

## Political Science 651 (version 3.2: 1 Apr 2009)

Positive Comparative & International Political Economy (P-C&IPE)  
Winter 2009; *Class Sessions Meet:* Weds 18:00-20:00, *Location:* 5664 Haven Hall

Professor Robert (Rob) J. Franzese, Jr.

(<http://www-personal.umich.edu/~franzese>)

Office Hours: Weds 15:30-17:00 (6658 Haven Hall) & by appointment (4246 I.S.R.)

E-mail (preferred): [franzese@umich.edu](mailto:franzese@umich.edu); Office Phone: (734) 936-1850

### Course Description:

This reading list is intended to provide an introduction to and overview of modern political-economy research, specifically: the positive comparative and international political economy of developed democracies and developing countries. Its readings emphasize how domestic and international political configurations (institutions, structures, etc.) and events (elections, coups, etc.) systematically produce certain sorts of economic policies and on how these comparative and international contexts might condition the effects of the policy so made. In other words, the course takes *political economy* primarily to mean *the politics and economics of macro and international economic policymaking, policy, and outcomes*, more so than (at least) three other broad areas of inquiry also referred to as political economy: (a) *the microeconomics of politics*, which studies how self-interested, rational policymakers make choices in a institutionalized environment, employing the utility-maximization theories and game-theoretic tools of microeconomics; (b) *normative political economy*, which studies, alternatively, what economic policy *should be* enacted to produce ideal effects or what policy *would be* enacted under some set of ideal circumstances that may or will not obtain; or (c) *the political consequences of economic outcomes* wherein political effects are treated as outputs of (typically exogenous) economic causes, e.g., the impact of economic performance on presidential approval or voting.

### Requirements and Grading:

We meet 2 hours on Wednesdays for some mixture of lecture and discussion of the week's required readings. Although *everyone* is responsible for being **prepared** to discuss *all* of the material every week, some of the readings are technically demanding, and the list is quite long in many weeks: a combination that renders preparing yourselves individually virtually impossible. My previous experience has taught me that I simply cannot *recommend* strongly enough that you form a study group to divide the readings and assist each other in preparation, so I will *require* such cooperative behavior. For most weeks, I will assign reading(s), as much as possible by student choice, to individual students who will serve as our *resident expert* on that (those) reading(s). As a **resident expert**, your **duties** include (a) preparing a *detailed outline*<sup>1</sup> of your assigned materials, *complete with two or more well and carefully conceived discussion questions*,<sup>2</sup> for distribution to the class and to me, (b) presenting your material and starting discussion about it in class (5-10 minutes),<sup>3</sup> and (c) being ready to field any questions from me or classmates about your assigned material.<sup>4</sup> (Developing your skills in skimming material and learning from the summaries and presentations of others will also be important.) The outlines will be due (to me and to each other, by email) no later than late-night Monday. The discussion questions will follow (to me and to each other, by email) no later than late-night Tuesday.<sup>5</sup> Lastly, each student will prepare a **final research-paper** on a topic to which the student and I will agree in advance. Approach these seminar papers with the full intent of producing publishable-quality work (eventually, at least) and start them as soon as possible. We will have individualized meetings about your final-paper ideas sometime around the semester mid-point. The "further suggestions" readings and the reference lists from them and the assigned readings may be good places to begin looking for material for your seminar paper, but you should feel constrained by them neither in the breadth of the topics covered nor in the depth of their coverage.

**General Participation...20% Seminar Paper...40% Resident Expert Duties...40%**

**Due Dates:** Our paper-proposal meetings will be scheduled sometime around **March 9-10**; the paper is due (to me, by

---

<sup>1</sup> Ideally, these outlines should be preceded by an old-format *AJPS* abstract (*Theory*:, *Hypotheses*:, *Methods*:, *Results/Findings/Conclusion*); they must follow standard outline format (I,II,III,IV..., A,B,C,...,1,2,3,...,a,b,c,...: your word-processor likely has a template); and they must be detailed enough for your reader to summarize the article (its main arguments, approach, findings, and conclusions) based only upon a reading of the outline (use my lecture-notes outlines as an example in this regard).

<sup>2</sup> Please give considerable thought to these questions, and think of your material also in relation to the rest of the week's readings in doing so. We would like to use your questions as the starting point for our discussion; in fact, consider this on-the-job training for graduate-seminar teaching. One helpful step in these directions is for you to have some responses to your own questions ready, at least sketched in your head if not more-thoroughly developed.

<sup>3</sup> Treat these presentations very seriously also; consider them on-the-job training for professional presentations. Assume we, your audience, have read your outline and at least skimmed your material. Use the presentation to show us how the argument(s), model(s), and/or empirics work(s), and to raise some issues about the material (perhaps in relation to other readings that week and/or applications, critiques, and/or extensions) that seem important to you.

