

Introduction to Political Economy: Core Issues and Conceptual Frameworks in Political Economy

Winter Term, AY 2024/2025

MA Programme in Political Science (1 year and 2 years)

MA Mandatory Elective Course

4 CEU credits, 8 ECTS

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Class meetings

Tuesday, 17:40-19:20 and Thursday, 08:50-10:30

Office hours

Regular consultations will be offered Wednesday, 11:30-12:30 and Friday, 16:30-17:30. The office hours will be held on-site in QS A408 or in MS Teams. Send me, please, an e-mail indicating when you would like to talk to me and what about (your course performance, your research ideas in general, etc.). An individual consultation can be arranged on different days and time slots if requested via email to: melnykovskai@ceu.edu

COURSE INTRODUCTION

This course introduces political economy as a particular approach to the study of politics and economics, explores foundational theoretical concepts, and delve into the traditions and methodological approaches common in political economy. Political economy regards income redistribution, taxation, the production of public goods, and other actions of the public sector as determined by a political process simultaneously with the economic process of exchange and production. In this course, we will investigate the connection between public policies and the political forces that shape them. In the first part of the course, discussions about key theoretical approaches such as rational choice theory, game theory, historical institutionalism, discursive institutionalism, and international relations are incorporated. The second part of the course attempts to explain why the government behaves as it does and how its behavior influences and is in turn influenced by the behavior of private non-state

actors. We will also investigate the effects of political institutions on political and economic developments and assess the relative performance of different political systems.

LEARNING OUTCOMES

At the end of this course, the students are expected to

- understand the basic terms in political economy research
- have sufficient knowledge to apply these concepts in their research
- to be able to follow and understand the literature related to the subject matter
- be able to follow theoretical and empirical debates about government policies, political economy decisions
- acquire knowledge of methodologies and assumptions in the study of politics and economics
- gain skills for presenting and critically discussing scholarly work by others

LEARNING ACTIVITIES AND TEACHING METHODS

Class Structure

The class includes two sessions per week: a lecture and a seminar.

In the lectures, key concepts; key arguments; key theoretical and methodological approaches; puzzles and questions; the relevance of the subject matter are presented.

In the seminars, we will have all class discussions and/or panel conversations that are prepared and presented by teams of 3-4 students. The teams also select short non-academic readings that will be recommended to other students to read before the panel.

During both the lecture- and seminar-sessions we will also discuss the mandatory readings.

Engagement with mandatory key readings

For each week, there are mandatory key readings, which are available on the course page on Moodle. The weekly questions in your syllabus aim to guide you through the readings, and are entry points for discussions in classes.

ASSESSMENT:

Active participation:	15%
Panel discussion:	30%
Reflection paper:	15%
Final exam:	40%

Active participation

Students are expected to be actively present at all lectures and seminars, either onsite or on Moodle. In case you are unable to attend, you need to inform the professor via email prior to the meeting you are going to miss. Students may miss at most 2 classes unless they provide a note from the doctor. Missing more than 2 classes will lead to an automatic Fail grade.

Active participation grade will reflect student's participation in the class and/or Moodle Forum discussions. You are expected to reflect critically on the mandatory readings and to engage in discussions with your fellow students and the professor. Also, moderating of the expert panels, or writing a summary of the panel or asking questions, commenting on the panel discussions will count into active participation. The assessment of active participation: moderation/summary of the panel (highest), substantial comments in class or on Moodle (middle), short comment/question in class or on Moodle (lowest).

A moderator is expected to follow the instructions of the panel team as regards the structure, time frame and procedures, can ask his/her own tough, provocative questions and keeps the discussion lively and on track, balances panelist participation and intervenes if needed.

Students can volunteer to write a summary of the panel. A summary should be posted to the discussion forum on Moodle by Friday 23:59 or as agreed with the professor. The activity will count to the active participation grade component.

To do well on this part of the grade I recommend you the following strategy: participate regularly in the group work whenever necessary, make contributions, focus on the main points and argumentation lines of the readings, formulate your statements clearly and support them with explanatory argumentation, respond to others in discussions, pose own new questions and demonstrate critical engagement. In general, for the grade the quality of participation prevails over its quantity, but if quantity is zero, quality is zero, too. Students who are present but do not actively participate receive the lowest passing grade for participation (C+). If you are not very active on the on-site class discussions, then try to compensate by being more active on Moodle or take the role of a moderator in or write a summary of the panel discussion.

