

The Politics of Federalism

Syllabus

G. Darl Lewis

December 3, 2019

Course Overview

Over the past several years, the role of federalism in the governance of the United States has become increasingly salient, with the national government increasingly asserting a role in areas traditionally viewed as state matters and the states responding in kind with attempts to block or otherwise circumvent national laws. What are the driving forces behind these events? Why do countries choose to model their governments in such a way despite these conflicts? This course will attempt to answer these questions with an exploration of the politics of federalism from the 18th century through the modern era. We will begin with a discussion of the classical arguments for a federal system and the debates that led to the adoption of our current federal system. We will then transition to the modern era, both in terms of theory and practice, exploring how modern economic theories of federalism can explain today's federal system. In the latter part of the semester, we will broaden our discussion by considering how other countries have addressed the same problems in a comparative context and tailored federalism to their own specific needs.

Instructor

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Seminars: R 4:30P – 6:30P, 20 Simon

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Materials and Prerequisites

There are no official prerequisites for this course. However, it is recommended that students be comfortable with basic game theory and statistical interpretation.

Assignments and Grading

Your grade will be determined as follows:

- Weekly discussion leading (see below) for 25%
- Paper presentation (25%)
- Final paper on federalism topic of your choice (40%)
- Participation (10%)

Discussion Leading

Every week, one student should volunteer to lead the discussion. While I will assist and provide guidance, the presenter should take the primary role in guiding the day's discussion, ensuring to cover the relevant readings and tying them into the broader arc of the course, including previous weeks' readings. While there may be occasions when slides will be useful, these slides should not be your focus; remember that this is a discussion, not a lecture.

Presentation

Once during the term, each student will present a paper to the class. I will provide a list of possible papers for you to choose from (noting that each paper may be presented only once), however, if you know of a different paper that you would prefer to present (including your own), you may run it by me as a possibility.

Paper

Each student should, over the course of the semester, develop a paper on the topic of federalism. This paper may be formal, empirical, or, (I suppose) even qualitative. This should be an article-length paper consisting of original research and will fall due at 5:00 on May 3, 2019. We will take one week near the end of the semester to workshop these papers in class, so you will have an opportunity to receive feedback prior to turning in the final product.

Participation

As this is a graduate class, I expect everyone to be here because they want to be. To that end, this should be rather easy. Just make sure you've done the reading, show up to seminar, and engage with your peers.

Late Work

This is a small class, and hopefully everyone is motivated to work hard. With that in mind, try to finish this class on time. No one wants to have work piled up over the summer unless absolutely necessary.

Schedule

The weekly readings are listed below. Note that based on new work and the interests of the class, these readings may change slightly over the course of the semester, so check the syllabus (and any relevant emails) on a regular basis.

Week 1 (01/17): SPSA

**I will be at SPSA this week, so we will not meet.*

Week 2 (01/24): Philosophical Foundations

What is federalism? What are the incentives to adopt federal systems and what advantages do they provide? We will begin this week with a review of some of the early literature on federalism, focusing especially on the American case. We will use the opportunity to develop a philosophical understanding of the role of federal systems as we jump into positive theories of federalism in the following weeks.

Required:

- Andreas Follesdal. 2018. “Federalism” *The Stanford Encyclopedia of Philosophy*, Edward Zalta, ed.
- Alexander Hamilton, John Jay, and James Madison. 1787-88. *The Federalist Papers*, Nos. 10 and 51
- John DeWitt, et al. 1787-88. “The Need for a Stronger Union” (Dewitt) from *The Anti-Federalist Papers*.
- Hayek, Friedrich. 1948. “The Economic Conditions of Interstate Federalism,” in *Individualism and Economic Order* Chicago: U. of Chicago.

