

JSGS 862 – POLITICAL ECONOMY

UNIVERSITY OF SASKATCHEWAN CAMPUS	
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OFFICE HOURS:	By appointment
OFFICE LOCATION:	JSGS Main Office, Diefenbaker Building
TERM:	Term 2 (Winter 2019)
ROOM:	Canada Room
DATE AND TIME:	Tuesday — 1:00 pm – 4:00 pm

CALENDAR DESCRIPTION

Focuses on the politics of aggregating individual decisions into collective action, revealing the difficulty of formulating and implementing public policy broadly construed. The course readings emphasize formal approaches to this subject, while the assignments and discussion emphasize their application to real problems.

LEARNING OBJECTIVES

JSGS has developed a set of six competencies that all graduates will be able to demonstrate. The specific readings, assignments and activities in JSGS 862 will help you both acquire and demonstrate the ability to:

- Understand how economic and political factors interact to create and determine the effect of policy
- Think critically and analytically about policy problems and issues from a political economy perspective
- Analyze policy problems using theories of political economy
- Communicate information and analyses critically and effectively

ATTRIBUTES OF JSGS GRADUATES

1. Management, Governance, and Leadership: Ability to inspire support for a vision or course of action and successfully direct the teams, processes, and changes required to accomplish it.
2. Communication and Social Skills: Ability to communicate effectively and build enduring, trust-based interpersonal, professional relationships.
3. Systems Thinking and Creative Analysis: Ability to identify key issues and problems, analyze them systematically, and reach sound, innovative conclusions.
4. Public Policy and Community Engagement: Ability to understand how organizational and public policies are formulated, their impact on public policy and management and how to influence their development.
5. Continuous Evaluation and Improvement: Commitment to on-going evaluation for continuous organizational and personal improvement.
6. Policy Knowledge: Ability to analyze and contribute content to at least one applied policy field.

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, the Coase theorem, institutional theory) 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 tax cuts, health care policy and climate change policy.

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;
- 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 and institutions;
- 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.

REQUIRED READINGS

Weingast, B.R. and D.A. Wittman. 2006. *The Oxford Handbook of Political Economy* Oxford University Press, Oxford. We will use selected chapters. Available as an e-book at the University of Saskatchewan Library – <http://library.usask.ca/>. You can also try: <http://lib.mylibrary.com.cyber.usask.ca/Open.aspx?id=90568>.

Acemoglu, Daron, and James Robinson. *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*. Crown Business, 2012. While you should read the entire *Why Nations Fail* book, make sure to read Chapters 1-7 and 11-15.

CORE. *Economy, Society and Public Policy*. Online Text. We will use selected sections. Available at: <https://www.core-econ.org/espp/book/text/0-3-contents.html>.

COURSE OUTLINE AND ASSIGNMENTS

1. Introduction (Week 1 – January 8, 2019)

Handbook, Chapter 37 – Acemoglu and Robinson

CORE — Units 2, 3, 4 and 5

2. The Economic Perspective: Maximizing the Size of the Pie

Property Rights and The Rational Group (Week 2 – January 15, 2019)

Coase, Ronald. 1960. “The Problem of Social Cost.” *Journal of Law and Economics* 3 (October): 1–44.

Co-operation and Coordination Problems (Week 2 – January 15, 2019)

CORE — Unit 2

Weber, Roberto A. 2012. *Organizational Coordination: A Game-Theoretic View*. Department of Social and Decision Sciences, Carnegie Mellon University.

<http://repository.cmu.edu/cgi/viewcontent.cgi?article=1017&context=sds>

Ostrom, Elinor. 2000. “Collective Action and the Evolution of Social Norms.” *Journal of Economic Perspectives* 14 (3): 137–58.

3. The Political Perspective: Dividing the Pie

Objective Functions for a Group (Week 3 – January 22, 2019)

Arrow, K. 1950. “A Difficulty in the Concept of Social Welfare.” *Journal of Political Economy* 58(4): 328–346. Please focus on Section I Introduction to get an understanding of the question that Arrow is asking. The rest of the paper is very technical and is not relevant for this course.

Handbook, Chapter 22 – Saari.

