

# Political Economy

Francesc Amat & Ignacio Jurado

**Spring Semester 2022-23**

Class Hours: Tuesday 10-13

Class Room:18.1.A04

Office Hours: Tuesday 14.30-15.30

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## **Course Description**

This course aims at introducing students to the main questions, debates, and contributions in the field of political economy, broadly understood as the study of the effects of social, political and institutional variables on economic outcomes.

## **Structure of the Class**

Each session will consist of a presentation of the topic by the professor, an introduction to some required readings by one or more students, and an open discussion with the rest of the class. See course requirements below.

## **Requirements and Evaluation**

Students are expected to attend all seminars, read all the required readings for each week before each meeting, and participate actively in class.

Students will also have to 1) submit some discussion points previous to all sessions, 2) introduce some and do a brief presentation (15-20 minutes) of the required readings at least once in the course, setting up the discussion of the texts, and 3) write a research paper at the end of the course on a topic related to the course and previously agreed with the professors.

In the last meeting of the course, all students will present an outline of their research paper, to be openly discussed by the rest of the class

### **Evaluation**

- Research paper (50%)
- Discussion points (20%)- To be submitted Mondays at 2pm.
- Presentation of a reading in class (15%)
- Participation in class discussions (15%)

### **Week 1: Political Institutions, Development and Growth**

#### *Required:*

- Acemoglu, Johnson, and Robinson. 2002. "Reversal of Fortune: Geography and Institutions in the Making of the Modern World Economy." *Quarterly Journal of Economics* 123:1-1296.
- Przeworski, Adam. 2004. "The Last Instance? Are Institutions the Primary Cause of Economic Development?" *European Journal of Sociology* 15: 165-188.
- Glaeser, E., La Porta R., Lopez-de-Silanes F, Shleifer A. 2004. "Do Institutions Cause Growth?" *Journal of Economic Growth* 9: 271-303.
- Banerjee, Abhijit, and Lakshmi Iyer. "History, institutions, and economic performance: The legacy of colonial land tenure systems in India." *American Economic Review* 95.4 (2005).

#### *Recommended:*

- Krugman, Paul. 1991. "History Versus Expectations." *Quarterly Journal of Economics* 105: 651-67.
- Barro, Robert. 1997. *Determinants of Economic Growth*. Cambridge, Mass.: MIT Press.
- Nunn, Nathan. 2008. "The Long-term Effects of Africa's Slave Trades." *The Quarterly Journal of Economics*. 123(1): 139-176.
- Dell, Melissa. 2010. "The Persistent Effects of Peru's Mining Mita." *Econometrica*. 78(6):1863-1903.
- Wade, Robert. 1990. "Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization." Princeton: Princeton University Press.
- North, Douglas and Barry Weingast. 1989. "Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth Century England." *Journal of Economic History*. 49(4): 803-832.

- Sachs, Jeffrey D. 2003. "Institutions Don't Rule: Direct Effect of Geography On Per Capita Income." NBER Working Paper No.9490.

## **Week 2: The State**

### *Required:*

- Abramson, Scott F. "The economic origins of the territorial state." *International Organization* 71.1 (2017): 97-130.
- Queralt, Didac. "War, international finance, and fiscal capacity in the long run." *International Organization* 73.4 (2019): 713-753.
- Blaydes, Lisa, and Christopher Paik. "The impact of Holy Land Crusades on state formation: war mobilization, trade integration, and political development in medieval Europe." *International Organization* (2016): 551-586.
- Garfias, Francisco. "Elite competition and state capacity development: Theory and evidence from post-revolutionary Mexico." *American Political Science Review* 112.2 (2018): 339-357.

### *Recommended:*

- Freeman, John R. and Dennis P. Quinn. 2012. "The economic origins of democracy reconsidered." *American Political Science Review* 106(1):58-80.
- Boix, Carles and Susan Stokes. 2003. "Endogenous Democratization." *World Politics* 55(4): 517-49.
- Treisman, Daniel. 2020. "Economic Development and Democracy: Predispositions and Triggers." *Annual Review of Political Science*.
- Albertus, Michael, and Victor Menaldo. 2014. "Gaming democracy: elite dominance during transition and the prospects for redistribution." *British Journal of Political Science*. 44(3): 575-603.
- Hollenbach, Florian M and Thiago Silva. 2019. "Fiscal Capacity, Income Distribution, and Taxation in Brazilian Municipalities." *Journal of Politics* 81:1434-1445.
- de la Sierra, Raúl Sánchez. 2020. "On the Origins of the State: Stationary Bandits and Taxation in Eastern Congo." *Journal of Political Economy* 2020 128:1, 32-74

## **Week 3: Preferences for Redistribution**

### *Required:*

- Lupu, N. and Pontusson, J. (2011). *The Structure of Inequality and the Politics of Redistribution*. *American Political Science Review*, 105(2)
- De la O, Ana and Jonathan Rodden. 2008. "Does Religion Distract the Poor?: Income and Issue Voting Around the World." *Comparative Political Studies* 41: 437-76.

