

NEW YORK UNIVERSITY

Spring 2015

Political Economy (Core)

NYU Department of Politics

POL-GA. 1400.001

Tuesday 4-5:50pm

Room 217

19 W. 4th Street

Professor Prosper Bernard, Jr.

Office hour: Tuesday 2-4pm, Rm. 304

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Description

This course is a survey of the core concepts and theories of political economy. The course is divided into three sections. The first one is designed to familiarize you with theoretical perspectives, methods of analysis, and concepts widely used in the study of political economy. What you learn in this section will give you useful leverage to study the themes in the next two sections. The second section focuses on how economic and political institutions and government partisanship shape economic policies and macroeconomic outcomes. The final section explores how economic and social factors influence elections, regime change, distribution and redistribution, and social spending.

Requirements

1. Each week students are expected to attend class and to participate in class discussions. Each student is required to summarize at least once this semester assigned readings associated with a weekly topic. This assignment involves summarizing and synthesizing readings for up to 15 minutes and preparing for class use a written outline that includes summaries of the readings, comments that synthesize and contrast the reviewed materials, and discussion questions. For practical information regarding this assignment see “Tips for an effective summary” on NYU Class course site.
2. You are also required to write three review essays (5-7 pages long, double-spaced) based on any three weekly topics. The essays must engage critically and comparatively all of the required readings assigned to a weekly topic. Consider the following points as you develop your response essay: What is the central theme connecting the selected readings? What are the main arguments developed in the literature under review? What are the main concepts addressed in the assigned readings and how are they conceptualized and operationalized? What are the main empirical findings and what methods are used to arrive at such findings? How do the readings under review enhance our understanding of the area of study in question? Indicate how the selected readings complement each other and point out the areas in which they diverge from each other. For practical information about this assignment see “Tips for writing an effective essay” on NYU Class course site.

Each essay is due the week after we cover the weekly topic on which your essay is based. Please note the following time limits for the submission of your three essays: your first essay must be submitted no later than March 3; second essay no later than

April 7; and third essay no later than May 12. Your three essays (*Word* formatted) must be submitted via the Assignment Tool on NYU Class.

- Finally, the course requires that you complete a take home exam at the end of the semester. The exam will be distributed on April 21 and due by May 5. Your exam must be submitted via the Assignment Tool on NYU Class course site.

Grading

Three review essays: 60%

Take home exam: 15%

Class participation: 15%

In-class summary: 10%

Readings

There are several books and many articles required for this course. Below, you will find a list of books available for purchase at the bookstore; these books are also on reserve. Readings in the form of book chapters are available at the Bobst reserve desk. Readings in the form of journal articles are available through Bobst Electronic Journals.

Jon Elster. 1989. *Nuts and Bolts for the Social Sciences*. New York: Cambridge University Press.

William Keech. 2014. *Economic Politics in the United States: The Costs and Risks of Democracy*. Second Edition. New York: Cambridge University Press.

January 27: What is Political Economy?

Suggested Readings:

James Alt and Alec Crystal. 1983. *Political Economics* (University of California Press): Chapter 1.

James Caporaso and David Levine. 1992. *Theories of Political Economy* (Cambridge University Press): Chapter 1.

Torun Dewan and Kenneth Shepsle. 2008. “Review Article: Recent Economic Perspectives on Political Economy, Part I & II,” *British Journal of Political Science* 38 (Spring 2008): 363-382 and (Summer): 543-564.

Adam Przeworski. 2003. *States and Markets: A Primer in Political Economy* (Cambridge University Press): Chapter 1.

Charles Wolf, Jr. 1993. *Markets or Governments: Choosing between Imperfect Alternatives* (The MIT Press): Chapter 1.

Part I: Concepts and Perspectives in Political Economy

February 3: Rational Choice and Collective Action

Assigned Readings

Samuel Bowles and Herbert Gintis. 2008. “The Evolutionary Basis of Collective Action.” In Barry Weingast and Donald Wittman, eds., *The Oxford Handbook of Political Economy*. New York: Oxford University Press:

Jon Elster. 1989. *Nuts and Bolts for the Social Sciences*. New York: Cambridge University Press.

Suggested Readings

Mancur Olson. 1971. *The Logic of Collective Action: Public Goods and The Theory of Groups* (Harvard University Press).

Donald Green and Ian Shapiro. 1994. *Pathologies of Rational Choice Theory* (Yale University Press).

