

▶▶ JSGS 862 – POLITICAL ECONOMY

University of Saskatchewan Campus	
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Term:	Term 2 (Winter)
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CALENDAR DESCRIPTION, COURSE CONTENT AND APPROACH

The purpose of this course is to provide a framework to analyze political and economic behaviour. The course uses concepts from economics and political science (e.g., collective action problems, voting models) to construct a conceptual model of how policy and institutional choices affect and are affected by economic and political factors. In this conceptualization, political and economic institutions (e.g., courts, legislatures, corporate governance structures) are understood to be endogenously determined. This model is then used to examine contemporary topics such as legislative organization, coalition governments, Senate reform, tax cuts, health care policy and climate change policy.

REQUIRED READINGS

- Weingast, B.R. and D.A. Wittman. 2006. *The Oxford Handbook of Political Economy* Oxford University Press, Oxford.
- Available as an e-book at the University of Saskatchewan Library – <http://library.usask.ca/>.

COURSE OUTLINE

1. Introduction

(Week 1)

A key goal of this course is to develop a structure by which the connection between the economic and the political spheres of a country can be understood. Among the questions considered are: How is decision making in the political and economic spheres conceptualized? What impact does the economic system have on political institutions and developments? What role do political institutions and developments have on economic performance?

The material in this course is built on a number of building blocks:

- The need to integrate the micro foundations of individual behaviour of voters and government decision makers (e.g., legislators, bureaucrats) with the macro behaviour that is observed at the government or country level. One of the models used will be the spatial voting model;
- The need to understand the impossibility of maximizing social welfare;

- The key role of collective action problems and the role of government in addressing them;
- The role of political institutions in influencing economic decisions and the role of economic factors (e.g., growth, income inequality) in influencing political decisions;
- The role of time and temporal processes in explaining economic and political decisions; and
- The role of economic and political power in the performance of an economic and political system.

Readings: Handbook, Chapter 1 – Weingast and Wittman
 Handbook, Chapter 37 – Acemoglu and Robinson

2. The conceptual building blocks

(Weeks 1-2)

Behavioural assumptions – social welfare versus individual and collective choice

The problem with social welfare – Arrow’s Impossibility Theorem

Individual and collective action

Prisoners’ Dilemma

Coordination problem

Spatial voting model

Path dependency and feedback effects

Readings: Handbook, Chapter 25 – Winer and Hettich
 Handbook, Chapter 2 – Ansolabehere
 Arrow, K. 1950. “A Difficulty in the Concept of Social Welfare.” *Journal of Political Economy* 58(4): 328-346
 Saari, D.G. *Decisions and Elections: Explaining the Unexpected*. Cambridge University Press: Cambridge.
 Elster, J. 2007. *Explaining Social Behavior: More Nuts and Bolts for the Social Sciences*. Cambridge University Press, Cambridge. Chapter 26 Organizations and Institutions
 Pierson, P. 2004. *Politics in Time: History, Institutions and Social Analysis*. Princeton University Press: Princeton, New Jersey. Chapter 1.

3. Constitutionalism – A solution to collective action problems

(Week 3)

Readings: Handbook, Chapter 16 – Hardin

4. Pivot voters and legislators – The stability of the status quo

(Week 4)

Readings: Handbook, Chapter 12 – Krehbiel

5. Political institutions and economic policy and performance – The empirical evidence

(Week 5)

Readings: Handbook, Chapter 35 – Wren

Persson, T. 2002. "Do Political Institutions Shape Economic Policy?" *Econometrica* 70(3): 883-905.

Przeworski, A. and F. Limongi. 1993. "Political Regimes and Economic Growth." *The Journal of Economic Perspectives* 7(3): 51-69

Henisz, W.J. 2004. "Political Institutions and Policy Volatility." *Economics and Politics* 6(1): 1-27

Przeworski, A. et al. 1996. "What Makes Democracies Endure." *Journal of Democracy* 7(1): 39-55

Mauro, P. 1995. "Corruption and Growth." *Quarterly Journal of Economics* 110(3): 681-712

Woolley, J. 1994. "The Politics of Monetary Policy: A Critical Review." *Journal of Public Policy* 14(1): 57-85

Gerring, J., S. Thacker and C. Moreno. 2005. "Centripetal Democratic Governance: A Theory and Global Inquiry." *American Political Science Review* 99(4): 567-581

6. Corruption and rent seeking

(Week 6)

Readings: Tollison, R. 1982. "Rent seeking: A survey." *Kyklos* 35 (4):575-602

Shleifer, A. and R.W. Vishny. 1993. "Corruption." *The Quarterly Journal of Economics* 108 (3):599-617

Mauro, P. 1998. "Corruption and the composition of government expenditure." *Journal of Public Economics* 69: 263-279.

7. Political and economic structure – Varieties of capitalism, political power and corporate control

(Weeks 7-8)

Readings: Gourevitch, P.A. and J. Shinn. 2005. *Political Power and Corporate Control: The New Global Politics of Corporate Governance*. Princeton University Press, Princeton. Chapters 1-4.

Hall, P.A. and D. Soskice. 2001. An Introduction to Varieties of Capitalism. In *Varieties of Capitalism; The Institutional Foundations of Comparative Advantage* (Editors: P.A. Hall and D. Soskice). Oxford University Press. Oxford.

8. Institutions – Structure, agents and change

(Week 9)

Readings: Kathleen Thelen. 2009. "Institutional Change in Advanced Political Economies." *British Journal of Industrial Relations*. 47(3): 471-498.