<sup>4</sup> In other words, as the resident expert, you are pedagogically responsible for your assigned material.

<sup>5</sup> "Late-night" means, at the very latest, in our inboxes when we wake the following morning, which we will assume to be 05:30.

email) late-night **April 20**. The resident-expert outlines are due (to me and to each other, by email) no later than late-night Monday. The discussion questions will follow (to me and to each other, by email) no later than late-night Tuesday.

### **Books Ordered for Purchase (AT SHAMAN DRUM):**

- (Ace&Rob)** Acemoglu, Daron and James Robinson, *Economic Origins of Dictatorship & Democracy*, Cambridge UP 2005.
- (Ale&Ros)** Alesina, Alberto and Howard Rosenthal, *Partisan Politics, Divided Government, and the Economy*, Cambridge UP 1995.
- (Alt&Sh)** Alt, James and Kenneth Shepsle, eds., *Perspectives on Positive Political Economy*, Cambridge UP 1990.
- (BdM<sup>2</sup>S<sup>2</sup>)** Bueno de Mesquita, Bruce, Alastair Smith, Randolph M. Siverson, and James D. Morrow, *The Logic of Political Survival*, MIT Press 2003.
- (Drazen)** Drazen, Allan, *Political Economy in Macroeconomics*, Princeton UP 2000.
- (Franzese)** Franzese, Robert J., Jr., *Macroeconomic Policies of Developed Democracies*, Cambridge UP 2002.
- (Hibbs)** Hibbs, Douglas, *The American Political Economy: Macroeconomics and Electoral Politics*, Harvard UP 1987.
- (P&T)** Persson, Torsten and Guido Tabellini, *Political Economics: Explaining Economic Policy*, MIT Press 2000.
- (Tuftte)** Tuftte, Edward, *Political Control of the Economy*, Princeton UP 1978.

### **Outline of the Course:**

#### ***Part I: Preliminaries & Background***

**Week 1 (1/7):** Introduction & Logistics; What is (Positive) C&IPE?

**Week 2 (1/16):** Basic Economic Theory for C&IPE (Part I)

**Week 3 (1/21):** Basic Economic Theory for C&IPE (Part II)

#### ***Part II: The Building Blocks of Positive Political Economy***

**Week 4 (1/28):** Models and Tools for C&IPE (Part I)

**Week 5: (2/4):** Models and Tools for C&IPE (Part II)

**Week 6 (2/11):** Preferences, Collective Action, & Transaction Costs

**Week 7 (2/18):** Institutions: Perspectives, Approaches, & Theoretical Roles

***Winter Break: No Class Meeting 2/25***

#### ***Part III: Alternative Views of the Central Conflict in C&IPE***

**Week 8 (3/4):** Credibility, Uncertainty, Information, & Time-Consistency: PE as a Technocratic Problem

**Week 9 (3/11):** Agency, Accountability, & Corruption: Us Citizens vs. Them Politicians

**Week 10 (3/18):** Power, Privilege, & Partisanship: Us Citizens vs. Them Citizens

#### ***Part IV: Topics in Comparative & International Political Economy:***

**Previously Prepared Topics (Further Alternatives Possible):** Electoral & Partisan Cycles; Distributive & Redistributive Politics & Policy; Fiscal Policy (in a Global Economy); Monetary Policy (in a Global Economy); Trade Policy; Development & Growth; Reform & Transition; International Regimes, Cooperation, and Security

**Weeks 11-14 (3/25, 4/1, 4/8, 4/13):** Topics I-IV

**READING NOTES:** Throughout the syllabus, I have indicated the more-central readings in larger (11pt.) font and the less-central readings in smaller (9pt.) font in an attempt to help render these very demanding lists more manageable. I will also try to provide some guidance to reading by e-mail and/or in *Reading Notes* located at <http://www-personal.umich.edu/~franzese/PS651.Franzese.ReadingNotes.pdf>. I will try to update these *Reading Notes* weekly, and I may update the syllabus font-size variations indicating reading priority, and, indeed, the entire syllabus, throughout the semester. Stay tuned to announcements by e-mail and in class and check back here regularly.

## **Part I: Preliminaries & Background**

### **Week 1 (1/7): What is (Positive) Comparative & International Political Economy?**

<http://www-personal.umich.edu/~franzese/PS651.WhatIsPositiveC&IPE.WorldlyPhilosophers.Ideas.pdf>

PE Methodology:

**Alt&Sh**, Intro (Alt & Shepsle), Ch. 1 (Ordeshook), Ch. 6 (Riker), Ch. 9 (Olson).

PE of Development:

**Alt&Sh**, Ch. 2 (Bates).

**BdM<sup>2</sup>S<sup>2</sup>**, Ch. 1, pp. 3-35.

**Ace&Rob**, Ch. 1.

Macroeconomic/Developed-Democratic PE:

*One closely, One more quickly*: **Drazen**, Ch. 1, pp. 3-19; **P&T**, Ch. 1, pp. 1-14.