Margaret Levi. 1990. *The Limits of Rational Choice Theory*. (University of Chicago Press).

Margaret Levi. 2000. "The Economic Turn in Comparative Politics," *Comparative Political Studies* 33 (August/September): 822-44.

Adam Przeworski. 1985. "Marxism and rational choice," *Politics and Society* 14: 379-409.

February 10: Preference Formation and Interest RepresentationAssigned Readings

Michael Hiscox. 2001. "Class Versus Industry Cleavages: Inter-Industry Factor Mobility and the Politics of Trade," *International Organization* 55 (Winter): 1-46.

Cathie Jo Martin and Duane Swank. 2012. *The Political Construction of Business Interests: Coordination, Growth, and Equality*. New York: Cambridge University Press: 1-27.

William Mitchell and Michael Munger. 1991. "Economic Models of Interest Groups: An Introductory Survey." *American Journal of Political Science* 35 (May): 512-546.

Mancur Olson. 1982. *The Rise and Decline of Nations: Economic Growth, Stagflation, and Social Rigidities*. New Haven: Yale University Press: chapters 2-3.

Suggested Readings

Scott Ainsworth. 2002. *Analyzing Interest Groups: Group Influence on People and Policies* (W.W. Norton).

Ira Katznelson and Barry Weingast. 2007 *Preferences over Time*. (Russell Sage Foundation).

Anne Krueger. 1973. "The Political Economy of Rent Seeking Society," *American Economic Review* 64: 291-303.

Moses Shayo. 2009. "A Model of Social Identity with an Application to Political Economy," *American Political Science Review* 103 (May): 147-174.

Kenneth Shepsle. 2010. *Analyzing Politics: Rationality, Behavior, and Institutions*. (WW Norton).

February 17: Transaction Costs, Time-Consistency & Agency ProblemsAssigned Readings

Gary Miller. 2005. "The Political Evolution of Principal-Agent Models," *Annual Review of Political Science* 8: 203-225.

Avinash Dixit. 1998. *The Making of Economic Policy: A Transaction Cost Politics Perspective* (The MIT Press): 19-112.

Suggested Readings

Torsten Persson and Guido Tabellini. 2002. *Political Economics: Explaining Economic Policy*. (The MIT Press).

Adam Przeworski. 2003. *States and Markets: A Primer in Political Economy* (Cambridge University Press): Chapter 5, 6, &7.

Oliver Williamson. 1985. *The Economic Institutions of Capitalism: Firms, Markets, and Relational Contracting* (Free Press).

February 24: Institutional Coordination, Complementarity & Change

Assigned Readings

Peter Hall and David Soskice. 2001. “An Introduction to Varieties of Capitalism” in Peter Hall and David Soskice, eds., *Varieties of Capitalism*. Oxford University Press: 1-44. Link: <http://www.people.fas.harvard.edu/~phall/VofCIntro.pdf>

Wolfgang Streeck and Kathleen Thelen. 2005. “Introduction: Institutional Change in Advanced Political Economies.” In Wolfgang Streeck and Kathleen Thelen, eds., *Beyond Continuity: Institutional Change in Advanced Political Economies*. New York: Oxford University Press): 1-39.

Peter Hall and Daniel Gingerich, “Varieties of Capitalism and Institutional Complementarities in the Political Economy: An Empirical Analysis,” *British Journal of Political Science* 39 (July 2009): 449-482.

Margarita Estevez-Abe, Torben Iversen, and David Soskice, “Social Protection and the Formation of Skills: A Reinterpretation of the Welfare State,” in Peter Hall and David Soskice, eds., *Varieties of Capitalism* (New York: Oxford University Press, 2001).

Suggested Readings

Bob Hancke. 2009. *Debating Varieties of Capitalism: A Reader* (Oxford University Press).

Jack Knight. 1992. *Institutions and Social Conflict* (Cambridge University Press).

James Mahoney and Kathleen Thelen. 2010. *Explaining Institutional Change: Ambiguity, Agency, and Power* (Cambridge University Press).

Douglass North. 1990. *Institutions, Institutional Change, and Economic Performance* (Cambridge University Press).

Paul Pierson. 2004. *Politics in Time: History, Institutions, and Social Analysis* (Princeton University Press).