- Rehm, Philipp, Jacob S. Hacker, and Mark Schlesinger. "Insecure alliances: Risk, inequality, and support for the welfare state." *American Political Science Review* (2012): 386-406.
- Holland, A. C. (2018). Diminished Expectations: Redistributive Preferences in Truncated Welfare States. *World Politics*, 70(4):555–594.

*Recommended:*

- Shayo, Moses. 2009. "A Model of Social Identity with an Application to Political Economy: Nation, Class, and Redistribution." *American Political Science Review* 103: 17-74.
- Meltzer, A. H. and Richard, S. F. (1981). A Rational Theory of the Size of Government. *Journal of Political Economy*, 89(5):914–927
- Rehm, P. (2011). Social Policy by Popular Demand. *World Politics*, 63(2):271–299
- Fernández-Albertos, José and Alexander Kuo. 2018. "Income perception, information, and progressive taxation: Evidence from a survey experiment." *Political Science Research and Methods*. 6(1): 83-110.
- Iversen, Torben and David Soskice. 2001. "An Asset Theory of Social Policy Preferences." *American Political Science Review*. 95(4): 875-893.

**Week 4: The Macro-Level: Re(distribution)**

*Required:*

- Moene, Karl Ove, and Michael Wallerstein. "Inequality, social insurance, and redistribution." *American Political Science Review* 95.4 (2001): 859-874.
- Chen, Jowei. 2013. "Voter Partisanship and the Effect of Distributive Spending on Political Participation." *American Journal of Political Science*. 57(1): 200-217.
- Wong, M. (2017) Median Voter and Power Resources Revisited: a Composite Model of Inequality. *European Political Science Review*, 9(4): 607-628.
- Diaz-Cayeros, Alberto, Federico Estévez, and Beatriz Magaloni. *The political logic of poverty relief: Electoral strategies and social policy in Mexico*. Cambridge University Press, 2016. *Chapters to be determined* .
- Mares, Isabel and Queralt, Didac. (2015). *The Non-Democratic Origins of Income Taxation*. *Comparative Political Studies*, 48(14):1974 – 2009.

*Recommended:*

- Alesina, A., Glaeser, E., and Sacerdote, B. (2001). Why Doesn't the United States Have a European-Style Welfare State? *Brookings Papers on Economic Activity*, 2:1–69
- Iversen, T. and Soskice, D. (2006). *Electoral Institutions and the Politics of Coalitions: Why*

Some Democracies Redistribute More Than Others. *American Political Science Review*, 100 (02):165–181

- Persson, Torsten, and Guido Enrico Tabellini. *The economic effects of constitutions*. MIT press, 2005. Chapters 2 and 6.
- Persson, T. and Tabellini, G. (2009). *Electoral Systems and Economic Policy*. In Wittman, D. and Weingast, B. R., editors, *Oxford Handbook of Political Economy*. Oxford University Press
- Bradley, D., Huber, E., Moller, S., Nielsen, F., and Stephens, J. D. (2003). *Distribution and Redistribution in Postindustrial Democracies*. *World Politics*, 55(02):193–228-
- Scheve, Kenneth and David Stasavage. 2012. "Democracy, war, and wealth: lessons from two centuries of inheritance taxation." *American Political Science Review*. 106(1): 81-102.
- Jurado, Ignacio, and Sandra Leon. "Geography matters: the conditional effect of electoral systems on social spending." *British Journal of Political Science* 49.1 (2019): 81-103.

## **Week 5: Models of Capitalism**

### *Required:*

- Peter Hall and David Soskice. 2001. "Introduction" in Hall and Soskice, eds., *Varieties of Capitalism*, pp 1-70.
- Esping-Andersen, G. (1990). *The Three Worlds of Welfare Capitalism*. Princeton University Press, Princeton.
- Fleckenstein, T. and Lee, S. C. (2017). *The Politics of Labor Market Reform in Coordinated Welfare Capitalism*. *World Politics*, 69 (01):144–183.
- Lindvall, J. and Rueda, D. (2014). *The Insider-Outsider Dilemma*. *British Journal of Political Science* *British Journal of Political Science* 44(2):460–475.

