

**NEW YORK UNIVERSITY**  
**Department of Politics, MA Program**  
**Spring 2021**

**Political Economy (Core)**

**POL-GA. 1400.001**

**Friday, 12 noon-1:50pm**

**Room 217**

**19 W. 4<sup>th</sup> Street**

**Professor Prosper Bernard, Jr.**

**Office hour: Friday, 10am-12 noon, Rm. 304**

**[Pb80@nyu.edu](mailto:Pb80@nyu.edu)**

**Description**

This course has three objectives. First, it is to familiarize you with theoretical approaches, methods of analysis, and concepts widely used in the study of political economy. Second, it is to explore how institutions and democratic politics shape economic policies and macroeconomic outcomes. The third goal is to survey how domestic and international economic and social factors affect domestic politics.

**Requirements**

1. Each week students are expected to attend class and to participate in class discussions. Each student is required to summarize assigned readings of a weekly topic at least once this semester. 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 compare and contrast the reviewed materials, and discussion questions. For practical information regarding this assignment see “Tips for an effective summary” on course website via NYU Classes.
2. You are also required to write three review essays (5-6 pages long) based on any three weekly topics. The essays must engage critically and comparatively all of the assigned readings for a weekly topic. Consider the following points as you develop your review essay: What is the central theme connecting the selected readings? What are the contending theoretical approaches commonly used to analyze the theme? What are the main analytical questions that the assigned readings seek to shed light on? For each work being reviewed, what is the main argument and intuition or logic underpinning the argument? What are the main concepts addressed in the assigned readings and how are they conceptualized and operationalized? What are the main empirical findings? What insights can we gain from the assigned readings with respect to the overarching questions you have identified? Note, these essays are as much about honing your writing skills (writing clearly, precisely, succinctly) as they are about demonstrating your knowledge of the assigned readings. For practical information about this assignment see “Tips for writing an effective essay” on NYU Classes course website.

Each essay is due one week (7 days) 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 5; second essay no later than April 9; and third essay no later than May 14. Your three essays must be submitted

via the Assignment Tool on NYU Classes and will be vetted by Turnitin, a plagiarism detection software.

3. Finally, the course requires that you complete a take home exam at the end of the semester. The exam will be distributed on April 23 and due by 12 noon on May 10. Your exam must be submitted via the Assignment Tool on NYU Classes course site.

### **Grading**

Three review essays: 60%

Take home exam: 15%

Class participation: 15%

In-class summary: 10%

### **Readings**

Most of the assigned readings are available in electronic format via the course website through NYU classes. The readings that have not been linked to the course website will be placed at the Bobst reserve desk or uploaded to the course website.

## **January 29: What is Political Economy?**

### Suggested Readings:

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

Tim Besley. 2007. "The New Political Economy." *The Economic Journal* 117: 570-587.

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

Diane Coyle. 2020. *Markets, State, and People: Economics for Public Policy*. Princeton: Princeton University Press: Chapter 1.

## **Part I: Concepts and Perspectives in Political Economy**

### **February 5: Preference Formation**

#### Assigned Readings

Jon Elster. 2015. *Explaining Social Behavior: More Nuts and Bolts for a Social Science* (Cambridge UP): Chapters 4 & 13.

Sung Eun Kim and Yotam Margalit. 2017. "Informed Preferences? The Impact of Unions on Workers' Policy Views." *American Journal of Political Science* 61(3): 728-743.

Yotam Margalit. 2013. "Explaining Social Policy Preferences: Evidence from the Great Recession." *American Political Science Review* 107 (February): 80-103.

Dani Rodrik. 2014. "When Ideas Trump Interests: Preferences, Worldviews, and Policy Innovations." *Journal of Economic Perspectives* 28(1): 189-208.

#### Suggested Readings

Timothy Besley. 2006. *Principled Agents? The Political Economy of Good Government*. Oxford Univ. Press.

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

Ira Katznelson and Barry Weingast. 2007. *Preferences over Time*. New York: Russell Sage Foundation.

