

Gov. 390L, #38855
Fall 2010
Batts 5.102
W., 12:30 to 3:15

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Office hours: Wed., 9-12:00
or by appointment
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COMPARATIVE POLITICAL ECONOMY

Prerequisite: Graduate standing and consent of graduate adviser.

Course Description. As in past years, this course examines theories, debates, and explanatory strategies within the field of Comparative Political Economy (CPE). We consider these in the context of three larger tensions within Political Science: the rivalry between Rational Choice and Behavioralism, the debate between New Institutional Economics and Historical Institutionalism, and the debate over whether Political Science needs theories of society. Substantively, this year's seminar focuses on the classic CPE problem of describing and explaining variation in national political economies.

In the late 1990s, much of the work in Comparative Politics moved toward explaining the impact of specific political institutions, such as legislative structure, electoral rules, or rules structuring center-local relations on policies and political outcomes (such as the effect of the number of legislative veto players on the character of policy, or the effect of electoral rules on electoral outcomes, or the effect of federalism on local-level social welfare expenditure). However, to assess the validity of conclusions regarding specifically *institutional* effects, such studies have to be embedded in a broader understanding of whether, how, and why broader national-level contexts differ. The effects of a particular institutional arrangement may be contingent on contextual features that we can identify and compare systematically across cases. Course materials consider this problem and responses to it that can be found in the "varieties of capitalism" and "developmental state" research projects.

We will encounter tensions and complementarities across different PE approaches. Some of Political Economy (PE) sees itself as a field of applied economics, pressing Political Science at large to think in terms of (and employ) established neoclassical economic theories, rather than to challenge neoclassical economic theory, or to ask questions that cannot be answered with the neoclassical tool kit. This process has led some strains of PE to concentrate on narrower and narrower sets of questions, often having to do with the strategic behavior of individuals within well-defined institutional contexts. Ironically, the less some strains of PE consider socioeconomic structure and the economy itself as relevant to their purposes, the more institutional economists are (re)discovering the relevance of social structure and *de jure* power relations to theirs. Strains of New Institutional Economics (or Historical Institutional Economics) revisit sociological theory in search of possible solutions to the "institutional endogeneity" and "institutional indeterminacy" problems that plague both Historical Institutionalism and standard neoclassical models. We will analyze these arguments and innovations in this course.

Requirements: Four 3-4 page papers (50%) and in-class participation (50%).

This is a reading course. Seminar members should attend all class meetings and be prepared to discuss the week's assigned readings. To ensure that everyone is ready to grapple with the material when we meet, come to class prepared to answer the following questions:

What is the author's main argument? Who is s/he arguing against?

(How) does the author use empirical material to develop/test the main argument? What is the research design (the theory-testing logic guiding the selection and analysis of empirical material)? Does the empirical material support the author's argument?

How does this reading relate to other works assigned for this week, and those we've already covered? Are authors in agreement with each other, or disagreement?

Will you be doing all your future work in Political Science within the theoretical model proposed by the author? Why or why not?

What are two good questions you have about this reading?

Texts: These books can be found at the Univ. Coop and are on reserve at PCL. Paradigm Books (407 W. 24th St., 472-7986) will prepare a packet of the readings marked by an asterisk (*) on the syllabus.

Mancur Olson, *The Logic of Collective Action: Public Goods and the Theory of Groups* (Harvard 1971).

Anthony Giddens. *Capitalism and Modern Social Theory* (Cambridge 1971 [2001]).

Jack Knight, *Institutions and Social Conflict* (Cambridge 1992).

Colin Leys, *The Rise and Fall of Development Theory* (Indiana U. Press, 1997).

Barrington Moore, Jr. *Social Origins of Dictatorship and Democracy* (Beacon, 1966).

Daron Acemoglu and James A. Robinson, *Economic Origins of Dictatorship and Democracy* (Cambridge, 2006).

rec. James A. Caporaso and David Levine, *Theories of Political Economy* (Cambridge, 1992 [six reprintings, through 1998]). 0-521-42578-6.

rec. Gosta Esping-Andersen, *The Three Worlds of Welfare Capitalism* (Polity [Blackwell], 1990)

CLASS OUTLINE

Week 1. Introduction

Aug. 25

This week offers an overview of "varieties of PE" within Political Science, and introduces the main theoretical problems that we will work on in this class. Students will frame a research question ("why questions" about dependent variables you are interested in) that will serve as touchstones for discussion over the course of the semester.

