

POLS 580: Political Economy

IR 391: International Political Economy

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Office Hours: Wednesdays 11:00 am-12:40 pm (FASS 2093)

Course Schedule: Wednesdays: 1:40 pm - 4:30 pm (FASS 1096)

Zoom link:

<https://sabanciuniv.zoom.us/j/2518479339?pwd=aGxTVUo3b2JQMnI2L1JTa2ZnYlBvZz09>

Course Description and Objectives:

This course has three aims:

- 1) It introduces you to various seminal studies that inform contemporary comparative and international political economy.
- 2) It gives a broad sense of the current research frontier in political economy by surveying recent relevant studies in economics and political science.
- 3) In addition to studying the substantial political economy issues, the course also focuses on the methods employed in required readings to give a sense of what state-of-the-art political economy research looks like.

The course first introduces key concepts in political economy and institutions, giving the necessary background for the rest of the course. Institutions and why/how they matter for political economy is the central theme of the first one-third of the course. We then focus on the state as the key actor and examine its birth, type, and capacity before turning to its agents, bureaucrats, and their role.

Then, we shift attention to organizing power in different institutional settings and study the political economy of regime change and regime types (democracy and autocracy). Why/how such institutional differences matter for political economy and what they imply for resource distribution/allocation and development is the main theme in Week 6.

The following two weeks (Weeks 7-8) take a micro approach and analyze how preferences are shaped and aggregated in different contexts. The role of media in manipulating such preferences is the main theme in Week 9.

We then study how clientelism and distributive politics impacts the quality of democracy in Week 10. The following week, we focus on special interest politics and how it affects domestic and international policy-making. This week is also a gentle introduction to the international political economy.

Finally, the last three weeks examine the interaction between politics and economics on an international scale. In particular, we study the interdependencies between the global economy and domestic politics. We focus on how globalization impacts domestic politics and conflict while paying specific attention to the role of major international institutions.

Note for undergraduate students who are taking this class as IR 391: Although this class is designed as a political economy seminar, the last one-third of it will specifically focus on International Political

Economy. Given that one needs to cover basic concepts and actors in political economy before studying international political economy, the first two-thirds of the course will give you the necessary background to study IPE. Since the course is cross-listed with a graduate-level class, the expectations from undergraduate students will be different. For instance, undergraduate students will not submit a research proposal but write two short reaction papers (see below). Similarly, I will evaluate undergraduate students' class participation and reaction points separately from the graduate students.

Prerequisites:

Students are expected to know basic econometrics and formal theory at the undergraduate level since required readings mostly rely on quantitative data analyses and formal modeling. Although we will discuss about specific methods employed in readings, familiarity with both econometrics (linear regression models, multivariate statistical analysis, etc.) and formal theory (game theory) at the introductory level is required. If you are an undergraduate student and have no background in econometrics, it will be really difficult for you to digest the majority of the readings.

Although not required, students are also expected to be proficient in one of the programming/statistical computing languages such as R, Python or Stata. You will be expected to conduct a replication/extension analysis, which requires employing one of these languages. Therefore, it is strongly suggested that you know how to conduct basic data analysis in one of these languages.

I will use R in this course whenever it is necessary (for data visualization/analysis, etc.). It is a free and open-source programming language used by data scientists, mainly for data analysis and visualization. RStudio is an integrated development environment (IDE) for R. You can also install both R (<https://www.r-project.org>) and RStudio (<https://www.rstudio.com/products/rstudio/download/>) on your computers if you are not familiar with it.

There are also several tutorials online if you would like to improve your programming/computing skills before the replication exercise in case you are not comfortable with quantitative data analysis. For instance, you can complete this online tutorial to become acquainted with the basic syntax in R (<https://campus.datacamp.com/courses/free-introduction-to-r/>).

Student responsibilities:

Reaction points (15 percent): Starting with Week 2, you are expected to do weekly assigned readings before coming into the class. The required readings will be available on SUCourse. To ensure that we are all keeping up, please post a half page or so of discussion/reaction points and/or questions bearing on the week's reading to the SUCourse by 8 pm before class (i.e., by Tuesday 8 pm). You can raise questions about the theory, substantial issues, or methodology used in papers, question its assumptions, the validity of its results, etc. You can also compare readings within the same week or develop links across weeks regarding theories/methodologies pursued. It is up to you! All I require is that the points need to be thoughtful, and they do not need to be long. If you make some trivial comments (such as: "this is a very interesting paper, and it is about x and y") that clearly show that you did not do the readings, you will not get any points for that week. These reaction points will constitute 15% of your total grade. I will use these reaction points to inform the discussions we will have during class, so they are very important!

