1 Overview

The goal of these lectures is to discuss in an informal and interactive way recent developments in the Theory of Incentives when applied to our understanding of how governments interact with the rest of the economy. Although, we will keep a focus on how incentives shape public-decision making, the choice of topics has a broader appeal for whoever is interested in incentives.

Prerequisites consist in a good knowledge of my own book with Jean-Jacques Laffont:


This is not per se a book on public governance but instead a methodological book. Also useful and certainly more in lines with the topics of those lectures are:


2 Suggested Program

Here is an indicative list of topics that will be covered in the lectures.

1. Preliminary: “All you should know about Incentives Theory and that you did not dare asking and that applies to regulation.”

   In-class analysis.


1Paris School of Economics-EHESS.


**Background readings (not very technical and more applied to regulation per se).**


**Background theoretical readings (for those more theoretically oriented).**


2. **Delegation from Congress to Agencies : Theory**

**Background readings in political science**


**In-class analysis. General theory.**


**Background theoretical readings.**


3. **Delegation : Multi-Agent Models**

**In-class analysis. Informational Lobbying**


**Background readings in political science.**


**Background theoretical readings.**


Application: The relationship between Congress, Agencies and the Economy.


4. Collusion, bureaucracy and capture

*Background readings in sociology and political science*


*In-class analysis.*


*Application 1: The design of regulatory agencies.*


*Application 2: Independent regulatory agencies*


*Background readings.*
5. Privatization

*Background readings of general interest*


*In-class analysis.*


*Background readings.*


6. **Common Agency.**

**General Background readings**


**In-class analysis.**


**Background readings.**


**Application : Lobbying.**

7. Political Principals

*In-class analysis.*