Political Economy II: Core Issues and Conceptual Frameworks in Political Economy
Mandatory elective course

Political Science Department, CEU
2014-2015 – Winter semester
4 credits (8 ECTS)

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Class: TBA
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Course description
This course introduces political economy as a particular disciplinary approach to the study of politics and explores foundational theoretical concepts, explanatory traditions and methodological approaches common in political economy. As a continuation to the introductory political economy course in the fall semester (Political Economy I), the discussions in this course engage with generic, macro-level questions about the relationship between political and economic institutions, that between economic development and authoritarian government as well as the economic foundations of democratic and authoritarian governance. At the same time, the course incorporates discussions about key theoretical approaches central to explaining political behaviour and institutional change in political economy, especially rational choice theory, game theory and historical institutionalism. The course asks the following and other questions: What is the ‘stuff’ of political economy? What key concepts and conceptual assumptions does political economy as an approach in political science research rely on? What competing explanations are there for the development and consolidation of democracy and of authoritarian rule? What theoretical frameworks are common in political economic research and what are they for?

The course is structured into three main parts:

• The ‘stuff’ of political economy, focusing on what political economy as an approach to the study of politics is and on the types of questions political economist usually ask;
• Key themes of political economy, bringing together political economic studies about the origins of democracy, the origins and endurance of autocratic rule and the political basis of economic growth across the world among others.
• The conceptual frameworks of political economy, honing in on rational choice and especially game theory and, not least, on historical institutionalism.

Most weeks bring into focus one topic. Most topics comprise two related discussions, one usually focusing on key concepts and the theorisation of behaviour or institutional change and the other on the methods and data underpinning conceptual discussions and theory building.

Learning outcomes
The organisation of classes is aimed to help students develop a good understanding of the subject matter, with a focus on concepts, theoretical and methodological approaches to explaining causal relationships as well as their analytical relevance and value. In addition, however, classroom activities are aimed to help students develop a range of:

• transferable skills: especially developing effective PowerPoint presentations; making conference-type presentations; presenting and critically discussing scholarly work by others; chairing group sessions; listening critically; offering informed judgements in a concise fashion;
- **study skills**: especially note taking, summarising (orally and in written form), critical reading comprehension, metacomprehension; constructive feedback and team work; defining one’s own learning needs, planning progress and incorporating constructive feedback received; manage a semester-long project in a successful way;
- **critical thinking skills**: especially deductive reasoning; hypothesising; structured argumentation; the application of newly acquired knowledge to new situations.

**Class structure**

Most meetings consists of a 15-minute instructor- or student-led discussion of a key reading, a 15-minute presentation by a discussant, followed by a 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.*

**Class requirements and assessment**

Students are expected to attend meetings regularly, to participate in class discussions and submit independent work according to assignment descriptions. Furthermore, students will have to (1) present a key reading during the course *and/or (depending on class size)* (2) act as discussant.

Students’ final grade will consist of the following assignments:

1. class participation in structured discussions and in-class group activities – 30% of the final grade
2. acting as discussant (and/or presenter) with mandatory handouts to be sent out 24 hours before class (Moodle) – 30% of the final grade (or, in case of two presentations, 15% + 15%);
3. in-class small group assignments (see syllabus below and details TBA) – 10% of the final grade
4. **week 12 final assignment** – 30% of the final grade:
   - a written exam drawing on the studied subject matter (details TBA)
   - the making of a conference style presentation based on an original piece of research in line with the topics and themes of the course (details TBA)
   - the preparation of six argumentative essays (2500 words each) readings from section II of the coursework (including additional readings).

*Nota bene*: You may not present a text and also write an argumentative essay in connection to it.

**Penalties**: In case of late submissions of independent work and plagiarism. Departmental rules on plagiarism apply.
I. INTRODUCTION

Week 1. Political economy and what it’s about

Session 1. What is political economy?
This introductory discussion aims to assess what students already know about political economy and its most common conceptual approaches.

Session 2. The scope of political economy
This discussion outlines a range of concepts that political economists frequently rely on and brings into focus a variety of generic research questions that political economists frequently ask.

Key reading:

Additional readings:

Week 2. International political economy and its questions

Session 3. International political economy
Building on the distinctions articulated in week 1, this discussion focuses on a particular branch of political economy: international political economy and its scope.

Key reading:

Additional reading:

Session 4. Institutions in international political economy
This session focuses on a key reading in (international) political economy, namely Peter Katzenstein’s seminal work on small states in the context of a global (and further globalising) world economy.

Key reading:
II. CENTRAL ISSUES IN POLITICAL ECONOMY

The following four topics cover key concerns of political economists: the origins and endurance of authoritarian regimes, theories of democratisation, the relationship between type of governance and economic growth and the puzzling question of uneven economic development around the world.

THE POLITICAL ECONOMY OF AUTHORITARIAN GOVERNANCE AND ITS DURABILITY

The next three sessions engage with competing theories about the economic origins of government and the durability of authoritarian rule.

Week 3. The emergence of (authoritarian) government

Session 5. The role of the state from a political economic perspective

This session engages with simple conceptual models to explain the emergence of modern government and the endurance of authoritarian governance. It foregrounds more refined political economic theories of autocratic rule and authoritarian regimes’ endurance.