Intermediate feedback on class performance will be provided around mid-term via Moodle, using a green-yellow-red traffic light system. For more detailed feedback, students are encouraged to schedule an appointment during the professor's office hours.

Panel discussion

Participants have to prepare and participate as experts in the panel discussions of app. 60 minutes (including Q&A with audience). A team of 3 students should

- (1) prepare the structure, format and questions for the panel discussion that is devoted

- to particular topics;
- (2) instruct the moderator on the structure and procedures;
- (3) suggest a short non-academic reading or a short video or similar to other students to prepare for the panel.

Each member of the team takes the role of an expert/representative in the panel who represents a particular point of view (theoretical, regional, winners-/losers-side, right-/left-wing, etc.) and accordingly brings corresponding arguments in support of his/her position. Experts/representative contribute with short inputs, react to the questions and comments of the moderator and other students in the audience.

This assignment includes individual and team parts, which will be equally taken into account in the assessment. In particular, the assessment will pay attention to student's ability to link the empirical developments, policies, statistics and theoretical arguments, correctly represent interest-based, ideological, etc. positions in their argumentation, highlight different causes or effects of the discussed empirical development.

The rough topics of the panel discussions are suggested (see below). A more specific topic of the panel can be agreed between the professor and the panel team. The specific topic of the panel should be agreed with the professor at least one week prior to the class in which the panel is scheduled.

Students are asked to sign up to a particular panel they would like to participate as experts. The number of experts would be limited to max 3 students. A sign-up sheet is on Moodle.

Reflection paper

Students are expected to write a reflection paper on one of the key readings that are assigned between week 2 and 11. A sign-up sheet will be uploaded on Moodle. The selection of the readings must be done as soon as possible. Reflection papers cannot be written on the past topics. Reflection papers should be submitted via "Reflection Paper" Assignment function on Moodle by Monday 23:59 prior to Tuesday's class (or as agreed with the professor).

In a reflection paper, you should summarize the content of the readings assigned for a particular week (about 30% of the assignment) and provide the answers to the following questions (about 70% of the assignment): 1) How do the readings advance our knowledge (if at all)? 2) What are the key limitations (weaknesses in the theoretical and empirical approach), 3) What are the key (policy) implications? Your reflection paper must refer, and not cover in detail, to at least two and at most four additional research articles on the topic. To support your arguments, you should refer to the additional literature. A reflection paper should be max. 600 words, excluding bibliography.

Final Exam

Final exam is in take-home format, where a list of questions will be distributed in week 12 and you will have two weeks to complete – by April 10 at 23:59. A detailed explanation of the exam will be provided during the last week.

The grades follow the standard scale adopted by the Department of Political Science:

A: 100-96; A-: 95-88; B+: 87-80; B: 79-71; B-: 70-63; C+: 62-58; F: 57-0

COURSE STRUCTURE AND COURSE MATERIAL:

PART I: INTRODUCTION

Topic 1: Political Economy in Times of Polycrisis: Topics and Approaches

How the Economy is Political?

After having an overview of the course details, assignments and reading in the 1st session of the week, the 2nd session introduces the fundamental concepts and indicators to understand the relationship between economics and politics and addresses the contemporary context of polycrisis. We will briefly discuss the actors, structures and methodologies that are widely shared in the literature to explore political economy issues.

- 1) *How do you personally reach to decisions with regards to consumption, voting, etc.?*
- 2) *What is a purely economic and purely political decision/policy?*

Key Readings:

- Caporaso, J., and Levine, D. (1992). *Theories of Political Economy*. Cambridge University Press, pp. 7-33.
- Video-Lecture:
Keynote “Navigating the poly-crisis: 2023” by Adam Tooze:
<https://www.youtube.com/watch?v=y5coEWMNcrk>

Additional Readings:

- Polanyi, K. (1944). *The Great Transformation - The Political and Economic Origins of Our Time*. Beacon Press, pp. 141-171.
- Levi, M. (2000). “The Economic Turn in Comparative Politics”. *Comparative Political Studies*, 33, pp.822-844.

