

# **Political Economy II: Core Issues and Conceptual Frameworks in Political Economy**

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**Credits:** 4 Credits (8 ECTS)

**Semester:** Winter 2017

**Course Level:** 1 and 2 Year MA

**Office Hours:** Tuesdays 13:00-15:00 and by appointment

## **Course Objectives**

This course introduces political economy as a particular approach to the study of politics and explores foundational theoretical concepts, explanatory traditions and methodological approaches common in political economy. Political Economy regards income redistribution, taxation, the production of public goods, and other actions of the public sector as determined by a political process simultaneously with the economic process of exchange and production. In this course, we will investigate the connection between public policies and the political forces that shape them. We will attempt to explain why the government behaves as it does and how its behavior influences and is in turn influenced by the behavior of private citizens. We will also investigate the effects of political institutions on political and economic outcomes and assess the relative performance of different political systems. The course also incorporates discussions about key theoretical approaches such as rational choice theory, game theory and historical institutionalism.

***Learning Outcomes:*** *At the end of this course, the students are expected to;*

- understand the basic terms in political economy research
- have sufficient knowledge to apply these concepts in their research
- to be able to follow and understand the literature related to the subject matter
- be able to follow theoretical and empirical debates about government policies
- acquire knowledge of methodologies and assumptions in the study of political economy
- gain skills for presenting and critically discussing scholarly work by others

## **Class structure**

Most meetings consists of a 15-minute critical presentation by a discussant, followed by an instructor-led structured discussion of key concepts; key arguments; key theoretical and methodological approaches; puzzles & questions; the relevance of the subject matter. Meetings with a different structure will be announced in due course.

## **Grading and Assessment**

All of the students are expected to attend and actively participate in the class discussion. The participation counts for 10% while the presentations make up 20% of your grade for the course. There is also midterm and final paper, which counts for 30% and 40% respectively. The grades won't be based on a curve.

Participation:	10%
Presentations:	20%
Midterm Exam:	30%
Final Exam:	40%

The grades will be marked down in case of late submissions, and in case of plagiarism departmental rules apply.

## **Note on Citing and Referencing**

You will be expected to use Harvard style referencing. Please find an extensive citation and referencing guide on the course website: <http://ceulearning.ceu.edu/course/view.php?id=4862>. At the same time, you are strongly encouraged to use a citation manager software for all your written assignments, in which case you can use Chicago style referencing.

## **Readings**

### Week 1: How the Economy is Political?

- James Caporaso and David Levine. 1992. *Theories of Political Economy* (Cambridge University Press): 7-33.
- Polanyi, Karl. 1944. *The Great Transformation - The Political and Economic Origins of Our Time* (Beacon Press): 141-171.
- Torun Dewan and Kenneth Shepsle. 2008. "Review Article: Recent Economic Perspectives on Political Economy, Part I & II," *British Journal of Political Science* 38 (Spring 2008): 363-382 and (Summer): 543-564.

## Week 2: Rational Choice and Collective Action

- Olson, Mancur. 1965. *The Logic of Collective Action: Public Goods and the Theory of Groups*. Harvard University Press.
- Weingast, B. R. (1996) 'Political Institutions: Rational Choice Perspectives', in Goodin, R. E. and Klingemann, H. D. (eds.) *A New Handbook of Political Science*, Oxford: Oxford University Press.
- 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.

## Week 3: Game Theory

- Osborne, M. J. (2004) *An introduction to game theory*, Oxford: Oxford University Press: pp. 1-9; 13-35.
- de Mesquita, E.B. 2010. "Regime Change and Revolutionary Entrepreneurs". *American Political Science Review*, 104(03):446–466.
- Powell, R. 2006. "War as a commitment problem". *International Organization*, 60(01):169–203.

## Week 4: Institutionalism

- Hall, P. A. and Taylor, R. C. R. (1996) 'Political Science and the Three New Institutionalisms', *Political Studies*, XLIV: 936-957
- Pierson, P. (2000) 'Increasing Returns, Path Dependence, and the Study of Politics', *The American Political Science Review*, 94(2): 251-267.
- Ekiert, G. and Ziblatt, D. (2013) 'Democracy in Central and Eastern Europe One Hundred Years On', *East European Politics and Societies and Cultures*, 27(1): 90-107.
- Capoccia, G. and Kelemen, R. D. (2007) 'The Study of Critical Junctures: Theory, Narrative, and Counterfactuals in Historical Institutionalism', *World Politics*, 59(3): 341-369.

## Week 5: Culture and Ideas

- Schmidt, V. (2010) 'Taking Ideas and Discourse Seriously: Explaining Change Through Discursive Institutionalism as the Fourth "New Institutionalism"', *European Political Science Review*, 2(1): 1-25.
- Alesina, Alberto, Algan, Yann, Cahuc, Pierre, and Paola Giuliano. 2015. "Family Values and the Regulation of Labor." *Journal of the European Economic Association*. 13(4): 599-630.
- Norris, Pippa, and Ronald Inglehart. 2012. "Muslim Integration into Western Cultures: Between Origins and Destinations". *Political Studies*. 60(2): 228-251.