Achen, C. and L. Bartels. 2016, “Democracy for realists: Holding up a mirror to the electorate.” *Juncture* 22: 269–275. doi:10.1111/j.2050-5876.2016.00873.x

Sides, John, Michael Tesler and Lynn Vavreck. 2017. The 2016 U.S. Election: How Trump Lost and Won. *Journal of Democracy* 28(2): 34–44. <https://doi.org/10.1353/jod.2017.0022>

4. How Citizens and Officials View the State (Week 4 – January 29, 2019)

Hirschman, Albert O. 1978. Exit, Voice and the State. *World Politics* 31 (1): 90–107.

Hirschman, Albert O. 1994. Exit, Voice and Loyalty: Responses to Decline in Firms, Organizations and States: Excerpt From Chapter Eight. *The Social Contract*, 1–4.

<https://www.scribd.com/document/334362176/Hirschman-1970-Exit-Voice-and-Loyalty-chp-8-pp-1-4-pdf>

Hanson, R. 1970. Exit, Voice, and Loyalty: Response to Decline in Firms, Organizations, and States. By Albert O. Hirschman, (Cambridge: Harvard University Press, 1970. Pp. 162. \$6.95). *American Political Science Review* 64(4), 1274-1276.
doi:10.1017/S0003055400133611

Scott, James. C. 1998. *Seeing Like a State*. Yale University Press. Chapter 1. Nature and Space.
<https://libcom.org/files/Seeing%20Like%20a%20State%20-%20James%20C.%20Scott.pdf>.

5. The Nature of Institutions (Week 4 – January 29, 2019)

Pierson, P., 2000. "Increasing returns, path dependence, and the study of politics." *American Political Science Review* 94(02), pp.251-267.

North, Douglass C. 1994. "Economic Performance Through Time." *The American Economic Review* 84 (3): 359–68.

W. Richard Scott. 2004. "Institutional Theory: Contributing to a Theoretical Research Program." In *Great Minds in Management: The Process of Theory Development*, Ken G. Smith and Michael A. Hitt, eds. Oxford UK: Oxford University Press.
https://www.researchgate.net/publication/265348080_Institutional_Theory_Contributing_to_a_Theoretical_Research_Program?enrichId=rgreq-8f864c96a12555456b846164ac934469-XXX&enrichSource=Y292ZXJQYWdlOzI2NTM0ODA4MDtBUzoxOTY0NjQxMDcxMDIyMDhAMTQyMzg1MjEwMTA5MQ%3D%3D&el=1_x_2&_esc=publicationCoverPdf

Moe, Terry M. 2005. "Power and Political Institutions." *Perspectives on Politics* 3 (2): 215–233.

Further Readings:

Pierson, P. 2004. *Politics in Time: History, Institutions and Social Analysis*. Princeton University Press: Princeton, New Jersey. Chapter 1.

North, Douglass C. 1990. *Institutions, institutional change and economic performance*. Cambridge University Press.

North, Douglass C. 1991. "Institutions." *The Journal of Economic Perspectives* 5(1): 97-112

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

6. Constitutions – An institutional solution to collective action problems (Week 5 – February 5, 2019)

Readings: Handbook, Chapter 16 – Hardin

7. Pivot voters and legislators – Institutions and the stability of the status quo (Week 5 – February 5, 2019)

Handbook, Chapter 12 – Krehbiel

Baumgartner, Frank R, and Bryan D Jones. 1991. "Agenda Dynamics and Policy Subsystems." *Journal of Politics* 53 (4): 1044–1074.

Further Readings:

Lindblom, Charles E. 1959. "The Science of 'Muddling Through'." *Public Administration Review* 19 (2): 79–88.

Atkinson, Michael M. 2011. "Lindblom's Lament: Incrementalism and the Persistent Pull of the Status Quo." *Policy and Society* 30 (February 11): 9–18.

8. Politics, Economics and Power (Week 6 – February 12, 2019)

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=BezqxPq50dwC&oi=fnd&pg=PA3&dq=Hirschman+National+Power+and+the+Structure+of+Foreign+Trade&ots=97DVmwPDIW&sig=q5oV-jr7rYP3TtFpoogRg7XXL2Q - v=twopage&q&f=true>

Gilens, M. and Page, B.I., 2014. Testing theories of American politics: Elites, interest groups, and average citizens. *Perspectives on Politics*, 12(03), pp.564-581.

