1 Course Description

This course has three goals: First, to introduce you to the foundational models and empirics that inform contemporary work in the field. Second, to provide a sense of where the ‘research frontiers’ in political economy are today so that you are able to pose and motivate innovative research questions. Finally, the third goal is to strike the right balance between substance and method. Most of you are building up your technical skills quite intensively. These skills are for naught if you lack the ability to identify a core substantive problem on which to apply them. To this end, we will pay close attention to linkages between theory, research strategy, and data throughout the seminar.

The course is organized in three sections: The first section (Fundamentals) introduces key concepts in political economy, examines states and markets as means of allocating resources, and addresses some basic methodological issues in understanding the relationship between institutions, political economy, and history. The second section (Organization of Power and the Economy) turns to analyze the origins and politico-economic implications of different forms of organizing political authority in society. We study the political economy of regime change, variation in the organization of power among dictatorships, and different forms of organizing power under democracy. Finally, the third section (Applications) focuses on how these institutional differences play out in a number of policy spheres, including distributive politics, macroeconomics, and trade.

Each week we will concentrate on 4-5 readings max, with the idea of discussing them in detail. I will try to combine classics, standard, and frontier pieces within each subfield to convey a sense of the intellectual evolution of specific research programs.

2 Requirements

2.1 Research Paper (65 percent)

2.1.1 Discussion and Set-up (25 percent)

The very first task in producing new research is to motivate it. This involves identifying a gap in a literature or set of literatures, and justifying the expected payoff of the research efforts you are about to undertake. Typically, this involves identifying a puzzle. A puzzle could take the form of a logical inconsistency in an argument or, more commonly, a discrepancy between a theoretical expectation and an observable empirical pattern. To get to this point requires research (1) to master the
literature you are engaging with and (2) to establish the unexplained empirical phenomena worthy of effort. These are the tasks you are expected to perform in this first run of the final paper. The goal is to teach you *by doing* how to craft a paper with an eye towards future commitments (in the case of PhD students, most obviously, the prelim paper in the third year).

The discussion and set-up paper is due on **March 6th 2018**, right before Spring break.

### 2.1.2 Argument and Empirical Strategy (40 percent)

Beyond the stage of formulating innovative research questions, being a scholar implies laying out a strategy to answer them, both theoretically and empirically. To this end, you will devote the second half of the semester to develop *your argument* to answer the puzzle previously identified and to craft an empirical strategy to assess the empirical implications that follow. The research design should link theory and data: what is the exogenous variable of interest? what is to be held constant? how? why? what are the advantages and limitations of the data you have? what possible alternative strategies could help you address the most pressing problems you are facing? You should be clear about your theory, data availability/collection, and your identification strategy. The latter may involve experimental or quasi-experimental designs, but you should be very explicit about how you approach the issue of causality.

In writing proposals, both substance and style matter. Be focused, and selective. Use active voice. Spell-check. Proofread. Please, read/review these three pieces (all available online):

- Barry Weingast (1995) Structuring Your Papers
- James A. Stimson (n.d.) : Professional Writing for Political Science: A Highly Opinionated Essay
- Paul Krugman (n.d.) : How I Work

The final research paper is due on **May 1st 2018**.

### 2.2 Two journal reviews of manuscripts by recent job market candidates (20 percent)

You will write two reviews of a single article. Your review should eschew summary in favor of critically evaluating the paper. The basic goal is to make a *motivated* recommendation as to whether or not the paper should be published. You should support your evaluation with a discussion of theory, method, data, etc. The first review paper is due on **February 20th**; the second is due **March 20th**. You can choose to review any two of these recent job market papers (all available online). The papers are either published in the authors' sites; if not, I have secured permission from them to include them in the syllabus:

- Electoral Reform and Dynastic Politics: Evidence from the French Third Republic (Ali Cirone and Carlos Velasco)
- *only for those who did not take PS750* Building State and Citizen: Experimental Evidence on Taxation and Political Engagement in RD Congo’ (J. Weigel)
- Patronage in the Allocation of Public Sector Jobs (Edoardo Teso, Emanuele Colonnelli, and Moulu Prem.)
- The Specter of Instability: Fragile Democracy and Distributive Politics in Pakistan (Rabia Malik)
For some advice on how to write a peer review, see: Miller, Pevehouse, Tingley, Rogowski and Wilson. 2013. ‘How to be a Peer Reviewer: A Guide for Recent and Soon-to-be Ph.Ds’. PS: Political Science and Politics

2.3 One (group) replication exercise (15 percent)

Each student (or group of students) will be responsible for a group exercise that involves the replication and extension of a large-n analysis in the literature. Replications/extensions should replicate results from a paper, check for robustness (by, for instance, analyzing subsamples, estimating models using different assumptions, etc), and engage in at least one extension. You will provide 15-minute presentations of these exercises.

3 Outline and Schedule

1. Part I: Foundations:
   
   (a) January 16th: What is PE? Theory, Causality, and Evidence in PE
   (b) January 23rd: Markets, Growth, and Development
   (c) January 30th: State Authority and Fiscal Capacity
   (d) February 6th: Markets, State, and Development: England

2. Part II: PE of Democracy

   (a) February 13th: Democracy and Autocracy
   (b) February 20th: NO CLASS–(to be made up by extending sessions one extra week until April 24th)
   (c) February 27th: Microfoundations: Preference Formation
   (d) March 6th: Electoral Competition, Preferences Aggregation, and PE: Origin and Implications of Electoral Systems
   (e) March 13th: NO CLASS SPRING BREAK
   (f) March 20th: Electoral Competition, Preferences Aggregation, and PE: Forms of Democratic Competition and Implications
   (g) March 27th: Bureaucracy, Capture, and Interest Representation

3. Part III: Applications

   (a) April 3rd: The IPE-CPE connection: Interdependencies in PE
   (b) April 10th: Inequality, Development, and Politics I: Redistribution and Mobility
   (c) April 17th: Inequality, Development, and Politics II: How Development and Inequality Condition Politics

4. April 24th: Closing session: PRESENTATION OF PAPERS
4 Policy

I will follow Duke University’s procedures to establish whether absences from any event related to this class are justified and merit ad hoc arrangements. Other than in the very restrictive cases contemplated by the university, make up exams are not an option. I will also follow Duke University’s policy in any event of plagiarism and academic dishonesty.

Turning in late assignments is not acceptable unless extenuating circumstances apply and those are previously discussed with me. All late assignments will be downgraded by one letter grade for every day they are late. In other words, an A turns to B the first day, B becomes C after two days, and so forth. Finally, as a general rule, I am averse to giving ‘incomplete’ grades.

5 Schedule and Required Readings

I. Fundamentals

W1 What is PE? Theory, Causality, and Evidence (January 16th)


- D.L. Teele (ed.) 2014 Field Experiments and their Critics, Yale University Press (chapters by Gerber, Green and Kaplan; Stokes; Deaton; Gelman; Imai)

- Jean Tirole 2017 Economics for the Common Good. Princeton University Press, chapters 1, 2, 6

W2 Markets, Growth, and Development: review January 23rd

- (background/ review) Barro and Sala-i-Martin, Economic Growth. Pages 1-72.


W3 State Authority and Fiscal Capacity January 30th

- Boix, Carles 2015 Political Order and Inequality, Cambridge University Press (selections)
- Queralt, Didac 2017 “The Legacy of War on Fiscal Capacity”, Yale University, wp.