Part II: Impact of Institutions and Politics on Economic Policies and Performance

March 3: Economic Institutions

Assigned Readings

David Cameron. 1984. “Social Democracy, Corporatism, Labour Quiescence and the Representation of Economic Interest in Advanced Capitalist Society.” In John Goldthorpe, ed., *Order and Conflict in Contemporary Capitalism: Studies in the Political Economy of Western European Nations*. New York: Oxford University Press: 143-174.

Robert Franzese and Peter Hall. 2000. “Institutional Dimensions of Coordination Wage Bargaining and Monetary Policy.” In Torben Iversen and Jonas Pontusson, eds., *Unions, Employers, and Central Banks*. New York: Cambridge University Press:

Barry Eichengreen and Torben Iversen. 1999. "Institutions and Economic Performance: Evidence from the Labour Market." *Oxford Review of Economic Policy* 15: 121-138.

Pablo Beramendi and Thomas Cusack. 2008. "Economic Institutions, Partisanship, and Inequality." In Pablo Beramendi and Christopher Anderson, eds, *Democracy, Inequality, and Representation*. New York: Russell Sage Foundation: 127-168.

Suggested Readings

Lars Calmfors and John Driffill. 1998. "Bargaining structure, corporatism, and macro-economic performance." *Economic Policy* (April): 13-61.

Torben Iversen. 1999. *Contested Economic Institutions* (New York: Cambridge University Press).

Isabela Mares. 2006. *Taxation, Wage Bargaining, and Unemployment* (New York: Cambridge University Press).

Alan Siaroff. 1999. "Corporatism in 24 industrial democracies: Meaning and measurement," *European Journal of Political Research* 36: 175-205.

Kathleen Thelen. 2002. "The Political Economy of Business and Labor in the Developed Democracies," in Ira Katznelson and Helen Milner, *Political Science: The State of the Discipline* (New York: W.W. Norton).

March 10: Political Institutions

Assigned Readings

Jude Hays. 2003. "Globalization and Capital Taxation in Consensus and Majoritarian Democracies." *World Politics* 56 (October): 79-113.

Torben Iversen and David Soskice. 2006. "Electoral Institutions and the Politics of Coalitions: Why Some Democracies Redistribute More Than Others." *American Political Science Review* 100 (May): 165-181.

William Keech. 2014. *Economic Politics in the United States: The Costs and Risks of Democracy*. Cambridge University Press: Chapters 8 and 9.

Torsten Persson and Guido Tabellini. 2004. "Constitutions and Economic Policy." *Journal of Economic Perspectives* 18 (Winter): 75-98.

Suggested Readings

Daron Acemoglu and James Robinson. 2012. *Why Nations Fail: Origins of Power, Prosperity, and Poverty* (Crown Business).

Torsten Persson and Guido Tabellini. 2005. *The Economic Effects of Constitutions* (The MIT Press).

Jonathan Rodden and Erik Wibbels. 2010. "Fiscal Decentralization and the Business Cycle: An Empirical Study of Seven Federations," *Economic and Politics* (March): 37-67.

George Tsebelis. 2002. *Veto Players: How Political Institutions Work* (Princeton University Press).

March 17: Spring Recess – No Class

March 24: Macroeconomic Politics: Electoral Cycles

Assigned Readings

William Robert Clark, Sona Golder, and Paul Poast. 2013. "Monetary Institutions and the Political Survival of Democratic Leaders." *International Studies Quarterly* 57 (September): 556-567.

William Roberts Clark and Mark Hallerberg. 2000. "Mobile Capital, Domestic Institutions, and Electorally Induced Monetary and Fiscal Policy." *American Political Science Review* 94 (June): 323-346.

Brandice Canes-Wrone and Jee-Kwang Park. 2012. "Electoral Business Cycles in OECD Countries." *American Political Science Review* 106 (February): 103-122.

William Keech. 2014. *Economic Politics in the United States: The Costs and Risks of Democracy*. Cambridge University Press: Chapter 3.

Suggested Readings

Alberto Alesina, Nouriel Roubini, and Gerald Cohen. 1997. *Political Cycles and the Macroeconomy* (The MIT Press).

Allan Drazen. 2001. "The Political Business Cycle after 25 Years." In Ben Bernanke and Kenneth Rogoff, eds., *NBER Macroeconomics Annual 2000*, Vol. 15. (The MIT Press).

