

Seminar
Advanced Topics in PE: Inequality and Democracy
MA Social Sciences- UC3M Instituto Carlos III-Juan March
Spring 2021

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Time: Tuesday: 3-pm-6 pm

Location: During the month of February seminars will be online. Seminars during March and April will be hybrid, with in sessions in room 18.1.A01. All arrangements are of course subject to the evolution of the pandemic and changing regulations.

DESCRIPTION

This is an advanced seminar on the relationship between inequality and democracy that complements previous courses on “Political Economy” and “States, Regimes, and Institutions”. We focus on recent contributions on three themes: (1) the relationship between inequality and development, with a special focus on recent structural transformations of capitalism; (2) frontier topics on the relationship between democracy and redistribution (knowledge of established models in the field is expected and should be reviewed before hand); (3) frontier topics on the political consequences of economic inequality, with a special focus on preferences, political inequality, and polarization. There is no textbook for this seminar. All readings are required unless indicated as recommended. **Please focus more on the logic, the key intuitions, and the empirical evidence in the papers.**

SCHEDULE & READINGS

1. INEQUALITY AND DEVELOPMENT

1.1. Historical Overview (FEBRUARY 9TH-online)

Discussion of Syllabus and Organization

S. Kuznets 1955 “Economic Growth and Income Inequality” *American Economic Review* 45:1

Robert Allen 2010. *Global Economic History: A Very Short introduction*. Oxford University Press.

Branko Milanovic 2016 *Global Inequality. A New Approach for the Era of Globalization*. Cambridge, MA. Harvard University Press (chapters 1,2,3 pdfs made available in Aula).

O. Jordá et al. 2017 *The Rate of Return on Everything, 1870-2015*, Federal Reserve Bank of San Francisco, Working Paper(recommended)

Alvaredo F. et al. 2018 *World Inequality Report*, pdf available in Sakai (recommended)

1.2. Changing Capitalisms (FEBRUARY 16th-online)

Anthony B. Atkinson 2015 *Inequality: What can be done?* Harvard University Press (selections)

Yonatan Berman and Branko Milanovic 2020 “Homoploutia: Top Labor and Capital Income in the United States, 1950-2020”, World Inequality Lab, Working Paper

Thomas Piketty 2014 *Capital in the XXI Century*, Cambridge, Harvard University Press (selections)

Gabriel Zucman 2016 *The Hidden Wealth of Nations*, The University of Chicago Press (recommended)

OECD Base Erosion and Profit Shifting Project *Harmful Tax Practices: 2017 Report on Preferential Tax Regimes* (recommended)

2. DEMOCRACY AND REDISTRIBUTION REVISITED

The following readings are assumed and if necessary will be reviewed:

Ansell, B. W. and Samuels, D. J. (2014). *Inequality and Democratization: An Elite-Competition Approach*. Cambridge University Press, New York

Meltzer, A. H. and Richard, S. F. (1981). A Rational Theory of the Size of Government. *Journal of Political Economy*, 89(5):914-927

Boix, C. and Stokes, S. (2013). Endogenous Democratization. *World Politics*, (55):517-549.

Acemoglu, D. and Robinson, J. A. (2006). *Economic Origins of Dictatorship and Democracy*. Cambridge University Press, New York.

Hall, P. A. and Soskice, D. (2001). *Varieties of Capitalism. The Institutional Foundations of Comparative Advantage*. Oxford

Iversen, Torben and David Soskice. 2001. “An Asset Theory of Social Policy Preferences,” *American Political Science Review* 95:875-893.

Avinash Dixit and John Londregan 1998: “Ideology, Tactics, and Efficiency in Redistributive Politics.” *Quarterly Journal of Economics* 113: 497-529.

Rehm, Philipp. 2009. “Risks and Redistribution. An Individual-Level Analysis.” *Comparative Political Studies*. Vol. 7, no. 42: 855-881.

2.1. Capacity and Redistribution (FEBRUARY 23rd-online)

Besley, T. and T. Persson. 2009. ‘The origins of state capacity: Property Rights, Taxation, and Politics’ *American Economic Review* 99:4, 1218-44

D. Queralt (2019) “War, International Finance, and Fiscal Capacity in the Long Run” *International Organization*, 73(4), pp. 713-753

P. Beramendi and M Rogers (2021) *Geography, Capacity and Inequality*, Cambridge University Press, Elements in PE

Cai H, Treisman D. 2005. Does Competition for Capital Discipline Governments? Decentralization, Globalization, and Public Policy. *Am. Econ. Rev.* (recommended)

2.2. The playing field: Preferences (March 2nd-tbd)

David Rueda and Daniel Stegmueller *Who Wants What?*, New York, Cambridge University Press (selections)

Kuziemko, I. and E. Washington (2018). “Why did the democrats lose the south? bringing new data to an old debate.” *American Economic Review* 108(10), 2830–67.

Rehm, P. (2016) *Risk Inequality and the Welfare State*, New York, Cambridge University Press.

Thewissen, Stefan, and David Rueda. 2019. “Automation and the welfare state: Technological change as a determinant of redistribution preferences.” *Comparative Political Studies* 52.2: 171-208.

