topic in the library.

All papers must be typed. The number of pages written must total at least **sixteen** typed double-spaced pages using standard margins and white spaces. You have to provide a list of references that you read in researching your topic.

The paper must be developed in three phases.

PHASE ONE DUE AT THE START OF CLASS ON TUESDAY SEPTEMBER 7

This first phase is a description of the economic interest group or regulatory agency that you are going to write about **plus** a proposal outlining how you will research your project. The proposed research plan must indicate how you will obtain the information you need. You should focus on only **ONE** of the many goals that the organization is working towards.

Hand in your paper to me at the start of class and make sure it is stapled and has page numbers on the pages.

I will read and write comments on the papers if I have any problems with your topic or if I have some suggests about information sources on your topic. Your phase one paper will be ready for you to pick up on the following class day. We then will discuss each project in class after I return the first phase draft to you. In class I will make suggestions and comments. If you have to make a major revision of the draft then that will be considered a separate writing activity. The first page should be a title page with the name of your paper, your name, your e-mail address, the paper's date, and the class meeting time.

PHASE TWO DUE AT THE START OF CLASS ON THURSDAY OCTOBER 14

Hand in a **complete first draft** of your paper at the start of class. Make sure that you staple your pages and have each numbered I will read each paper, make comments on the margin and on the title page, and give you a mid-term grade. Your paper will be handed back to you at the beginning of class no later than the following week.

In this draft you do not have to describe the political opposition to your economic interest group or regulatory agency but it is a good idea to have some discussion in the draft paper about the opposition group. If you write about the popular music cartel, the RIAA or the movie industry's lobby you do not have to write about an opposition since the opposition is all customers who are not part of that industry.

IMPORTANT Do not pad your paper to achieve the page count. Do not include the mission statement of the organization you chose to write about since such statements are pure propaganda. I prefer a succinct and tightly written paper.

Your paper is a research report. I do not care what style you use as long as your paper is a grammatically correct coherent report.

PHASE THREE DUE AT THE START OF CLASS ON THURSDAY NOVEMBER 30

This last draft is a revision of the paper. The revision must reflect a serious attempt to deal with all critiques that I write on your manuscript.

2 ORAL PRESENTATION

To be successful as a professional you must learn how to make oral presentations using a computer based presentation tool such as PowerPoint or its equivalent. We are judged as much by what we say as what we write. Thus each of you will be required to make a ***twenty (20) minute*** oral presentation using exhibits that you use in your paper.

Three students will make their presentations in class on starting on **Tuesday October 19.**

I will ask questions during the presentation if I do not understand what you are saying or showing. I will make comments after each presentation. I will then ask the other students to make comments.

IMPORTANT All students must attend the class when presentations are presented.

If I judge your presentation to be inadequate you will be give another chance to redo it at a later date.

A good oral presentation must be accompanied by well chosen exhibits such as charts, graphs, tables, and pictures that support the arguments made in the presentation. The choice of exhibits depends upon the content of the presentation.

Almost all of my students use websites for whatever exhibits they use in their papers. Many of these websites are biased. Although this course is a “writing intensive” course I will judge the ***content*** of your paper and of your presentation as well as your writing and speaking style. I want you to be ***objective*** about the arguments used in the sources that you reference in your paper. A successful oral presentation should include exhibits that appear to be unbiased.

Thus I want each one of you to go to the library and obtain at least one exhibit from a trade magazine such as Aviation Week or from a business paper such as the Financial Times or the Wall Street Journal that pertains to your topic. THE FT and the WSJ are not free on the Web so that you will have to go to the library and search back issues for stories or data that you can use as exhibits if you select one or both of those newspapers. . At least ***four*** of your slides must be based on library data.

There will be a projector and a computer console in the classroom. You can make your presentation using either your notebook or the computer in the console. I will show you several PowerPoint presentations about analytical politics.

3 **PARTICIPATION IN CLASS**

I treat my students as young adults and not high school students. I respect your ideas and beliefs and will never try to propagandize you and I will never insult your beliefs but I may challenge you to support them. The rule of reason holds in my class. Thus you should feel free to speak your mind in class when appropriate but be polite and logical. Do not attack other student's arguments but only reason with the arguments. Most of the presentations will involve some controversial issues and thus it is easy to have a class discussion after the presentations.

Also some of the ideas that I will present in class are novel and should evoke some discussion from the students in class.

4 **GRADING RULES**

The grades will be in the *plus – minus* format. You will be required to attend class during the oral presentation period. I will place a copy of the class roster on the table and every student must check off his or her name. If a student misses three presentation classes the student's grade will be reduce by one whole letter.

Do **NOT** come to class late. I will take note of any latecomer.