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

## **February 12: Collective Action**

### Assigned Readings

John Ahlquist and Margaret Levi. 2013. *In the Interest of Others: Organizations and Social Activism*. New York: Cambridge UP: Chapters 1.

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.

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: chapter 3. [Read chapters 1 & 2 for background].

### Suggested Readings

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

Robert Bates. 1990. "Macropolitical economy in the field of development." In *Perspectives on Positive Political Economy*, eds. James Alt and Kenneth Shepsle. Cambridge UP: 31-5

Russell Hardin. 1982. *Collective Action*. The John Hopkins Univ. Press.

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

## **February 19: Transaction Costs, Commitment & Delegation**

### Assigned Readings

Avinash Dixit. 1998. *The Making of Economic Policy: A Transaction Cost Politics Perspective* (The MIT Press): 37-80.

David Epstein and Sharyn O'Halloran. 2009. *Delegating Powers: A Transaction Cost Politics Approach to Policy Making under Separate Powers*. Cambridge Univ. Press: Chapter 3.

Philip Keefer and David Stasavage. 2003. "The Limits of Delegation: Veto Players, Central Bank Independence, and the Credibility of Monetary Policy." *American Political Science Review* 97(3): 407-423.

Douglass North and Barry Weingast. 1989. "Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England." *The Journal of Economic History* 49(4): 803-832.

### Suggested Readings

Timothy Besley. 2006. *Principled Agents? The Political Economy of Good Government*. Oxford Univ. Press.

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

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

## **February 26: Agent Power, Political Control & Accountability**

### Assigned Readings

Timothy Besley. 2006. *Principled Agents? The Political Economy of Good Government* (Oxford UP): 98-123.

Sean Gailmard. 2014. "Accountability and Principal-Agent Theory." In *The Oxford Handbook of Public Accountability*, eds., Mark Bovens et al. Oxford Univ. Press.

Terry Moe. 1990. "Political Institutions: The Neglected Side of the Story." *Journal of Law, Economics, and Organization* 6: 213-253.

Adam Przeworski. 2003. *States and Markets: A Primer in Political Economy*. (Cambridge UP): Chapter 7.

### Suggested Readings

Edgar Kiser. 1999. "Comparing Varieties of Agency Theory in Economics, Political Science, and Sociology: An Illustration from State Policy Implementation." *Sociological Theory* 17: 146-170.

Matthew McCubbins et al. 1989. "Structure and Process, Politics and Policy: Administrative Arrangements and the Political Control of Agencies." *Virginia Law Review* 75: 431-89.

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

## **Part II: Economic Effects of Institutions & Democratic Politics**

### **March 5: Institutions I**

#### Assigned Readings

Lucio Baccaro and Jonas Pontusson. 2016. "Rethinking Comparative Political Economy: The Growth Model Perspective." *Politics & Society* 44(2): 175-207.

Robert Franzese and Peter Hall. 2000. "Institutional Dimensions of Coordination Wage Bargaining and Monetary Policy." In Torben Iversen, Jonas Pontusson, and David Soskice, eds., *Unions, Employers, and Central Banks*. New York: Cambridge University Press: 173-204.

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

Alexander Hicks and Lane Kenworthy. 1998. "Cooperation and Political Economic Performance in Affluent Democratic Capitalism." *American Journal of Sociology* 103(6): 1631-72.

#### Suggested Readings

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

- Lars Calmfors and John Driffill. 1998. "Bargaining structure, corporatism, and macro-economic performance." *Economic Policy* (April): 13-61.
- Peter Hall and David Soskice. 2001. eds., *Varieties of Capitalism*. New York: Oxford University Press.
- Torben Iversen. 1999. *Contested Economic Institutions*. New York: Cambridge University Press.
- Isabela Mares. 2006. *Taxation, Wage Bargaining, and Unemployment*. New York: Cambridge University Press.

## **March 12: Institutions II**

### Assigned Readings

Torben Iversen and David Soskice. 2009. "Distribution and Redistribution: The Shadow of the Nineteenth Century." *World Politics* 61(3): 438-486.