Downs, Anthony. 1957. "An Economic Theory of Political Action in a Democracy." *Journal of Political Economy* 65 (2): 135–150.

Molotch, Harvey 1976. The City as a Growth Machine: Toward a Political Economy of Place. *American Journal of Sociology* 82(2): 309-332. <http://www.jstor.org/stable/2777096>

9. Indigenous Political Economy (Week 7 – February 26, 2019)

Imai, Shin. 2008. Indigenous Self-Determination and the State. Osgoode Law School. Research Report No. 25/2008.

<http://digitalcommons.osgoode.yorku.ca/cgi/viewcontent.cgi?article=1196&context=clpe>

Cornell, S. and J.P. Kalt. 1998. Sovereignty and Nation-Building: The Development Challenge in Indian Country Today. Harvard Project on American Indian Economic Development. Kennedy School of Government, Harvard University. <https://hpaied.org/sites/default/files/publications/PRS98-25.pdf>

Alcantara, Christopher. 2007. Reduce transaction costs? Yes. Strengthen property rights? Maybe: The First Nations Land Management Act and economic development on Canadian Indian reserves. *Public Choice* 132: 421–432. DOI:10.1007/s11127-007-9168-7.

10. Corruption and rent seeking (Week 8 – March 5, 2019)

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

Mungiu-Pippidi, A., 2006. "Corruption: Diagnosis and treatment." *Journal of Democracy*, 17(3): 86-99.

Persson, Anna, Bo Rothstein, and Jan Teorell. 2012. "Why Anticorruption Reforms Fail-Systemic Corruption as a Collective Action Problem." *Governance* 26 (3): 449–71.

Baylis, Kathy, Murray E Fulton, and Travis Reynolds. 2016. "The Political Economy of Export Restrictions: the Case of Vietnam and India." In *Food Security in a Food Abundant World*, edited by A Schmitz, P L Kennedy, and T G Schmitz, 16:177–97. Emerald Group Publishing Limited.

Further Readings:

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.

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

11. Varieties of capitalism, political power and corporate control (Week 9 – March 12, 2019)

Bebchuk, Lucian and Mark Roe. 1999. A Theory of Path Dependence in Corporate Ownership and Governance. *Stanford Law Review* 52(1): 127-170.
http://lsr.nellco.org/harvard_olin/266

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.

12. Institutions – Structure, agents and change (Week 10 – March 19, 2019)

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

Beland, D. 2007. "Ideas and Institutional Change in Social Security: Conversion, Layering, and Policy Drift." *Social Science Quarterly* 88(1): 20-38.

Weyland, Kurt. 2008. "Toward a New Theory of Institutional Change." *World Politics* 60 (January) (June 17): 281–314.

Schneiberg, M. 2006. What's on the path? Path dependence, organizational diversity and the problem of institutional change in the US economy, 1900-1950. *Socio-Economic Review*, 5(1), 47–80. doi:10.1093/ser/mwl006

Further Readings:

Kaplan, Sarah. 2008. "Framing Contests: Strategy Making Under Uncertainty." *Organization Science* 19 (5): 729–52.

13. Institutions for Good Public Policy (Week 11 – March 26, 2019)

Mungiu-Pippidi, A., 2006. "Corruption: Diagnosis and treatment." *Journal of Democracy*, 17(3): 86-99.

Trebilcock, M.J., 2014. *Dealing with losers: The political economy of policy transitions*. Oxford University Press, USA. Copy the following link to your browser:

<https://law.stanford.edu/index.php?webauth-document=event/441631/media/slspublic/Dealing%20with%20Losers%20The%20Political%20Economy%20of%20Policy%20Transitions.pdf>

Mark Thatcher and Alec Stone Sweet. 2002. "Theory and Practice of Delegation to Non-Majoritarian Institutions." *West European Politics*, 25(1): 1-22, DOI: 10.1080/713601583.

14. The Stability of Democracy (Week 12 – April 2, 2019)

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

Shayo, Moses. 2009. "A Model of Social Identity with an Application to Political Economy: Nation, Class, and Redistribution." *American Political Science Review* 103 (2): 147–174.

Handbook, Chapter 17 – Przeworski

Further Readings:

Handbook, Chapter 33 – Iversen

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

Acemoglu, D. 2003. Why Not a Political Coase Theorem? Social Conflict, Commitment and Politics. *Journal of Comparative Economics*, 31(4).