A. Achary, M. Blackwell, and M. Sen 2016 “The political legacy of american slavery” *Journal of Politics* 78:3, pp:621-641 (recommended).

2.3. Development, Growth and Redistribution (March 9th-tbd)

Baccaro, Lucio, and Jonas Pontusson. 2016. “Rethinking comparative political economy: the growth model perspective.” *Politics & Society* no. 44 (2):175-207.

Hassel, A., Palier, B., and Avlijas, S. 2020. The pursuit of growth. Growth regimes, growth strategies and welfare reforms in advanced capitalist economies. *Stato e mercato*, 40(1), 41-77.

Grabner, C., Heimberger, P., Kapeller, J., and Schutz, B. 2020. Is the Eurozone disintegrating? Macroeconomic divergence, structural polarisation, trade and fragility. *Cambridge Journal of Economics*, 44(3), 647-669.

2.4. Development, Growth and Redistribution II (March 16th-tbd)

Boix C. 2019 *Democratic Capitalism at the Crossroads*, Princeton, Princeton University Press

Hall, Peter A. 2020. The electoral politics of growth regimes. *Perspectives on politics*, 18(1), 185-199.

Bengtsson, E., and Stockhammer, E. 2021. Wages, Income Distribution and Economic Growth: Long-Run Perspectives in Scandinavia, 1900–2010. *Review of Political Economy*, 1-21.

Herrigel, G. (2020). Industrial possibilities and false necessity: rethinking production, employment and labor dynamics in the global economy. *Socio-Economic Review*, 18(2), 599-624.

2.5. Egalitarianism in Crisis ? (March 23th-tbd)

Moene, Karl Ove & Barth, Erling (2016). "The Equality Multiplier: How Wage Compression and Welfare Empowerment Interact". *Journal of the European Economic Association*. ISSN 1542-476

Erling Barth, Henning Finseraas, Karl O. Moene 2015. "Political Reinforcement: How Rising Inequality Curbs Manifested Welfare Generosity" *AJPS* 59/3: 565-577

M.A. Elkjaer and T. Iversen 2020 "The Political Representation of Economic Interests: Subversion of Democracy or Middle Class Supremacy?" *World Politics* 72(2): 254-290

Hall, Peter A. (2018). Varieties of capitalism in light of the euro crisis. *Journal of European Public Policy*, 25(1), 7-30.

3. Inequality and the Working of Democracy

3.1. Redistribution and Conflict in Europe (April 6th-tbd)

Iversen, T. and Soskice, D. (2019). *Democracy and Prosperity. Reinventing Capitalism through a Turbulent Century*. Princeton University Press, Princeton (review/ recommended)

Benabou, Roland 2000 "Unequal Societies: Income Distribution and the Social Contract" *American Economic Review*, 90, 1.

Beramendi, Pablo and Stegmueller, Daniel (2020) "The political geography of the Euro-crisis" *World Politics*

S. Walter et al (2020) *The Politics of Bad Options*, Oxford University Press. (selections)

3.2. Economic and Political Inequality: Engagement (April 13th-tbd)

Erdem Aytac and Susan Stokes 2019 *Why Bother? Rethinking Political Participation in Election and Processes*, Cambridge University Press

F. Amat and P Beramendi 2019 "Democracy under High Inequality: Political Participation and Public Goods" *Journal of Politics*

Wendy K Tam Cho, James G Gimpel, and Joshua J Dyck. 2006. "Residential concentration, political socialization, and voter turnout." *Journal of Politics*, 68(1):156-167.

3.3. Polarization and Democratic Stability (April 20th-tbd)

John Voorheis, Nolan McCarthy, and Boris Shor 2015 *Unequal Incomes, Ideology and Gridlock: How Rising Inequality Increases Political Polarization*, WP-Oregon/Princeton/Georgetown (see also the summary discussion at the Washington Post, available in Sakai)

Svolik, M. 2020 "Democracy in America? Partisanship, Polarization, and the Robustness of Support for Democracy in the United States" *American Political Science Review*

Adam Przeworski 2019. *Crises of Democracy* New York, Cambridge University Press

*** * * May 14TH - PAPER DUE * * ***

SEMINAR REQUIREMENTS

Your grade in this class will reflect a weighted average of the following items:

1. **PARTICIPATION:** (20%) Students are expected to come prepared to class. This means having read carefully and thought through the readings, and ready to contribute to class discussions.
2. **DISCUSSION** (20%) Students are expected to lead discussion at least once during the semester. The role is to help start the conversation by offering a discussion, similar to the ones in professional conferences, of the materials of the day. We will discuss what this entails during the first session of the seminar class.
3. **RESEARCH PAPER** (60%) More details about the nature of the assignment will be presented during class.

Each of these requirements will be graded on a 0-100 scale and weighted according to the criteria above.

POLICY

We will follow UC3M's procedures to establish whether absences from any event related to this class are justified (e.g. illness, sport events) and merit ad hoc arrangements.

We will also follow UC3M's policy in any event of plagiarism and academic dishonesty.

Finally, turning PAPERS LATE is not acceptable unless previously agreed with us. Papers will be downgraded by one full letter grade for each day of delay.