Walter Korpi. 2006. "Power Resource and Employer-Centered Approaches in Explanations of Welfare States and Varieties of Capitalism." *World Politics* 58(1): 167-206.

Torsten Persson and Guido Tabellini. 2004. "Constitutions and Economic Policy." *Journal of Economic Perspectives* 18(1): 75-98.

David Stasavage. 2016. "What we can learn from the early history of sovereign debt." *Explorations in Economic History* 59: 1-16.

### Suggested Readings

- Daron Acemoglu and James Robinson. 2012. *Why Nations Fail: Origins of Power, Prosperity, and Poverty* (Crown Business).
- Arend Lijphart. 1999. *Patterns of Democracy: Government Forms and Performance in Thirty-Six Countries*. Second Edition. Yale Univ. Press.
- Torsten Persson and Guido Tabellini. 2005. *The Economic Effects of Constitutions* (The MIT Press).
- David Stasavage. 2011. *States of Credit: Size, Power, and Development of European States*. New York: Princeton University Press.

\*\*\*\*\* **March 19 – No Class (Spring Break)** \*\*\*\*\*

## **March 26: Macroeconomic Politics: Electoral Cycles**

### Assigned Readings

Prosper Bernard, Jr. 2021. *Comparative Political Economy: Theory and Evidence*. Manuscript in preparation. Selected pages from chapter 4

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.

Andreas Kern and Puspa Amri. 2020. "Political credit cycles." *Economics & Politics* (Early View) <https://doi.org/10.1111/ecpo.12158>.

Daniel Strobl, Hanna Bäck, Wolfgang Müller, and Mariyana Angelova. 2019. "Electoral Cycles in Government Policy Making: Strategic Timing of Austerity Reform Measures in Western Europe." *British Journal of Political Science*

Suggested Readings

- Alberto Alesina, Nouriel Roubini, and Gerald Cohen. 1997. *Political Cycles and the Macroeconomy*. Cambridge, MA: 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. Cambridge, MA: The MIT Press.
- Robert Franzese. 2002. *Macroeconomic Policies of Developed Democracies*. New York: Cambridge University Press.
- Jakob de Haan and Jeroen Klomp. 2013. "Conditional political budget cycles: a review of recent evidence." *Public Choice* 157: 387-410.

**April 2: Macroeconomic Politics: Partisanship**Assigned Readings

Christopher Adolph, Christian Breunig, and Chris Koski. 2020. "The political economy of budget trade-offs." *Journal of Public Policy* 40(1): 25-50.

Larry Bartels. 2016. *Unequal Democracy: The Political Economy of the New Gilded Age*. 2nd edition. Princeton: Princeton University Press: Chapter 2.

Prosper Bernard, Jr. 2021. *Comparative Political Economy: Theory and Evidence*. Manuscript in preparation. Selected page from chapter 4

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.

Suggested Readings

- Larry Bartels. 2016. *Unequal Democracy*. Princeton: Princeton Univ. Press.
- Carles Boix. 1998. *Political Parties, Growth, and Equality. Conservative and Social Democratic Strategies in the World Economy*. New York: Cambridge Univ. Press.
- Geoffrey Garrett. 1998. *Partisan Politics in the Global Economy*. Cambridge Univ. Press.
- 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 Univ. Press.

**Part III: Political Effects of the Economy and Society****April 9: Economic Voting**Assigned Readings

James Alt, David Lassen, and John Marshall. 2016. "Credible Sources and Sophisticated Voters: When Does New Information Induce Economic Voting?" *The Journal of Politics* 78(2): 327-342.

Prosper Bernard, Jr. 2021. *Comparative Political Economy: Theory and Evidence*. Manuscript in preparation. Chapter 5

Timothy Hellwig and Ian McAllister. 2019. "Party Positions, Asset Ownership, and Economic Voting." *Political Studies* 67(4): 912-931.

Richard Nadeau, Richard G. Niemi, and Antoine Yoshinaka. 2002. "A cross-national analysis of economic voting: taking account of the political context across time and nations." *Electoral Studies* 21: 403-423.

### Suggested 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.

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.

