

Comparative Political Economy

**CEU Department of Political Science, Ph.D
Fall 2008**

Instructor: Anil Duman

Time: Mon-Wed: 15:30-17:10

Office Hours: Mon-Wed: 11:00-12:00

Course Objectives

This class provides an overview of current developments in comparative political economy. Readings cover the developed and developing regions of the world, material written by political scientists, economists, and historians, and a broad swath of topics with robust, contemporary research programs. Instead of a country-by-country approach, the course focuses on key theories, arguments, and issues in the field of political economy.

The course is designed less to provide a broad overview of thinking on the relationship between government and economics than to explore the areas of comparative political economy that have seen interesting developments in the last twenty or so years. In that sense, the course is a complement to other comparative and political economy courses the department offers.

Assignments

Class sessions will be conducted in a highly participatory seminar format. In that spirit, you will make 3 brief presentations on the week's assigned readings that you have chosen. Presentations are not intended to provide a thorough overview of the readings. Instead, they should provide the necessary background for a question or point of discussion to be directed to your fellow seminar participants. Plan on taking 25 minutes to: a) very briefly overview the readings; b) provide your own analysis of the literature; and c) present a handful of questions for all of us to consider. Please be ready to be the main contributor to discussion on the days you present—by default I will refer all class questions to you.

To encourage discussion you should prepare three paragraph-type questions a week to send to the class email list by 9:00 pm before the day of class—send me your questions and I'll forward all of them to the course list-serve. The questions can be theoretical or methodological in nature—whatever piques your interest. Try to think across readings, regions, and weeks of the syllabus. Presenters are encouraged to use common questions when leading discussions.

As the class will depend heavily on the on the quality of class participation, it is essential that members of the seminar attend all sessions, participate actively in class discussions, complete the required readings prior to class, and send in your questions in a timely manner. Participation grades will depend equally on participation, presentations, and weekly questions.

Grading

Class participation will count for 30% of your grade for the course. There is one midterm paper, which will count for another 30% of your grade for the course. And finally, the term paper will count for 40%. The grades won't be based on a curve.

Participation:	30%
Midterm Exam:	30%
Final Paper:	40%

Coordinates:

You can contact me via email (dumana@ceu.hu) at all times and I will try to respond as soon as possible. Also, I will hold regular office hours. Additional meetings could be arranged depending on a mutually convenient time.

Readings

1) What is comparative political economy?

Required

- *Ordeshook, Peter. 1990. "The Emerging Discipline of Political Economy." In Alt and Shepsle, eds. *Perspectives on Positive Political Economy*. Pp. 9-30.
- *Pontusson, Jonas. 1995. "From Comparative Public Policy to Political Economy: Putting Political Institutions in Their Place and Taking Interests Seriously," *Comparative Political Studies* 31: 117-47.
- *Peter Hall. "The Role of Interests, Institutions, and Ideas in the Comparative Political Economy of the Industrialized Nations."

Recommended

- Persson, Torsten and Guido Tabellini. 2000. *Political Economics: Explaining Economic Policy*. Cambridge: MIT Press. Pages 1-15.
- Twain, Mark, "The Canvasser's Tail."
- Moser, Peter. 2000. *The Political Economy of Democratic Institutions*. Cheltenham, U.K.: Edward Elgar. Part I, pgs. 1-58.
- Przeworski, Adam. 2003. *States and Markets: A Primer in Political Economy*.

2) Development and Growth:

Required

- *North, Douglas and Barry Weingast, "Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth Century England, *Journal of Economic History* 49(4), 1989, 803-32.
- *Evans, Peter. 1979. *Dependent Development: The Alliance of Multinational, State, and Local Capital in Brazil*. Princeton: Princeton UP. Pgs. 3-54.

- *Keefer, Phillip. 2004. "What does political economy tell us about economic development – and vice versa?" *Annual Review of Political Science*.

Recommended

- Acemoglu, Johnson, and Robinson. 2002. "Reversal of Fortune: Geography and Institutions in the Making of the Modern World Economy." *Quarterly Journal of Economics* 1231-1296.
- Adam Przeworski. 2004. "Institutions Matter?" *Governance and Opposition* 39,4, 527-540.
- Kenneth Pomeranz. 2000. *The Great Divergence: China, Europe, and the Making of the Modern World Economy*. Princeton: PUP.

3) The PE of Regime Type

Required

- *Przeworski, Adam and Fernando Limongi. 1997. "Modernization: Theory and Facts." *World Politics* 49: 155-84.
- *Boix, Carles and Susan Stokes. 2003. "Endogenous Democratization." *World Politics* 55: 517-49.
- *Daron Acemoglu and James Robinson, "Why Did the West Extend the Franchise? Democracy, Inequality, and Growth in Historical Perspective," *Quarterly Journal of Economics* 115 (November 2000): 1167-1199.
- *Mancur Olson. 1993. "Dictatorship, Democracy, and Development." *American Political Science Review* 87:567-576.

