

August 25, 2011

POL 601 Foundations: Political Economy

Fall 2011

Wednesdays, 2:00 - 5:00, SBS S-705

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Purpose

This class is intended to give a broad overview over topics and methods used in political economy. It pays attention to the two most common understandings of political economy. The first sees political economy as concerned with studying interrelationships between political and economic processes. The second defines political economy as a set of analytical tools that can be used to understand a wide range of political phenomena. In practice, there is a give and take between the two approaches since the questions we ask are influenced by the analytical tools at our disposal, and vice versa. Thus, the class introduces classic topics such as redistribution, democratization, and the relationship between economic performance and voting behavior. It also provides an introduction to the analysis of political and economic institutions from a rationalist perspective.

Course Requirements

The grade consists of three components.

1. **Presentation & Class Discussion, 30%:** This class is a discussion seminar, not a lecture course. It is essential that students be prepared to discuss **all** of the readings each and every class. In each seminar, one student will **present the class material**. The presentations should be about 15 minutes long, and similar in format to presentations at professional conferences. Presenters should assume that everybody has read the material. The aim of the presentation is not to summarize the readings, but to stimulate discussion. To this end, the presenter should criticize the readings along the lines described below, and **provide discussion questions**.

Many of the works that we will read are a blend of theory, methods, and substantive empirical analysis, which are aimed at uncovering systematic patterns or solving puzzles. Class participants should be prepared to describe and compare the week's readings from two points of view:

- (a) What are the principal **substantive** arguments being made? What phenomena are the targets of explanation? Are they clearly identified and defined? Are they defined at the level of individuals, groups, institutions, states, or whatever? What variables are proposed to explain them? At what level are these variables? What causal mechanisms are proposed as linkages?
 - (b) What **methodological** approach is taken to enhance the credibility of those arguments and how well does it succeed? What kinds of empirical implications of the theory are examined? For example, over-time changes or corresponding cross-national levels of variables at a single point in time? Evidence of behavioral connections? How are the important variables measured – quantitative/qualitative approaches? What care is taken to specify relationships between multiple variables? How are cases selected?
2. **Response Papers, 30%:** Each student is expected to write **two response papers**, covering all the readings of the selected week. Students sign up for response papers in advance. Each week only two students other than the presenter should write a response paper. The papers should not be longer than 4-5 pages. The purpose of the papers is to critique the readings, along the lines spelled out for class discussion (see above). Papers are due no later than **5 pm on Tuesday before class**. Students cannot write a response paper for weeks in which they present the readings in class.
 3. **Research Paper, 40%:** In consultation with me, each student will identify a substantive research question, develop a theory and research design, and identify data or a data collection strategy that could be used to test the theory (providing simple statistical tests would be great, but is not required). The final product will be a 10-15 page research proposal/research paper. All students will present their projects in class. The purpose of the presentation is to develop presentation skills, to improve the projects, and to practice how to receive and give feedback.

The time-line for the research paper is as follows:

- Meet with me to talk about topic by October 12.
- Draft of complete paper due by November 16.
- Final version of paper due by December 7.
- Student presentations on December 7 & 12.

Books Recommended for Purchase

- Cox, Gary W. 1997. *Making Votes Count: Strategic Coordination in the World's Electoral Systems*. Cambridge: Cambridge University Press.

- Bueno de Mesquita, Bruce, Alastair Smith, Randolph H. Siverson, and James D. Morrow. 2003. *The Logic of Political Survival*. Cambridge, MA: MIT Press.
- Hiscox, Michael J. 2002. *International Trade & Political Conflict: Commerce, Coalitions, and Mobility*. Princeton, NJ: Princeton University Press.
- Stone, Randall W. 2011. *Controlling Institutions: International Organizations and the Global Economy*. Cambridge: Cambridge University Press.
- Tomz, Michael. 2007. *Reputation and International Cooperation: Sovereign Debt across Three Centuries*. Princeton: Princeton University Press.

Course Outline

Week 1, August 31, Away for APSA

Course introduction on Monday, 8/29, during POL 602.