Key readings:

Additional reading:

Session 6. Dictators as rational actors

Building on the previous discussion, this session presents a more sophisticated explanation for how autocratic rulers come to power and the conditions for their staying in power for long periods of time. The discussion also extends to the conceptual assumptions of studies about dictators’ and other political actors’ behaviour.

Key reading:

Week 4.

Session 7. Dictators, launching organisations and selectorates: a refined theory of authoritarian rule

Reflecting on the previous week’s increasingly more refined models of autocratic rule and durability, this session presents perhaps the most sophisticated theory of autocratic rulers’ political survival.

Key reading:

Additional reading:
THE POLITICAL ECONOMY OF DEMOCRATISATION

The focus of the following three discussions is to reflect on some of the current discussions about theories of democracy with a universal (rather than a regional) applicability.

Week 4.

Session 8. The role of the state in theories of democracy

The focus of this session is an up-to-date discussion about the state as a complex theoretical concept in the study of politics from an institutionalist perspective.

Key reading:

Additional reading:

Week 5. Theorising the economic foundations of democracy

Session 9. The emergence of democratic institutions in Europe

This discussion centres on a particular political economic theory of democratisation.

Key reading:

Additional reading:

Session 10. Methodological issues in theory building regarding democratisation

Theories of democracy have often drawn on historical examples to articulate and illustrate causation for the purpose of theory building. However, reliance on historical examples has its pitfalls. This discussion focuses on the (mis)use of historical examples in building theories of democracy.

Key reading:
Acemoglu et al. (2005: 446) have argued that “economic institutions are chosen for their distributional consequences. Which specific economic institutions emerge depends on who is able to get their way – who has political power.” We should expect, therefore, that democratic polities, where the majority rule, will be more redistributive than non-democratic polities, where a minority rule. This week’s discussions engage with literature that tests this assumption and proposes some political economic explanations for why this assumption might be valid or, indeed, not.

**Session 11. A political economic model of redistribution under different political regimes**

The session engages with explanations about (1) why democracies and non-democracies will (re)distribute collective resources differently; (2) why different democracies differ in their economic policies and outcomes; and, not least, (3) why autocratic regimes also engage in redistribution, sometimes quite extensive redistribution. This session also draws on previous discussions about theories of autocratic rule and theories of democracy.

**Key reading:**


**Additional readings:**


**Session 12. Does political regime type really matter for (re)distribution? Social protection across political regimes**

This session engages with empirical literature probing theoretical expectations that democratic and non-democratic polities will (re)distribute differently and especially to different extents.

**Key reading:**


**Additional reading:**

Week 7. Uneven growth and wealth around the world

Session 13. Uneven economic development: an endogenous model

Why is it that some countries are wealthier than others? The focus of this session is represented by an institutional explanatory framework developed by economist Daron Acemoglu and others to explain cross-national variations in levels of economic development in a comparative context.

Key reading:

Session 14. Uneven economic development: an international political economic perspective

The questions remains: why is it that some countries are wealthier than others? This session, by drawing on previous discussions in international political economy (week 2), engages with the role of trade openness and poverty alleviation through global economic integration in explaining growth.

Key reading:
III. THEORETICAL FRAMEWORKS AND APPROACHES IN POLITICAL ECONOMY

Building on the readings from previous weeks, the following six discussions reflect on a range of theoretical and methodological approaches common in explaining behaviour, continuity and change in political economic research. Starting with rational choice theory, the discussion then zooms in on game theory. The last three discussions focus on historical institutionalism as a particular approach to the study of politics.

Week 8.

RATIONAL CHOICE THEORY

Session 15. Institutions in Rational Choice Theory

By focusing on the concept of institutions, this discussion introduces rational choice theory as a mainstream theoretical and methodological approach in political economy.

Key reading:


Additional readings:


GAME THEORY

Session 16. The theoretical foundations of game theory

This discussion focuses on a particular approach in rational choice theory: game theory. This discussion outlines the key assumptions and conceptual toolkit of game theory. This discussion prepares engagement with the explanatory power of game theoretic models, the focus of the next section.

Key reading:


Additional reading:

**Week 9.**

**Session 17. Modelling (political) behaviour using game theory**

This session focuses on one application of game theory, notably the modelling of ration choice in socially contextualised decision-making involving trust. The discussion expands on why game theory is a more appropriate methodological approach to studying (political) actors’ behaviour than earlier variants of rational choice theory.

Key reading:


**HISTORICAL INSTITUTIONALISM**

These last three substantive discussions of the course focus on historical institutionalism: what it is and key concepts and methodological approaches in historical institutional analysis.

**Session 18. What historical institutionalism is**

This session introduces historical institutionalism as a key approach to the study of political economy.

Key reading:


Additional reading:

Week 10. Key concepts in historical institutionalism

Session 19. Path dependence

A key concept in the study of history to theorise institutional continuity and change in political economy is critical junctures. This session engages with what critical junctures are and how they matter in politics.

Key reading:

Session 20. Critical junctures

This session explores another key conceptual tool in explaining institutional continuity and change in historical institutionalism: path dependence.

Key reading:

IV. CONSOLIDATION

Week 11. Concluding discussions

Session 21. Interesting themes and issues in political economy

Session 22. Theorising institutions, actors and agency in political economy

Week 12. Final assignments

The purpose of these two final student-led meetings is to provide, through student presentations, a structured review and analytical clarifications regarding some of the fundamental concepts that political economy operates with and, in a similar vein, of key explanatory models regarding a range of student-identified issues based on course readings.