We will consider the tensions that criss-cross these two different takes on CPE:

"Comparative Political Economy revolves around the conceptual frameworks used to understand institutional variation across nations... 'National political economies' form the principal units of variation (Hall and Soskice, *Varieties of Capitalism*, 2001: 1, 8).

"In our view, political economy is the methodology of economics applied to the analysis of political behavior and institutions" (Weingast and Wittman, *Oxford Handbook of PE*, 2006: 3).

Week 2. What is CPE?

Sept. 1

*William Keech, Robert Bates, and Peter Lange. "Political Economy Within Nations." In Wm. Crotty, ed., *Political Science: Looking to the Future. Volume II*. Evanston: Northwestern University Press, 1991.

*Barry R. Weingast, "Rational Choice Institutionalism," in Ira Katznelson and Helen Milner, eds., *Political Science: The State of the Discipline* (WW Norton, 2002), pp. 660-692.

rec. James A. Caporaso and David Levine, *Theories of Political Economy* (Cambridge, 1992).

rec. Mark Lichback and Alan Zuckerman, eds., *Comparative Politics: Rationality, Culture, and Structure* (2nd ed), CUP, 2009

Week 3. The Logic of Collective Action

Sept. 8

Mancur Olson. *The Logic of Collective Action: Public Goods and the Theory of Groups* (Harvard 1971).

*Elinor Ostrom, "Collective Action Theory," in Boix and Stokes, *Oxford Handbook of CP*, 2007: 186-208.

Week 4. Institutions as a Political Resource

Sept. 15

Jack Knight, *Institutions and Social Conflict* (CUP, 1992). (You can skim chs. 4-5).

Paper #1 (3-4 pages). How does Knight deal with the challenge of institutional endogeneity, the problem of explaining collective action, and the pressure to specify the microfoundations of his theory?

Week 5. Institutions in New Institutional Economics

Sept. 22

HI and NIE takes on institutions: "Institutions structure choices" vs. "institutions as chosen structures." This class examines the problem of endogeneity and the concept of self-enforcing institutions.

*Przeworski, Adam (2004). Do Institutions Matter? *Government and Opposition*, 39 (4), 527-540.

*Douglass North and Barry Weingast, "Constitutions and Commitment: The Evolution of

Institutions Governing Public Choice in Seventeenth-Century England," *The Journal of Economic History* 49 (1979): 803-833.

*Timothy Frye, "Credible Commitment and Property Rights, Evidence from Russia," *APSR*, 98, 3 (Aug) 2004: 453-466.

*Kenneth A. Shepsle, "Old Questions and New Answers about Institutions: The Riker Objection Revisited," in Weingast and Wittman, *Oxford Handbook of PE* (2006), pp. 1031-1049.

rec. James Buchanan and Gordon Tullock, "A Generalized Economic Theory of Constitutions," in Buchanan and Tullock, *The Calculus of Consent: Logical Foundations of Constitutional Democracy* (Ann Arbor: U. of Michigan Press, 1962), pp. 63-84.

rec. Douglass North, *Structure and Change in Economic History* (WW Norton, 1981).

Week 6. The Structuration of Politics by Social Divisions (or not)

Sept. 29

Przeworski (2003:86) wrote that "the political economy approach works only when it is imbued with sociology." This week asks why or when this is true. We focus on social cleavage or social conflict theories, which advance arguments about how social divisions structure politics. Class bargaining models are deeply rooted in old and new political economy traditions (Moore; Acemoglu, Johnson, and Robinson; Bellin), but other models of social cleavage (eg. ethnicity, urban-rural,...) have wide currency. Lipset and Rokkan are credited with identifying "the four traditional structural cleavages in Western European societies" as cleavage along the lines of class, center-periphery, religious, and urban-rural lines.¹ Compare and contrast theories of social division/cleavage (and of "national cleavage structures") and juxtapose them to arguments about the absence of cleavage -- pluralism and political behavior theories -- and to the Smithian (neoclassical) ideal of atomized individuals swirling freely in the marketplace of welfare-enhancing choices. What difference, if any, does this make for political science?

Anthony Giddens, *Capitalism and Modern Social Theory*, pp. xi-xvi, 35-40 and 42-44; 101-104, 154-168, 243-247.

