Questions for Week 8.

Readings: Various articles on budgeting.

1. The “progressive friction hypothesis” suggests that if we order institutions by their decision costs, kurtosis should be higher as decision costs are higher. Therefore decision costs would be an indicator of friction. This is the topic of the first two readings. Propose a method directly to measure decision costs.

2. In the “3 country” study (US, Belgium, Denmark), some of the series are “out of order.” More importantly, it is hard to distinguish between “friction” or decision-costs and “cascades” or mimicking effects. How could one solve that problem?

3. Is there a “law” for budgets? How would you know? What would be a next step in this literature?

4. John and Jennings focus on the UK, which has no separation of powers and limited federal aspects. What do you make of their findings? Why do the punctuations occur there? Is it an artifact of the measures?

5. Jensen discusses differences in kurtosis by type of program. What would be the best way to test this idea on a larger scale? Compare to Breunig, Koski, and Mortensen. Put forward a few testable hypotheses about types of programs that should be expected to have high or low kurtosis.

6. Review some of the earlier literature on budgeting, especially that focused on incrementalism and compare the “new” literature on kurtosis and fat tails to the “old” literature on incrementalism. Each has a strong empirical component as well as a behavioral model of how decisions (budgets) get made. Compare.

7. For better or worse, this literature has developed in a highly quantified manner. Take some of the ideas (theories, models of decision-making) and propose a way to use qualitative methods such as interviews and process-tracing to study the same things.