Economic Effects on Politics

Week 2, September 7, Endogenous Institutions I – Microfoundations

1. Akerlof, George A. 1970. “The Market for “Lemons”: Quality Uncertainty and the Market Mechanism.” *Quarterly Journal of Economics* 84:488–500.
2. Coase, R.H. 1960. “The Problem of Social Cost.” *Journal of Law and Economics* 3:1–44.
3. David, Paul A. 1985. “Clio and the Economics of QWERTY.” *The American Economic Review* 75:332–337.
4. Milgrom, Paul R., Douglass C. North, and Barry R. Weingast. 1990. “The Role of Institutions in the Revival of Trade: The Law Merchant, Private Judges, and the Champaign Fairs.” *Economics & Politics* 2:1–23.
5. Ostrom, Elinor. 2000. “Collective Action and the Evolution of Social Norms.” *The Journal of Economic Perspectives* 14:137–158.

Week 3, September 14, Endogenous Institutions II – Redistribution and Power

1. Bueno de Mesquita, Bruce, Alastair Smith, Randolph H. Siverson, and James D. Morrow. 2003. *The Logic of Political Survival*. Cambridge, MA: MIT Press. Chapters 1 – 5.

2. Weingast, Barry R., and Douglass C. North. 1989. "Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England." *Journal of Economic History* 49:803–832.

Week 4, September 21, Democratization

1. Przeworski, Adam, and Fernando Limongi. 1997. "Modernization: Theories and Facts." *World Politics* 49:155–183.
2. Boix, Carles, and Susan C. Stokes. 2003. "Endogenous Democratization." *World Politics* 55:517–49.
3. Acemoglu, Daron, and James A. Robinson. 2000. "Why Did The West Extend The Franchise? Democracy, Inequality, and Growth in Historical Perspective." *Quarterly Journal of Economics* :1167–1199.
4. Bueno de Mesquita, Bruce, and Alastair Smith. 2009. "Political Survival and Endogenous Institutional Change." *Comparative Political Studies* 42:167–197.
5. Ross, Michael L. 2001. "Does Oil Hinder Democracy?" *World Politics* 53:325–361.

Week 5, No Class – September 28, Friday Schedule.

Week 6, October 5, The Economy and the Vote

1. Duch, Raymond M., Harvey D. Palmer, and Christopher J. Anderson. 2000. "Heterogeneity in Perceptions of National Economic Conditions." *American Journal of Political Science* 44:635–652.
2. Ferejohn, John. 1986. "Incumbent Performance and Electoral Control." *Public Choice* 50:5–25.
3. Hellwig, Timothy T. 2001. "Interdependence, Government Constraints, and Economic Voting." *The Journal of Politics* 63:1141–1162.
4. Kayser, Mark Andreas. 2005. "Who Surfs, Who Manipulates? The Determinants of Opportunistic Election Timing and Electorally Motivated Economic Intervention." *American Political Science Review* 99:17–27.
5. Kayser, Mark Andreas. 2007. "How Domestic Is Domestic Politics? Globalization and Elections." *Annual Review of Political Science* 10:341–362.

Week 7, October 12, Origins of Economic Policies

1. Hiscox, Michael J. 2002. *International Trade & Political Conflict: Commerce, Coalitions, and Mobility*. Princeton, NJ: Princeton University Press. Chapters 1-5, 11-12.

2. Franzese, Robert J., and Jude C. Hays. 2008. "Interdependence in Comparative Politics: Substance, Theory Empirics, Substance." *Comparative Political Studies* 41:742–780.
3. Frieden, Jeffrey A. 2002. "Real Sources of European Currency Policy: Sectoral Interests and European Monetary Integration." *International Organization* 56:831–860.

‘Pure’ Political Institutions

Week 8, October 19, Voting

1. Cox, Gary W. 1997. *Making Votes Count: Strategic Coordination in the World’s Electoral Systems*. Cambridge: Cambridge University Press. Chapters 1-4, 7, 10-12.
2. Poole, Keith T., and Howard Rosenthal. 1991. "Patterns of Congressional Voting." *American Journal of Political Science* 35:228–278.
3. Romer, Thomas, and Howard Rosenthal. 1978. "Political Resource Allocation, Controlled Agendas, and the Status Quo." *Public Choice* 33:27–43.