**Franzese**, Ch. 1, pp. 1-14, 41-61, skim Sect. 1.3, pp. 14-41. [Notes: <http://www.umich.edu/~franzese/ps489.Franzese.pdf>]

International PE:

**Frieden, Jeffrey, Lisa Martin**. 2002. "International Political Economy: The State of the Sub-Discipline." In Ira Katznelson Helen Milner, *Political Science: The State of the Discipline*. NY: Norton.  
[www.people.fas.harvard.edu/~llmartin/ipesubdiscipline.pdf](http://www.people.fas.harvard.edu/~llmartin/ipesubdiscipline.pdf).

**Frieden, Jeffrey, Ronald Rogowski**, "The Impact of the International Economy on National Policies: An Analytical Overview," in Keohane & Milner, ed., *Internationalization and Domestic Politics* (1996): 25-47.

**Putnam, Robert D.**, "Diplomacy and Domestic Politics: The Logic of Two-level Games," *International Organization* 42 (Summer 1988), pp. 427-60.

#### Further Suggestions:

Alt, James A. and K. Alec Crystal, *Political Economics*, Preface, Part I, Part II, Conclusion (100, 12).

Dixit, Avinash, *The Making of Economic Policy: A Transaction-Cost Politics Perspective* (Munich Lectures in Economics), Cambridge: The MIT Press, 1997, Part I: 1-36.

Hirschman, Albert O., *Exit, Voice, and Loyalty*.

Hirschman, Albert O., *National Power and the Structure of Foreign Trade* (University of California Press, 1980), Part I, pp. 3-81.

Rogowski, *Commerce and Coalitions*. See Franzese's Lecture Notes: [www-personal.umich.edu/~franzese/Rogowski.CommerceCoalitions.pdf](http://www-personal.umich.edu/~franzese/Rogowski.CommerceCoalitions.pdf)

Banks, Jeffrey S. and Eric A. Hanushek, eds., *Modern Political Economy: Old Topics, New Directions*.

Barry, Brian, *Sociologists, Economists, and Democracy*.

Bates, Robert H., *Markets and States in Tropical Africa*, Introduction, pp. 1-8, ch. 5, pp. 81-95.

Boix, Carles. 2003. *Democracy and Redistribution* (Cambridge UP), Ch. 1.

Buchanan, James and Gordon Tullock, *The Calculus of Consent* (UMich P).

Elster, Jon, *Explaining Technical Change*, pp. 25-32, 49-61, 69-83.

Frey, Bruno and Friedrich Schneider, "On the Modeling of Politico-Economic Interdependence," *EJPR* 3, 1975: 339-60.

Gourevitch, Peter, "International Influences on Domestic Politics: The Second Image Reversed," *International Organization*, v.32 (Autumn 1978), pp. 881-912.

Harsanyi, John, "The Dimension and Measurement of Social Power," in D.W. Rothschild, ed., *Power in Economics* (Penguin 1971).

Harsanyi, John, "Measurement of Social Power, Opportunity Costs, and the Theory of Two-Person Bargaining Games," *Behavioral Science* 7(1), 1962, pp. 67-80.

Hirschleifer, Jack, "The Expanding Domain of Economics," *AER*, December 1985, pp. 53-68.

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

Keech, William R., "Politics, Economics, and Politics Again," *JoP* 53, Aug 1991, pp. 597-611.

Lane, Jan-Erik and Svante Ersson, *Comparative Political Economy*, Introduction, Chs. 1, 2 (pp. 1-54).

Lange, Peter and Marino Regini, eds., *State, Market and Social Regulation: New Perspectives on Italy*, Introduction (pp. 1-25).

Lindberg, Leon, et al., eds., *Stress & Contradiction in Modern Capitalism* (Heath 1975), esp. Alford, Robert, "Paradigms of Relations Between State & Society," pp. 145-60.

Lindblom, Charles, *Politics and Markets* Basic Books, 1977.

Offe, Claus, "Competitive Party Democracy and the Keynesian Welfare State," *Contradictions of the Welfare State*, ch. 8.

Polanyi, Karl, "The Economy as Instituted Process," Ch. XIII of Polanyi et al., *Trade and Market in the Early Empires*.

Robbins, Lionel, *An Essay on the Nature and Significance of Economic Science* (1932).