Gerald Friedman. 2005. Review of How Institutions Evolve: The Political Economy of Skills in Germany, Britain, the United States, and Japan, by Kathleen Thelen. *Industrial & Labor Relations Review*, 59(1). Available at: <http://digitalcommons.ilr.cornell.edu/ilrreview/vol59/iss1/88>.

Gary Herrigel. "Review of Kathleen Thelen, *How Institutions Evolve: The Political Economy of Skills in Germany, Britain, the United States and Japan*, H-German, H-Net Reviews. Available at: <http://www.h-net.msu.edu/reviews/showrev.cgi?path=150441145899120>.

9. Globalization and trade

(Week 10)

Readings: Joseph Stiglitz. 2003. *Globalization and Its Discontents*. W.W. Norton and Company: New York.

Albert O. Hirschman. 1945. *National Power and the Structure of Foreign Trade*. University of California Press: Berkeley. Preface, Chapter 1 and Chapter 2 (p. 34). Available at:

<http://books.google.ca/books?hl=en&lr=&id=BezqxPg50dwC&oi=fnd&pg=PA3&dq=Hirschman+National+Power+and+the+Structure+of+Foreign+Trade&ots=97DVmwPDIW&sig=q5oV-jr7rYP3TtFpoogRg7XXL2Q-v=twopage&q&f=true>

10. International political economy

(Week 11)

Readings: Axel Hulsemeyer. 2010. *International Political Economy: A Reader*. Oxford University Press: Oxford.
Part I – The Dominant Theories of IPE.

(Neo) Mercantilism

Klaus Stegemann. "Policy Rivalry among Industrial States: What Can We Learn from Models of Strategic Trade Policy?" *International Organization*. Vol. 43, No. 1 (Winter, 1989), pp. 73-100

Marxist

Vladimir Lenin. *Imperialism: The Highest Stage of Capitalism*. Chapter VII. Imperialism as a Special Stage of Capitalism

Frederick Engels. *Outlines of a Critique of Political Economy*.

Immanuel Wallerstein. *The Modern World-System: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*. New York: Academic Press, 1976, pp. 229-233.

Post Positivist

Alexander Wendt. "Anarchy is what States Make of it: The Social Construction of Power Politics." *International Organization*. Vol. 46, No. 2 (Spring, 1992), pp. 391-425

Spike Peterson. "How (the Meaning of) Gender Matters in Political Economy." *New Political Economy*. Vol. 10, No. 4, December 2005

11. The stability of democracy

(Week 12)

Readings: Handbook, Chapter 17 – Przeworski

Handbook, Chapter 33 – Iversen

Handbook, Chapter 37 – Acemoglu and Robinson

Roemer, J.E. 1998. Why the poor do not expropriate the rich: an old argument in new garb. *Journal of Public Economics* 70 (3): 399-424

Acemoglu, D. and J.A. Robinson. 2006. *Economic Origins of Dictatorship and Democracy*. Cambridge University Press: New York. Chapters 1 and 2.

12. Wrap-up and review

(Week 13)

13. Major assignment and poster

The purpose of this assignment is to apply one or more concepts or theories from this course to a policy issue or problem that you believe is interesting. There are two parts to the assignment – a presentation and a written paper. The presentation will be focused around a poster. The poster will serve as a way of getting feedback on the topic, feedback that that can then be incorporated into a final paper that is due after exams. The posters that are developed will be evaluated for submission to the poster competition associated with the Tansley lecture. This assignment can be done individually or in a group of two.

Possible topic areas (but students may choose their own)

Legislative Organization

Application: Organization of the Prime Minister’s Office

Readings: Handbook, Chapter 8 – Cox

Coalition Government

Application: Minority government in Canada

Readings: Handbook, Chapter 9 – Diermeier

Bicameralism

Application: Senate Reform

Readings: Handbook, Chapter 10 – Cutrone and McCarty

Separation of Powers

Application: Harper’s government position on stimulus spending

Readings Handbook, Chapter 11 – De Figueiredo, Jacobi and Weingast

Federalism

Application: Canada’s Federal System

Readings: Handbook, Chapter 20 – Rodden

Globalization and Trade

China’s Investment in Africa and South America

Readings: See course outline.

EVALUATION

Problem sets	25%
Major assignment	25%
Class participation	10%
Poster	10%
Final	<u>30%</u>
Total	<u>100%</u>

LATE ASSIGNMENTS

All assignments must be submitted by the due date. Please see the instructor if your assignment is going to be late.

STUDENTS WITH SPECIAL NEEDS

All students who have special needs are encouraged to register with Disability Services for Students (DSS). Access to most services and programs provided by DSS is restricted to students who have registered with the office. Once you have registered, please contact the professor to discuss accommodations.

ACADEMIC INTEGRITY AND CONDUCT

Understanding and following the principles of academic integrity and conduct as laid out in the University of Saskatchewan's Guidelines for Academic Conduct is vital to your success in graduate school (as attached; and available at http://www.usask.ca/university_council/reports/archives/guide_conduct.shtml). Ensuring that your work is your own and reflects both your own ideas and those of others incorporated in your work is important: ensuring that you acknowledge the ideas, words, and phrases of others that you use is a vital part of the scholarly endeavour. If you have any questions at all about academic integrity in general or about specific issues, contact any faculty member and we can discuss your questions.