

Politics of Economic Policymaking: An IPE/CPE Perspective

Prepared for Departamento de Ciência Política
Universidade de São Paulo

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Course Meeting Time: 9 am – 1 pm

Course Goals and Descriptions:

This course introduces both master's degree and doctoral students to the political analysis of economic policymaking. It covers the politics of international and comparative economics. From the domestic perspective, we will focus on the preferences of actors over economic policies and how institutions influence the transformation of preferences into policies and outcomes. From the international perspective, we will investigate the effects of international economic factors (globalization, finance, trade, debt, etc.) on domestic political processes and outcomes. The goal of this class is to make students conversant in the dominant themes of modern political economy, preparing them to do original research in the subfield.

Learning Objectives

1. To survey the state of the contemporary international and comparative political economy literature.
2. To gain substantive knowledge about trade, finance, globalization, debt, and economic development.
3. To critically compare and evaluate diverse approaches to the subject.
4. To prepare for independent research in international and comparative political economy.

Requirements:

Class Format: We meet three times (Monday, Wednesday, Friday) in the first two weeks in August 2017 (July 31, August 2, 4, 7, 9 and 11). The remaining six meetings will take place over the course of the semester (see dates below).

All students are responsible for being prepared to discuss the required readings. Furthermore, each student will be designated to *co-lead with another student during one class discussion*, which involves thinking of five discussion questions meant to spark a rich and compelling discussion during each class.

In addition to regular participation and seminar leadership, each student must also submit one research proposal by either **Friday, August 4th** on comparative political economy, or by **Wednesday, August 9** on international political economy. A final paper based on the research proposal will be due by **Thursday, December 15, 2017**.

Each research proposal should be about five-to-six double-spaced pages. It should contain a 1) critical review of the literature in one area (i.e. redistributive politics and economic development) of a given week's section (i.e. comparative or international political economy), and a 2) proposal for future research. These papers should not only propose a promising research design, but also evaluate the strengths and weaknesses of the theory, research design and empirical methodology of the assigned readings.

Each final paper should be about twenty-to-thirty double-spaced pages. The final paper should be an extension and a further development of the research proposal in which an empirical exercise is undertaken based on the proposed research design.

Course Outlines and Readings:

Preliminary Course Readings: Research Design

King, Keohane, and Verba. (1994). *Designing Social Inquiry: Scientific Inference in Qualitative Research*. Princeton University Press.

Collier, D. and Brady, H.E. (2010). *Rethinking Social Inquiry: Diverse Tools, Shared Standards*. Rowman & Littlefield Publishers, Inc.

Class Meeting #1 Research Design Overview & Comparative Political Economy I (July 31,2017)

Redistributive Politics and Economic Development

Boix, Carles. (2003). *Democracy and Redistribution*. New York: Cambridge University Press. Ch. 1. pp.19-59.

Díaz-Cayeros, Alberto, Beatriz Magaloni and Alexander Ruiz-Euler. (2013). Traditional Governance, Citizen Engagement and Local Public Goods: Evidence from Mexico. *World Development*. 53: 80-93.

Stokes, Susan, Thad Dunning, Marcelo Nazareno, and Valeria Brusco. (2013). *Brokers, Voters, and Clientelism: The Puzzle of Distributive Voters*. Cambridge University Press. Chapters 3-4. pp. 75-129.

Class Meeting #2: Comparative Political Economy II (August 2, 2017)

Economic Principles

Mankiw, N. Gregory. (1990). A Quick Refresher Course in Macroeconomics. *Journal of Economic Literature*. 28(4): 1645-1660.

The Political Economy of Macroeconomic Policy

Dornbusch, Rudiger and Edwards, Sebastian. (1991). Macroeconomics Populism in Latin America. NBER Working Paper Series, No. 2986. 1-50.

Barberia, Lorena and Avelino, George. (2011) Do Political Business Cycles Differ in Latin American Democracies? *Economía* 11, no. 2: 101-46.

Kaplan, Stephen B. and Thomsson, Kaj. (2017) The Political Economy of Sovereign Debt: Global Finance and Electoral Cycles. *The Journal of Politics* 79(2): 605-623

Class Meeting #3: Comparative Political Economy III (August 4, 2017)

The Political Economy of Adjustment, Governance, and Reform

Stokes, Susan. (2001). *Mandates and Democracy: Neoliberalism By Surprise in Latin America*. Chapter 2 and 3: 25-93.

Acemoglu, Daron, and James A. Robinson. (2006). Economic Backwardness in Political Perspective. *American Political Science Review*. 100: 115-131.

Kurtz, Marcus and Sarah Brooks. (2008). Embedding Neoliberal Reform in Latin America. *World Politics* 60(2): 231-280.

*** **RESEARCH DESIGN PAPER OPTION I: Comparative Political Economy*****

Class Meeting #4: International Political Economy I (August 7, 2017)

Globalization's Race to the Bottom?

Rodrik, Dani. (1998). Why Do More Open Economies Have Bigger Governments?" *Journal of Political Economy*. 106(5): 997-1032.

Mosley, Layna. (2000). Room to Move: International Financial Markets and National Welfare States. *International Organization*. 54(4): 737-773.

Polanyi, Karl. 1944. (2001). *The Great Transformation*. Beacon Press Books. Part I and II (section 1).

Rudra, Nita. (2002). Globalization and the Decline of the Welfare State in Less Developed Countries. *International Organization*. 56(2): 411-445.

Class Meeting #5: International Political Economy II (August 9, 2017)

Economic Principles

Calvo, Guillermo A. and Reinhart, C.M. (1999). Capital Flow Reversals, the Exchange Rate Debate, and Dollarization. *Finance and Development*. 36(3): 170-176.