Robert Franzese. 2002. *Macroeconomic Policies of Developed Democracies* (New York: Cambridge University Press).

Finn Kydland and Edward Prescott. 1977. "Rules rather than discretion: The Inconsistency of Optimal Plan." *Journal of Political Economy* 85 (June): 473-90.

March 31: Macroeconomic Politics: Partisanship

Assigned Readings

Michael Alvarez, Geoffrey Garrett, and Peter Lange. 1991. "Government Partisanship, Labor Organization, and Macroeconomic Performance." *American Political Science Review* 85 (June): 539-556.

Carles Boix. 1997. "Political Parties and the Supply Side of the Economy: The Provision of Physical and Human Capital in Advanced Economies, 1960-90." *American Journal of Political Science* 41 (July): 814-945.

Thomas Cusack. 1999. "Partisan Politics and Fiscal Policy," *Comparative Political Studies* 32 (June): 464-486.

William Keech. 2014. *Economic Politics in the United States: The Costs and Risks of Democracy*. Cambridge University Press: Chapter 4.

Suggested Readings

Carles Boix. 1998. *Political Parties, Growth, and Equality. Conservative and Social Democratic Strategies in the World Economy* (Cambridge University Press).

William Roberts Clark and Vincent Arel-Bundock. 2013. "Independent but not Indifferent: Partisan Bias in Monetary Policy at the Fed." *Economics and Politics* 25 (March): 1-26.

Douglass Hibbs. 1977. "Political Parties and Macroeconomic Policies," *American Political Science Review* 71 (December): 1467-87.

David Rueda. 2007. *Social Democracy Inside Out: Partisanship and Labor Market Policy in Industrialized Democracies* (Oxford University Press).

Part III: The Impact of the Economy and Society on Politics

April 7: Economic Voting and Contentious Politics

Assigned Readings

Christopher Anderson. 2007. "The End of Economic Voting? Contingency Dilemmas and the Limits of Democratic Accountability." *Annual Review of Political Science* 10: 271-96.

Timothy Hellwig and David Samuels. 2007. "Voting in Open Economies: The Electoral Consequences of Globalization." *Comparative Political Studies* (March): 283-306.

Johannes Lindvall. 2013. "Union Density and Political Strikes." *World Politics* 65 (3): 539-569.

Matthew Singer and Ryan Carlin. 2013. "Context Counts: The Electoral Cycle, Development, and the Nature of Economic Voting." *The Journal of Politics* 75 (July): 730-742.

Suggested Readings

Jonathan Rodden and Erik Wibbels. 2010. "Dual Accountability and the nationalization of party competition: Evidence from four federations." *Party Politics* 17 (September): 629-653.

Raymond Duch and Randolph Stevenson. 2008. *The Economic Vote: How Political and Economic Institutions Condition Election Results* (Cambridge University Press).

Michael Lewis-Beck and Mary Stegmaier. 2000. "Economic Determinants of Electoral Outcomes." *Annual Review of Political Science* 3: 183-219.

David Samuels and Timothy Hellwig. 2010. "Elections and Accountability for the Economy: A Conceptual and Empirical Reassessment." *Journal of Elections, Public Opinion, & Parties* 20 (November): 393-419.

April 14: Democratization

Assigned Readings

Daron Acemoglu and James Robinson. 2006. *Economic Origins of Dictatorship and Democracy*. Cambridge University Press: 1-87.

Carles Boix. 2011. "Democracy, Development, and the International System." *American Political Science Review* 105 (4): 809-828.

Robert R. Kaufman. 2009. "The Political Effects of Inequality in Latin America: Some Inconvenient Facts." *Comparative Politics* (April): 359-377.

Suggested Readings

Carles Boix. 2003. *Democracy and Redistribution* (Cambridge University Press).

Margaret Levy. 1988. *Of Rule and Revenue* (Berkeley: University of California Press).

Seymour Martin Lipset. 1959. "Some Social Requisites of Democracy: Economic Development and Political Legitimacy." *American Political Science Review* 53: 69-105.

Adam Przeworski, Michael Alvarez, José Antonio Cheibub, and Fernando Limongi. 2000. *Democracy and Development: Political Institutions and Well-Being in the World, 1950-1990* (New York: Cambridge University Press).

Dietrich Rueschemeyer, Evelyne Huber Stephens, and John Stephens. 1992. *Capitalist Development and Democracy* (Chicago: University of Chicago Press).

