

POL538: COMPARATIVE POLITICAL ECONOMY

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Spring 2005
Wed. 9-12
room
office hours: TU 11-12, by appmt.

Course Description

This graduate seminar for Ph.D. students examines the interaction between capitalism and democracy. First, it examines the major theories of the interaction between politics and markets. Then it focuses in more detail on how the economy affects politics, and how politics—in particular, political institutions—shapes economic outcomes. It explores the impact of global markets on national politics. It looks at both developed and developing countries, asking how development is affected by politics. The relative significance of domestic and international economic pressures and political institutions is also a theme.

Course Requirements

The requirements for the course are 1.) the readings, 2.) class participation, 3.) three 5-7 page double-spaced, typed papers examining the readings due during the course, and 4.) a final paper that proposes a research project that would resolve some of the limitations of the literature we have discussed. The proposal should identify a specific question or puzzle, discuss how you would try to answer that question, lay out the necessary steps of the project, and suggest how this project would advance the literature. In the last class everyone will present his or her proposal. The class will give feedback, which should be incorporated into the written proposal, which should be around 15 pages, and is due no later than May 11, 2005.

Participation will count for 15% of your grade; the 3 short papers for 35% and the final paper for 50%. Students are required to attend class and have done the readings ahead of time.

Readings

All readings are on reserve in the Woodrow Wilson School Library in Wallace Hall and in electronic reserves. The books that are required have been ordered at the university bookstore.

Week 1 (Feb. 2): Introduction: What is Political Economy?

Recommended:

Caporaso, James and Levine, Theories of Political Economy, chs 1-6.

Alt, James and Alex Crystal, Political Economics, chs. 1-5, 8, conclusion.

Alt, James and Shepsle, Perspectives on Political Economy, chs. 1-2.
Staniland, Martin, What is Political Economy?, chs. 1-4, 7.
Heilbroner, Robert. The Worldly Philosophers, chs. 3, 6, 9, 10.
Frey, Bruno, Modern Political Economy.
Przeworski, Adam. States and Markets.

Week 2 (Feb. 9): Classical Theories of Political Economy I.

Schumpeter, Joseph. Capitalism, Socialism and Democracy, pt II (chs. vii (pp.81-87), xi-xiv (pp. 121-164); pt IV (chs. xxi, xxii, xxiii: pp.250-302).

Lipset, Seymour M. 1959. "Some Social Requisites of Democracy." American Political Science Review v. 53, #1: 69-105.

Recommended:

B. Barry, Sociologists, Economists and Democracy.

Marx, Karl in R. Tucker, The Marx-Engels Reader, "The German Ideology" pp. 110-164; "The Communist Manifesto" pp. 331-362; "Das Kapital" pp. 191-225, 291-320; "The 18th Brumaire.." pp. 436-525.

Polanyi, Karl. 1944. The Great Transformation.

Week 3 (Feb. 16): Classical Theories of Political Economy II.

Lindblom, Charles. 1977. Politics and Markets, chs. 1-3, 6-16.

Bates, Robert and D.-H. Lien. 1985. "A Note on Taxation, Development and Representative Government." Politics and Society, v. 14, #1: 53-70.

North, Douglas and Barry Weingast. 1989. "Constitutions and Commitments: The Evolution of Institutional Governing Public Choice in Seventeenth-Century England." Journal of Economic History 49 (4):803-32.

Recommended:

Dahl, Robert. Polyarchy, chs. 1-2, 4-6, 10.

Okun, Arthur. Equality and Efficiency.

Week 4 (Feb. 23): Classical Theories of Political Economy III.

Hayek, Friedrich. 1994 (1944). The Road to Serfdom, chs.1-9.

Friedman, Milton. 2002 (1962). Capitalism and Freedom. chs.1-2, 10-13.

Recommended:

Buchanan, James. The Limits of Liberty.

Buchanan James, and G. Tullock, The Calculus of Consent.

*****NOTE DATE CHANGE Week 5 (MONDAY Feb. 28, 7-10 pm dinner at my house) :
The Relationship between the Economy, Parties and Elections in Advanced Industrial Countries.**

Franzese, Robert. 2002. "Electoral and Partisan Economic Policy and Outcome Cycles," Annual Review of Political Science vol. 5: 369-421.