Student participation (20 percent): You are expected to participate in class discussions actively. To do this, you will need to do the weekly assigned readings and join the discussion in class. For each week, I will first give an overview of the week's topic and start the discussion based on your reaction points (see above). To consistently track your participation, I will grade your participation each week:

- 2 points for active participation
- 1 point for some participation
- 0 point for no involvement with discussions during class

Replication/extension exercise (25 percent): Each student (or group of students) is expected to conduct a replication and extension analysis using quantitative data from an academic paper. Replications/extensions should replicate a paper's results, check the robustness of the original results (by, for instance, analyzing subsamples, testing model assumptions, estimating different models, etc.), and engage in at least one extension that is theoretically or substantively important. The extension could extend the analysis to a different sample, time or include a separate analysis, such as a heterogeneity analysis. The extension can also be about testing a different yet alternative hypothesis about the paper analyzed. You will provide a 20-minute presentation and a 2-page report based on your analysis. The deadline for reports is **one week** after your presentation. Hence if you do your presentation on, say, Week 5, the deadline for the report is Week 6 before class (1:40 pm)!

We will start replication/extension exercises in Week 5, and each student/group will sign up for a particular week. The paper chosen for the exercise should be relevant to the week's theme, and its data should be publicly available. Before starting the analysis, you will need my approval for the chosen paper since I need to confirm that the paper is relevant to the week's theme and that its data/code is available. I will send a sign-up sheet after Week 1 where you can sign up for a particular week on a first come first served basis.

Note for undergraduate students: you will be matched with graduate students for this exercise and work with them.

Graduate students only: Research Proposal (40 percent). The research proposals should be approximately 12 pages and include a project summary, description, and references. Your proposal can involve quantitative/qualitative observational data or an experimental design:

- If it involves quantitative/qualitative observational data, you should be clear about your theory, data availability/collection, and identification strategy.
- If it involves a lab or field experiment, the proposal should be clear about your theory, a justification for the location of the experiment, the principles governing sample size, stratification, and randomization, and a strategy for data collection and analysis.

Be as clear and detailed as you can with regard to research design. Your proposal can also include some preliminary findings/results. I would encourage you to talk with me soon about topics, methods, etc. Be ambitious *and* precise--this is an opportunity to be creative and a platform to get feedback for your research. I will also organize an informal workshop where you will have a chance to present your proposals in class. This will take place at the end of the semester (time and location: **TBD**).

Please read this useful guideline on writing a research proposal: https://www.une.edu.au/data/assets/pdf_file/0013/22207/writingaresearchproposal.pdf

I suggest you use office hours to make timely progress on the project. The research proposal will constitute 40% of your overall grade.

To ensure that you are making progress in your research proposal, you will submit a 5-page project description document by **April 12, 2023, at 8 pm**. This document should include your research question, why it matters, and how you plan to answer it. I will give you detailed feedback based on this document, which you can use to refine your proposal further. The final research proposal will be due on **June 5, 2023, at 8 pm**.

Undergraduate students only: Two reaction papers (40 percent): Undergraduate students are expected to write two 5-page reaction papers. The first reaction paper will be on topics in Weeks 1-7 and due on **April 12, 2023, at 8 pm**. The second one will cover the second half of the class and will be due on **June 5, 2023, at 8 pm**. You are expected to engage critically with class readings and discussions. You should focus on theoretical issues and empirical questions raised by the readings, make connections across weeks and highlight any gaps not identified by these studies. You can also point out directions for future research by highlighting these gaps.

Note: Undergraduate students can also choose to write a research proposal instead of two reaction papers, and I strongly suggest that track for those planning to pursue a Ph.D. in social sciences.

Grade distribution:

Reaction points: 15%

Student participation: 20%

Replication/extension exercise: 25%

Research proposal (grad students)/reaction papers (undergrad students): 40%

Class Policies and Rules:

- There is no margin or font requirement for written assignments. However, they need to be professional-looking! This means that it should include page numbers, proper citations and formatted bibliography, formatted tables and/or figures.
- You are required to submit your work on time. Late submissions for the replication/extension report, research proposal/reaction paper will be penalized by 2 points for each hour they are late. Late submissions for reaction points will not be accepted.
- In line with the university's [academic integrity statement](#), you are expected to base your work on your labor and ideas in this class. Therefore, plagiarism will not be tolerated and will result in a letter grade F and further disciplinary action.
- If you would like to come to my office hours, please use this google sheet before coming: <https://bit.ly/3LrphQa>. This way, you won't have to wait for your friend in front of the office. Depending on your question, you can sign up for as many 20-minute slots as possible. Please email me **ONLY** when you cannot sign up for any time slot due to unavailability or your schedule.
- Please note that we may have to revise the course plan according to the reassessment to be made country-wide, regarding higher education, at the beginning of April. The content to be delivered is certain but the method of course delivery, the number and dates of exams, and some other details are subject to change.