Simon, Herbert A. "Human Nature in Politics: The Dialogue of Psychology with Political Science," *APSR* 79, June 1985, pp. 293-304.

## Week 2 (1/16): Introduction & Logistics; Basic Economic Theory for C&IPE

Core Concepts and Topics in Economic Theory for the Political Economist:

1. How markets work, and the efficiency of market exchange under competition
  - a. Supply & Demand and Harberger Triangles (Deadweight Loss: DWL)
  - b. Consumer & Producer Surplus and Rents
  - c. Marginals (returns, utility, productivity, etc.), Returns to Scale, & Elasticities
2. Market Failures
  - a. Market power: (Natural) Monopoly, monopsony, imperfect competition
  - b. Positive & Negative Externalities
  - c. Information asymmetry: credibility, moral hazard, adverse selection
3. (Neo)Keynesian & (Neo)Classical Macroeconomics, with Money
  - a. IS-LM (Hicks):
    - i. Aggregate Supply & Demand:  $AS=AD \Rightarrow Y=C+I+G+(C-M)$
    - ii. Quantity Theory of Money:

MV=PQ

- b. Rational Expectations (Lucas)
4. Public Finance:
  - a. Ramsay Rule & Elasticities
  - b. Tax-smoothing
5. Growth:
  - a. Growth Accounting
  - b. Solow Growth Model
  - c. Endogenous Growth Theory
6. International Trade (& Finance)
  - a. Comparative Advantage (Ricardo):
    - i. HORSS: Heckscher-Ohlin, Rhybszczynsky, & Stolper-Samuelson (mobile factors)
    - ii. Ricardo-Viner (specific factors)
  - b. Balance-of-Payments (BOP) Accounting
  - c. Purchasing-Power Parity (PPP) & (covered & uncovered) Interest Parity
  - d. Tariffs, Quotas, & VER's

(LECTURE NOTES: <http://www-personal.umich.edu/~franzese/PS651.FranzeseHays.BasicEconNotes.pdf>)

(CORE READINGS LISTED UNDER WEEK 2; SUGGESTIONS ON ECON PHIL / PE ECON IDEAS BELOW)

Classics in Socio-Politico-Economic Philosophy:

- Heilbroner, Robert L., *The Worldly Philosophers*; see "Guide to Further Reading" also.
- Parsons, Talcott, Introduction to Weber, Max, *Economy and Society*.
- Heilbroner, Robert L., *Teachings from the Worldly Philosophy*.
- Thurow, Lester and Heilbroner, Robert L., *Economics Explained* (Simon & Schuster 1987).
- Smith, Adam, *The Wealth of Nations* (1776) (esp. Book I, chs. 1-3; Book II, chs. 1, 3).
- Ricardo, David, *Principles of Political Economy* (esp. ch. 7 "On Foreign Trade").
- Marx, Karl, *Das Kapital, The Communist Manifesto*, etc.
- Keynes, John Maynard, *The General Theory*, esp. Book I, chs. 5, 10-12, 15, 18-21.
- Keynes, John Maynard, *Essays in Persuasion*, esp. "The Economic Consequences of the Peace."
- Weber, Max, *Economy and Society*.
- Weber, Max, *General Economic History*.
- Weber, Max, "Class, Status, and Party"
- Schumpeter, Joseph, *Capitalism, Socialism, and Democracy*.
- Hayek, Friedrich, *The Road to Serfdom* (Routledge).
- Polanyi, Karl, "The Economy as Instituted Process," Ch. XIII of Polanyi et al., *Trade and Market in the Early Empires*.
- Polanyi, Karl, "Aristotle Discovers the Economy," in *Trade and Market in the Early Empires*.

Some New(er) Classics:

- Hirschman, Albert, *The Passions and the Interests: Political Arguments for Capitalism before its Triumph*. Princeton UP 1977.
- Sen, Amartya Kamur, *On Ethics and Economics* (Blackwell).
- Sen, Amartya Kamur, *Resources, Values, and Development* (Harvard).
- Sen, Amartya Kamur, *Poverty and Famines* (Clarendon 1981).

Sen, Amartya Kumar, "Welfare, Preference, and Freedom," *J Econometrics* 50:15-29 Oct/Nov 1991.

Offe, Claus, *Contradictions of the Welfare State*.

Frey, Bruno S. *Democratic Economic Policy: A Theoretical Introduction* (Martin Robinson/Blackwell 1983).

van den Doel, Hans, *Democracy and Welfare Economics*.

Silk, Leonard, *The New Economists*. (Tries for moderns what Heilbroner did for classics.)

Research on Politics of Economic Ideas: Going From Theory/Ideology to Policy/Politics:

Hall, Peter, ed., *The Political Power of Economic Ideas: Keynesianism Across Nations*.