Franzese, Robert. 2002. Macroeconomic Policies of Developed Democracies.

Recommended:

Powell, G. Bingham, Jr., and Guy Whitten. 1993. "A Cross-National Analysis of Economic Voting: Taking Account of the Political Context," AJPS 37(2): 391-414.

Alesina, Alberto and Nouriel Roubini, 1997. Political Cycles and the Macroeconomy.

Alesina, Alberto and Howard Rosenthal. 1995. Partisan Politics, Divided Government and the Economy.

Nordhaus, William. 1975. "The Political Business Cycle." Review of Economics Studies, 42, #2: 169-173.

Tufte, Edward, Political Control of the Economy.

Lewis-Beck, Michael, Economics and Elections.

Kramer, Gerald. 1983. "The Ecological Fallacy Revisited." APSR. V. 77, 92-111.

Fiorina, Morris. Retrospective Voting in American National Elections.

Kiewit, D. Rodrick, Macroeconomics and Micropolitics.

Downs, Anthony, An Economic Theory of Democracy.

Hibbs, Douglas. 1977. "Political Parties and Macroeconomic Policy." APSR. 1467-87.

Boix, Carles, Political Parties, Growth and Equality.

Hibbs, Douglas, The American Political Economy.

Alt, James, The Politics of Economic Decline.

Alesina, Alberto, "Elections, Party Structure and the Economy." in J. Banks and E. Hanushek, eds., Modern Political Economy, pp.145-170.

Remmer, Karen. 1993. "The Political Economy of Elections in Latin America, 1980-1991." APSR, 87: 393-407.

Keech, William, Economic Politics.

Week 6 (Feb. 9): Politics, Economics and the International Economy in the Advanced Industrial Countries.

Swank, Duane. Global Capital, Political Institutions and Policy Change in Developed Welfare States.

Mahler, Vincent. 2004. "Economic Globalization, Domestic Politics, and Income Inequality in the Developed Countries." Comparative Political Studies 37 (9):1025-1053.

Recommended:

Iversen, Torben. Contested Economic Institutions.

Cameron, David. 1978. The Expansion of the Public Economy." APSR, v. 72, 1243-61.

Katzenstein, Peter. 1986. Small States in World Markets.

Geoffrey Garrett. 1998. Partisan Politics in the Global Economy. New York: Cambridge University Press.

Rodrik, Dani. 1997. Has Globalization Gone Too Far? Washington, DC: Institute for International Economics.

Boix, Carles. 2000. Partisan Governments, the International Economy and Macroeconomic Policies in Advanced Nations, 1960-93. World Politics 53 (1):38-73.

Adsera, Alicia, and Carles Boix. 2002. Trade, Democracy and the Size of the Public Sector: The Political Underpinnings of Openness. International Organization 56 (2):229-62.

Lindbeck, Assar, "Stabilization Policies in Open Economies with Endogenous Politicians". AER. 1976, Papers and Proceedings, 1-19.

Calmfors, Lars and John Driffill, "Centralization of Wage Bargaining: Bargaining Structure, Corporatism and Macroeconomic Performance." Economic Policy, 1988, vol. 6: 13-61.

Garrett, Geoffrey and Peter Lange, "Performance in a Hostile World." World Politics July 1986, vol. 39: 517-545.

Alvarez, Michael, Garrett and Lange, "Government Partisanship, Labor Organization, and Macroeconomic Performance." APSR, June 1991, vol. 85: 539-56.

Week 7 (Mar. 23): The Democracy and the Economy in Advanced Industrial Countries.

Boix, Carles. 2003. Democracy and Redistribution.

Recommended:

Persson, Torsten and Guido Tabellini, Monetary Policy and Fiscal Policy: Credibility. V 1.

Persson, Torsten and Guido Tabellini, Monetary Policy and Fiscal Policy: Politics. V. 2.

Iversen, Torben. 1998. "Wage Bargaining, Central Bank Independence and the Real Effects of Money." International Organization. V. 52, Summer.: 469-504.

Hall, Peter and Robert Franzese. 1998. "Mixed Signals." International Organization. V.

52, Summer: 505-36.

Bernhard, William. 1998. "A Political Explanation of Variations in central Bank Independence." APSR. V. 92, June: 311-27.