Course Overview

WEEK 1 (1 March 2023): What is political economy? Introduction, theory and evidence

Readings:

- Besley, T. (2007). The new political economy. *The economic journal*, 117(524), F570-F587.
- Huber, J. (2013). Is Theory Getting Lost in the ‘Identification Revolution’?. *The Money Cage*. <https://themonkeycage.org/2013/06/is-theory-getting-lost-in-the-identification-revolution/>
- Teele, D. L. (Ed.). (2014). *Field experiments and their critics: Essays on the uses and abuses of experimentation in the social sciences*. Yale University Press. (Chapters 1, 2, 7, 9)

Optional:

- Milton Friedman (1966). “The Methodology of Positive Economics” in *Essays In Positive Economics*, pp. 3-16, 30-43.
- Keefer, P. (2004). What does political economy tell us about economic development—and vice versa?. *Annual Review of Political Science*, 7, 247-272.
- Angrist, J. D., & Pischke, J. S. (2010). The credibility revolution in empirical economics: How better research design is taking the con out of econometrics. *Journal of Economic Perspectives*, 24(2), 3-30.

WEEK 2 (8 March 2023): Institutions

Readings:

- Greif, A. (2006). *Institutions and the path to the modern economy: Lessons from medieval trade*. Cambridge University Press (Chapters 1, 2).
- Kuran, T. (2012). *The long divergence*. Princeton University Press (Chapters 1, 2, 14).

Optional:

- North, D. C. (2010). Understanding the process of economic change. Princeton university press (Chapters 5, 9)

WEEK 3 (15 March 2023): States and state-making

Readings:

- Olson, M. (1993). Dictatorship, democracy, and development. *American Political Science Review*, 87(3), 567-576.
- Tilly, C. (1985). War Making and State Making as Organized Crime in *Bringing the State Back In* edited by Peter Evans, Dietrich Rueschemeyer, and Theda Skocpol, Cambridge University Press.
- Sánchez De La Sierra, R. (2020). On the origins of the state: Stationary bandits and taxation in Eastern Congo. *Journal of Political Economy*, 128(1), 32-74
- Boix, C. (2015). *Political order and inequality*. Cambridge University Press. (Chapters 1, 2 and 4)

Optional:

- Besley, T., & Persson, T. (2009). The origins of state capacity: Property rights, taxation, and politics. *American economic review*, 99(4), 1218-1244.
- Herbst, J. (2000). *States and power in Africa: Comparative lessons in authority and control*. Princeton University Press.
- Blaydes, L., & Paik, C. (2016). The impact of Holy Land Crusades on state formation: war mobilization, trade integration, and political development in medieval Europe. *International Organization*, 70(3), 551-586.

WEEK 4 (22 March 2023): Fiscal capacity and taxation

- Levi, M. (1988). *Of rule and revenue*. University of California Press. (Chapters 1, 2, 3).
- Queralt, D. (2019). War, international finance, and fiscal capacity in the long run. *International Organization*, 73(4), 713-753.
- Magiya, Y. (2021). The Paradox of Imperial Taxation: How Diversity Constrains Development and Dominant Groups Shoulder the Tax Burdens. *Working Paper*. Available here: https://static1.squarespace.com/static/5e726b2345ccc24d08e4dcf3/t/629e381c12f79321009fbb8/1654536285559/Magiya_JMP.pdf

Optional:

- Beramendi, P., Dinicco, M., & Rogers, M. (2019). Intra-elite competition and long-run fiscal development. *The Journal of Politics*, 81(1), 49-65.

WEEK 5 (29 March 2023): Bureaucracy

Readings:

- Vogler, J. P. (2019). Imperial rule, the imposition of bureaucratic institutions, and their long-term legacies. *World Politics*, 71(4), 806-863.
- Toral, G. (2023). How patronage delivers: Political appointments, bureaucratic accountability, and service delivery in Brazil. *American Journal of Political Science*.
- Bhavnani, R. R., & Lee, A. (2018). Local embeddedness and bureaucratic performance: evidence from India. *The Journal of Politics*, 80(1), 71- 87
- Besley, T., Burgess, R., Khan, A., & Xu, G. (2022). Bureaucracy and development. *Annual Review of Economics*, 14, 397-424. **(optional for undergrads)**

Optional:

- Banerjee, A., Chattopadhyay, R., Duflo, E., Keniston, D., & Singh, N. (2021). Improving police performance in Rajasthan, India: Experimental evidence on incentives, managerial autonomy, and training. *American Economic Journal: Economic Policy*, 13(1), 36-66.
- Pepinsky, T. B., Pierskalla, J. H., & Sacks, A. (2017). Bureaucracy and service delivery. *Annual Review of Political Science*, 20, 249-268

WEEK 6 (5 April 2023): Political economy of regime types/transitions

- Ansell, B., & Samuels, D. (2010). Inequality and democratization: A contractarian approach. *Comparative Political Studies*, 43(12), 1543-1574.
- Acemoglu, D., & Robinson, J. A. (2006). *Economic origins of dictatorship and democracy*. Cambridge University Press (Chapters 1, 2)
- Boix, C., & Stokes, S. C. (2003). Endogenous democratization. *World politics*, 55(4), 517-549.
- Waldner, D., & Lust, E. (2018). Unwelcome change: Coming to terms with democratic backsliding. *Annual Review of Political Science*, 21, 93-113. **(optional for undergrads)**

Optional:

- North, D. C., & Weingast, B. R. (1989). Constitutions and commitment: the evolution of institutions governing public choice in seventeenth-century England. *The Journal of Economic History*, 49(4), 803-832.
- Pincus, S. C., & Robinson, J. A. (2011). What really happened during the Glorious Revolution? (No. 17206). National Bureau of Economic Research.

WEEK 7 (12 April 2023): Micro-foundations: preference formation

- Alt, J., & Iversen, T. (2017). Inequality, labor market segmentation, and preferences for redistribution. *American Journal of Political Science*, 61(1), 21-36 **(optional for undergrads)**
- Cansunar, A. (2021). Who is high income, anyway? Social comparison, subjective group identification, and preferences over progressive taxation. *The Journal of Politics*, 83(4), 1292-1306.
- Rueda, D., & Stegmueller, D. (2016). The externalities of inequality: Fear of crime and preferences for redistribution in Western Europe. *American Journal of Political Science*, 60(2), 472-489.
- Beramendi, P., & Rehm, P. (2016). Who gives, who gains? Progressivity and Preferences. *Comparative Political Studies*, 49(4), 529-563.

WEEK 8 (19 April 2023): Electoral competition and preference aggregation

Readings:

- Calvo, E., & Rodden, J. (2015). The Achilles heel of plurality systems: geography and representation in multiparty democracies. *American Journal of Political Science*, 59(4), 789-805.
- Downs, A. (1957). An economic theory of democracy. *Harper and Row (Chapter 14)*. **(optional for undergrads)**
- Gingerich, D. W. (2019). Ballot reform as suffrage restriction: evidence from Brazil's Second Republic. *American Journal of Political Science*, 63(4), 920-935.
- Lizzeri, A., & Persico, N. (2004). Why did the elites extend the suffrage? Democracy and the scope of government, with an application to Britain's "Age of Reform". *The Quarterly Journal of Economics*, 119(2), 707-765.

WEEK 9 (26 April 2023): Political economy of media

Readings:

- Adena, M., Enikolopov, R., Petrova, M., Santarosa, V., & Zhuravskaya, E. (2015). Radio and the Rise of the Nazis in Prewar Germany. *The Quarterly Journal of Economics*, 130(4), 1885-1939.
- Petrova, M. (2011). Newspapers and parties: How advertising revenues created an independent press. *American Political Science Review*, 105(4), 790-808.
- Durante, R., Pinotti, P., & Tesei, A. (2019). The political legacy of entertainment TV. *American Economic Review*, 109(7), 2497-2530.
- Szeidl, A., & Szucs, F. (2021). Media capture through favor exchange. *Econometrica*, 89(1), 281-310. **(optional for undergrads)**

Optional:

- Qin, B., Strömberg, D., & Wu, Y. (2018). Media bias in China. *American Economic Review*, 108(9), 2442-76.
- DellaVigna, S., & Kaplan, E. (2007). The Fox News effect: Media bias and voting. *The Quarterly Journal of Economics*, 122(3), 1187-1234.
- Martin, G. J., & McCrain, J. (2019). Local news and national politics. *American Political Science Review*, 113(2), 372-384
- Peisakhin, L., & Rozenas, A. (2018). Electoral effects of biased media: Russian television in Ukraine. *American Journal of Political Science*, 62(3), 535-550.