W4 Markets, State, and Development: England February 6th

- I. Mares and D. Queralt 2015 “The Non Democratic Origins of Income Taxation” Comparative Political Studies

II. PE of Democracy

W5 Democracy and Autocracy February 13th

- Albertus, Michael and Victor Gay 2016 ‘Unlikely Democrats: Economic Elite Uncertainty under Dictatorship and Support for Democratization’ AJPS
- Ansell Ben and David Samuels 2014 Inequality and Democratization: An Elite Competition Approach (book manuscript, selections)
- Mancur Olson 1993: ‘Dictatorship, Democracy, and Development’ American Political Science Review 87 3 567-76
FEBRUARY 20TH NO CLASS

**W6 Microfoundations: Preference Formation February 27th**

- James Alt and Torben Iversen 2017 “Inequality, Labor Market Segmentation and Preferences for Redistribution” AJPS
- Ernst Fehr and Klaus M Schmidt ‘ A Theory of Fairness, Competition, and Cooperation’ QJE 1999
- David Rueda and D Steigmueller 2015 ‘Who wants what? Redistribution Preferences in Comparative Perspective’ book manuscript
- Jean Tirole 2017 Economics for the Common Good, Princeton University Press, chapter 5
- William Riker. 1982. Liberalism against Populism. Chapters on agenda-setting (7) and strategic manipulation (9).
- Hal Varian 1980 ‘Redistributive Taxation as Social Insurance’ JPE

**W7 Electoral Competition, Preference Aggregation, and Political Economy I: Elections March 6th**

- Ernesto Calvo and J. Rodden 2015 ‘The Achilles Heel of Plurality Systems: Geography and Representation in Multiparty Democracies’ AJPS

**W8 Electoral Competition, Preference Aggregation, and Political Economy II: Forms of Democratic Competition March 20th**

• Lizerri and Persico 2004 ‘Why did Elites extend the suffrage? Democracy and the Scope of Government...”, QJE


W9 Bureaucracy, Capture, and Interest Representation March 27th


• Olson, Mancur.1965. The Logic of Collective Action. Harvard University Press. Selections (background)

• Ch. 6 and 7 in A. Przeworski. States and Markets (background)

• Pablo Querubin ‘The Control of Politicians in Normal Times and Times of Crisis: Wealth Accumulation by U.S. Congressmen, 1850-1880’ (with James M. Snyder, Jr.) forthcoming Quarterly Journal of Political Science

• S. Weschle 2014. Money and Politics. Book manuscript in progress (selections)

III. Applications

W 10 Interdependencies in PE April 3rd


• David Autor, David Dorn, Gordon Hanson and Kaveh Majlesi “Importing Political Polarization? The Electoral Consequences of Rising Trade Exposure” MIT Working Paper, April 2016


• L.Mosley and D.A. Singer 2015 “Migration, Labor, and the International Political Economy” Annual Review of Political Science 18

• Venables, Anthony 2007 “Trade, Location, and Development. An Overview of Theory” in Lederman and Maloney (eds.) Natural Resources: Neither Curse nor Destiny

W11 Inequality, Growth and Politics: Redistribution and Mobility April 10th

• (background) Przeworski, Chapters 10 in States and Markets


• Alvaredo F. et al. 2018 World Inequality Report, pdf available in Sakai

• Anthony B. Atkinson 2015 Inequality: What can be done? Harvard University Press (selections)


• A. Holland 2016 “Forebearance” American Political Science Review 110(2): 232-246

Inequality, Growth and Politics II: How Development and Inequality Condition Politics April 17th

• Amat and Beramendi 2017 “Democracy under High Inequality: Political Participation and Public Goods”, working paper


• John Voorheis, Nolan McCarthy, and Boris Shor 2015 Unequal Incomes, Ideology and Gridlock: How Rising Inequality Increases Political Polarization, WP-Oregon/Princeton/Georgetown

APRIL 24TH CLOSING SESSION: PRESENTATION OF PAPERS/PROJECTS

6 Additional Readings

Additional Readings for W1

• Acemoglu, Daron. ‘Theory, General Equilibrium, Political Economy and Empirics in Development Economics’ Forthcoming, Journal of Economic Perspectives


• Duflo, Esther, Rachel Glennerster, and Michael Kremer, ‘Using Randomization in Development Economics Research: A Toolkit’ (available online)

• Thad Dunning 2012 Natural Experiments in the Social Sciences, CUP (chapters 1-2)

• Alan S Gerber and Donald P Green 2012 Field Experiments, Norton & Company


• Thomas Palfrey. 2006. ‘Laboratory Experiments’ Chapter 51 in Oxford Handbook of Political Economy.