Steinmo, Sven, Democracy and Taxation.

Freeman, John, Democracy and Markets.

Wallerstein, Michael and A. Przeworski. 1995. "Capital Taxation with Open Borders." RIPE, 2, #3, Summer: 425-44.

Maxfield, Sylvia, Gatekeepers of Growth

Esping-Anderson, Gosta, Politics against Markets.

Pontusson, Jonas. 1995. "Explaining the Decline of European Social Democracy." World Politics. v. 47, July : 495-533.

Kitschelt, Herbert, The Transformation of European Social Democracy

Kalecki, Michel, 1943. "Political Aspects of Full Employment" Political Quarterly, 14, Oct-Dec, 322-31. Or in M. Kalecki, Selected Essays on the Dynamics of the Capitalist Economy.

Week 8 (Mar. 30): Collective Action, Interest Groups and Economic Growth

Olson, Mancur. 1982. The Rise and Decline of Nations, chapters 1-3. (these chapters summarize Olson's earlier, The Logic of Collective Action), pp. 1-74.*

Becker, Gary. 1983. "A Theory of Competition among Interest Groups for Political Influence", Quarterly Journal of Economics, v.98, #3, 371-400.

Kreuger, Anne. 1974. "The Political Economy of the Rent-Seeking Society" American Economic Review, v. 64, #3: 291-303.

Grossman, Gene and Elhanan Helpman. 1994. "Protection for Sale," American Economic Review 84 (4): 833-850.

Dixit, Avinash, and John Londregan. 1996. "The Determinants of Success of Special Interests in Redistributive Politics." Journal of Politics 58, #4: 1132-1155.

Gawande, Kishore and Usree Bandyopadhyay. 2000. "Is Protection for Sale? Evidence on the Grossman-Helpman Theory of Endogenous Protection," Review of Economics and Statistics 82 (1): 139-152.

Recommended:

J. Buchanan, et. al, eds. Toward a Theory of the Rent-Seeking Society

G. Tullock, "The Welfare Costs of Tariffs, Monopolies and Theft" Western Economic Journal, v. 5, June 1967, 224-32

R. Landau, "Government Expenditure and Economic Growth." Southern Economic Journal, v. 49, Jan 1983, 783-92.

Dixit, Avinash, and John Londregan. 1995. "Redistributive Politics and Economic Efficiency." American Political Science Review 89: 856-866.

Mueller, Dennis, Public Choice II (New York: Cambridge University Press, 1989), chapter 13.
Mitchell, William and Michael Munger, "Economic Models of Interest Groups: An Introductory Survey," American Journal of Political Science 35 (May 1991): 512-546.

Week 9 (Apr. 6): The Political Economy of Development: The Role of Institutions.

Acemoglu, Daron, Simon Johnson and James Robinson. 2001. The Colonial Origins of Comparative Development: An Empirical Investigation. American Economic Review 91 (5): 1369-1401.

Acemoglu, Daron, Simon Johnson, and James Robinson. 2002. Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income. Quarterly Journal of Economics 117 (4):1231-94.

Knack, Stephen, ed. 2003. Democracy, Governance and Growth. Ann Arbor MI: University of Michigan Press. Chs. 1-3, 5.

Rodrik, Dani, Arvind Subramanian, and Francesco Trebbi. 2002. Institutions Rule: The Primacy of Institutions over Geography and Intergation in Economic Development. National Bureau of Economic Research Working Paper # 9305.

Rodrik, Dani. 2004. In Search of Prosperity, chs. 1, 4, 8.

Recommended:

Easterly, William and Ross Levine. 2002. Tropics, Germs and Crops: How Endowments Influence Economic Development. National Bureau of Economic Research Working Paper 9106.

Sokoloff, Kenneth, and Stanley Engerman. 2000. History Lessons: Institutions, Factor Endowments, and Paths of Development in the New World. Journal of Economic Perspectives 14 (3):217-32.

Englebert, Pierre. 2000. State Legitimacy and Development in Africa.

Easterly, William and Ross Levine. 1997. Africa's Growth Tragedy: Policies and Ethnic Divisions. Quarterly Journal of Economics 112:1203-50.

Block, Steven. 2001. Does Africa Grow Differently? Journal of Development Economics 65 (2):443-67.

