

# Political Economy

NYU Department of Politics  
G53.1400

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Fall 2006  
Tuesday 4-6  
726 Broadway

**Course Description:** This course offers a graduate-level introduction to political economy. We will discuss core theoretical perspectives as well as a variety of topics and debates in the field of political economy. This course does not explore comprehensively all of the issues and debates related to this field; instead, it focuses on those core debates and issues that will enable you to develop a sufficient understanding of this subject matter and prepare you for further study and specialization in the field.

The course is divided into four parts. The first part explores conventional and recent theoretical perspectives. The second part focuses on the institutional foundations of economic performance. This is followed by a discussion of the distributive effects of markets and the redistributive efforts of states. The course concludes with a discussion of select topics relating to the political economy of international relations.

**Requirements:** Every week, each student is expected to attend class and to participate actively in class discussions based on the assigned readings. Participation is an essential part of the class. In addition, you are required to write three discussion papers (5-7 pages long). Each paper is based on a weekly topic and must engage analytically and succinctly the assigned readings related to that topic. Be alert to the research questions asked, the main arguments, the methods employed, the points of contrast and similarity in the authors' arguments, the main contributions of the literature, and the readings' shortcomings and omissions. At the end of the semester you will be required to complete a take-home final exam (two essay questions), in which you will have to demonstrate a command of the relevant readings and an ability to synthesize a variety of material. This assignment is due on the last class meeting.

## **Grading**

3 discussion papers: 60%  
Class participation: 20%  
Take-home final exam: 20%

## **Readings**

There are several books and many articles required for this course. Below, you will find a list of books available for purchase in the bookstore and have also been put on reserve. Readings in the form of book chapters are available in the library reserve reading room. Readings in the form of journal articles have been placed on reserve and most are available through Bobst Library Electronic Journals. The book chapters and articles are in

a course pack available for purchase. The recommended readings have not been put on reserve.

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

James Caporaso and David Levine, *Theories of Political Economy* (New York: Cambridge University Press, 1992).

Peter Hall and David Soskice, eds., *Varieties of Capitalism* (New York: Oxford University Press, 2001).

Robert Keohane and Helen Milner, eds., *Internationalization and Domestic Politics* (New York: Cambridge University Press, 1996).

Paul Pierson, ed., *The New Politics of the Welfare State* (New York: Oxford University Press, 2001).

Linda Weiss, *The Myth of the Powerless State* (Ithaca: Cornell University Press, 1998).

## Concepts and Theories of Political Economy

### Week 1: Introduction and Theories of Political Economy

James Caporaso and David Levine, *Theories of Political Economy* (New York: Cambridge University Press, 1992) [chapters 1-6].

Peter A. Hall, "The Role of Interests, Institutions, and Ideas in the Comparative Political Economy of the Industrialized Nations," in Mark I. Linchbach and Alan S. Zuckerman, eds., *Comparative Politics: Rationality, Culture, and Structure* (New York: Cambridge University Press, 1997).

#### Recommended:

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

James Alt and Alec Crystal, *Political Economics* (Berkeley: University of California Press, 1983) [chapters 1 and 2].

James Alt, "Comparative Political Economy: Credibility, Accountability, and Institutions," in Ira Katznelson and Helen Milner, *Political Science: The State of the Discipline* (New York: W.W. Norton, 2002).

Charles Lindblom, *Politics and Markets* (Basic Books, 1977).

Adam Przeworski, *States and Markets: A Primer in Political Economy* (New York: Cambridge University Press, 2003).

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

Richard Wolff and Stephen Resnick, *Economics: Marxian versus Neoclassical* (The Johns Hopkins University Press, 1987).

Peter Hall, *The Political Power of Economic Ideas* (Princeton: Princeton University Press, 1989).

Douglass North, *Institutions, Institutional Change and Economic Performance* (Cambridge University Press, 1995).

Sheri Berman, "Ideas, Norms, and Culture in Political Analysis," *Comparative Politics* (January, 2001).

Mark Blyth, "Any More Bright Ideas? The Ideational Turn of Comparative Political Economy," *Comparative Politics* (January 1997).