Besley, Timothy, and Torsten Persson. 2014. "Why Do Developing Countries Tax So Little?" *Journal of Economic Perspectives* 28 (4): 99–120.

Ziblatt, D. 2006. "How did Europe democratize?" *World Politics* 58(02): 311-338.

ASSIGNMENTS

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 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)

Pipelines

Immigration

Federalism

Privatization of Provincial Crowns

Electoral Reform

Globalization and Trade

China's Investment in Africa and South America

EVALUATION

Problem sets	25%
Major assignment	25%
Class participation	10%
Poster	10%
Final	30%
Total	100%

JSGS will hold a workshop on academic integrity on Monday January 7, 4:30 - 6:00 pm, in the Prairie Room. This workshop is a requirement for the course and all students are expected to attend the workshop or indicate to the instructor that they have watched the video that will be made of the workshop (details on where to find the video will be provided after the workshop). Students must meet this requirement to successfully complete the course.

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

U OF S: Students in this course who, because of a disability, may have a need for accommodations are encouraged to discuss this need with the instructor and to contact Access and Equity Services (AES) at (306) 966-7273 or aes@usask.ca.

U OF R: Students in this course who, because of a disability, may have a need for accommodations are encouraged to discuss this need with the instructor and to contact the Coordinator of Special Needs Services at 585-4631.

STUDENTS EXPERIENCING STRESS

U of S: Students in this course who are experiencing stress can seek assistance from the University of Saskatchewan Wellness Centre. For more information, please visit this website: <https://students.usask.ca/health/centres/wellness-centre.php>, call (306) 585-6768 between 8:30 a.m. to 4:30 p.m. Saskatchewan time Monday to Friday or write to student.wellness@usask.ca.

U of R: Students in this course who are experiencing stress can seek assistance from the University of Regina Counselling Services. For more information, please visit this website: <http://www.uregina.ca/student/counselling/contact.html>, or call (306) 585-4491 between 8:30 a.m. to 4:30 p.m. Saskatchewan time Monday to Friday.

ACADEMIC INTEGRITY AND CONDUCT

U OF S: 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 (available at http://www.usask.ca/university_secretary/council/reports_forms/reports/guide_conduct.php). 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.

U OF R: Ensuring that you understand and follow the principles of academic integrity and conduct as laid out in the University of Regina's Graduate Calendar is vital to your success in graduate school (available at http://www.uregina.ca/gradstudies/calendar/policy_univ.shtml#conduct). 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 your course instructor and to discuss your questions.

GRADE DESCRIPTORS

85+ excellent

- > *A superior performance* with consistent strong evidence of:
- > a comprehensive, incisive grasp of the subject matter;
- > an ability to make insightful critical evaluation of the material given;
- > an exceptional capacity for original, creative and/or logical thinking;
- > an excellent ability to organize, to analyze, to synthesize, to integrate ideas, and to express thoughts fluently; and
- > an excellent ability to apply theories to real-world problems and intersect with related disciplines.

80-85 very good

An *excellent performance* with strong evidence of:

- > a comprehensive grasp of the subject matter;
- > an ability to make sound critical evaluation of the material given;
- > a very good capacity for original, creative and/or logical thinking;
- > an excellent ability to organize, to analyze, to synthesize, to integrate ideas, and to express thoughts fluently; and
- > a strong ability to apply theories to real-world problems and intersect with related disciplines.

75-80 good

A *good performance* with evidence of:

- > a substantial knowledge of the subject matter;
- > a good understanding of the relevant issues and a good familiarity with the relevant literature and techniques;
- > some capacity for original, creative and/or logical thinking;
- > a good ability to organize, to analyze, and to examine the subject material in a critical and constructive manner; and
- > some ability to apply theories to real-world problems and intersect with related disciplines.

70-75 satisfactory

A *generally satisfactory and intellectually adequate performance* with evidence of:

- > an acceptable basic grasp of the subject material;
- > a fair understanding of the relevant issues;
- > a general familiarity with the relevant literature and techniques;
- > an ability to develop solutions to moderately difficult problems related to the subject material; and
- > a moderate ability to examine the material in a critical and analytical manner.