The Political Economy of Global Finance

Barnett, Michael and Finnemore, M. (1999). The Politics, Power, and Pathologies of International Organizations. *International Organization*. 53: 699-732.

Przeworski, Adam and James Raymond Vreeland. (2000). The Effect of IMF Programs on Economic Growth. *Journal of Development Economics*. 62(2): 385-421.

Woods, Ngaire and Lombardi, Domenico. (2006). Uneven Patterns of Governance: How Developing Countries are Represented in the IMF. *Review of International Political Economy* 13(3): 480-515.

Brooks, Sarah, Raphael Cunha, and Layna Mosley (2015). Categories, Creditworthiness, and Contagion: How Investors' Shortcuts Affect Sovereign Debt Markets. *International Studies Quarterly*. 59(3): 587-601.

***** RESEARCH DESIGN PAPER OPTION II: International Political Economy*****

Class Meeting #6: International Political Economy III (August 11, 2017)

Economic Principles

Rodrik, Dani. (1995). Political Economy of Trade Policy. In Gene Grossman and Kenneth Rogoff (eds.) *Handbook of International Economics, Vol. III*. New York: Elsevier. 1457-1494.

The Political Economy of Global Trade

Alt, James, Jeffrey Frieden, Gilligan, Rodrik, Rogowski. (1996). The Political Economy of International Trade. *Comparative Political Studies*. V. 29: 689-717.

Polanyi, Karl. 1944. (2001). *The Great Transformation*. Beacon Press. Part II (section 2) and Part III.

Mayda, Anna and Dani Rodrik. (2005). Why Are Some People (and Countries) More Protectionist than Others? *European Economic Review* 49(6): 1393-1430.

Goldstein, Judith, Doug Rivers, and Michael Tomz. (2007). Institutions in International Relations: Understanding the Effects of the GATT and the WTO on World Trade. *International Organization*. 61(1): 37-67.

Ikenberry, G. John. (2010). The Liberal International Order and its Discontents. *Millennium: Journal of International Studies*. 38: 509-521.

Class Meeting #7: Comparative Political Economy IV (September 1, 2017)

Budgets

Alberto Alesina, Ricardo Hausmann, Rudolf Hommes, and Ernesto Stein. (1999). Budget institutions and fiscal performance in Latin America. *Journal of Development Economics*. 59(2): 253-273.

Cheibub, Jose Antonio. (2006). Presidentialism, Electoral Identifiability, and Budget Balances in Democratic Systems. *American Political Science Review*. 100 (03): 353-368.

Whitten, Guy D. and Laron Williams (2011). Buttery Guns and Welfare Hawks: The Politics of Defense Spending in Advanced Industrial Democracies. *American Journal of Political Science*. 55 (1): 117-134.

Class Meeting #8: Comparative Political Economy V (September 15, 2017)

Monetary Policy

William Robert Clark, Sona Golder, and Paul Poast. 2013. "Monetary Institutions and the Political Survival of Democratic Leaders." *International Studies Quarterly* 57 (September): 556-567.

William Roberts Clark and Mark Hallerberg. 2000. "Mobile Capital, Domestic Institutions and Electorally Induced Monetary and Fiscal Policy." *American Political Science Review* 94 (June): 323-346.

Franzese, Robert. (1999). "Partially Independent Central Banks, Politically Responsive Governments, and Inflation." *American Journal of Political Science* 43(3): 681-706.

Class Meeting #9: International Political Economy IV (September 29, 2017)

Exchange Rate Regimes

Bernhard, William, and David Leblang (1999). Democratic Institutions and Exchange Rate Commitments. *International Organization*. 53 (1):71-98.

Frieden, Jeffrey, S. Brock Blomberg, and Ernesto Stein (2005). Sustaining Fixed Exchange Rates: The Political Economy of Currency Pegs in Latin America. *Journal of Applied Economics*. 8(2): 203-225.

Stein, Ernesto and Jorge Streb (2004). "Elections and the Timing of Devaluations." *Journal of International Economics* 63 (1), 119-145.

Class Meeting #10: International Political Economy V (October 6, 2017)

Migration and Remittances

Leblang, David (Forthcoming). Harnessing the Diaspora: Dual Citizenship, Migrant Return Remittances. *Comparative Political Studies*.

Leblang, David. (2010). Familiarity Breeds Investment: Diaspora Networks and International Investment. *American Political Science Review*. 104:584-600.

Lipsmeyer, Christine S. and Ling Zhu (2011) Immigration, Globalization, and Unemployment Benefits in Developed EU States. *American Journal of Political Science*. 55: 647-664.

Singer, David A. 2010. "Migrant Remittances and Exchange Rate Regimes in the Developing World." *American Political Science Review*. 104(2): 307-323.

Class Meeting #11: International Political Economy VI (with Adriana Schor) (October 20, 2017)

Preferential Trade Agreements

Chase, Kerry A. (2008). Protecting Free Trade: The Political Economy of Rules of Origin. *International Organization*, 62, pp 507-530.

Mansfield, Edward D., Helen V. Milner and B. Peter Rosendorff. (2002). Why Democracies Cooperate More: Electoral Control and International Trade Agreements. *International Organization*, 56, pp 477-513.

Mansfield, Edward D. and Eric Reinhardt (2003). Multilateral Determinants of Regionalism: The Effects of GATT/WTO on the Formation of Preferential Trading Arrangements. *International Organization*, 57, pp 829-862.

Class Meeting #12: Mini-Conference with Student Paper Drafts (November 3, 2017)