- Menz, G. (2017). *Comparative Political Economy: Contours of a Subfield*. Oxford University Press, Ch.1
- Streeck, W. (2012). "How to Study Contemporary Capitalism". *Archives Européennes de Sociologie*, 53(1), pp. 1-28.
- Persson, T. and Tabellini, G. (2000). *Political Economics: Explaining Economic Policy*. MIT Press, pp. 1-19.
- Torun, D. and Shepsle, K. (2008). "Review Article: Recent Economic Perspectives on Political Economy, Part I & II". *British Journal of Political Science*, 38 (Spring 2008), pp. 363-382 and (Summer), pp. 543-564.

PART II: THEORIES AND THEIR EMPIRICAL RELEVANCE

In this part, we will engage with the theoretical approaches that are most frequently used in political economy (one theoretical approach per week). I will introduce you to the main assumptions of the theoretical approaches in Monday's lectures; while the panel discussions on Fridays will deal with a contemporary issue in public and policy debates, (re-)present different standpoints in this debates, including those supporting or objecting to a particular theoretical approach that will be handled in the week.

Week 2: Rational Choice and Collective Action. Game Theory

This section introduces the rational choice models that are based on particular behavioral assumptions. The basic elements of instrumental rationality, preference formation and single agent decision making are the core topics that are discussed this week. We will also look into criticisms of these models from an evolutionary perspective.

In the second session of the week, from single agent decision making we move onto multi agent decision making using the tools of game theory. We examine how strategies, payoffs, constraints affect the outcomes in an interactive setting. Additionally, we discuss the limitations and applicability of game theoretic models to various social science topics.

- 1) *What are the main collective action problems societies face (i.e. think of public goods)? How do the existing groups we observe in our everyday lives overcome the free-rider problem?*
- 2) *If individual success is rewarded relatively more across societies, how can reciprocity and altruistic preferences that support cooperation be explained?*

Key Readings:

- Olson, M. (1965). *The Logic of Collective Action: Public Goods and the Theory of Groups*. Harvard University Press, pp. 5-52.

- Bowles, S., and Gintis, H. (2008). "The Evolutionary Basis of Collective Action." In B.R. Weingast and D. Wittman (eds.) *The Oxford Handbook of Political Economy*. Oxford University Press, pp. 951-967.

Podcast:

Political Economy Forum, Aug. 2022, "Labor Unions and Corporate Revolutions – with Bella Wright, Asher Goldstein, and Weston Beckmann" (1 hour, 07 minutes), Spotify.

- Note: 'In this episode, UW undergraduate students Bella Wright, Asher Goldstein, and Weston Beckmann speak to host Nicolas Wittstock about the current state of US labor unions, recent efforts to unionize at Starbucks and Amazon, as well as applications of game theory in these contexts.'

Additional Readings:

- Weingast, B.R. (1996). "Political Institutions: Rational Choice Perspectives". In R.E. Goodin and H.D. Klingemann (eds.) *A New Handbook of Political Science*. Oxford University Press, pp. 167-190.
- Grossman, G.M. and Helpman, E. (1996). "Electoral Competition and Special Interest Politics". *Review of Economic Studies*, 63(2), pp. 265-286.
- Jesse, N.G., Heo, U. and De Rouen, K. (2006) "A Nested Game Approach to Political and Economic Liberalization in Democratizing States: The Case of South Korea". *International Studies Quarterly*, 46(3), pp. 401-422.
- Meltzer, A.H., and Richards, S.F. (1981). "A Rational Theory of the Size of Government". *Journal of Political Economy* 89(5), pp. 914–27.
- Ostrom, E. (2000). "Collective Action and the Evolution of Social Norms". *Journal of Economic Perspectives*, 14(3), pp. 137–58.
- Dal B.E. and Rossi, M.A. (2011). "Term Length and the Effort of Politicians". *Review of Economic Studies*, 78(4), pp. 1237-1263.

Additional Readings:

- Berman, E., Shapiro, J. and Felter, J. (2011). "Can Hearts and Minds Be Bought? The Economics of Counterinsurgency in Iraq". *Journal of Political Economy*, 119(4), pp. 766-819.
- Osborne, M. J. (2004). *An Introduction to Game Theory*. Oxford University Press: pp. 1-9; 13-35.t
- Luttmer, E. (2001). "Group Loyalty and the Taste for Redistribution". *Journal of Political Economy*, 109, 3, 500-528.
- Manacorda, M., Miguel, E. and Vigorito, A. (2011). "Government Transfers and Political Support". *American Economic Journal: Applied Economics*, 3(3), pp. 1-28.