Barrington Moore, *Social Origins* (Beacon 19966), Ch. 7, 8, 9 (pp. 413-483).

*Lipset, S. M. & Rokkan, S. (1967). "Cleavage structures, party systems, and voter alignments: an introduction," in: S.M. Lipset & S. Rokkan (eds.), *Party systems and voter alignments: crossnational perspectives*. New York: Free Press, pp. 1-3, 13-15, 23-25, 33-39.

"Pluralism (political theory)," on Wikipedia

"Theories of political behavior," on Wikipedia

¹ Kriesi in Kitchelt et al., eds., *CCCC* (1999:410).

Week 7. A&R and The Possibility of Microfoundational HistoryOct. 6

Acemoglu and Robinson model historical process as a process of interactive bargaining over distributive institutions. What would an empirical application or test of this model look like?

Daron Acemoglu and James A. Robinson, *Economic Origins of Dictatorship and Democracy*, CUP, 2006. Ch. 1-2, Ch. 3 (65-87 only), Ch. 4, Ch. 8 (intro. and conclusion only, pp. 255-8 and 285-6), Ch. 9

John S. Ahlquist. 2007. Review of "Origins of Dictatorship and Democracy. New York: Cambridge. Acemoglu, D., & Robinson, J. A. (2006)," *Comparative Political Studies* 2007; 40; 1026-1029.

rec. Benjamin Smith, "Rethinking the *Economic Origins of Dictatorship and Democracy*: The Continuing Value of Cases and Comparisons," *APSA-CP* 19, 1 (Winter 2008), 16-20.

rec: North, *Structure and Change*. In one of NIE's foundational texts, the ruler and "powerful constituents" collude to design institutions that allow them extract taxes and profits from land and labor, under conditions of demographic increase and technological improvement. The more successful experiments survive.

rec. B. Moore, *Social Origins*. Moore describes struggles between landlords and peasants over design of social and political institutions in agrarian societies that have been destabilized by "the commercial impulse." It is considered a canonical example of the class-coalitions approach to historical sociology.

Week 8. No class meetingOct. 13

Paper #2 due on Wed., Oct. 13.

Week 9. Varieties of CapitalismOct. 20

How do national political economies in the OECD vary, and what explains the differences? The comparative welfare state or VOC literature is devoted to analyzing cross-national differences in socio-economic regulatory regimes of the western capitalist states (often including Japan) -- including variations in patterns of state intervention in the economy writ large, welfare-state and employment/labor regimes, industrial policy, corporate governance structures, and financial sector policy. It has evolved from the 1960s-1980s, when most theorizing centered on social structural (class structure) variations and their effect on the organization of the welfare state, to a late 1980s-1990s focus on more institutional variables (including those embedded in the institutions of political regulation including parties, party systems, parliaments, and state bureaucracies), to a post-2000 focus on more micro-level (firm level) and economic concerns. The comparative capitalism research project is marked by a layering or sedimentation of these theoretical foundations, rather than by paradigm shifts or "overthrow."

The literature in the 1990s was distinctly institutionalist, following Hall, emphasizing the argument that "institutions structure choices" (contra North and the NIE currents, whose central

argument was that institutions are chosen structures). In the post-2000 VOC literature, you see the "less institutional take on institutions."²

*Luebbert, Gregory M. "Social Foundations of Political Order in Interwar Europe," *World Politics*, 39/4 (1987): 449-478.

Gosta Esping-Andersen, *The Three Worlds of Welfare Capitalism* (Polity [Blackwell], 1990), Intro. and Chs. 1, 2, 3.

*Herbert Kitchelt et al., "Introduction," in Herbert Kitchelt, Peter Lange, Gary Marks, and John D. Stephens, eds., *Continuity and Change in Contemporary Capitalism* (Cambridge, 1999).

rec. John Goldthorpe, ed., *Order and Conflict in Contemporary Capitalism* (Clarendon Press, 1984).

rec. M. Aglietta, *A Theory of Capitalist Regulation* (London, New Left Books, 1979).

Week 10. VOC and Historical Institutionalism in Political Science

Oct. 27

Jackson and Deeg review of the development of the CWS-VOC research program. How are their observations/critiques reflected in the work we have covered? What theories of (a) individual behavior, (b) social organization, and (c) institutional change are operant in Luebbert and in Hall and Soskice? How does the US fit into the CWS-VOC conceptualizations of national political economies?