April 21: Welfare State

Assigned Readings

Gosta Esping-Andersen. 1993. *The Three Worlds of Welfare Capitalism*. Princeton: Princeton University Press: pp. 1-34.

Walter Korpi. 2006. "Power Resources and Employer-Centered Approaches in Explanations of Welfare States and Varieties of Capitalism." *World Politics* (January): 167-206.

Isabela Mares and Matthew Carnes. 2008. "Social Policy in Developing Countries." *Annual Review of Political Science* 12: 93-113.

Nita Rudra. 2007. "Welfare States in Developing Countries: Unique or Universal?" *The Journal of Politics* 69 (May): 378-396.

Suggested Readings

Sarah Brooks. 2009. *Social Protection and the Market in Latin America: The Transformation of Social Security Institutions* (Cambridge University Press).

Stephen Haggard and Robert Kaufman. 2008. *Development, Democracy, and Welfare States: Latin America, East Asia, and Eastern Europe* (Princeton University Press).

Evelyne Huber and John Stephens. 2001. *Development and Crisis of the Welfare State: Parties and Policies in Global Markets* (Chicago: The University of Chicago Press).

April 28: Politics of Redistribution

Assigned Readings

Thomas Cusack, Torben Iversen, and Philipp Rehm. 2006. "Risks at Work: The Demand and Supply Sides of Government Redistribution" *Oxford Review of Economic Policy* 22: 365-89.

Stephen Haggard, Robert Kaufman. 2013. "Income, Occupation, and Preferences for Redistribution in the Developing World." *Studies in Comparative International Development* 48: 113-140.

Philipp Rehm. 2011. "Social Policy by Popular Demand," *World Politics* (April): 271-299.

Kenneth Scheve and David Stasavage. 2012. "Democracy, War, and Wealth: Lessons from Two Centuries of Inheritance Taxation." *American Political Science Review* 106(1): 81-102.

Suggested Readings

Alberto Alesina and Edward Glaeser. 2004. *Fighting Poverty in the US and Europe: A World of Difference* (New York: Oxford University Press).

Noam Lupu and Jonas Pontusson. 2011. "The Structure of Inequality and the Politics of Redistribution." *American Political Science Review* (May): 316-336.

Jonas Pontusson. 2005. *Inequality and Prosperity: Social Europe vs. Liberal America* (Ithaca: Cornell University Press).

Allan Meltzer and Scott Richards. 1981. "A Rational Theory of the Size of Government." *Journal of Political Economy* 89 (October): 914-27.

David Bradley, Evelyn Huber, Stephanie Moller, François Nielsen, and John Stephens. 2003. "Distribution and Redistribution in Postindustrial Democracies," *World Politics* 55: 193-228.

Lane Kenworthy and Jonas Pontusson. 2005. "Rising Inequality and the Politics of Redistribution in Affluent Countries," *Perspectives on Politics* 3 (September): 449-71.

May 5: Globalization, Domestic Politics, & Social Spending

Assigned Readings

Marius Busemeyer. 2009. "From myth to reality: Globalisation and public spending in OECD countries revisited." *European Journal of Political Research* 48: 455-482.

Jude Hays, Sean Ehrlich, and Clint Peinhardt. 2005. "Government Spending and Public Support for Trade in the OECD: An Empirical Test of the Embedded Liberalism Thesis." *International Organization* (Spring): 473-94.

Carsten Jensen. 2010. "Conditional contraction: Globalisation and capitalist systems." *European Journal of Political Research* 50: 168-189.

Irfan Nooruddin and Nita Rudra. 2014. "Are Developing Countries Really Defying the Embedded Liberalism Compact?" *World Politics* 66 (4): 603-640.

Suggested Readings

Pranab Bardhan, Samuel Bowles, and Michael Wallerstein. 2006. *Globalization and Egalitarian Redistribution* (Princeton: Princeton University Press)

Mark Brawley. 2003. *The Politics of Globalization: Gaining Perspective, Assessing Consequences* (Toronto, Canada: Broadview Press).

Geoffrey Garrett. 1998. *Partisan Politics in the Global Economy* (Cambridge University Press).

Jude Hays. 2009. *Globalization & the New Politics of Embedded Liberalism* (Oxford University Press).

Dani Rodrik. 1997. *Has Globalization Gone Too Far?* (Washington D.C.: Institute for International Economics).