Recommended

- Lindert, Peter. 2001. "Voice and Growth: Was Churchill Right?" NBER Working Paper 9749.
- David Lake and Matthew Baum. 2001. The Invisible Hand of Democracy: Political Control and the Provision of Public Services. *Comparative Political Studies* 34: 587-
- Joseph A. Schumpeter. *Capitalism, Socialism, and Democracy*.

4) The Centralization/Decentralization of Government

Required

- *Margaret Levi. *Of Rule and Revenue*. Selections.
- *Barry R. Weingast, "The Economic Role of Political Institutions: Market-Preserving Federalism and Economic Development," *The Journal of Law, Economics and Organization*, Vol. 11, No. 1. (1995), pp. 1-31.
- *Erik Wibbels. 2005. "Decentralized Governance, Constitution Formation, and Redistribution in Argentina, India, and the U.S." Forthcoming in *Constitutional Political Economy*.

- *Blanchard, Olivier and Andrei Shleifer. 2000. "Federalism With and Without Political Centralization: China versus Russia." National Bureau of Economic Research Working Paper 7616.

Recommended

- Federalist Papers No. 46: <http://memory.loc.gov/const/fed/fedpapers.html>
- Alfred Stepan, "Federalism and Democracy: Beyond the U.S. Model," *Journal of Democracy* 10: 4 (October 1999), p. 19-33.
- Ades, Alberto and Edward Glaeser, 1995. "Trade and Circuses: Explaining Urban Giants," *Quarterly Journal of Economics* 110, 195-227.

5) The State and Private Interests

Required

- *Peter Evans. 1995. *Embedded Autonomy: States and Industrial Transformation*. Selections TBA.
- *Przeworski, Adam and Michael Wallerstein. 1988. "Structural Dependence of the State on Capital." *American Political Science Review* 83: 11-29.
- *Gordon Tullock. 1990. "The Costs of Special Privilege." In Alt and Shepsle, *Perspectives on Positive Political Economy*.
- Krueger, Anne. 1974. "The Political Economy of the Rent-Seeking Society," *American Economic Review* 64: 291-303.

Recommended

- Michael Hiscox. 2002. "Commerce, Coalitions, and Factor Mobility: Evidence from Congressional Votes on Trade Legislation." *American Political Science Review* 96: 593-608.
- William Mitchell and Michael Munger. 1991. "Economic Models of Interest Groups: An Introductory Survey," *American Journal of Political Science* 35: 512-546.
- Mark Smith. 2000. *American Business and Political Power*. Chicago: University of Chicago Press. Chapters 1-2.

6) Elections, Parties, and Economics

Required

- *José Antonio Cheibub and Adam Przeworski. 1999. "Democracy, Elections, and Accountability for Economic Outcomes." In Adam Przeworski, Susan Stokes, and Bernard Manin, *Democracy, Accountability, and Representation*. New York: Cambridge University Press: 55-97.
- *Boix, Carles. 2000. "Partisan Governments, the International Economy and Macroeconomic Policies in OECD Countries, 1964-93." *World Politics* 53: 38-73.
- *Joel S. Hellman. 1998. "Winners Take All: The Politics of Partial Reform in Postcommunist Transitions." *World Politics* 50: 203-34

Recommended

- John Ferejohn. 1999. "Accountability and Authority." In Adam Przeworski, Susan Stokes, and Bernard Manin, *Democracy, Accountability, and Representation*. New York: Cambridge University Press: 55-97.
- Chapters 4 and 7 in Schepsle and Bonchek. *Analyzing Politics: Rationality, Behavior, and Institutions*.
- Remmer, Karen. 1993. "The Political Economy of Elections in Latin America, 1980-91." *American Political Science Review* 87: 393-407.

7) Political Business Cycles

Required

- *Hall, Peter A. and Robert J. Franzese, Jr. 1998. Mixed Signals: Central Bank Independence, Coordinated Wage-Bargaining, and European Monetary Union *International Organization* 52: 505-535
- *Alt, Jim and David Lassen. 2004. "The Electoral Cycle in Debt is Where You Can't See It: Fiscal Transparency and Electoral Policy Cycles in Advanced Industrialized Democracies." *Working Paper, Harvard University*
- *William Keech. 1995. *Economic Politics: The Costs of Democracy*. Cambridge: CUP. Chpts 1-3.

Recommended

- Nordhaus, William. 1975. "The Political Business Cycle." *Review of Economic Studies* April: 169-90.
- Hibbs, Douglas. 1977. "Political Parties and Macroeconomic Policy," *American Political Science Review* 71: 1467-87.
- Ames, Barry. 1987. *Political Survival: Politicians and Public Policy in Latin America*. Berkeley: UC Press.