*Peter A. Hall and David Soskice, *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*, Oxford, 2001, Ch. 1.

*Gregory Jackson and Richard Deeg, "How Many Varieties of Capitalism? Comparing the Comparative Institutional Analyses of Capitalist Diversity," *Max Planck Institute for the Study of Societies Discussion Paper 06/2*, Cologne, 2006.

*Jonas Pontussen, and "Review Essay: The American Welfare State in Comparative Perspective," *Perspectives on Politics*, v. 4, no. 2 (June 2006), 315-326.

rec. Jonas Pontussen, "From Comparative Public Policy to Political Economy: Putting Political Institutions in Their Place and Taking Interests Seriously," *Comparative Political Studies*, 28, 1 (Spring 1995), pp. 117- 147,

rec. Evelyne Huber and John Stephens, *Development and Crisis of the Welfare State: Parties and Policies in Global Markets*. Chicago: University of Chicago Press, 2001.

rec. Torben Iversen, *Capitalism, Democracy, and Welfare* (Cambridge 2005).

rec. Anne Wren, "Comparative Perspectives on the Role of the State in the Economy," in

² Blythe, in Lichbach and Zuckerman, 2nd ed., p. 205-6.

Weingast and Wittman, eds., *Oxford Handbook of PE* (2006), pp. 642-656..

Week 11. The Rise and Fall of Development Theory

Nov. 3

This PE literature is devoted to variation in patterns of state structure and state intervention in the economy, with a focus on describing and explaining variations in the [institutional] capacity of the state to promote economic growth and development and control/manage the socially-destabilizing consequences of growth (and non-growth). The basic question has been why some states (read: countries; governments) have been able to provoke economic growth while others have not. A related question is why have some moved toward liberal democratic forms of political participation/representation while others have not.

In the 1990s, questions about economic development *per se* were eclipsed by a literature on the PE of economic reform (or liberalization), which sought to explain cross-nation variation in patterns of economic liberalization (often via "structural adjustment") and, to a lesser extent, its effects. In late 1990s Political Science, much of this gave way to studies of democracy(ization) and dictatorship (ie., determinants of regime type), which paid uneven attention to a range of possible PE independent variables, including "level of economic development," class structure, balance of class forces, "growth rates,"). There is also a "comparative responses/paths to globalization [or global rules, such as WTO rules]" literature, some of which straddles IPE and Comparative.

In the following readings, we are interested in the possibility of typologies of "national regulatory systems" (analogous to the VOC model), and the interplay of actor-centered, institutional, and macro-sociological variables in explanations of differences in developmental outcomes.

Colin Leys, *The Rise and Fall of Development Theory* (London and Bloomington: James Currey and Indiana U. Press, 1996).

*C. Boone, "'Africa's New Territorial Politics: Regionalism and the Open Economy in Côte d'Ivoire," *African Studies Review* 50/1 (April 2007): 59-81.

rec. Barbara Stallings, ed., *Global Change, Regional Response: The New International Context of Development* (CUP, 1995).

rec. Robert Wade, *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization* (PUP, 1990).

rec. Robert Gilpin, *The Challenge of Global Capitalism: The World Economy in the 21st Century* PUP, 2000.

rec. Giovanni Arrighi, "The African Crisis: World Systemic and Regional Aspects," *New Left Review*, 15 (May 2002): 2-36

rec. Daron Acemoglu, Simon Johnson, and James Robinson, *Institutions as the Fundamental Cause of Long-Run Growth*, May 2004 *NBER Working Paper* 10481, later appearing in the *Handbook of Economic Growth*. Aghion, Philippe and Stephen Durlauf (eds.) 2005.

Week 12. Varieties of Developmentalism and Non-Developmentalism

Nov. 10

The developmental state literature generated typologies of developmental, patrimonial, predatory, and rentier states. This week, we get an overview of Atul Kohli's book, *State-Directed Development*, which drew upon much of the 1990s thinking about why developmental outcomes differed cross-nationally. The focus on "regime type" as determinant, however, raised further questions about why some states were "developmental" while others were not. Haber, Bellin, and A & R look back to political determinants of variation in regime type, seeking answers in the distribution of power in society. Do these arguments seem to be consistent with Kohli's, or to contradict it? Where does Ross's analysis fit in this schema?