Collier, Paul and Jan Willem Gunning. 1999. Explaining African Economic Performance. Journal of Economic Literature 37 (1):64-111.

Week 10 (Apr. 13): Autocracy and the Economy in Developing Countries.

Olson, Mancur. 1993. "Dictatorship, Democracy and Development." American Political Science Review, v. 87, #3: 567-76.

Wintrobe, Ronald. 1998. The Political Economy of Dictatorship.

Wittman, Donald. 1989., "Why Democracies Produce Efficient Results." Journal of Political Economy, v. 97, #6: 1395-1424.

Levi, Margaret. 1988. Of Rule and Revenue. Chs. 1-2.

Przeworski, Adam, Democracy and the Market, chs. 1-4.

Recommended:

Lipset, Seymour M. 1959. "Some Social Requisites of Democracy." APSR v. 53, 69-105.

Bates, Robert, Markets and States in Tropical Africa.

Haggard, Stephan, Pathways from the Periphery.

Ames, Barry, Political Survival.

Geddes, Barbara, Politician's Dilemma.

Helliwell, James. 1994. "Empirical Links between Democracy and Economic Growth." British Journal of Political Science, v.24, #2: 225-48.

Remmer, Karen. 1990. "Democracy and Economic Crisis" World Politics, v. 42, #3: 315-35.

O'Donnell, Guillermo and Philip Schmitter. Eds. Tentative Conclusions about Uncertain Democracies.

O'Donnell, Guillermo, P. Schmitter and Whitehead, eds., Transitions from Authoritarian Rule.

Week 11 (Apr. 20): Political Institutions and Economic Outcomes.

Keefer, Philip. 2004. "What Does Political Economy tell us about Economic Development and Vice Versa?" Annual Review of Political Science. V. 7, 247-72.

Bueno de Mesquita, Bruce, Alistair Smith, Randall Siverson, and James Morrow. The Logic of Political Survival.

Przeworski, Adam and Fernando Limongi 1993. "Political Regimes and Economic Growth" Journal of Economic Perspectives 7, #3: 51-69.

Adam Przeworski and Fernando Limongi.1997. "Modernization: Theories and Facts" World Politics 49(2):155-183.

Recommended:

Scully, Gerald, Constitutional Environments and Economic Growth.

Bates, Robert and Krueger, eds, Political and Economic Interactions in Economic Policy Reform.

Shirk, Susan, The Political Logic of Economic Reform in China.

Haggard, Stephan and Robert Kaufman, The Political Economy of Democratic Transitions.

Diamond, Larry and Marc Pattner, Economic Reform and Democracy.

Week 12 (Apr. 27): Political Regimes and Economic Reform in Developing Countries.

Rodrik, Dani. 1996. "Understanding Economic Policy Reform," Journal of Economic Literature, v. 34, #2: 9-41.

Fernandez, Raquel and Dani Rodrik. 1991. "Resistance to Reform: Status Quo Bias in the Presence of Individual-Specific Uncertainty" American Economic Review, v. 81, #5: 1146-55.

Alesina, Alberto and Alan Drazen. 1991. "Why Are Stabilizations Delayed?" American Economic Review, v.81, #5: 1170-88.

Hellman, Joel. 1998. "Winners Take All: The Politics of Partial Reform in Post-Communist Transitions." World Politics v. 50, #2: 203-34.

Burnside, Craig, and David Dollar. 2000. "Aid, Policies and Growth." American Economic Review v. 90, #4:847-68.

Easterly, William. 2003. "Can Foreign Aid Buy Growth?" Journal of Economic Perspectives v. 17 #3: 23-48.

Recommended:

Wade, Robert, Governing the Market.

Amsden, Alice, East Asia's New Giant.

Kreuger, Anne, Foreign Trade Regimes and Economic Development.

van de Walle, Nicolas. 2001. African Economies and the Politics of Permanent Crisis, 1979-1999.

Roland, Gerard. 2000. Transition and Economics: Politics, Markets and Firms.

African Development Bank. 2003. African Development Report 2003. Oxford UK: Oxford University Press.

Quinn, John James. 2002. The Road oft Traveled: Development Policies and Majority State Ownership of Industry in Africa.