Hobsbawm, Eric, *Politics for a Rational Left* (Verso).

Aschheim, J. and G. Tavlas, "On Monetarism and Ideology," *Banca Nazionale del Lavoro Review* 1979.

Gourevitch, Peter, "Breaking with Orthodoxy," *IO* 38, Winter 1984, 95-129 & book of same title (Cornell UP 1986).

Hall, Peter, "Policy Paradigms, Social Learning, and the State: The Case of British Economic Policy," *Comp Pol* 25, 1993.

Trachtenberg, Marc, "Keynes Triumphant: A Study in the Social History of Economic Ideas," *Knowledge and Society* 4, 1983, pp. 17-86.

Goldstein, Judith and Robert Keohane, *Ideas and Foreign Policy*, esp. pieces by Ikenberry and Garrett and Weingast.

Van Doren, Peter, "Should Congress Listen to Economists?" *JoP* 1989.

Weir, Margaret, Theda Skocpol, "State Structure and the Possibilities for Keynesian Response to the Great Depression in Sweden, Britain, and the United States," in P. Evans, et al., eds. *Bringing the State Back In* (Cambridge UP 1985), 107-68

## Week 3 (FRIDAY: 1/21): Basic Economic Theory for C&IPE

(LECTURE NOTES: <http://www-personal.umich.edu/~franzese/PS651.FranzeseHays.BasicEconNotes.pdf>)

**Hibbs**, ch. 1. [Franzese, *Lecture Notes*, esp. headings IV-VI: <http://www-personal.umich.edu/~franzese/ps343.Hibbs.pdf>]

**Hicks, John R.** 1937. "Mr. Keynes and the 'Classics': A Suggested Interpretation," *Econometrica* 5: 147-59.

**Lucas, Robert E., Jr.** 1976. "Econometric Policy Evaluation: A Critique," reprinted in *Studies in Business Cycle Theory* 104-30, from *The Phillips Curve and Labor Markets*, vol. 1 of Carnegie-Rochester Conference Series on Public Policy, eds. Karl Brunner & Allan H. Meltzer. Amsterdam: North-Holland, 19-46.

**Mankiw, N. Gregory.** 1990. "A Quick Refresher Course in Macroeconomics," *Journal of Economic Literature* 28(4): 1645-1660.

**Barro, Robert J.** 1989. "New Classical and Keynesians, or the Good Guys and the Bad Guys," *NBER Working Paper* #2982.

**Solow, R.M.** 1956. "A Contribution to the Theory of Economic Growth," *QJE* 70: 65-94.

**Ramsey, F.** 1927. "A Contribution to the Theory of Taxation." *Economic Journal*, 47-61.

**Stolper, Wolfgang, Paul A. Samuelson.** 1941. "Protection and Real Wages," *Review of Economic Studies* 9(November): 58-73.

**Samuelson, Paul A.** 1971. "Ohlin Was Right," *Swedish Journal of Economics* 73: 365-384.

**Mundell, Robert A.** 1963. "Capital Mobility and Stabilization Policy under Fixed and Flexible Exchange Rates," *The Canadian Journal of Economics and Political Science* 29(4): 475-485.

**Johnson, Harry G.** 1953. "Optimum Tariffs and Retaliation," *Review of Economic Studies* 21(2):142-153.

**Krugman, Paul R.** 1979. "Increasing Returns, Monopolistic Competition, and International Trade," *Journal of International Economics* 9(4):469-479.

### Further Suggestions:

Rudiger Dornbusch, Stanley Fischer, Richards Startz, 2003, *Macroeconomics*, 9<sup>th</sup> ed., McGraw-Hill.

Obstfeld, Maurice, and Paul Krugman, 1996, *Foundations of International Macroeconomics*.

Paul R. Krugman, Maurice Obstfeld, 2002, *International Economics: Theory & Policy* 6<sup>th</sup> Ed., Addison-Wesley.

Vousden, Neil, 1990, *The Economics of Trade Protection*, Cambridge University Press.

James R. Hines, Jr., 1999, "Three Sides of Harberger Triangles," *Journal of Economic Perspectives* 13(2): 167-188.

Akerloff, G. 1990. "The Market for 'Lemons': Qualitative Uncertainty and the Market Mechanism," *Quarterly Journal of Economics* 84:488-500.

Coady, David, Jean Drèze, 2002, "Commodity Taxation & Social Welfare: The Generalized Ramsey Rule," *International Tax & Public Finance* 9: 295-316.

Auerbach, A. 1985. "The Theory of Excess Burden and Optimal Taxation." In A. Auerbach & M. Feldstein, eds., *Handbook of Public Economics*, v.1.

