

Comparative Political Economy

V53.0595.001

Mondays 3:30pm-6:00pm

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Overview: Comparative political economy is the study of how political context influences economic policy choice and economic performance. This seminar will focus on the link between democratic politics and economic policy, asking first how representative democracy influences overall economic performance. Subsequently, we will examine the link between democratic politics and specific policies including macroeconomic policy, redistribution, and basic service provision in developing countries. The course will focus on theories that use the methodology of rational choice, but extensive prior knowledge of this methodology will not be assumed. In addition, a number of the empirical readings for the course use basic statistical tests, but prior knowledge will not be assumed.

Course requirements: As this is a seminar, it is crucial that students do the readings before class and that they be prepared to discuss them in detail. In addition students are expected to present the readings. Although the number of presentations will vary with enrollment, I expect that each student will present two or three times during the semester. In addition to the in-class presentations, students will write two short papers during the course of the semester (due dates March 10th and April 14th), as well as a longer research paper that will be due in my office on Wednesday May 10th. The topic for this research paper should be agreed upon with me in advance.

The final paper will represent 40% of the final grade, class presentations and participation will count for another 30%, and the two shorter essays will count for the final 30%.

Readings: Students should purchase the following four texts which have been ordered at the bookstore.

Clark, William Roberts (2005) *Capitalism Not Globalism: Capital Mobility and Central Bank Independence, and the Political Control of the Economy*, University of Michigan Press, paperback edition.

Keech, William (1995) *Economic Politics: The Costs of Democracy*, Cambridge University Press.

North, Douglass and Robert Paul Thomas (1973) *The Rise of the Western World: A New Economic History*, Cambridge University Press.

Przeworski, Adam, Susan Stokes, and Bernard Manin (1999) *Democracy, Accountability, and Representation*, Cambridge University Press.

Where to find the readings:

- (B) – Section from book ordered for purchase.
- (E) – Material available electronically.
- (P) – In readings packet available for purchase.

January 23 - Introduction: Core Features of Representative Democracy and their Impact on Economic Policy

- Bates, Robert (1994) “Comment on John Williamson’s ‘In Search of a Manual for Technopols’” in John Williamson ed. *The Political Economy of Economic Policy Reform*, Institute for International Economics. (P)
- Manin, Bernard, Adam Przeworski, and Susan Stokes (1999) “Introduction” and “Elections and Representation” in Przeworski, Stokes and Manin , pp.1-54 (B)
- North, Douglass (1991) “Institutions”, *Journal of Economic Perspectives*, vol.5, pp.97-112 (E)
- Gourevitch, Peter (1977) “International Trade, Domestic Coalitions, and Liberty: Comparative Responses to the Crisis of 1873-1896”, *Journal of Interdisciplinary History*, vol.8, no.2, pp.281-313 (E).

January 30 - Representative Institutions and Government Commitment

- North, Douglass and Barry Weingast (1989), "Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth Century England", *Journal of Economic History*, vol.49 no.4, pp.803-832. (E)
- DeLong, J. Bradford and Andrei Shleifer (1993) “Princes and Merchants: European City Growth Before the Industrial Revolution”, *Journal of Law and Economics*, vol.36, no.2, pp.671-702. (E)
- Stasavage, David (2002), "Credible Commitment in Early Modern Europe: North and Weingast Revisited", *Journal of Law, Economics, and Organization*, vol.18, no.1 pp.155-186. (E)
- Stasavage, David (2003) *Public Debt and the Birth of the Democratic State: France and Great Britain, 1688-1789*, Cambridge University Press, ch.1, pp.1-25 (P)

February 6 - Political Institutions, Economic Institutions, and Long-Run Growth

- North Douglass and and Robert Paul Thomas (1973) *The Rise of the Western World: A New Economic History*, CUP, pp.1-158. (B)
- Acemoglu, Daron, Simon Johnson, and James Robinson (2005) “Institutions as the Fundamental Cause of Long-Run Growth”, National Bureau of Economic Research Working Paper no.10481, May 2004.(E)

Przeworski, Adam (2004) "Institutions Matter?" *Government and Opposition*, vol.39, no.4, pp.527-540. (E)

Olson, Mancur (1996) "Big Bills on the Sidewalk: Why Some Nations are Rich, and Others Poor", *Journal of Economic Perspectives*, vol.10, no.2, pp.3-24. (E)

February 13 - Democracy and Growth

Przeworski, Adam "Democracy and Economic Development" (E)

Olson, Mancur (1993) "Dictatorship, Democracy, and Development", *American Political Science Review*, vol.87, no.3, pp.567-576.