• Przeworski, A. States and Markets, CUP. Chapters 1 and 2

• Przeworski, Adam. 2006. ‘Is the Science of Comparative Politics Possible?’ Available here: http://politics.as.nyu.edu/object/AdamPrzeworski.html

• Robinson and Diamond (eds.). 2010. Natural Experiments and History.


• Wittman and Weingast, Chpt. 1 of Oxford Handbook of Political Economy

• Alwyn Young ‘Channelling Fisher: Randomization Tests and the Statistical Insignificance of Seemingly Significant Experimental Results’
Additional Readings for W2-W4:


- Banerjee and Duflo 2011 Poor Economics, Norton (selections)


- Boucoyannis, Deborah State Capacity, Taxation, and Representation: Lessons from European History

- Dincecco, M. 2010 Political Transformations and Public Finance, Cambridge University Press (selections)


- William Easterly (2008). ‘Can the West Save Africa?’ Journal of Economic Literature


- Francis Fukuyama 2011 The Origins of Political Order, Farrar-Strauss-Giroux

- Francis Fukuyama 2014 Political Order and Political Decay, Farrar-Strauss-Giroux


• Robert J. Gordon 2016 The Rise and Fall of American Growth, Princeton University Press

• Hardin, R. ‘Constitutionalism.’ Ch.16 in Wittman and Weingast (eds.) of Oxford Handbook of Political Economy.


• Huntington, Samuel, Political Order in Changing Societies, Yale University Press: pg. 1-92.


• Lu and Scheve “Self-centered Inequality Aversion and the Mass Politics of Taxing the Rich”

• K. Marx 1859. A Contribution to the Critique of Political Economy. Various Editions


• Nunn and Qian. 2011. ‘The Potato’s Contribution to Population and Urbanization: Evidence from a Historical Experiment.’


• David Stasavage. 2010. ‘When Distance Mattered: Geographic Scale and the Development of European Representative Assemblies’ American Political Science Review.

• Schumpeter, Joseph. 1962. Capitalism, Socialism, and Democracy.

Additional Readings for W5

• Daron Acemoglu and James Robinson 2006: Economic Origins of Democracy and Dictatorship (chapters 1-3; rest of the book recommended).
• M. Albertus 2016 Autocracy and Redistribution: The Politics of Land Reform (selections)
• Ansell/Samuels. ‘Inequality and Democratization: A Contractarian Approach’ Comparative Political Studies, 45 (1)
• Haber, Chpt 38 in Wittman and Weingast. ‘Authoritarian Government’
• Houle Christian 2009 ‘Inequality and Democracy: Why Inequality Harms Consolidation but Does Not Affect Democratization’ World Politics 61 589-622
• Marx, K. The 18th Brumaire of Louis Bonaparte.


• E. Wibbels and J. Ahlquist ‘Inequality, Factor Prices and Political Regimes.’ Forthcoming in American Journal of Political Science.


Additional Readings for W6


• (background) Varian H., Intermediate Microeconomics. Chapters 3-5.


• Ansell Ben. 2014 ‘The Political Economy of Ownership’ APSR

• Ballard Rosa C., Martin, L. and Ken Scheve 2015 The Structure of American Tax Policy Preferences, working paper

• Barber, Beramendi, Wibbels 2013. ‘The Behavioral Foundations of Social Politics: An Experimental Approach’. Comparative Political Studies


• Knight. 1921. Risk, Uncertainty and Profit.


• XiaoBo Lu and Ken Scheve ‘Self-Centered Inequity Aversion and the Mass Politics of


• Mayda, Anna Maria, and Dani Rodrik. 2005. ‘Why are some people (and countries) more protectionist than others?’ European Economic Review 49:1393-430.


• Piketty, Thomas 1995 ‘Social Mobility and Redistributive Politics’ Quarterly Journal of Economics


• Rehm, Philipp. 2010 ‘Social Policy by Popular Demand.’ World Politics.