Weights to Determine Your Final Grade

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|---|-----|
| Phase 1 | 5% |
| Phase 2 | 40% |
| Oral presentation | 40% |
| Phase 3 | 15% |
| Bonus points for class participation & a pop quiz | 15% |

ECONOMIC INTEREST GROUPS

An economic interest group is an organization that is dedicated to achieving some sort of political goal to increase the economic welfare of the members of the organization. Although

there are always differences of opinion within the group the group functions as a single actor when engaged in political activity. If not then their efforts are usually wasted.

I do not consider a group who is advocating local, national or international charitable action an economics interest group. Such a charity oriented interest group is **NOT** acceptable as a research subject for the course writing assignment.

The interest group employs organized lobbying firms in order to influence legislators and elected public officials to favor legislation the group prefers or oppose legislation the group dislikes. In some cases the interest group represents economic interests outside the United States. Most interest groups have a permanent staff and several registered lobbyists who work for them either full time or part time.

Pick one goal of the interest group you chose. The paper must start by defining the structure of the interest group with respect to that goal. All regulatory agencies have many regulatory functions. Focus on **ONE major activity** of the organization or group that you chose to study. Many students try to write about all the activities listed by an interest group's Webpage or magazine. Narrow your efforts to one major activity of the interest group you chose to research.

It is necessary for the student to clearly explain what the interests of the group in a nonpartisan fashion. For example, the garlic growers in the Salinas Valley in Northern California increase their incomes by keeping garlic grown in other countries out of the US market and they have succeeded for a long time. They are a small but well organized farm group that is not effectively opposed by other well-organized associations.

Other examples of interest groups active in national and state politics are: the National Education Association, AT&T, the Teamsters Union, AFL-CIO, the National Association of Manufacturers, the American Medical Association, the American Bar Association, Archer Daniels Midlands, the AT&T Corporation, and the Texas Cattleman's Association. These associations spend a great deal of money in lobbying activities and in public relations. Each has opponents.

For example CLEAR has entered the Texas telephone market to compete with AT&T. Firms offering VOIP (Voice over the Internet) is becoming a competitive threat to AT&T.

REGULATORY AGENCIES

All sorts of economic activities are governed regulatory agencies that have been established by Congress or state legislatures. All regulatory agencies have many regulatory functions. Focus on **ONE major activity** of the organization that you chose to study. Many students try to write about all the activities listed by an agency's Webpage or magazine. Narrow your efforts to one major activity of the agency you chose. Fannie Mae and Freddie Mac are prime candidates for a research paper.

A Federal regulatory agency that I have written about is the Bureau of Foods in the Food and Drug Administration (FDA). This agency inspects all foods sold in interstate commerce. I have coauthored a book on food regulation (with Professor Richard Staelin) that is in the law library.

I have also written papers about the FDA Bureau of Drugs. One project that you may wish to research is the attempts of the Bureau of Drugs to regulate the vitamin industry.

The State of Texas has a number of regulatory agencies that are headquartered in Austin. One important state regulatory agency is the Texas Railroad Commission. Its main task is the regulation of the Texas oil and gas industry. Another important agency is the Lower Colorado River Authority.

BEGIN YOUR RESEARCH NOW

To begin Phase One of your project select an economic interest group or regulatory agency that you wish to write about. Find the Website of the interest group. You should be able to get most of the information you need from the web but use the library as well. If you look at the journals published by major trade associations, you should be able to get all the information you need to write this paper. If you chose a state regulatory agency you should be able to obtain all the information that you need by visiting the agency in Austin.

All political interest groups engage in many political activities such as lobbying legislators and employing a public relations firm.

Once you have selected your topic read what the group or agency attempts to achieve given the political realities. Then find out what the opposition argues. You should be able to identify the opposition from the argument put forth by the group. Write a balanced

discussion of the pros and cons of what the group or agency which to achieve and what their opponents want to achieve.

Keep the analysis simple. Concentrate on writing a coherent paper. I will meet with any student in my office that wishes to discuss the course requirement. An office meeting must be scheduled at least one day in advance.

Tips on Writing a Paper

- a. Focus on one political aim of the interest group you chose.
- b. Do your research during the first month of class
- c. After getting information write a draft of the main body of your paper
- d. Then write an introduction and a conclusion. The introduction should explain what the paper is about. The conclusion should summarize your main results
- e. Put the draft aside for several days and then reread it to find errors
- f. Reference your sources using either footnotes or a bibliography. You are allowed to use quotes from your source material but reference the sources in a reference list. Do not copy whole pages. You are allowed to state what others say in your own words
- g. The quality of your arguments is as important as the quality of your literary skills. You have to make arguments based on data and reasoning. Writing fancy prose with no substance will not work in this course

Book: Hinich and Munger, *Analytical Politics* (Cambridge University Press)