Doing Political Economy
POL-UA 842-001

Fall 2016
Monday & Wednesdays 3:30-4:45 pm
7 East 12th Street, Room LL23

Professor Nicole Simonelli
nicole.simonelli@nyu.edu
Phone: (212) 992-8084
Office: 19 West 4th Street, Room 215
Office Hours: Mondays and Wednesdays 1:30-3:00 pm, and by appointment

Course Description: This course covers the major concepts and approaches within the field of political economy. Political economy is a field of inquiry that has made great strides in recent years in explaining political and economic behavior by characterizing the incentives of actors and the context in which these actors make decisions and influence outcomes. The purpose of this course is to introduce students to these theoretical approaches and show how they can be used to address contemporary policy questions.

This course is structured to highlight the intersection between politics and economics, and how political issues (in particular political institutions) affect economic issues such as domestic spending and debt, taxes and international trade. Throughout we will be concerned with how domestic political institutions affect outcomes as varied as corruption, democratization, trade policy, and war.

The readings for each class consist of two or three journal articles or book chapters. Students are expected to come to class prepared to discuss the readings. The readings for the course are aimed at undergraduate students who lack an extensive knowledge of statistics and game theory. There are a few readings on the syllabus that employ sophisticated formal models and statistical methods; however these types of readings are kept to a minimum.

I assume no background knowledge of economics. Please note that some lectures will require knowledge of a little math (but nothing beyond high school algebra).

Course Requirements and Grading: The requirements for this course include four homework assignments and two examinations (a midterm and final). The midterm examination is in class on Wednesday, October 26th. The final exam will be held in class on Wednesday, December 14th. Written assignments must be your own work and handed in at the beginning of the class in which they are due (hard copies must be turned in). Attendance at class is both recommended and required. In my experience, attendance has been a good predictor of students' performance on exams. In addition, poor attendance will affect your participation grade (it is difficult to participate in class if you are not there).

Your final grade for this course is based on the following:

Class Attendance and Participation – 10%
Written Assignments – 25%
Midterm Exam – 30%
Final Exam – 35%

Late assignments will be penalized for each day they are late.

Course Policies: Cheating and other forms of academic dishonest are serious offenses and will be dealt with accordingly. Students must comply with the New York University policy on academic integrity, which can be found online at http://cas.nyu.edu/page/academicintegrity.

In the interest of fairness, make-ups to examinations will only be possible in the most extenuating of circumstances. If you are ill or have a university-accepted excuse, you must notify me prior to the exam. You will need to bring in supporting documentation to be granted a make-up exam. After you provide this information and evidence, a decision will be made regarding a make-up.

Students who require disability-related accommodations are encouraged to contact the Moses Center. Please submit your approval letter to me as soon as possible to ensure the successful implementation of any requisite accommodations.

Readings: There is only one required book for this course. Almost all other readings are posted online on the "NYU Classes" website. The required book is:

Bueno de Mesquita, Bruce and Alastair Smith. 2011. *The Dictator's Handbook*. New York, NY: Public Affairs.

Schedule: The following schedule is tentative. If it takes more or less than the allotted time for a particular topic, we will adjust accordingly.

Course Introduction

Wednesday, September 7 **What is Political Economy?**

Monday, September 12 **What is Social Science Theory?**

- Bueno de Mesquita, Bruce. 2010. *Principles of International Politics*. 4th Edition. Washington DC: CQ Press (pgs. 389-402, 407-414)

A Review of the Rational Choice Approach

Wednesday, September 14 **Rationality, Preferences, and Strategies**

- Shepsle, Kenneth and Mark Bonchek. 1997. *Analyzing Politics: Rationality, Behavior, and Institutions*. New York, NY: W.W. Norton & Company. (Chapter 2)

Monday, September 19 **Simultaneous Move Games**

- Dixit, Avinash, Susan Skeath, and David Reiley, Jr. 2009. *Games of Strategy*. 3rd Edition. New York, NY: W.W. Norton & Company. (Chapter 4)

Wednesday, September 21 **Extensive Form Games and Expected Utility**

- Dixit, Avinash, Susan Skeath, and David Reiley, Jr. 2009. *Games of Strategy*. 3rd Edition. New York, NY: W.W. Norton & Company. (Chapter 3)

Monday, September 26 **Preference Aggregation**

- Shepsle, Kenneth and Mark Bonchek. 1997. *Analyzing Politics: Rationality, Behavior, and Institutions*. New York, NY: W.W. Norton & Company. (Chapter 4)

Wednesday, September 28 **Collective Action, Public Goods, and Common Pool Resources**

- Olson, Mancur. 1971. *The Logic of Collective Action: Public Goods and the Theory of Groups.* Revised Edition. Cambridge, MA: Harvard University Press. (pgs. 1-22, 33-36, 53-65)

Domestic Politics and Comparative Political Economy

Monday, October 3 **Formation of the State**

- Bates, Robert H. 2001. *Prosperity and Violence: The Political Economy of Development.* New York, NY: W.W. Norton & Company. (Chapter 3)
- Olson, Mancur. 1993. "Dictatorship, Democracy, and development." *American Political Science Review* 87(3): 567-576.

