

Politics of Economic Policymaking: An IPE/CPE Perspective

Prepared for Departamento de Ciência Política
Universidade de São Paulo

Professor Stephen B. Kaplan
George Washington University
sbkaplan@gwu.edu

Lorena G. Barberia
Departamento de Ciência Política
Lorena.barberia@gmail.com

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 2016. 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 5th** on comparative political economy, or by **Wednesday, August 10** on international political economy. A final paper based on the research proposal will be due by **Thursday, December 15, 2016**.

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.

Monday, August 1st: Research Design Overview & Comparative Political Economy I

Redistributive Politics and Economic Development

Piketty, Thomas. (1995). Social Mobility and Redistributive Politics. *Quarterly Journal of Economics*. 110(3): 551-578.

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

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.

Wednesday, August 3rd: Comparative Political Economy II

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. (2013) *Globalization and Austerity Politics in Latin America*. New York, Cambridge University Press. Chapter 2. pp.25-71.

Friday, August 5th: Comparative Political Economy III

The Political Economy of Adjustment and Reform

Hellman, Joel (1998). Winners Take All: The Politics of Partial Reform in Post-communist Transitions. *World Politics*. 50: 203-234.

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.

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

Monday, August 8th: International Political Economy I

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.

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

Wednesday, August 10th: International Political Economy II

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

McNamara, Kathleen. (1999). Consensus and Constraint: Ideas and Capital Mobility in European Monetary Integration. *Journal of Common Market Studies*. 37(3): 455-76.

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.

Books, 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*****

Friday, August 12th: International Political Economy III

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.

Lohmann, Susanne and Sharyn O'Halloran. (1994) Divided Government and U.S. Trade Policy: Theory and Evidence. *International Organization*. 48(4): 595-632.

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.

Scheve, Ken and Matthew Slaughter. (2001). What Determines Individual Trade-Policy Preferences? *Journal of International Economics*. 54: 2 (August): 267-92.

Friday, September 9th: Comparative Political Economy IV

The Impact of Politics on Budgets and Monetary Policy

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.

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

Friday, September 30th: Comparative Political Economy V

Economic Voting

MacKuen, Michael B., Robert S. Erikson, and James A. Stimson. (1992). Peasants or Bankers? The American Electorate and the U.S. Economy. *American Political Science Review* 86 (3):597-611.

Powell, Bing G. and Guy Whitten. (1993). A Cross-National Analysis of Economic Voting: Taking Account of the Political Context. *American Journal of Political Science*. 37(2): 391-414.

Palmer, Harvey D. and Guy D. Whitten (1999). The Electoral Impact of Unexpected Inflation and Economic Growth. *British Journal of Political Science*. 29 (04): 623-639.

Friday, October 14th: International Political Economy IV

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.

Friday, November 4th: International Political Economy V

The IPE of 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.

Friday, November 18th: International Political Economy VI (with Adriana Schor)

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.

Friday, December 2nd : Mini-Conference with Student Paper Drafts