Week 9, October 26, Delegation

1. McCubbins, Mathew D., and Thomas Schwartz. 1984. "Congressional Oversight Overlooked: Police Patrols versus Fire Alarms." *American Journal of Political Science* 28:165–179.
2. Calvert, Randall L., Mathew D. McCubbins, and Barry R. Weingast. 1989. "A Theory of Political Control and Agency Discretion." *American Journal of Political Science* 33:588–611.
3. Grossman, Gene M., and Elhanan Helpman. 1994. "Protection for Sale." *American Economic Review* 84:833–850.
4. Kunicová, Jana, and Susan Rose-Ackerman. 2005. "Electoral Rules and Constitutional Structures as Constraints on Corruption." *British Journal of Political Science* 35:573–606.
5. Montinola, Gabriella R., and Robert W. Jackman. 2002. "Sources of Corruption: A Cross-Country Study." *British Journal of Political Science* 32:147–170.

Political Effects on the Economy

Week 10, November 2, Economic Growth

1. Lucas, Robert E. 1990. "Why Doesn't Capital Flow from Rich to Poor Countries?" *American Economic Review* 80:92–96.
2. Acemoglu, D., S. Johnson, and J. A. Robinson. 2001. "The Colonial Origins of Comparative Development: An Empirical Investigation." *American Economic Review* 91:1369–1401.
3. Pritchett, Lant. 1997. "Divergence, Big Time." *Journal of Economic Perspectives* 11:3–17.
4. Abiad, Abdul, Daniel Leigh, and Ashoka Mody. 2009. "Financial Integration, Capital Mobility, and Income Convergence." *Economic Policy* 24:241–305.
5. Jin, Hehui, Yingyi Qian, and Barry R. Weingast. 2005. "Regional decentralization and fiscal incentives: Federalism, Chinese style." *Journal of Public Economics* 89:1719 – 1742.

Week 11, November 9, Redistribution

1. Meltzer, Allan H., and Scott F. Richard. 1981. "A Rational Theory of the Size of Government." *Journal of Political Economy* 89:914–927.
2. 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* :187–277.
3. Milesi-Ferretti, Gian Maria, Roberto Perotti, and Massimo Rostagno. 2002. "Electoral Systems and Public Spending." *The Quarterly Journal of Economics* 117:609–657.
4. Pierson, Paul. 2011. "The Welfare State Over the Very Long Run." ZeS-Working Paper No. 02/2011.

Week 12, November 16, International Institutions

1. Stone, Randall W. 2011. *Controlling Institutions: International Organizations and the Global Economy*. Cambridge: Cambridge University Press.
2. Steinwand, Martin C., and Randall W. Stone. 2008. "The International Monetary Fund: A Review of the Recent Evidence." *Review of International Organizations* 3:123–149.

Week 13, November 30, Sovereign Debt & Crises

1. Tomz, Michael. 2007. *Reputation and International Cooperation: Sovereign Debt across Three Centuries*. Princeton: Princeton University Press. Chapters 1-3, 5, 8-9.
2. Helleiner, Eric. 2008. "Political Determinants of International Currencies: What Future for the US Dollar?" *Review of International Political Economy* 15:354–378.
3. Featherstone, Kevin. 2011. "The Greek Sovereign Debt Crisis and EMU: A Failing State in a Skewed Regime." *Journal of Common Market Studies* 49:193–217.

Week 14, December 7, Student Presentations***Week 15, Monday December 12, Wednesday Schedule, Student Presentations*****Americans with Disabilities Act**

If you have a physical, psychological, medical or learning disability that may impact your course work, please contact Disability Support Services, ECC (Educational Communications Center) Building, room 128, (631) 632-6748. They will determine with you what accommodations, if any, are necessary and appropriate. All information and documentation is confidential.

Academic Integrity

Each student must pursue his or her academic goals honestly and be personally accountable for all submitted work. Representing another person's work as your own is always wrong. Faculty are required to report any suspected instances of academic dishonesty to the Academic Judiciary. Faculty in the Health Sciences Center (School of Health Technology & Management, Nursing, Social Welfare, Dental Medicine) and School of Medicine are required to follow their school-specific procedures. For more comprehensive information on academic integrity, including categories of academic dishonesty, please refer to the academic judiciary website at <http://www.stonybrook.edu/uaa/academicjudiciary>.

Critical Incident Management

Stony Brook University expects students to respect the rights, privileges, and property of other people. Faculty are required to report to the Office of Judicial Affairs any disruptive behavior that interrupts their ability to teach, compromises the safety of the learning environment, or inhibits students' ability to learn. Faculty in the HSC Schools and the School of Medicine are required to follow their school-specific procedures.