

Course Syllabus

Class/Department : Public Finance (Master Degree)

Course Title: Financing Political Parties 政黨經費和財源

Grade(應修系級) : 1 or 2

Type: Required Selective Whole Half

Credits: 2

Course Number: M5125

Prerequisite Course: None

Course Description:

Finding appropriate ways to finance political parties is crucial for a high quality government. In this course, we will review theories and thoughts for funding political parties. The main problem of the existing system is the formation of political Cartel between politicians and donators. We then explore several modern political institutions to break the Cartel.

Course Objective:

1. To understand the economic, political and philosophical analysis of ways of financing political parties.
2. To think critically about ways of financing political parties.
3. Explore a political Cartel when politicians are supported by interest groups.
4. Investigate modern political institutions to break a political Cartel.

Course Outline: (including teaching schedule):

Week 1: Introduction

Week 2: Voters as consumers in the political market

Downs, Anthony (1957). An Economic Theory of Political Action in a Democracy, The Journal of Political Economy, 65: 135-150.

Week 3: An example of a Cartel among politicians

Johnston, David C. (2008). Free Lunch, Chapter 25, New York: Penguin Group.

Week 4: Discussions for the political Cartel behind financial crisis

You must see the film about financial crisis before you come to the discussion

Week 5-7: How does a political Cartel affect people theoretically?

Rawls, John (1971/1999). A Theory of Justice. Oxford: Oxford University Press (Ch. 36).

Sandel, M. J., Justice – What's the Right Thing to Do?, Ch. 6.

Eisenkopf, Gerald, Urs Fischbacher, and Franziska Föllmi-Heusi (2013). Unequal opportunities and distributive justice, *Journal of Economic Behavior & Organization* 93: 51-61.

Trautmann, Stefan T., and Gijs van de Kuilen (2016). Process fairness, outcome fairness, and dynamic consistency: Experimental evidence for risk and ambiguity, *Journal of Risk and Uncertain* 53: 75-88.

Krawczyk Michal (2010). A glimpse through the veil of ignorance: Equality of opportunity and support for redistribution, *Journal of Public Economics* 94: 131-141.

Week 8-9: Reasons to use public funds

Reading: Rosen, Harvey, S. and Gayer, Ted, *Public Finance*, Ch. 3

Nicholson, Walter and Snyder, Christopher (2015), *Intermediate Microeconomics*, Ch.11.

Week 10-11: Some constitutions attempting to restrict politicians

Frey, Bruno (1994). Supreme Auditing Institutions: A Politico-Economic Analysis, *European Journal of Law and Economics*. 1: 169-176.

Frey, Bruno (1994). Direct Democracy: Politico-Economic Lessons from Swiss Experience, *American Economic Review*. 84 (No. 2): 338-342.

Vaubel, Roland (1994). The Political Economy of Centralization and the European Community, *Public Choice*. 81: 151-190.

Week 12: What is the effect of a political Cartel on people?

Frey, Bruno, S. and Alois Stutzer (2000). Happiness, Economy and Institutions, *Economic Journal*. 110: 918-938.

Dorn, David, Justina A. V. Fischer, Gebhard Kirchgässner and Alfonso Sousa-Poza (2007). Is It Culture or Democracy? The Impact of Democracy, Income and Culture on Happiness, *Social Indicators Research*. 82: 505-526.

Week 13: Referenda break a political Cartel – historical and empirical evidence.

Frey, Bruno, S. (2008). *Happiness: A Revolution in Economics*. Cambridge: MIT Press. (pp. 182-183)

Feld, Lars, P. and Gebhard Kirchgässner (2000). Direct Democracy, Political Culture, and the Outcome of Economic Policy: A Report on the Swiss Experience, *European Journal of Political Economy*, 16: 287-306.

Week 14: The effect of direct democracy on public expenditure

Santerre, Rexford, E. (1989). Representative versus Direct Democracy: Are There Any Expenditure Differences? *Public Choice*, 60: 145-154.

Week 15: The effect of quality of institution on tax morale

Frey, Bruno S. and Benno Torgler (2007). Tax Morale and Conditional Cooperation, Journal of Comparative Economics, 35: 136-159.

Week 16: Direct democracy generates deliberation

Bohnet, Iris and Bruno S. Frey (1994). Direct-Democratic Rules: The Role of Discussion, Kyklos, 47, no. 3: 341-354.

Week 17: Introducing direct participation rights

Frey, Bruno, S. (2008). Happiness: A Revolution in Economics. Cambridge: MIT Press. (pp. 186-189)

Week 18: Final exam

學生核心能力權重：八項加總為 100，不需每項均得填寫，惟至少需填一項

Item	Creative thinking and Problem-solving 創意思考與問題解決	Comprehensive integration 綜合統整	Communication and Coordination 溝通協調	Team cooperation 團隊合作
Weight	15	10	15	15
Item	Integrity and Upright 誠信正直	Respect and Reflection 尊重自省	Diverse care 多元關懷	Cross-border cooperation 跨界合作
Weight	15	10	10	10

Career Development:

Expected abilities developed in this course for future success include:

1. Analyze complex issues: Designing a good institution to finance political parties requires considerations of many facets, such as efficiency, fairness and feasibility. Students will develop analytical skills when they deal with these complex problems.
2. Teamwork: Through class discussions, students learn teamwork when they work out answers together.
3. Communications: In class discussions and presentations, students learn how to communicate their thoughts clearly to others.

Evaluation Methods:

Two essays (40% each) and a presentation (20%)

First essay question:

Why does Rawls argue that government should finance political parties? How plausible is

his approach to break a political Cartel?

Second essay question:

A political economist said: In Taiwan, because of the low competence of citizens, indirect democracy is a better choice than direct democracy. Do you agree or disagree?

Criteria for judging assessed work

For essay questions, we expect you to:

1. Place your answers in an appropriate academic context. To do this, you should make detailed use of relevant specific academic papers and books (if appropriate) and always try to relate your argument to underlying theoretical issues and literature.
2. Avoid making sheer assertions, i.e. claims or statements unsupported by theory and/or evidence. You should always try to substantiate and elaborate.
3. The standard academic expectations apply. Your work should:
 - a) have a clear structure and linear progression of arguments.
 - b) be typed, and contain full bibliographical references (including internet addresses) and an accurate word count.
4. Tips for high marks:
 - a) Display evidence of wider reading than just the lecture notes, standard text books and references given in the unit outline.
 - b) Develop innovative thoughts or ideas.
5. Marks and essay quality

90-100	Development of innovative arguments; wider reading beyond the given references;
80-90	Good understanding the basic readings; good analysis of the literature; good development of arguments
70-80	Understanding of the basic reading with minor mistakes; preliminary analysis of the literature; preliminary development of arguments
Under 70	Misunderstanding of the basic reading; descriptions rather than analysis; assertions without supported theories/evidence.

Required texts:

The reading materials come from various sources and they are shown in the weekly plan. Hence, this course does not have a specific textbook.

Reference texts:

The details of reading materials for each week are shown in the weekly plan.