- Alesina, A. (1987). "Macroeconomic Policy in a Two-Party System as a Repeated Game". *Quarterly Journal of Economics*, 102 (3), pp. 651-678.
- Albertus, M. and Menaldo, V. (2014). "Gaming Democracy: Elite Dominance During Transition and the Prospects for Redistribution". *British Journal of Political Science* 44(3), pp. 575-603.

Week 3: Historical Institutionalism

This section examines another theoretical approach to the study of political economy, historical institutionalism. By going through path dependency, critical junctures and institutional rigidities, we will analyze the existence and persistence of inefficient institutions, and factors that can lead to change.

- 1) *How is increasing returns defined in economics and politics? What does lead to institutional change under increasing returns or path dependence?*
- 2) *What are critical junctures and how can they be identified? Is it the lack of critical junctures that explain the stability and divergence of democratization between Central and Eastern Europe and Soviet Bloc?*

Key Readings:

- Pierson, P. (2000). "Increasing Returns, Path Dependence, and the Study of Politics". *American Political Science Review*, 94(2), pp. 251-267.
- Ekiert, G. and Ziblatt, D. (2013). "Democracy in Central and Eastern Europe One Hundred Years On". *East European Politics and Societies and Cultures*, 27(1), pp. 90-107.

Additional Readings:

- Hall, P.A. and Taylor, R. (1996). "Political Science and the Three New Institutionalisms". *Political Studies*, 44, pp. 936-957.
- Rosendorff, B.P. (2005). "Stability and Rigidity: Politics and Design of the WTO's Dispute Settlement Procedure". *American Political Science Review*, 99(3), pp. 389-400.
- Hall, P.A. and Thelen, K. (2009). "Institutional Change in Varieties of Capitalism". *Socio-economic Review*, 7(1), pp. 7-34.
- Beramendi, P. and Cusack, T. (2008). "Economic Institutions, Partisanship, and Inequality." In Pablo Beramendi and Christopher Anderson (eds). *Democracy, Inequality, and Representation*. New York: Russell Sage Foundation, pp. 127-168.

- Mahoney, J. and Thelen, K.A. (2010). *Explaining Institutional Change: ambiguity, agency, and power*. Cambridge: Cambridge University Press. Ch. 1.

Week 4: Culture and Ideas. Sociological and Discursive Institutionalisms

This section considers the role of ideas and culture in explaining individual level decision making, policy reforms and political movements. We will discuss whether we can attribute a central function to ideas, and how ideas, interests and institutions work together. Also, the possibility of change and rigidity under ideational institutionalism is evaluated in this section.

- 1) *Are cultural values malleable in general and can this explain labor market reforms? How do we account for the persistence of cultural values and individual level change?*
- 2) *Are movements like Tea Party based on ideas or interests? If cultural differences are exploitable, in what ways they can be framed and used by political entrepreneurs?*

Key Readings:

- Alesina, A., Algan, Y., Pierre, C., and Giuliano, P. (2015). "Family Values and the Regulation of Labor." *Journal of the European Economic Association*, 13(4), pp. 599-630.
- Skocpol, T., and Williamson, V. (2012). "The Tea Party and the Remaking of Republican Conservatism". *Perspective on Politics*, 9(1), pp. 25-43.

Additional Readings:

- Schmidt, V. (2010). "Taking Ideas and Discourse Seriously: Explaining Change Through Discursive Institutionalism as the Fourth "New Institutionalism"". *European Political Science Review*, 2(1), pp. 1-25.
- Roland, G. (2004). "Understanding Institutional Change: Fast-Moving and Slow-Moving Institutions". *Studies in Comparative International Development*, 38(4), pp. 109-131.
- Bell, S. (2011). "Do We Really Need a New 'Constructivist Institutionalism' to Explain Institutional Change?". *British Journal of Political Science*, 41, pp. 883-906.
- Beland, D. (2009). "Ideas, institutions, and policy change". *Journal of European Public Policy*, 16(5), pp. 701-718.
- Kaplan, S. (2008). "Framing Contests: Strategy Making Under Uncertainty". *Organization Science*, 19(5), pp. 729-52.