## **Institutional Foundations of Economic Performance**

### **Week 2: Interest Groups and Corporatism**

Mancur Olson, *The Rise and Decline of Nations: Economic Growth, Stagflation, and Social Rigidities* (New Haven: Yale University Press, 1982) [chapters 1-3].

Peter Katzenstein, *Small States in World Markets* (Ithaca: Cornell University Press, 1985) [chapters 1-3].

Kathleen Thelen, "Beyond Corporatism: Toward a New Framework for the Study of Labor in Advanced Capitalism," *Comparative Politics* 27 (1994): 107-24.

#### Recommended:

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

Peter Lange, Michael Wallerstein, and Miriam Golden, "The End of Corporatism? Wage Setting in the Nordic and Germanic Countries" in Sanford Jacoby, ed., *The Workers of Nations: Industrial Relations in a Global Economy* (New York: Oxford University Press, 1995).

Geoffrey Garrett and Peter Lange, "Political responses to interdependence: what's "left" for the left?" *International Organization* 45 (Autumn 1991): 539-564.

### **Week 3: Varieties of Capitalism**

Peter Hall and David Soskice, "An Introduction to Varieties of Capitalism" in Peter Hall and David Soskice, eds., *Varieties of Capitalism* (New York: Oxford University Press, 2001).

Peter Gourevitch, "The Macropolitics of Microinstitutional Differences in the Analysis of Comparative Capitalism," in Berger and Dore, *National Diversity and Global Capitalism* (Ithaca: Cornell University Press, 1996).

David Soskice, "Divergent Production Regimes: Coordinated and Uncoordinated Market Economies in the 1980s and 1990s" in Herbert Kitschelt, Peter Lange, Gary Marks, and John Stephens, eds., *Continuity and Change in Contemporary Capitalism* (New York: Cambridge University Press, 1999).

Recommended:

Wolfgang Streeck and Kathleen Thelen, eds., *Beyond Continuity: Institutional Change in Advanced Political Economies* (New York: Oxford University Press, 2005).

Kozo Yamamura and Wolfgang Streeck, eds., *The End of Diversity? Prospects for German and Japanese Capitalism* (Ithaca: Cornell University Press, 2001).

Wolfgang Streeck and Kozo Yamamura, eds., *the Origins of Nonliberal Capitalism: Germany and Japan in Comparison* (Ithaca: Cornell University Press, 2002).

**Week 4: Unions and Labor Markets**

Cathie Jo Martin and Duane Swank, “Does the Organization of Capital Matter? Employers and Active Labor Market Policy at the National and Firm Levels,” *American Political Science Review* 98 (November, 2004): 593-611.

Barry Eichengreen and Torben Iversen, “Institutions and Economic Performance: Evidence from the Labour Market,” *Oxford Review of Economic Policy* 15 (1999): 121-38.

Kathleen Thelen and Ikuo Kume, “The Future of Nationally Embedded Capitalism: Industrial Relations in Germany and Japan” in Kozo Yamamura and Wolfgang Streeck, eds., *The End of Diversity?: Prospects for German and Japanese Capitalism* (Ithaca: Cornell University Press, 2003).

Kathleen Thelen, “Varieties of Labor Politics in the Developed Democracies,” in Peter Hall and David Soskice, eds., *Varieties of Capitalism* (New York: Oxford University Press, 2001).

Recommended:

Peter Lange, Michael Wallerstein, and Miriam Golden, “The End of Corporatism? Wage Setting in the Nordic and Germanic Countries” in Sanford Jacoby, ed., *The Workers of Nations: Industrial Relations in a Global Economy* (New York: Oxford University Press, 1995).

Peter Hall, “Organized Market Economies and Unemployment in Europe: Is It Finally Time to Accept Liberal Orthodox?” in Nancy Bermeo, ed., *Unemployment in the New Europe* (New York: Cambridge University Press, 2001).

Kathleen Thelen, “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, 2002).

## Week 5: Political Parties and Economic Policy

David Rueda, "Social Democracy and Active Labor-Market Policies: Insiders, Outsiders and the Politics of Employment Promotion," *British Journal of Political Science* (July, 2006).

Michael Alvarez, Geoffrey Garrett, and Peter Lange, "Government Partisanship, Labor Organization, and Macroeconomic Performance," *American Political Science Review* 85 (1991): 539-53.