Recommended:

- Alexander Hamilton, John Jay, and James Madison. 1787-88. *The Federalist Papers*, Nos. 45 and 62.
- John DeWitt, et al. 1787-88. “Responsibility and Checks in State Government” (Centinel No. 1) and “Extended Republics, Taxation” (Federal Farmer No. I and II) from *The Anti-Federalist Papers*.

Week 3 (01/31): Foundations of Fiscal Federalism

Money, as is often the case, is the subject of much debate in the world of federalism. Who controls it and how can they use it? This week focuses on several theories of fiscal federalism and the flow of money in such systems.

Required:

- Oates, Wallace. 1999. "An Essay on Fiscal Federalism," *JEL* 37:3, 1120-49.
- Timothy Besley and Stephen Coate. 1999. "Centralized versus Decentralized Provision of Local Public Goods: A Political Economy Analysis," *NBER wp 7094*.
- Torsten Persson and Guido Tabellini. 1996. "Federal Fiscal Constitutions: Risk Sharing and Redistribution," *JPE* 104:5 979-1009.
- Avinash Dixit and John Londregan. 1998. "Fiscal Federalism and Redistributive Politics," *J. Pub. Ec.* 68 153-80.

Recommended:

- Riker, William. 1964. *Federalism: Origin, Operation, Significance* Boston: Little, Brown, and Co. Ch.1-2.
- Ugo Panizza. 1999. "On the Determinants of Fiscal Centralization: Theory and Evidence," *J. Pub. Ec.* 74, 97-139.
- Craig Volden. 2004. "Origin, Operation, and Significance: The Federalism of William H. Riker," *Publius* 34:4, 89-107.

Week 4 (02/07): Integration and Secession

How do federations form, and how do they fall apart? Our focus this week will be on the evolution of federal systems, and we will analyze what brings jurisdictions together to cede power to a central authority and drives them apart, with an eye to the incentives driving these decisions.

Required:

- Alberto Alesina and Enrico Spolare. 1997. "On the Number and Size of Nations," *QJE*
- Patrick Bolton and Gerard Roland. 1997. "The Breakup of Nations: A Political Economy Approach," *QJE*
- Cremer, Jacques, and Thomas Palfrey. 1999. "Political Confederation," *APSR* 93:1, 69-83.
- Ann Bowman. 2004. "Horizontal Federalism: Exploring Interstate Interactions," *JPART* 14-4 535-46.

Recommended:

- Alan Patten. 2014. "Democratic Secession from a Multinational State," *Ethics*, 112:3, 558-586.

Week 5 (02/14): Sorting

What happens after federation? We will turn our analysis this week to the behavior of people within a federation and their decisions as to where to locate themselves. Beginning with the classic Tiebout model, we will explore how people react and change their behavior in response to interjurisdictional competition.

Required:

- Tiebout, Charles. 1956. "A Pure Theory of Local Expenditures," *JPE*
- Epple, Dennis, and Thomas Romer. 1991. "Mobility and Redistribution," *JPE* 99:4, 828-58.
- John Donahue. 1997. Tiebout? Or Not Tiebout? The Market Metaphor and America's Devolution Debate," *JEP* 11:4, 73-82.
- Ilya Somin. 2011. "Foot Voting, Political Ignorance, and Constitutional Design," *SPP* 28:1 202-27.

Recommended:

- Wallace Oates. 2006. "The Many Faces of the Tiebout Model," in *The Tiebout Model at 50*, William Fischel, ed. 21-45.

Week 6 (02/21): Beyond Fiscal Federalism

In political science and economics, the face of the study of federalism has largely been fiscal, in part because of the relative ease of measuring fiscal policy. However, there are many other aspects of governance affected by and subject to federal structures. This week we will focus on some of these papers.

Required:

- Loeper, Antoine. 2011. "Coordination in Heterogeneous Federal Systems," *J. Pub. Ec.* 95:7, 900-12.
- Cremer, Jacques, and Thomas Palfrey. 2000. "Federal Mandates by Popular Demand," *JPE* 108:5, 905-27.
- Craig Volden. 2005 "Intergovernmental Political Competition in American Federalism," *AJPS* 49:2 327-42.
- James Buchanan. 1995. "Federalism as an Ideal Political Order and an Objective for Constitutional Reform," *Publius* 25:2 19-27.