Turnout/Voting:


- Nichter, Simeon 2008 ‘Vote Buying or Turnout Buying? Machine Politics and the Secret Ballot” APSR


Accountability

- Scott Ashworth. 2012. ‘Electoral Accountability: Recent Theoretical and Empirical Work.’ Annual Review of Political Science


• H. Kitschelt and S. Wilkinson Patrons, Clients and Policies, CUP (selections)


Electoral Systems/Party Systems


• C Boix. 1999 “Setting the Rules of the Game” APSR and subsequent APSR debate on electoral system with Iversen and Soskice, M. Kreuzer, C. Boix


• Lijphart. 1992, 99. *Patterns of Democracy*

**Outputs/Implications:**


- Bursztyn, Leonardo ‘Poverty and the Political Economy of Public Education Spending’ Journal of European Economic Association


- M. Sances 2013 ‘The effect of direct elections when voters are unwise: Evidence from Tax Assessors’ WP


**Legislative politics:**


• Cox & McCubbins, Setting the Agenda (especially the chapter on Reed’s rules)


• Ferraz, Claudio and Frederico Finan (2010). ‘Motivating Politicians: The Impacts of Monetary Incentives on Quality and Performance’ WP


• M. Laver, S de Marchi, Hande Mutlu ‘Negotiation in Legislatures over Government Formation’


• Martin and Stevenson ‘Govt Formation in Parliamentary Democracies’ 2001 AJPS


Additional Readings for W9

• Acemoglu D. et al 2013 ‘The Value of Connections in Turbulent Times' WP


• Carpenter, Adaptive Signal Processing, Hierarchy and Budgetary Control in Federal Regulation. American Political Science Review (June 1996)


• Daniel Gingerich 2013 Political Institutions and Party-Directed Corruption in South America: Stealing for the Team. Cambridge University Press


• Huber and Shipan ‘Politics, Delegation and Bureaucracy’ Chapter 15 in Wittman and Weingast (eds.) of Oxford Handbook of Political Economy


**Additional Readings for W 10**


• Christopher Bliss. Trade, Growth and Inequality. Oxford University Press.


• Copelovitch, Frieden, Walter (eds.) 2017 The Political Economy of the Euro-crisis, Comparative Political Studies

• R. Dancyngier 2010 Immigration and Conflict in Europe, Cambridge University Press


Additional Readings for W11 and W12:

- B. Ansell 2010. From the Ballot to the Blackboard. Cambridge University Press.
- Beramendi, Hausserman, Kitschelt and Kriesi 2015 The Politics of Advanced Capitalism
• Lars-Erik Cederman 2013 *Inequality, Grievances, and Civil War*, Cambridge University Press, chapters 3, 5

• Carles Boix 1998: Political Parties, Growth and Equality, Cambridge University Press (chapters 1-2)


• Gosta Esping-Andersen 1990: The Three Worlds of Welfare Capitalism, Princeton (Chapters 1-3).


• Peter Hall and David Soskice 2001 Varieties of Capitalism, Oxford University Press

• Torben Iversen 2005 Capitalism, Democracy, and Welfare, NY, Cambridge University Press


• Anirudh Krishna 2017 The Broken Ladder. Cambridge University Press


• John Londregan, Chpt 5 in Wittman and Weingast. ‘Political Income Redistribution’


• Isabela Mares 2003: The Politics of Social Risks, Cambridge University Press (chapters 1,2,7)

• Isabela Mares 2006: Taxation, Unemployment, and the Wage Bargain, Cambridge University Press

• Torsten Persson and Guido Tabellini 2003: The Economic Effects of Constitutions MIT Press

• Thomas Piketty 2014 Capital in the XXI Century (Selections) plus selected review essays (Soskice, Debraj Ray, and others)


• David Rueda 2007 Social democracy Inside-Out, Oxford, Oxford University Press.


• John Voorheis, Nolan McCarthy, and Boris Shor 2015 Unequal Incomes, Ideology and Gridlock: How Rising Inequality Increases Political Polarization, WP-Oregon/Princeton/Georgetown

• Michael Wallerstein 2009 Selected Works, Cambridge University Press