William Keech, *Economic Politics* (New York: Cambridge University Press, 1995) [chapters 3, 4 and 6].

### Recommended:

James Alt, "Political Parties, World Demand, and Unemployment," *American Political Science Review* 79 (1985).

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

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

## Week 6: Central Banks and Macroeconomic Performance

Robert Franzese and Peter Hall, "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, 2000).

Alberto Alesina and Lawrence Summers, "Central Bank Independence and Macroeconomic Performance: Some Comparative Evidence," *Journal of Money, Credit, and Banking* 25 (May 1993): 151-63.

Torben Iversen, *Contested Economic Institutions* (New York: Cambridge University Press, 1999) [chapters 1 and 2].

### Recommended:

Torben Iversen and David Soskice, "New Macroeconomics and Political Science" *Annual Review of Political Science* (2006).

Peter Lange and Geoffrey Garrett, "The Politics of Growth: Strategic Interaction and Economic Performance in the Advanced Industrial Economies," *Journal of Politics* 47 (August 1985).

Douglass Hibbs, "Political Parties and Macroeconomic Policies," *American Political Science Review* 71 (December 1977): 1467-1475.

## Markets and States: Distribution and Redistribution

### Week 7: Economic Roles of Developmental and Predatory States

Peter Evans, *Embedded Autonomy: States and Industrial Transformation* (Princeton: Princeton University Press, 1995) [Chapters 1, 2, and 3].

Linda Weiss, *The Myth of the Powerless State* (Ithaca: Cornell University Press, 1998) [chapters 1, 2, 3, and 4].

#### Recommended:

Allan Meltzer and Scott Richard, "A Rational Theory of the Size of Government," *Journal of Political Economy* 89 (1981).

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

Fred Block, "The Roles of the State in the Economy," Neil Smelser and Richard Swedberg, *The Handbook of Economic Sociology*.

John Waterbury, *Exposed to Innumerable Delusions: Public Enterprise and State Power in Egypt, India, Mexico, and Turkey* (New York: Cambridge University Press, 1993).

### Week 8: Perspectives on the Welfare State

Gosta Esping-Andersen, *The Three Worlds of Welfare Capitalism* (Princeton: Princeton University Press, 1993) [Chapters 1, 2, and 3].

Evelyn Huber, Charles Ragin, and John Stephens, "Social Democracy, Christian Democracy, Constitutional Structure, and the Welfare States," *American Journal of Sociology* 3 (November 1993): 711-49.

Alberto Alesina and Edward Glaeser, *Fighting Poverty in the US and Europe: A World of Difference* (New York: Oxford University Press, 2004) [chapters 1 and 2].

#### Recommended:

Robert Gooding, Bruce Headey, Ruud Muffels, and Henk-Jan Dirven, *The Real Worlds of Welfare Capitalism* (New York: Cambridge University Press, 1999).

Alberto Alesina, Edward Glaeser, and Bruce Sacerdote, "Why Doesn't the United States Have a European-Style Welfare State? Brookings Papers On Economic Activity, 2001.

Christopher Howard, "Is the American Welfare State Unusually Small?," *PS: Political Science & Politics* (July 2003).

David Cameron, "The Rise of the Public Economy: A Comparative Analysis," *American Political Science Review* 72 (1978): 1243-61.

Jacob Hacker, *The Divided Welfare State: The Battle over Public and Private Social Benefits in the United States* (New York: Cambridge University Press 2002).

## Week 9: Inequality

Andrea Brandolini and Timothy Smeeding, "Patterns of Economic Inequality in Western Democracies: Some Facts on Levels and Trends," *PS: Political Science and Politics* 34 (2006): 21-26.

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

David Rueda and Jonas Pontusson, "Wage Inequality and Varieties of Capitalism" *World Politics* 52 (April 2000): 350-83.

Michael Wallerstein, "Wage-setting Institutions and Pay Inequality in Advanced Industrial Societies," *American Journal of Political Science* 43 (1999): 649-80.

### Recommended

Karl Ove Moene and Michael Wallerstein, "Inequality, Social Insurance and Redistribution," *American Political Science Review* 95 (4) 2001.