Week 7 (02/28): Development and Market Federalism

How do federal structures impact development, both of the market and the government. This week we will explore how federal systems affect the growth of government and the impact on policy over time. We will place special emphasis on the heavily-touted market-preserving characteristics of federalism.

Required:

- Weingast, Barry. 1995. "The Economic Role of Political Institutions: Market-Preserving Federalism and Economic Growth," *JLEO* 11, 1-31.
- Rodden, Jonathan. 2009. "Reviving Leviathan: Fiscal Federalism and the Growth of Government," *IO*, 695-729.
- Rodden, Jonathan, and Susan Rose-Ackerman. 1997. "Does Federalism Preserve Markets," *Virginia L. Rev.*
- Davoodi, Hamid, and Heng-fu Zou. 1998. "Fiscal Decentralization and Economic Growth: A Cross-Country Study," *J. Urban Econ.* 43, 244-57.

Recommended:

- O'Hara, Erin, and Larry Ribstein. 2009. "The Law Market," 1-37.

Week 8 (03/07): Federalism and Accountability

When there are multiple layers of government interacting to generate policy, it can often be difficult to assign blame when things go wrong (or attribute credit when they go right). This week, we will explore the impact that difficulty has on electoral accountability.

Required:

- Paul Seabright. 1996. "Accountability and Decentralization in Government: An Incomplete Contracts Model," *EER* 40:1 61-89.
- Robert Lowry, James Alt, and Karen Ferree. 1998. "Fiscal Policy Outcomes and Electoral Accountability in the American States," *APSR* 92:4 759-74.
- Timothy Besley and Anne Case. 1995. "Incumbent Behavior, Vote-Seeking, Tax Setting, and Yardstick Competition," *AER* 85:1 25-45.
- John Kincaid. 1999. "Confederal Federalism and Citizen Representation in the European Union," *West Eur. Pol.* 22:2 34-58.

Recommended:

- Fritz Sharpf. 1988. "The Joint-Decision Trap: Lessons from German Federalism and European Integration," *PA* 66 239-78.

Week 9 (03/21): Subnational Federalism

When discussing federal systems, it is easy to forget about the smallest divisions—cities, counties, and tribal territories, to list a few. This week we consider how federal structures impact these groups, as well as how these groups can exploit differences between state-level and national-level policy actors to implement local preferences. We will also consider how these units work together to influence policy at higher levels.

Required:

- Rebecca Goldstein and Hye Young. 2017. “Cities as Lobbyists,” *AJPS* 61:4 864-76.
- Peter Gordon and Harry Richardson. 2001. “The Sprawl Debate: Let Markets Plan,” *Publius* 31:3 131-149.
- Erich Steinman. 2004. “American Federalism and Intergovernmental Innovation in State-Tribal Relations,” *Publius* 34:2 95-114.
- Michael Pagano and Joycelyn Johnson. 2000. “Life at the Bottom of the Fiscal Food Chain: Examining City and County Revenue Decisions,” *Publius* 30:1 159-70.

Recommended:

- Dagney Faulk. 2012. “City-County Consolidation and Local Government Expenditures,” *State and Local Government Review* 44:3 196-205.
- Vincent Ostrom, Charles Tiebout, and Robert Warren. 1961. “The Organization of Government Metropolitan Areas: A Theoretical Inquiry,” *APSR* 55:4 416-24.
- Donald Kettl. 1981. “The Fourth Face of Federalism,” *PAR* 41:3 366-71.

Week 10 (03/28): Judicial Federalism

How does the judiciary fit into a federal system? This week, several papers will address the challenge of establishing an effective judiciary in a federal system where laws and jurisdictions often vary widely. We will also explore how the realities of building an effective judiciary impact the stability of federal systems.