Reviews of Atul Kohli, *State-Directed Development: Political Power and Industrialization in the Global Periphery*, CUP, 2004 (by Baer, Derlugian, Shah, and Weaver) to be distributed separately.

*Ross, Michael J. (1999). "The Political Economy of the Resource Curse." *World Politics* 51. January, 297-322.

*Bellin, Eva Rana. "Contingent Democrats: Industrialists, Labor, and Democratization in Late-Developing Countries," *World Politics* 52/2 (January 2000), pp. 175-205

*Stephen Haber, "Authoritarian Government," in Weingast and Wittman, eds., *Oxford Handbook of PE* (2006), pp. 693-707.

*Acemoglu and Robinson, "Economic Backwardness in Political Perspective," NBER Working Paper No. W8831, March 2002.

rec. John D. Cameron, "The World Bank and the New Institutional Economics: Contradictions and Implications for Development Policy in Latin America (review of *Beyond the Washington Consensus: Institutions Matter* by Shahid Javed Burki; Guillermo E. Perry)," *Latin American Perspectives*, Vol. 31, No. 4 (July, 2004), pp. 97-103.

rec. Anne Pitcher, Mary H. Moran, and Michael Johnston, "*Rethinking Patrimonialism and Neopatrimonialism in Africa*," *African Studies Review*, Volume 52, Number 1, April 2009, pp. 125-156

rec. Regina Abrami and Richard F. Doner, "Southeast Asia and the Political Economy of Development," in E. Kuhonta, D. Slater, and T. Vu, eds., *Southeast Asia in Political Science* (Stanford, 2008).

rec. Nathan Nunn, "The Importance of History for Economic Development, NBER, Oct. 2008 (in *Annual Review of Economics*, vol. 1, 2009: 65-92).

rec. Adam Przeworski, *States and Markets, A Primer in Political Economy* (Cambridge 2003), Ch. 5, "The State," pp. 79-98.

Week 13. No class meeting.

Nov. 17

Paper #3 due on Wednesday, Nov. 17. Please email it to me as a PDF.

Week 14. Distributional Conflicts and Development TrajectoriesNov. 29

Many canonical strains of PE focus on distributional conflicts that attend or arise from the processes of structural change. These can be resolved (or not) in ways that are (are not) propitious for growth. Institutions are endogenized.

*Robert Bates, "Domestic Interests and Control Regimes," in Benno J. Ndulu et al., *The PE of Economic Growth in Africa, 1960-2000* (Cambridge Univ. Press, 2008), pp. 175-201.

*Jean Paul Azam, "The Political Geography of Redistribution," in Ndulu et al., pp. 225-248.

*Robert Bates, "Political Conflict and State Failure," in Ndulu et al., pp. 249-296.

rec. *C. Boone, "Comments for Theme Roundtable: PS and the Shifting Study of Economic Development (reply to Dani Rodrik, *One Economics, Many Recipes*, 2007), APSA 5 Sept. 2009.

rec. David E. Bloom, Jeffrey D. Sachs, Paul Collier, Christopher Udry, "Geography, Demography, and Economic Growth in Africa," *Brookings Papers on Economic Activity*, vol. 1988, n. 2 (1998): 207-295.

rec. Samuel Huntington, *Political Order in Changing Societies* (Yale, 1968).

rec. Bellin, Eva. *Stalled Democracy: Capital, Labor, and the Paradox of State-Sponsored Development* (Cornell, 2002).

Week 15. Sociological Arguments and Microfoundational TheoryDec. 1

Compare and contrast the two accounts of Pakistan. Do your results provide support for Frye's argument?

*William Easterly, "The Political Economy of Growth without Development: A case study of Pakistan," in Dani Rodrik, ed., *In Search of Prosperity: Analytic Narratives on Economic Growth* (Princeton U. Press, 2003), pp. 439-72.

*Peter Gizewski and Thomas Homer-Dixon, "The case of Pakistan," in T. Homer-Dixon and Jessica Blitt, eds., *Ecoviolence: Links among Environment, Population, and Security* (Maryland: Rowman and Littlefield Publishers, 1998), pp. 147-200.

*Timothy Frye, "Economic Transformation and Comparative Politics," Ch. 38 in Carles Boix and Susan Stokes, , *Oxford Handbook of Comparative Politics* (Oxford UP, 2007), pp. 940-68.

Paper #4 due Dec. 8.