### *Recommended:*

- Swenson, P. A. (2002). *Capitalists against Markets, The Making of Labor Markets and Welfare States in the United States and Sweden*. Cambridge University Press, New York
- Calmfors, Lars, and John Driffill. "Bargaining structure, corporatism and macroeconomic performance." *Economic policy* 3.6 (1988): 13-61.
- Freeman, R. (2007). *Labor Market Institutions Around the World*. In *The Handbook of Industrial and Employment Relations*. Sage, London.
- Mares, I. (2005). *Social Protection around the World. External Insecurity, State Capacity, and Domestic Political Cleavages*. *Comparative Political Studies*, 38(6):623–65.
- Fernández-Albertos, J. and Manzano, D. (2014). *Dualism and support for the welfare state*.

Comparative European Politics.

## **Week 6: Globalization and the State**

*Required:*

- Iversen, Torben, and Thomas R. Cusack (2000). "The Causes of Welfare State Expansion: Deindustrialization or Globalization?" *World Politics*, 52 (3): 313- 349.
- Rudra, Nita (2002). "Globalization and the Decline of the Welfare State in Less- Developed Countries," *International Organization*, 56: 411-445.
- Burgoon, B. (2001). *Globalization and Welfare Compensation: Disentangling the Ties that Bind*. *International Organization*, 55(3):509–55
- Rodrik, Dani (2011). *The Globalization Paradox: Democracy and the Future of the World Economy*. Chapters 9 and 10. Oxford University Press.

*Recommended:*

- Cameron, David R. (1978). "The Expansion of the Public Economy: A Comparative Analysis," *American Political Science Review*, 72: 1243-1261.
- Hirst, Paul, and Grahame Thompson. "Globalization and the future of the nation state." *Economy and Society* 24.3 (1995): 408-442.
- Evans, Peter. (1997). "The eclipse of the state? Reflections on stateness in an era of globalization," *World Politics* 50(1): 62-87.
- Hines, J. R. and Summers, L. H. (2009). *How Globalization Affects Tax Design*

## **Week 7: Turnout, Mobilization and Disaffection**

*Required:*

- Rueda, David and Pontusson, J. 2010. "*The Politics of Inequality: Voter Mobilization and Left Parties in Advanced Industrial States*" *Comparative Political Studies*
- Iversen, and Soskice (2016) "*Information, Inequality and Mass Polarization: Ideology in Advanced Democracies*" *Comparative Political Studies*
- Becher, M. and Stegmueller, D. (2021) "Reducing Unequal Representation: The Impact of Labor Unions on Legislative Responsiveness in the US Congress", *Perspectives on Politics*.

*Recommended:*

- Boix, Carles. 2019. *Democratic Capitalism at the Crossroads. The Quest for Automation and its Past and Future Impact on Employment, Wages, and Politics*, Princeton University Press ["Dire Straits Chapter", pages 141-177]

- Beramendi, Pablo and Anderson. 2012. *“Left Parties, Poor Voters and Electoral Participation in Advanced Industrial Societies”* Comparative Political Studies
- Hall, P and Evans, G. 2019. *“Representation Gaps: Changes in Popular Preferences and the Structure of Partisan Competition in the Developed Democracies”* Manuscript, Harvard University.
- Amat, F. and Beramendi, P. (Forthcoming) *“Economic and Political Inequality: Competition, Spending, and Turnout”* Cambridge University Press [selected chapters]

## **Week 8: Federalism and Decentralization**

### *Required:*

- Balcells, L., Fernández-Albertos, J., and Kuo, A. (2015). Preferences for Inter-Regional Redistribution. *Comparative Political Studies*,48(10):1318–1351.
- Beramendi, Pablo. (2007) “Inequality and the Territorial Fragmentation of Solidarity.” International Organization.
- Beramendi, Pablo and Steigmueller, Daniel (2020) “The Political Geography of the Eurocrisis”, *World Politics*
- Rodden, Jonathan. "The dilemma of fiscal federalism: Grants and fiscal performance around the world." *American Journal of Political Science* (2002): 670-687.
- Cai H, Treisman D. 2005. “Does Competition for Capital Discipline Governments? Decentralization, Globalization, and Public Policy.” *American Economic Review*”.

### *Recommended:*

- Weingast, Barry R. "The economic role of political institutions: Market-preserving federal-ism and economic development." *Journal of Law, Economics, Organization* (1995): 1-31
- Rodden, Jonathan, and Susan Rose-Ackerman. "Does federalism preserve markets?." *Virginia law review* (1997): 1521-1572
- Bakke, Kristin, and Erik Wibbels “Regional Inequality, Ethnic Diversity and Conflict in Federal States” *World Politics* (October 2006): 1-5
- E. Gibson, E Calvo, and Tullia Falleti 2004 “Reallocative Federalism: Overrepresentation and Public Spending in the Western Hemisphere”. In Edward L. Gibson (ed.) *Federalism and Democracy in Latin America*, Baltimore: Johns Hopkins University Press, 2004, 173- 196.