Wednesday, October 5 **Selectorate Theory**

- Bueno de Mesquita, Bruce, Alastair Smith, Randolph M. Siverson, and James D. Morrow. 2003. *The Logic of Political Survival*. Cambridge, MA: MIT Press. (Chapter 2)
- *The Dictator's Handbook* (Chapters 1-3)

Monday, October 10 No Class – Fall Break

Wednesday, October 12 Selectorate Theory continued

Monday, October 17 **Tax Rates, Debt and Domestic Spending**

- *The Dictator's Handbook* (Chapters 4 and 5)

Wednesday, October 19 **Corruption and Rent-seeking**

- Svensson, Jakob. 2005. "Eight Questions about Corruption." *Journal of Economic Perspectives* 19(3): 19-42.
- *The Dictator's Handbook* (Chapter 6)

Monday, October 24 Review

Wednesday, October 26 **Midterm Exam**

Monday, October 31 **Democratization and Development**

- Przeworski, Adam and Fernando Limongi. 1997. "Modernization: Theories and Facts." *World Politics* 49(2): 155-183.
- Bueno de Mesquita, Bruce and George Downs. 2005. "Democracy and Development." *Foreign Affairs* 84(5): 77-86.

Wednesday, November 2 **Resource Curse, Revolutionary Threats, and Democratization**

- Ross, Michael. 2001. "Does Oil Hinder Democracy?" *World Politics* 53: 325-361.
- Jensen, Nathan and Leonard Wantchekon. 2004. "Resource Wealth and Political Regimes in Africa." *Comparative Political Studies* 34: 816-841. (pgs. 816-822, 834-837)
- *The Dictator's Handbook* (Chapter 8)

Monday, November 7 **Comparative Advantage and Trade**

- Frieden, Jeffry A., David A. Lake, and Kenneth A. Schultz. 2012. *World Politics: Interests, Interactions, and Institutions*. 2nd Edition. New York, NY: W.W. Norton & Company. (pgs. 265-273, 306-311)

Wednesday, November 9 **Domestic Political Economy of Protectionism**

- Frieden, Jeffry A., David A. Lake, and Kenneth A. Schultz. 2012. *World Politics: Interests, Interactions, and Institutions*. 2nd Edition. New York, NY: W.W. Norton & Company. (pgs. 273-287)
- Alt, James E., Michael J. Gilligan, Dani Rodrik and Ronald Rogowski. 1996. "The Political Economy of Trade: Enduring Puzzles and an Agenda for Inquiry." *Comparative Political Studies* 29(6): 689-717.

Monday, November 14 **Political Institutions and Protectionism**

- McGillivray, Fiona. 2004. *Privileging Industry: The Comparative Politics of Trade and Industrial Policy.* Princeton, NJ: Princeton University Press. (Chapter 1)

International Relations: Cooperation and War

Wednesday, November 16 **International Cooperation: Why Do States Cooperate?**

- Axelrod, Robert. 1984. *The Evolution of Cooperation*. Basic Books. (Chapter 1)

Monday, November 21 **International Cooperation: Enforcement and Compliance**

- Downs, George W., David M. Rocke, and Peter N. Barsoom. 1996. "Is Good News About Compliance Good News About Cooperation?" *International Organization* 50(3): 379-406.

Wednesday, November 23 No Class – Thanksgiving Break

Monday, November 28 **International Organizations**

- Abbott, Kenneth W. and Duncan Snidal. 1998. "Why States Act through Formal International Organizations." *Journal of Conflict Resolution* 42(1): 3-32.

Wednesday, November 30 **Domestic Politics and International Cooperation**

- McGillivray, Fiona and Alastair Smith. 2000. "Trust and Cooperation through Agent-specific Punishments." *International Organization* 54(4): 809-824. Punishing the prince

Monday, December 5 **Rationalist Explanations for War**

- Fearon, James D. 1995. "Rationalist Explanations for War." *International Organization* 49(3): 379-414.

Wednesday, December 7 **War and International Interventions**

- *The Dictator's Handbook* (Chapter 9)
- Bueno de Mesquita, Bruce and George W. Downs. 2006. "Intervention and Democracy." *International Organization* 60(3): 627-649.

Monday, December 12 **The Political Economy of Foreign Aid**

- Alesina, Alberto and David Dollar. 2000. "Who Gives Foreign Aid to Whom and Why?" *Journal of Economic Growth* 5: 33-63.
- *The Dictator's Handbook* (Chapter 7)

Tuesday, December 13 (Legislative day)
Review

Wednesday, December 14 **Final Exam**