PART III: CONTEMPORARY TOPICS & DISCUSSIONS IN PE

In this part, we will engage with the contemporary topics in PE. I will give you the review of contemporary research on one or another topic in Monday's lectures; while the panel discussions on Fridays will seek to replicate the most heated discussions in public and policy debates related to the topic.

Week 5: Globalization and International Political Economy

Starting with this week we will be moving to the application of theoretical tools and methodologies we have covered so far. In this section, the impact of globalization on domestic policy making and structural differences between countries are analyzed.

- 1) *How can we explain the lack of left-wing populism in other developing regions that faced similar globalization shocks?*
- 2) *What are the reasons for less developed countries to follow distinct integration strategies in comparison to the more developed ones?*

Key Readings:

- Rodrik, D. (2017) "Populism and the Economics of Globalization". *NBER Working Paper*, No. 23559.
- Nooruddin, N., and Rudra, N. (2014). "Are Developing Countries Really Defying the Embedded Liberalism Compact?" *World Politics*, 66(4), pp. 603-640.

Additional Readings:

- Lake, D.A. (2009). "International Political Economy". B.R. Weingast and D. Wittman (eds.) *The Oxford Handbook of Political Economy*. Oxford University Press, pp. 757-777.
- Hiscox, M.J. (2001). "Class Versus Industry Cleavages: Inter-industry Factor Mobility and the Politics of Trade". *International Organization*, 55(1), pp. 1-46.
- De Mesquita, B. (2014). *Principles of International Politics*. Los Angeles: Sage Publications, pp. 35-63.
- Baker, A. (2005). "Who Wants to Globalize? Consumer Tastes and Labor Markets in a Theory of Trade Policy Beliefs". *American Journal of Political Science*, 49(4), pp. 924-938.
- Frieden, J., Lake, D.A. and Broz, J. (2017). *International Political Economy: Perspectives on Global Power and Wealth*, 6th Edition. New York: W.W. Norton & Company, pp. 1-17.

Panel discussion #1: Integrating the periphery into global value chains – Opportunities and risks

Week 6: Security and (International) Political Economy

Readings:

Balaam, David & Dillman, Geoffrey 2018. "The Global Security Structure". Introduction to International Political Economy (7th ed.), p. 207-236, Routledge.

Breslin, S., & Nesadurai, H. E. S. (2023). Economic statecraft, geoeconomics and regional political economies. *The Pacific Review*, 36(5), 927–948.

<https://doi.org/10.1080/09512748.2023.2200030>

Podcast:

ECFR Podcast "De-risking and its impact on the global economy", Mark Leonard in conversation with Agathe Demarais and Stephen Adams (36 minutes):

<https://ecfr.eu/podcasts/episode/de-risking-and-its-impact-on-the-global-economy/>

Panel discussion #2: Energy transition and de-risking

Week 7: Political Economy of Regimes

In the first part of the relationship between regime type and economy we will delve into the choice of political system. After broadly reviewing the economic origins of regime type, we will consider specific elements that can be conducive to the survival and persistence of political systems.

- 1) *What are the institutions required for democratic and autocratic stability? Give concrete examples to institutions that are common to regimes and that are divergent across regimes.*
- 2) *Is there a general resource curse or resource dependent wealth is harmful to political advancement only under particular conditions? If so, what are these?*

Key Readings:

- Acemoglu, D., and Robinson, J. (2006). *Economic Origins of Dictatorship and Democracy*. Cambridge University Press, pp. 15-46.
- Wright, J., Erica, F., and Geddes, B. (2013). "Oil and Autocratic Regime Survival". *British Journal of Political Science*, 45(2), pp. 1-20.

Additional Readings:

- Dalton, R. (2004) *Democratic Challenges, Democratic Choices: The Erosion of Political Support in Advanced Industrial Democracies*. Oxford University Press, pp. 21-52.
- de la Sierra, R.S. (2020). "On the Origins of the State: Stationary Bandits and Taxation in Eastern Congo". *Journal of Political Economy*, 128(1), pp. 32-74.
- Jones, B.F. and Olken, B.A. (2005). "Do Leaders Matter? National Leadership and Growth Since World War II". *Quarterly Journal of Economics* 120(3), pp. 835–64.
- Roemer, J.E. (1998). "Why the poor do not expropriate the rich: an old argument in new garb". *Journal of Public Economics*, 70(3), pp. 399-424.
- Stasavage, D. (2017). "When Inclusive Institutions Failed: Lessons from the Democratic Revolutions of the Middle Ages". *Unpublished mimeo*.