Przeworski, Adam and Fernando Limongi (1993) "Political Regimes and Economic Growth", *Journal of Economic Perspectives*, vol.7, no.3, pp.51-69. (E)

Satyath, Shanker and Arvind Subramanian (2004) "What Determines Long-Run Macroeconomic Stability? Democratic Institutions?", IMF Working Paper, 04/215. (E).

February 27 - Partisanship and the Macroeconomy

Keech, William (1995) *Economic Politics: The Costs of Democracy*, pp.1-99 (B)

Clark, William Roberts (2003) *Capitalism, Not Globalism*, pp.1-104 (B)

March 6 – Discretion, Accountability and Macroeconomic Outcomes

Keech, William (1995) *Economic Politics: The Costs of Democracy*, pp.153-223 (B)

Clark, William Roberts (2003) *Capitalism, Not Globalism*, pp.105-176 (B)

March 20 – The Politics of Inequality, Social Insurance, and Redistribution

Piketty, Thomas (1996) "The Politics of Redistribution: Recent Developments and Research Perspectives", mimeo, CEPREMAP, Paris. (E)

Piketty, Thomas (1995) "Social Mobility and Redistributive Politics", *Quarterly Journal of Economics*, vol.110, no.3, pp.551-584. (E)

Wallerstein, Michael (1999) "Wage-Setting Institutions and Pay Inequality in Advanced Industrial Societies", *American Journal of Political Science*, vol.43, no.3, pp.649-80. (E)

Scheve, Ken and David Stasavage (2005) "Religion and Preferences for Social Insurance", mimeo, Michigan and LSE. (E)

March 27 - Why Doesn't the US Have a European Style Welfare State?

Alesina, Alberto, Edward Glaeser, and Bruce Sacerdote (2001) "Why Doesn't the United States Have a European Style Welfare State?", *Brookings Papers on Economic Activity*, no.2, pp.187-277 (E)

Bartels, Larry (2005) "Homer Gets a Tax Cut: Inequality and Public Policy in the American Mind", *Perspectives on Politics*, vol.3, no.1, pp.15-31 (E)

Hacker, Jacob and Paul Pierson (2005) "Abandoning the Middle: The Bush Tax Cuts and the Limits of Democratic Control", *Perspectives on Politics*, 3:1 pp.33-53. (E)

April 3 - What Determines the Size of Government?

Adserà, Alicia and Carles Boix (2002) "Trade, Democracy, and the Size of the Public Sector: The Political Underpinnings of Openness", *International Organization*, vol.56, no.2, pp.229-262. (E)

Bates, Robert, Philip Brock and Jill Tiefenhalter (1991), "Risk and Trade Regimes: Another Exploration", *International Organization*, vol.45, pp.1-18. (E)

Cameron, David (1978) "The Expansion of the Public Economy: A Comparative Analysis", *American Political Science Review*, vol.72, no.4, pp.1243-1261. (E)

Rodrik, Dani (2000) "Why do More Open Economies Have Bigger Governments?", *Journal of Political Economy*, vol.106, n0.5, pp.997-1032. (E)

April 10 – Democratic Politics and Government Responsiveness

Stokes, Susan (1999) "What Do Policy Switches Tell Us About Democracy?" in Przeworski, Stokes, and Manin eds. *Democracy, Accountability, and Representation*, pp.98-130. (B)

Stimson James A. (1999) "Party Government and Responsiveness", in Przeworski, Stokes, and Manin eds. *Democracy, Accountability, and Representation*, pp.197-221. (B)

Cheibub, José Antonio and Adam Przeworski (1999) "Democracy, Elections, and Accountability for Economic Outcomes", in Przeworski, Stokes, and Manin eds. *Democracy, Accountability, and Representation*, pp.222-250. (B)

April 17 - Democratic Politics and Basic Service Provision in Developing Countries

Keefer, Philip (2005) "Does Democracy Help?", chapter 10 in *Economic Growth in the 1990s: Learning From a Decade of Reform*, World Bank. (E)

Stasavage, David (2005) "Democracy and Education Spending in Africa", *American Journal of Political Science*, vol.49 no.2 pp.343-358. (E)

Van de Walle, Nicolas (2001) *African Economies and the Politics of Permanent Crisis, 1979-1999*, Cambridge University Press, ch.6 (P)

April 24 - Information and Governance; When is More Better?

Stiglitz, Joseph (1999) "On Liberty, the Right to Know, and Public Discourse: The Role of Transparency in Public Life", Oxford Amnesty Lecture. (E).

Amato, Jeff, Stephen Morris, and Hyun Shin (2004) "Communication and Monetary Policy", *Oxford Review of Economic Policy*, vol.18, no.4, pp.495-503. (E)

Stasavage, David (2004) "Open-Door or Closed-Door? Transparency in Domestic and International Bargaining", *International Organization*, vol.58 no.4 pp.667-704. (E)

May 1 – Concluding session