Brian Doyle's *New Open-Economy Macroeconomics* Webpage: [http://www.geocities.com/brian\\_m\\_doyle/open.html](http://www.geocities.com/brian_m_doyle/open.html)

*International Trade Theory and Policy Analysis: References*, by Steven Suranovic ©1997-1999: <http://internationalecon.com/v1.0/references.html>

*Bibliography for Alan Deardorff's Glossary of International Economics*: <http://www-personal.umich.edu/~alandear/glossary/bib.html>

*John Stiver's Syllabus for Economics 242 at the University of Connecticut*: <http://www.sp.uconn.edu/~jstiver/Eco242/syllabus%20242.htm>

## **Part II: The Building Blocks of Political Economy**

### **Weeks 4&5 (1/28, 2/5): Models & Tools for C&IPE**

<http://www.umich.edu/~franzese/ps651.BasicToolsModelsPE.Pt1.pdf>

From Political Science:

**Morrow, James D.** 1994. *Game Theory for Political Scientists*, on:

Median-Voter Theorem (Black-Downs) and Nash Bargaining, pp. 104-116.

Structure-Induced Equilibrium & Proposal/Amendment Rules, pp. 138-45.

Legislative Bargaining (Baron-Ferejohn), pp. 149-156.

**Cameron, Charles, and Nolan McCarty.** 2004. "Models of Vetoes and Veto Bargaining," *Annual Review of Political Science* 7:409-35.

**Franzese, R.** 2003. *Lecture Notes on Coalition Models*:

<http://www.umich.edu/~franzese/ps341.Fall2004.CompleteLectureNotes.HiRes.pdf> (pp. 177-191).

Non- & 1-Dimensional Models (Riker: MWC; Min-Size; deSwaan: Min-Range; Axelrod: Min-Connected).

Multi-Dimensional Model (Laver & Shepsle Portfolio-Allocation Model).

**Laver, Michael,** 1998, "Models of Government Formation," *Annual Review of Political Science* 1:1-25.

**Franzese,** on:

*Sect 2.2:* Median-Voter Model of Proportional Tax&Transfer (Meltzer-Richard-Romer/Alesina-Rodrik), pp. 64-9.

*Sect 3.2.4:* Basic Distributive-Politics Model (Weingast-Shepsle-Johnsen), pp. 139-40.

**Tsebelis, George.** 2002. *Veto Players: How Institutions Work* (Princeton UP), Introduction and Part I, pp. 1-63.

**BdM<sup>2</sup>S<sup>2</sup>,** Chs. 2-3, "The Theory: Definitions & Intuition" & "A Model of the Selectorate Theory," pp. 37-126.

From Economics:

**Ace&Rob,** Chs. 4-5, "Democratic Politics" & "Nondemocratic Politics", pp. 89-172.

**P&T,** Ch. 2-3, "Preferences and Institutions" and "Electoral Competition," pp. 15-68.

**Drazen,** Chs. 2-3, "Economic Models for Political Analysis" & "Decision-making Mechanisms," pp. 20-98.

#### Further Suggestions:

Austen-Smith, D., J. Banks. *Positive Political Theory I & II*. UM Press.

Austin-Smith, David, Jeffrey Banks. 1988. "Elections, Coalitions, and Legislative Outcomes," *American Political Science Review* 82:405-22.

Baron, D. 1991. "A Spatial Bargaining Theory of Government Formation in Parliamentary Systems," *American Political Science Review* 85:137-65.

Baron, David, Daniel Diermeir. 2001. "Elections, Governments, and Parliaments in Proportional Representation Systems," *QJE* 2001(August): 933-967.

Baron, David, John Ferejohn. 1987. "Bargaining & Agenda Formation in Legislatures," *The American Economic Review*, 77(2): 303-309.

Baron, David, John Ferejohn. 1989. "The Power to Propose, in *Models of Strategic Choice in Politics*, Peter Ordeshook (ed.), UM Press.

Baron, David, John Ferejohn. 1989. "Bargaining in Legislatures," *American Political Science Review*, 83(4): 1181-1206.

Diermeier, Daniel, models of coalition government:

"A Structural Model of Government Formation," with Antonio Merlo and Hulya Eraslan. forthcoming. *Econometrica*.

"Coalition Government & Comparative Constitutional Design" w/ Hulya Eraslan & Antonio Merlo. *European Economic Review* 2002. 46: 893-907.

"Elections, Governments, and Parliaments in Proportional Representation Systems." w/ D. Baron. *Quarterly Journal of Economics*. 2001: 933-967.

"Government Turnover in Parliamentary Democracies." with Antonio Merlo. *Journal of Economic Theory*. 2000. 94: 46-79.