8) Inequality and the Politics of Redistribution

Required

- *Engerman and Sokoloff. 2000. "Institutions, Factor Endowments, and Paths of Development in the New World." *Journal of Economic Perspectives* XIV: 217-232.
- *Allan Meltzer and Scott Richard, 1981. "A Rational Theory of the Size of Government". *Journal of Political Economy* 89: 914-27.
- *Bates, Robert. 1981. *Markets and States in Tropical Africa: The Political Basis of Agricultural Policies*. Berkeley: University of California Press. Pgs. 1-8 & 81-118.
- *Ronald Rogowski and Duncan MacRae. "Inequality and Institutions: What Theory, History, and (Some) Data Tell Us".

Recommended

- Peter Lindert. 2004. *Growing Public*. Cambridge University Press.
- Moene, Karl Ove and Michael Wallerstein. 2003. "Earnings Inequality and Welfare Spending." *World Politics* 55: 485-516.
- Levitt, Steven and James Snyder. 1995. "Political Parties and the Distribution of Federal Outlays." *American Journal of Political Science* 39:958-980.
- Torben Iversen and David Soskice, "Electoral Systems and the Politics of Coalitions: Why Some Democracies Redistribute More than Others".

9) The Welfare State

Required

- *Peter A. Hall and David Soskice, eds., *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage* (2001): Introduction
- *Pierson, Paul. 1996. "The New Politics of the Welfare State," *World Politics* 48: 143-79.
- *Bradley, David, Evelyne Huber, Stephanie Moller, Francois Nielsen, and John D. Stephens. "Distribution and Redistribution in Post-Industrial Democracies" *World Politics* 55, 2 (January 2003): 193-228.
- *Alberto Alesina, Edward Glaeser, and Bruce Sacerdote. 2001. "Why Doesn't the United States Have a European-Style Welfare State?" *Brooking Papers on Economic Activity* 2: 1-69.

Recommended

- Esping-Andersen, Gösta. 1990. *The Three Worlds of Welfare Capitalism*, Princeton University Press. Pages 1-34.
- Iversen, Torben. Forthcoming. *Capitalism, Democracy, and Welfare: The Changing Nature of Production, Elections, and Social Protection in Modern Capitalism*. Cambridge: CUP. Chapter 1.
- Mares, Isabela. 2003. "The Sources of Business Interest in Social Insurance: Sectoral vs. National Difference." 229-58.

10) Macroeconomic Policy:

Required

- *Frieden, Jeffry. 1991. "Invested Interests: The Politics of National Economic Policies in a World of Global Finance." *International Organization* 45: 425-51.
- *Treisman, Daniel. 1998. "Fighting Inflation in a Transitional Regime: Russia's Anomalous Stabilization." *World Politics* 50: 235-265
- *William Bernhard and David Leblang, "Democratic Institutions and Exchange Rate Commitments," *International Organization* 53, No. 1, pages 71-97.
- * Alesina, Alberto et al. 1999. "Budget Institutions and Fiscal Performance in Latin America." *Journal of Development Economics*: 233-53

Recommended

- Franzese, Robert. 2002. "Electoral and Partisan Cycles in Economic Policies and Outcomes." *Annual Review of Political Science* 5: 369-421.
- Iversen, Torben. 1998. "Wage Bargaining, Central Bank Independence, and the Real Effects of Money," *International Organization* 52: 469-504.
- Sebastian Edwards, "Exchange Rate Misalignment in Developing Countries," *World Bank Research Observer* 4, No. 1 (January 1989), pp. 3-21.

11) Globalization and Domestic Politics

Required

- *Rodrik, Dani. 1997. *Has Globalization Gone Too Far?* Washington, DC: Institute for International Economics. Chapters 3&4.
- *Iversen, Torben and Thomas Cusack. 2000. "The Causes of Welfare State Expansion: Deindustrialization or Globalization?" *World Politics*.
- *Wibbels, Erik. 2004. "Dependency Revisited: International Markets, Business Cycles, and Social Spending in the Developing World." *R&R International Organization*.
- *Mosley, Layna. 2000. "Room to Move: International Financial Markets and National Welfare States." *International Organization* 54:737-73.

Recommended

- Beth Simmons and Zachary Elkins. 2004. "The Globalization of Liberalization: Policy Diffusion in the International Political Economy." *American Political Science Review* 98: 171-190.
- Nita Rudra. 2005. Are Workers in the Developing World 'Winners' or 'Losers' in the Current Era of Globalization? Manuscript. University of Pittsburgh.
- Geoffrey Garrett. 2000. "The Causes of Globalization." *Comparative Political Studies*, (33), pp. 941-991.
- Armijo, Leslie Elliott. 1999. *Financial Globalization and Democracy in Emerging Markets*. New York: St. Martin's Press.

12) Student Presentations