- Theda Skocpol and Vanessa Williamson. 2012. *The Tea Party and the Remaking of Republican Conservatism* (New York: Oxford University Press), pp. 202-218.

#### Week 6: International Political Economy

- Lake, D. A. (2009) 'International Political Economy', in Wittman, D. A. and Weingast, B. R. (eds.) *The Oxford Handbook of Political Economy*, Oxford: Oxford University Press.
- Caselli, Francesco, Morelli, Massimo, and Dominic Rohner. 2015. "The Geography of Interstate Resource Wars". *The Quarterly Journal of Economics*. 130(1): 267-315.
- Irfan Nooruddin and Nita Rudra. 2014. "Are Developing Countries Really Defying the Embedded Liberalism Compact?" *World Politics* 66 (4): 603-640.

#### Week 7: Political Economy of Regimes

- Daron Acemoglu and James Robinson. 2006. *Economic Origins of Dictatorship and Democracy*. Cambridge University Press: 15-46.
- Wright, Joseph, Frantz, Erica, and Barbara Geddes. 2013. "Oil and Autocratic Regime Survival." *British Journal of Political Science*. 45(2): 1-20.
- Slater, D. (2010) 'Altering Authoritarianism: Institutional Complexity and Autocratic Agency in Indonesia', in Mahoney, J. and Thelen, K. (eds.) *Explaining Institutional Change: Ambiguity, Agency, and Power*, Cambridge: Cambridge University Press, pp. 132-167.
- Dalton, R. (2004) *Democratic Challenges, Democratic Choices: the Erosion of Political Support in Advanced Industrial Democracies*. Oxford: Oxford University Press.

#### Week 8: Economic Growth and Regime Type

- Olson, M. 1993. "Dictatorship, Democracy, and Development." *The American Political Science Review* 87, no. 3: 567-76.
- Jones, Benjamin F. and Benjamin A. Olken. 2005. "Do Leaders Matter? National Leadership and Growth Since World War II". *Quarterly Journal of Economics* 120, no. 3: 835-64.
- Chibber, V. (2014), 'The Developmental State in Retrospect and Prospect: Lessons from India and South Korea', in Williams, M. (ed.) *The End of the Developmental State?*, London: Routledge, pp. 30-54.
- Rodrik, D. (2005) 'Growth Strategies', in Aghion, P. and Durlauf, S. N. (eds.) *Handbook of Economic Growth*, Amsterdam: North-Holland / Elsevier: 968-1010.

### Week 9: Redistribution and Welfare States

- Esping-Andersen, G. (1990) *The Three Worlds of Welfare Capitalism*, Princeton, NJ: Princeton University Press: 6-34.
- Philipp R. 2011. "Social Policy by Popular Demand," *World Politics* (April): 271-299.
- Mares, I. and Carnes, M. E. (2009) 'Social Policy in Developing Countries', *Annual Review of Political Science*, 12(1): 93-113.
- Inglot, T. (2008) *Welfare states in East Central Europe, 1919-2004*, New York: Cambridge University Press. Chapter 1.

### Week 10: Fiscal Policy and Taxation

- Jude, H. 2003. "Globalization and Capital Taxation in Consensus and Majoritarian Democracies." *World Politics* 56 (October): 79-113.
- Jonathan Rodden and Erik Wibbels. 2010. "Fiscal Decentralization and the Business Cycle: An Empirical Study of Seven Federations," *Economic and Politics* (March): 37-67.
- William Roberts Clark and Mark Hallerberg. 2000. "Mobile Capital, Domestic Institutions, and Electorally Induced Monetary and Fiscal Policy." *American Political Science Review* 94 (June): 323-346.
- Lawrence W. Kenny and Stanley L. Winer. 2006. "Tax Systems in the World: An Empirical Investigation into the Importance of Tax Bases, Administration Costs, Scale and Political Regime". *International Tax and Public Finance* 13, no. 2-3: 181-215.

### Week 11: Finance and Crisis

- Minsky, Hyman P. (1977). "The financial instability hypothesis: an interpretation of Keynes and an alternative to "standard" theory". *Challenge*, 20-27.
- Pagano, M., and Volpin, P. 2001. "The Political Economy of Finance". *Oxford Review of Economic Policy*, 17(4): 502-519.
- Kirschner, J. 2008. "Dollar primacy and American power: What's at stake," *Review of International Political Economy*, 15(3): 418-438.
- Nesvetailova, A., and Palan, R. 2010. "The end of liberal finance? The changing paradigm of global financial governance." *Millennium Journal of International Studies*, 38(3): 797-825.

### Week 12: Conclusion

- Drezner, D.W. 2016. *Five Unknowns about the Next Generation Global Political Economy*. Brookings.
- Palan, R. 2014. "International Political Economy of Past and Futures and the Rise of ARMAs". *Unpublished mimeo*. Princeton University.