"Cabinet Terminations and Critical Events." with Randy Stevenson. *American Political Science Review*. 2000. 94(3): 627-40.

"Cabinet Survival and Competing Risks," with Randy Stevenson. *American Journal of Political Science*. 1999: 43(5):1051-98.

"The Duration of Cabinet Formation Processes in Western Multi-Party Democracies," with Peter van Roozendaal. *BJPS*. 1998. 28:609-626.

"Comparing Constitutions: Cohesion & Distribution in Legislatures." w/ Timothy J. Feddersen. *European Economic Review*. 1998. 42(3-5):665-672.

"Bicameralism and Government Formation." 2002. With Antonio Merlo & Hulya Eraslan. University of Pennsylvania.

"An Empirical Investigation of Coalitional Bargaining Procedures," with Antonio Merlo. Jan. 1999. Revised Oct. 2001.

Lanny W. Martin and Georg Vanberg. 2005. "Coalition Policymaking and Legislative Review," *American Political Science Review* 99(1):93-106.

Ferejohn, John and Keith Krehbiel, "The Budget Process and the Size of the Budget," *AJPS* 31, 1987, pp. 296-320.

Fiorina, Morris and Roger Knoll, "Voters, Bureaucrats, and Legislators," *J Pub E* 1978, 239-54.

Laver, Michael, Kenneth Shepsle, *Making and Breaking Governments: Cabinets and Legislatures in Parliamentary Democracies* (Cambridge UP: 1996).

Meltzer, Allan H., and Scott F. Richard (1981), "A Rational Theory of the Size of Government," *Journal of Political Economy*, 89: 914-927.

Miller, Gary and Terry Moe, "Bureaucrats, Legislators, and the Size of the Government," *APSR* 1983, 293-308.

Mueller, Dennis, *Public Choice II*, Cambridge UP 1988, ch. 17.

Ordeshook, Peter. *A Political Theory Primer*.

Ordeshook, Peter. *Game Theory and Political Theory*.

Romer, Thomas, and Howard Rosenthal. 1978. "Political Resource Allocation, Controlled Agendas, and the Status Quo," *Public Choice* 33(1):27-44.

Weingast, Barry, Kenneth Shepsle, and C. Johnson, "The Political Economy of Costs and Benefits: A Neoclassical Approach to Distributive Politics," *Journal of Political Economy* 89, August, 1981, pp. 642-64.

## Week 6 (2/11): Preferences, Collective Action, Transaction Costs

### Preferences:

- Franzese, Robert J., Jr.**, "Lecture Notes on Cleavage Structure and Politics,"  
<http://www-personal.umich.edu/~franzese/lecturenotes.ses.mod.dem.socstab.pdf>
- Hibbs**, Chs. 2-5. [Lecture Notes: <http://www-personal.umich.edu/~franzese/ps343.Hibbs.pdf>]
- Bates, Robert**. 1981. *Markets and States in Tropical Africa*, Ch. 5, "The Market as Political Arena and the Limits of Voluntarism," pp. 81-95, but read notes for entire: <http://www-personal.umich.edu/~franzese/ps489.Bates.pdf>.
- One of: **Rogowski, Ronald**, *Commerce and Coalitions* (Princeton UP, 1989), ch. 1, 6-7, pp. 3-20, 163-79. [Franzese, Lecture Notes: <http://www-personal.umich.edu/~franzese/ps489.Rogowski.pdf>] or "Political Cleavages and Changing Exposure to Trade," *American Political Science Review* 81:4 (1987), pp. 1121-38.
- Frieden, Jeffrey**, "Actors and Preferences in International Relations," in *Strategic Choice and International Relations*, eds. David A. Lake and Robert Powell (Princeton UP, 1999) pp. 39-76, 115-136.
- Alt, James E. and Michael Gilligan**. 1994. "The Political Economy of Trading States: Factor Specificity, Collective Action Problems, and Domestic Political Institutions." *Journal of Political Philosophy* 2(2): 165-192.
- Scheve, Kenneth, Matthew J. Slaughter**. 2001. "What Determines Individual Trade-Policy Preferences?" *Journal of International Economics* 54(2):267-292.
- Acemoglu, Daron and James Robinson**. 2000. "Political Losers As a Barrier to Economic Development" *AEA Papers and Proceedings* 90:126-130.
- Hirschman, Albert**, "The Changing Tolerance for Income Inequality in the Course of Economic Development," *QJE* 87, Nov. 1973: 544-66.