WEEK 10 (3 May 2023): Clientelism, Distributive Politics and Redistribution

Readings:

- Holland, A. (2016). Forebearance. *American Political Science Review* 110(2): 232-246
- Stokes et al. 2013. *Brokers, Voters and Clientelism*. Cambridge University Press (Chapters 1, 2, 3).

Optional:

- Baland, J. M., & Robinson, J. A. (2008). Land and power: Theory and evidence from Chile. *American Economic Review*, 98(5), 1737-1765.
- Stokes et al. 2013. *Brokers, Voters and Clientelism*. Cambridge University Press (Chapter 9).
- Wantchekon, L. (2003). Clientelism and voting behavior: Evidence from a field experiment in Benin. *World politics*, 55(3), 399-422.
- Rueda, M. R. (2017). Small aggregates, big manipulation: Vote buying enforcement and collective monitoring. *American Journal of Political Science*, 61(1), 163-177.

WEEK 11 (10 May 2023): Capture and special interest politics

Readings:

- Dixit, A., & Londregan, J. (1996). The determinants of success of special interests in redistributive politics. *The Journal of Politics*, 58(4), 1132-1155. **(optional for undergrads)**
- Querubin, P., & Snyder Jr, J. M. (2013). The Control of Politicians in Normal Times and Times of Crisis: Wealth Accumulation by US Congressmen, 1850–1880. *Quarterly Journal of Political Science*, 8(4), 409-450.
- Eggers, A. C., & Hainmueller, J. (2009). MPs for sale? Returns to office in postwar British politics. *American Political Science Review*, 103(4), 513-533.
- Kim, I. S. (2017). Political cleavages within industry: Firm-level lobbying for trade liberalization. *American Political Science Review*, 111(1), 1-20

Optional

- Grossman, Gene M., & Elhanan Helpman. 1994. "Protection for Sale." *American Economic Review* 84(4): 833-850.
- Goldberg, Pinelopi K., & Giovanni Maggi. 1999. "Protection for Sale: An Empirical Investigation." *American Economic Review* 89(5): 1135-55.
- Hiscox, Michael J. 2002. "Commerce, Coalitions, and Factor Mobility: Evidence from Congressional Votes on Trade Legislation." *American Political Science Review* 96(3): 593-608.

WEEK 12 (17 May 2023): International Political Economy (IPE)

Readings:

- Rogowski, R. (1987). Political cleavages and changing exposure to trade. *American Political Science Review*, 81(4), 1121-1137.
- Mosley, L., & Singer, D. A. (2015). Migration, labor, and the international political economy. *Annual Review of Political Science*, 18, 283-301. **(optional for undergrads)**
- Bailey, M. A., Goldstein, J., & Weingast, B. R. (1997). The Institutional Roots of American Trade Policy: Politics, Coalitions, and International Trade. *World Politics*, (3), 309–338.
- Fetzer, T. (2019). Did austerity cause Brexit?. *American Economic Review*, 109(11), 3849-3886.

Optional:

- Cai, H., & Treisman, D. (2005). Does competition for capital discipline governments? Decentralization, globalization, and public policy. *American Economic Review*, 95(3), 817-830
- Zucman, G. (2015). *The hidden wealth of nations*. University of Chicago Press.

WEEK 13 (24 May 2023): IPE and domestic politics

Readings:

- Autor, D., Dorn, D., Hanson, G., & Majlesi, K. (2020). Importing political polarization? The electoral consequences of rising trade exposure. *American Economic Review*, 110(10), 3139-3183.

- Rodrik, D. (2021). Why does globalization fuel populism? Economics, culture, and the rise of right-wing populism. *Annual Review of Economics*, 13, 133-170. **(optional for undergrads)**
- Walter, S. (2021). The backlash against globalization. *Annual Review of Political Science*, 24, 421-442.
- Colantone, I., & 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.

WEEK 14 (31 May 2023): International institutions

Readings:

- Rose, A. K. (2004). Do we really know that the WTO increases trade? *American Economic Review*, 94(1), 98-114.
 - Also read: Tomz, M., Goldstein, J. L., & Rivers, D. (2007). Do we really know that the WTO increases trade? Comment. *American Economic Review*, 97(5), 2005-2018.
 - Rose, A. K. (2007). Do we really know that the WTO increases trade? Reply. *American Economic Review*, 97(5), 2019-2025.
- Milgrom, P. R., North, D. C., & Weingast, B. R. (1990). The role of institutions in the revival of trade: The law merchant, private judges, and the champagne fairs. *Economics & Politics*, 2(1), 1-23.
- Carnegie, A. (2014). States held hostage: Political hold-up problems and the effects of international institutions. *American Political Science Review*, 108(1), 54-70. **(optional for undergrads)**