## **Week 9: Geography and Spatial Politics**

### *Required:*

- Gingrich, J. (2018) *“Changing Labor Markets, Changing Voters?”* Manuscript, University of

Oxford

- Enos, R, (2017). *The Space Between Us. Social Geography and Politics*. New York: Cambridge University Press. *Chapters to be determined*.
- Ballard-Rosa, Jensen and Scheve. 2019. “*Economic Decline, Social identity, and Authoritarian Values in the United States*” Manuscript, Stanford University
- Stephen Ansolabehere, Jonathan Rodden, and James Snyder. “Purple America.” *Journal of Economic Perspectives*
- Enos, R., Russell, A., Sands, M. “*Can Violent Protest Change Local Policy Support? Evidence from the Aftermath of the 1992 Los Angeles Riot*” (2019) *American Political Science Review*

*Recommended:*

- Rodden, J, (2019). *Why Cities Lose. The Deep Roots of the Urban-Rural Political Divide*. New York: Basic Books
- Cutler, Fred. 2007. “Context and Attitude Formation: Social Interaction, Default Information, or Local Interests?” *Political Geography* 26: 575-600
- Edward Glaeser, Matthew Kahn, and Jordan Rappaport. 2007. “Why do the Poor Live in Cities? The Role of Public Transportation.” *Journal of Urban Economics*
- Edward L. Glaeser, David Cutler, and Jacob L. Vigdor. 2005. “Is the Melting Pot Still Hot? Explaining the Resurgence of Immigrant Segregation.” Working Paper, Harvard Economics

## **Week 10: The Transformations of Postindustrial Societies**

*Required:*

- Walter, Stefanie. 2017. “Globalization and the demand-side of politics: How globalization shapes labor market risk perceptions and policy preferences.” *Political Science Research and Methods*. 5(1): 55-80.
- Bornschier, Simon, Silja Häusermann, Delia Zollinger, and Céline Colombo. 2021. “How ‘Us’ and ‘Them’ Relates to Voting Behavior”. *Comparative Political Studies*
- Häusermann, S. and Kriesi, H. (2015). What do Voters Want? Dimensions and Configurations in Individual-Level Preferences and Party Choice. In Beramendi, P., Häusermann, S., Kitschelt, H., and Kriesi, H., editors, *The Politics of Advanced Capitalism*, pages 202–230. Cambridge University Press, New York.
- Colantone, I. and Stanig, P. (2018). The Trade Origins of Economic Nationalism: Import Competition and Voting Behavior in Western Europe. *American Journal of Political Science*, 62(4):936–953
- Margalit, Yotam (2012). “Lost in Globalization: International Economic Integration and the Sources of Popular Discontent,” *International Studies Quarterly*, 56 (3): 484-500.



*Recommended*

- Abou-Chadi, T. and Wagner, M. (2019). The electoral appeal of party strategies in post-industrial societies: when can the Mainstream Left succeed? *Journal of Politics*
- Hainmueller, Jens and Michael J. Hiscox. (2006). "Learning to Love Globalization: Education and Individual Attitudes toward International Trade," *International Organization*, 60: 469-98.
- Hiscox, Michael J. "Through a glass and darkly: Framing effects and individuals' attitudes towards international trade." *International Organization* 60.3 (2006): 755-780.

**Week 11: Electoral Realignment: Technological Change and Immigration***Required:*

- Autor, D. (2019). "*Work of the Past, Work of the Future*", Richard T. Ely Lecture, American Economic Association: Papers and Proceeding
- Rueda, David and Thewissen, S. 2019. "*Automation and the Welfare State: Technological Change as a Determinant of Redistribution Preferences*," *Comparative Political Studies*
- Hainmueller, J. and Hiscox, M. (2007). Educated Preferences: Explaining Individual Attitudes Toward Immigration in Europe. *International Organization*, 61(2)
- Gallego, A., Kurer, T., Scholl, N. "*Neither Left Behind nor Superstar: Ordinary Winners of Digitalization at the Ballot Box*", Manuscript, IBEI
- Magni, Gabriele. "Boundaries of Solidarity: Immigrants, Economic Contributions, and Welfare Attitudes", *American Journal of Political Science*

*Recommended:*

- Abou-Chadi, T. and Wagner, M. (2019). The electoral appeal of party strategies in post-industrial societies: when can the Mainstream Left succeed? *Journal of Politics*
- Kurer, Thomas "*The Declining Middle: Political Reactions to Occupational Change*", Manuscript, Political Economy and Welfare Network, Council of European Studies

**Week 12: Wrap-up Session and Research Seminar**

- Wrap-up
- Discussion of proposed Research Papers