## **April 16: Democratization**

### Assigned Readings

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

Ben Ansell and David Samuels. 2010. "Inequality and Democratization: A Contractarian Approach." *Comparative Political Studies* 43(12): 1543-1574.

Carles Boix. 2006. "The Roots of Democracy." *Policy Review* 135 (February/March): 3-21.

### Suggested Readings

Carles Boix. 2003. *Democracy and Redistribution*. New York: Cambridge University 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 23: Inequality**

### Assigned Readings

Christopher Anderson and Pablo Beramendi. 2008. "Income, Inequality, and Electoral Participation." In Pablo Beramendi and Christopher Anderson, eds. *Democracy, Inequality, and Representation* (Russell Sage Foundation): pp. 278-311.

Prosper Bernard, Jr. 2021. *Comparative Political Economy: Theory and Evidence*. Manuscript in preparation. Chapter 6

Adam Bonica, Noland McCarthy, Keith Poole, and Howard Rosenthal. 2013. "Why Hasn't Democracy Slowed Rising Inequality?" *Journal of Economic Perspectives* 27(1): 103-124.

Robert Erickson. 2015. "Income Inequality and Policy Responsiveness." *Annual Review of Political Science* 18: 11-29.

### Suggested Readings

Christopher Achen and Larry Bartels. *Democracy for Realists: Why Elections do not Produce Responsive Government*. (Princeton UP).

- Florian Hoffmann, David Lee, and Thomas Lemieux. 2020. "Growing Income Inequality in the United States and Other Advanced Economies." *Journal of Economic Perspectives* 34(4): 52-78.
- Martin Gilens. *Affluence and Influence: Economic Inequality and Political Power in America* (Princeton UP).
- Kenneth Scheve and David Stasavage. 2017. "Wealth Inequality and Democracy." *Annual Review of Political Science*.

### **April 30: Redistribution**

#### Assigned Readings

Prosper Bernard, Jr. 2021. *Comparative Political Economy: Theory and Evidence*. Manuscript in preparation. Chapter 7.

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.

Julian Limberg. 2020. "What's fair? Preferences for tax progressivity in the wake of the financial crisis." *Journal of Public Policy* 40(2): 171-193.

Kenneth Scheve and David Stasavage. 2020. "Economic Crises and Inequality in Light of COVID-19." *APSA-CP Newsletter* 30(2): 15-20.

#### Suggested Readings

- Alberto Alesina and Edward Glaeser. 2004. *Fighting Poverty in the US and Europe: A World of Difference*. New York: Oxford University Press.
- Alberto Alesina and Paola Giuliano. 2011. "Preferences for Redistribution." In Jess Benhabib et al., eds. *Handbook of Social Economics*. North—Holland, 93-131.
- Lane Kenworthy and Jonas Pontusson. 2005. "Rising Inequality and the Politics of Redistribution in Affluent Countries," *Perspectives on Politics* 3 (September): 449-71.
- Allan Meltzer and Scott Richards. 1981. "A Rational Theory of the Size of Government." *Journal of Political Economy* 89 (October): 914-27.
- Philipp Rehm. 2011. "Social Policy by Popular Demand," *World Politics* (April): 271-299.

### **May 7: Globalization's Effects on Domestic Politics**

#### Assigned Readings

J. Lawrence Broz, Jeffrey Frieden, and Stephen Weymouth. 2020. "Populism in Place: The Economic Geography of the Globalization Backlash." Working Paper.

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.

Timothy Hellwig. 2020. "Globalization, Electoral Change, and Representation." In Robert Rohrschneider and Jacques Thomassen, eds., *The Oxford Handbook of Political Representation in Liberal Democracies*: 1-27.



Suggested Readings

- Italo Colantone and Piero Stanig. 2018. "Global Competition and Brexit." *American Political Science Review* 112(2): 201-218.
- . 2019. "The Surge of Economic Nationalism in Western Europe." *Journal of Economic Perspectives* 33(4): 128-151.
- 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. 2018. "Populism and the economics of globalization." *Journal of International Business Policy* 1: 12-33.