Panel discussion #3: Modernization and autocracy – Incompatible?

Week 8: Economic Growth and Regime Type

This section assesses the relationship between economics and politics from the other side and investigates the effect of regime type on economic growth. To this purpose we will both consider the general theories about democracy and economic development as well as the political imperfections across political systems.

- 1) *Does within regime heterogeneity (type of democracy and authoritarianism) matter for growth? Is democracy in India or lack of it in S. Korea a reason for the failure/success of developmental state?*
- 2) *Why does the impact of corruption differ across regimes type? What are the anti-corruption mechanisms that could be successful in democracies, anocracies and autocracies?*

Key Readings:

- Chibber, V. (2014). "The Developmental State in Retrospect and Prospect: Lessons from India and South Korea". In M. Williams (ed.) *The End of the Developmental State?*. Routledge, pp. 30-54.
- Alon, I., Li, S., and Wu, J. (2016). "Corruption, Regime Type, and Economic Growth". *Public Finance and Management*, 16(4), pp. 332-361.

Additional Readings:

- Olson, M. (1993). "Dictatorship, Democracy, and Development". *American Political Science Review*, 87(3), pp. 567–76.
- Keech, W. (2014). *Economic Politics in the United States: The Costs and Risks of Democracy*. Cambridge: Cambridge University Press, Chapters 8 and 9.

- Banerjee, A. and Lakshmi, I. (2005) "History, Institutions and Economic Performance: The Legacy of Colonial Land Tenure Systems in India." *American Economic Review*, 95, pp. 1190-1213.
- Pande, R. (2011). "Can informed voters enforce better governance? Experiments in low-income democracies". *Annual Review of Economics*, 3(1), pp. 215-237.
- Michalopoulos, S. and Papaioannou, E. (2011). "Divide and Rule or the Rule of the Divided? Evidence from Africa". *NBER Working Paper*, No. 17184.

Panel discussion #4: How to tackle systemic corruption?

Week 9: Redistribution

This section covers one of the most important aspects of policies in modern states, namely redistribution. We delve into actors, demands and policy responses at the individual and macro level. Also, we will regard how redistributive demands and social protection evolves with the changes at the international level.

- 1) *Which risks are determined at the micro or macro level? Do you expect the interaction between micro-macro level factors to work the same way in developing countries?*
- 2) *Explain the objective and subjective determinants of redistributive preferences. What are the reasons for divergence between these two sets of explanations for social policy demand?*

Key Readings:

- Gingrich, J. and Ansell, B. (2012). "Preferences in Context: Micro Preferences, Macro Contexts, and the Demand for Social Policy". *Comparative Political Studies*, 45(12), pp. 1624–1654.
- Duman, A. (2019) "Subjective Social Class and Individual Preferences for Redistribution: cross-country empirical analysis". *International Journal of Social Economics*, 47(2), pp. 173-189.

Additional Readings:

- Esping-Andersen, G. (1990) *The Three Worlds of Welfare Capitalism*. Princeton University Press, pp. 6-34.
- Philipp R. (2011). "Social Policy by Popular Demand". *World Politics*, 63(2), pp. 271-299.
- Mares, I. and Carnes, M. E. (2009). "Social Policy in Developing Countries". *Annual Review of Political Science*, 12(1), pp. 93-113.

- Moses S. (2009). “A Model of Social Identity with an Application to Political Economy: Nation, Class, and Redistribution”. *American Political Science Review*, 103(2), pp. 147–174.
- Alberto A., Stantcheva, S. and Teso, E. (2018). “Intergenerational Mobility and Preferences for Redistribution”. *American Economic Review*, 108(2), pp. 521–54.

Panel discussion #5: Back to equality and welfare in Europe and beyond – What recipe?

Week 10: Fiscal Policy and Taxation

This section explores fiscal policy and taxation by considering the preferences of interest groups, partisanship, and international integration. We look at the policy demands of different actors, government decisions and historical reasoning for specific choices, and how these choices can be altered across countries.