Required:

- Herbert Wechler, 1954. “The Political Safeguards of Federalism: The Role of the State in the Composition and Selection of the National Government,” *CLR* 54 543-61.
- Lynn Baker and Ernst Young. 2001. “Federalism and the Double Standard of Judicial Review,” *DLJ* 51 75-133.
- H Patrick Glenn. 1994. “Divided Justice? Judicial Structures in Federal and Confederal States,” *SCLR* 48 819-33.
- Alexander Hamilton, John Jay, and James Madison. 1787-88. *The Federalist Papers, No 80*

Recommended:

- Tony Freyer. 1979. "The Federal Courts, Localism, and the National Economy, 1865-1900," *Bus. Hist. Rev.* 53:3 343.
- Scott Dodson. 2011. "Hybridizing Jurisdiction," *CLR* 99:6 1439-84.
- Sandra O'Connor. 1981. "Trends in the Relationship Between the Federal and State Courts from the Perspective of a State Court Judge," *Wm. & Mary L. Rev.* 22:4 801.

Week 11 (04/04): Comparative Federalism I, The European Union

This week we turn full tilt to comparative federalism. In particular, we focus on the design and structure of the European Union, examining how it is similar to the federal structure of the United States and how it differs. In particular, we will explore how the maturity of the European states and long-standing independence has affected their ability to coordinate at a supranational level.

Required:

- Inman, Robert, and Daniel Rubinfeld. 1992. "Fiscal Federalism in Europe: Lessons from the United States Experience," *EER* 36, 654-60.
- Alfred, Stepan, 1999. "Federalism and Democracy: Beyond the U.S. Model," *J of Democracy* 10:4, 19-33.
- Tanja Borzel and Madeleine Hosli. 2003. "Brussels Between Berlin and Bern: Comparative Federalism Meets the European Union," *Governance* 16:2 179-202.
- R Daniel Keleman and Terrene Teo. 2014. "Law, Focal Points, and Fiscal Discipline in the United States and the European Union," *APSR* 108:2 355-70.

Recommended:

- Ingeborg Tommel. 2010. "The European Union: A Federation Sui Generis?" in *The EU and Federalism*, Finn Larson, ed.
- Steven Wolinetz. 2010. "Comparing the Incomparable: Treating the EU in Comparative Perspective," in *The EU and Federalism*, Finn Larson, ed.

Week 12 (04/11): Comparative Federalism II, Developing Federalism

In what ways do developing countries differ from developed ones? This week, we will explore the different federal outcomes between developed and developing nations with a particular eye to ethnic conflict and established democratic procedures.

Required:

- Jan Erk. 2014. "Federalism and Decentralization in Sub-Saharan Africa: Five Patterns of Evolution," *Regional and Federal Studies* 24:5 535-52.
- Stephanie Dion. 1996. "Why is Seession Difficult in Well-Established Democracies? Lessons from Quebec," *BJPS* 269.
- Larry Anderson. 2004. "Exploring the Paradox of Autonomy: Federalism and Secession in North America," *Reg. and Fed. Stud.* 89-112.
- Rotimi Suberu. 2009. "Federalism in Africa: The Nigerian Experience in Comparative Perspective," *Ethnopolitics* 8:1 67-86.

Week 13 (04/18): Workshop

We will spend our time this week workshoping our final papers. The class will be split among all students, and you are free to prepare your presentation as you see fit, however you should be well on your way to a final product in order to make the workshop worthwhile.

Draft presentations of final papers in class.

Required:

- Draft papers

Week 14 (04/25): Summary Discussion**Required:**

- Jenna Bednar. 2005. "Federalism as a Public Good," *Con. Pol. Ec.* 16, 189-205.
- TBA based on interests of the class

Final paper due at 5:00PM, May 3, 2019.