Jonas Pontusson, David Rueda, and Christopher Way, "Comparative Political Economy of Wage Distribution: The Role of Partisanship and Labour Market Institutions," *British Journal of Political Science* 32 (2002).

## Week 10: The Politics of Redistribution

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

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

Alberto Alesina and Edward Glaeser, *Fighting Poverty in the US and Europe: A World of Difference* (New York: Oxford University Press, 2004) [chapters 4 and 5].

### Recommended:

Allan Meltzer and Scott Richard, "A Rational Theory of the Size of Government," *Journal of Political Economy* 89 (1981).

Karl Ove Moene and Michael Wallerstein, "Inequality, Social Insurance and Redistribution," *American Political Science Review* 95 (4) 2001.

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

## Week 11: Withering Away of the Welfare State?

Paul Pierson, ed., *The New Politics of the Welfare State* (New York: Oxford University Press, 2001). [Introduction, chapters 1,2,3, and 13].

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).

### Recommended:

Paul Pierson, "The New Politics of the Welfare State," *World Politics* 48 (1996).

Torben Iversen and Anne Wren, "Equality, Employment, and Budgetary Restraint: The Trilemma of the Service Economy," *World Politics* (1998).

Torben Iversen and Thomas Cusack, "The Causes of Welfare State Expansion: Deindustrialization or Globalization," *World Politics* (Spring 2000).

## The Political Economy of International Relations

### Week 12: The Political Economy of International Trade and Finance

Robert Keohane and Helen Milner, eds., *Internationalization and Domestic Politics* (New York: Cambridge University Press, 1996) [Chapters 1, 2, 3, 5, and 10].

James Alt, Jeffrey Frieden, Michael Gilligan, Dani Rodrik, and Ronald Rogowski, "The Political Economy of International Trade: Enduring Puzzles and an Agenda for Inquiry," *Comparative Political Studies* 29 (December 1996): 689-717.

### Recommended

Jeffrey Frieden and David Lake, *International Political Economy: Perspectives on Global Power and Wealth* 4<sup>th</sup> edition (New York: Bedford/St. Martin's Press, 2000).

Robert Gilpin, *The Political Economy of International Relations* (Princeton: Princeton University Press, 1987).

Robert Gilpin, *Global Political Economy: Understanding the International Economic Order* (Princeton: Princeton University Press, 2001).

Ronald Rogowski, "Trade and the variety of democratic institutions," *International Organization* 41 (1987).

## Week 13: The Political Economy of Regional Integration

Joseph Grieco, "Systemic Sources of Variation in Regional Institutionalization in Western Europe, East Asia, and the Americas," Edward D. Mansfield and Helen V. Milner, eds., *The Political Economy of Regionalism* (New York: Columbia University Press, 1997).

Beth V. Yarbrough and Robert M. Yarbrough, *Cooperation and Governance in International Trade: The Strategic Organizational Approach* (Princeton: Princeton University Press, 1992) [chapters 1 and 2].

Lloyd Gruber, *Ruling the World: Power Politics and the Rise of Supranational Institutions* (Princeton: Princeton University Press, 2000) [pp.59-122] and [skim first two chapters].

### Recommended:

Robert Gilpin, "The Political Economy of Regional Integration," *Global Political Economy: Understanding the International Economic Order* (Princeton: Princeton University Press, 2001).

Helen Milner, *Interests, Institutions, and Information: Domestic Politics and International Relations* (Princeton: Princeton University Press, 1997).

## Week 14: Globalization and its Effects

Edgar Kiser and Aaron Matthew Laing, "Have We Overestimated the Effects of Neoliberalism and Globalization?" T.V. Paul et al., *The Nation-State in Question* (Princeton: Princeton University Press, 2003).

John Campbell, "States, Politics, and Globalization: Why Institutions Still Matters," in T.V. Paul et al., *The Nation-State in Question* (Princeton: Princeton University Press, 2003).

Geoffrey Garrett, "Global Markets and National Politics: Collision Course or Virtuous Circle?" *International Organization* 52 (Autumn 1998): 787-824.

Linda Weiss, "The State Augmenting Effects of Globalisation," *New Political Economy* (December 2005).

### Recommended:

Linda Weiss, ed., *States in the Global Economy: Bringing domestic institutions back in* (New York: Cambridge University Press, 2003).

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

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