- 1) *Do you expect to have different results with respect to preferences and partisanship across developed and developing countries?*
- 2) *How can tax consent be achieved among different groups of social actors? Think about the role of individual and sociotropic reasons.*

Key Readings:

- Bearce, D.H. (2003). “Societal Preferences, Partisan Agents, and Monetary Policy Outcomes”. *International Organization*, 57(2), pp. 373-410.
- Brownlee, W. E., and Ide, E. (2017). “Fiscal Policy in Japan and the United States since 1973: Economic Crises, Taxation and Weak Tax Consent”. In M. Buggeln, M. Daunton and A. Nutzenadel (eds.) *The Political Economy of Public Finance*, pp. 57–82.

Podcast:

Political Economy Forum Jan. 2021, “Economic Perceptions and Policy Preferences – w/Asli Cansunar” (48 minutes), Spotify.

- **Note:** ‘Assistant Professor Asli Cansunar and Morgan Wack discuss how perceptions can shape policy preferences. They also touch on the influence social media and local conditions serve in shaping individual economic perceptions.’ The podcast particularly talks about subjective income identification and progressive taxation preferences.

Additional Readings:

- Clark, W.R., and Hallerberg, M. (2000). "Mobile Capital, Domestic Institutions, and Electorally Induced Monetary and Fiscal Policy." *American Political Science Review* 94, pp. 323-346.
- Kumar, K., and Quinn, D. (2012). "Globalization and Capital Taxation". *IMF Working Paper*, No. 12/252.
- Bernhard, W., Broz, J. and Clark, W.R. (2002). "The Political Economy of Monetary Institutions". *International Organization*, 56(4), pp. 693-723.
- Bodea, C. (2010). "Exchange Rate Regimes and Independent Central Banks: A Correlated Choice of Imperfectly Credible Institutions". *International Organization*, 64(3), pp. 411-442.
- Christopher, A. (2007). "The End of Economic Voting? Contingency Dilemmas and the Limits of Democratic Accountability". *Annual Review of Political Science*, 10, pp. 271-96.
- Fairfield, Tasha Going Where the Money Is: Strategies for Taxing Economic Elites in Unequal Democracies, *World Development*, Volume 47, 2013, Pages 42-57, <https://doi.org/10.1016/j.worlddev.2013.02.011>.

Panel discussion #6: How to counter the offshore economy?

Week 11: Migration Policy

In this section, we start by assessing the citizens' attitudes, macro level factors and responses by the policy makers to migration. We also try to understand which policies are more effective with regards to labor market and social integration of immigrants, and to what extent these policies are shaped by popular demand.

- 1) *What does shape the immigration policies in the literature and according to the author? Which one of these do you find convincing?*
- 2) *Explain the path dependency in immigration/trade policy and how this affects policy making in later stages.*

Key Readings:

- Scheve, K., and Slaughter, M. (2001). "Labor Market Competition and Individual Preferences over Immigration Policy". *Review of Economics and Statistics*, 83(1), pp. 133-145.
- Peters, M.E. (2015). "Open Trade, Closed Borders: Immigration in the Era of Globalization". *World Politics*, 67(1), pp. 114-154.

Additional Readings:

- Hainmueller, J., Hangartner, D., and Pierrantuono, G. (2017). "Catalyst or Crown: Does Naturalization Promote the Long-term Social Integration of Immigrants?". *American Political Science Review*, 111(2), pp. 256-276.
- David R. (2018). "Food Comes First, Then Morals: Redistribution Preferences, Parochial Altruism, and Immigration in Western Europe". *Journal of Politics*, 80(1), pp. 225–239.
- Schneider, S. (2008) "Anti-Immigrant Attitudes in Europe: Outgroup Size and Perceived Ethnic Threat". *European Sociological Review*, 24(1), pp. 53-67.
- Freeman, G.P. and Kessler, A.K. (2008). "Political Economy and Migration Policy". *Journal of Ethnic and Migration Studies*, 34(4), pp. 655-678.
- Dancygier, R.M. (2010). *Immigration and Conflict in Europe*. New York: Cambridge University Press, pp. 21-58.

Panel discussion #7: Refuge Crisis and Migration Inflows – Threat or Opportunity?

Week 12: Future of Political Economy. AI, etc.

This section offers concluding remarks on the topics covered before and outlines how future of political economy might be shaped. First, we will go over the methodological tools offered by mainstream economics and political science, and their usefulness. Also, the future of policy making in key global public goods such as climate change, health and stability will be discussed in this week. The final exam will run during the second class of the week.