### Collective Action:

- Olson, Mancur**. 1982. *The Rise and Decline of Nations: Economic Growth, Stagflation, and Social Rigidities* (Yale UP), chapters 1-3, pp. 1-74. [Franzese's Notes: <http://www-personal.umich.edu/~franzese/ps489.Olson.pdf>]

### Transaction Costs:

- Alt&Sh**, Chs. 3 (Milgrom & Roberts), 7 (North), 8 (Tullock): pp. 57-89, 182-194, 195-211.
- Dixit, Avinash**, *The Making of Economic Policy: A Transaction-Cost Politics Perspective* (Munich Lectures in Economics), Cambridge: The MIT Press, 1997, Part II: 37-112.
- Moe, Terry** (1984) "The New Economics of Organization." *American Journal of Political Science*. 28: 739-777.
- Coase, Ronald**, "The Problem of Social Cost," *J Law & Econ* 3(1), 1960, pp. 1-44.

### Further Suggestions on Income Distribution (an important component on "interest structure"):

- Atkinson, A.B., 1997, "Bringing Income Distribution in from the Cold," *Economic Journal*, 107: 291-321.
- Deiningner, K. and L. Squire, 1996a, "A New Data Set Measuring Income Inequality," *World Bank Economic Review* 10: 565-591.
- Deiningner, K. and L. Squire, 1998, "New Ways of Looking at Old Issues," *Journal of Development Economics* 57: 259-87.
- Ferreira, F.H.G., 1996, *Roads to Equality: Wealth Distribution Dynamics with Public-Private Capital Complementarity*, Washington, DC: The World Bank.
- Galor, O. and J. Zeira, 1993, "Income Distribution and Macroeconomics," *Review of Economic Studies* 60: 35-52.
- Kaldor, N., 1956, "Alternative Theories of Distribution," *Review of Economic Studies* 23(2): 94-100.

### Further Suggestions on Collective-Action, Transaction Costs, & Rent-seeking:

- Alt, James A. and Kenneth Shepsle, eds., *Perspectives on Positive Political Economy*, Chs. 4 (Kreps), 5 (Demsetz): pp. 90-160.
- Bhagwati, Jagdish, "Directly Unproductive, Profit-Seeking Activities," *JPE* 90(5), 1982, pp. 988-1002.
- Cameron, David, "Distributional Coalitions and Other Sources of Economic Stagnation," *International Organization* 42(4), 1988, pp. 561-604.
- Eggertsson, Thrainn. *Economic Behavior and Institutions* (Cambridge UP: 1988), Parts I, IV.
- Kreuger, Anne. "The Political Economy of the Rent-Seeking Society," *AER* 64, 1974, pp. 291-303. (Also in Buchanan, Tollison, and Tullock, *Towards a Theory of the Rent-Seeking Society* (Texas A&M Press 1980))
- Klein, Benjamin, Robert Crawford, and Armen Alchian, "Vertical Integration, Appropriable Rents, and the Competitive Contracting Process," *J Law and Econ* 21(2), 1978, pp. 297-326.
- Olson, Mancur, *The Logic of Collective Action: Public Goods and the Theory of Groups*, entire (pp. 1-168).
- Lane, Jan-Erik and Svante Ersson, *Comparative Political Economy*, Chs. 8, 9 (pp. 190-228).
- Stigler, George, "The Theory of Economic Regulation," *Bell J of Econ* 2, Spring 1971, pp. 2-21.
- Tullock, Gordon, "The Welfare Costs of Tariffs, Monopolies, and Theft," *Western Economic Journal* 5 (1967), pp. 224-32. (Also in Buchanan, Tollison, and Tullock, *Towards a Theory of the Rent-Seeking Society* (Texas A&M Press 1980))
- Weingast, Barry, and W. Marshall, "The Industrial Organization of Congress," *JPE* 1985: 132-63.
- Williamson, Oliver, *The Economic Institutions of Capitalism*, 1985, chs. 1-4.
- Williamson, Oliver, ed., *Organization Theory: From Chester Barnard to the Present and Beyond* (Oxford UP 1990).
- Williamson, Oliver, "The Emerging Science of Organization," *JITE: J Institutional & Theoretical Econ* 149:36-63, 1993.

## Week 7 (2/18): Institutions: Perspectives, Approaches, and Roles

### Institutional Approaches:

- Hall, Peter**, *Governing the Economy*, ch. 1. [Lecture Notes: <http://www-personal.umich.edu/~franzese/ps641.hall.pdf>]
- Paul Pierson and Theda Skocpol**. 2002. "Historical Institutionalism in Contemporary Political Science," in Milner & Katznelson, eds., *Political Science: The State of the Discipline, Centennial Edition*, pp. 693-721.
- OR: **Kathleen Thelen**. 1999. "Historical Institutionalism in Comparative Politics," *Annual Review of Pol Sci* 2: 369-404.
- Weingast, B.** 2002. "Rational-Choice Institutionalism," in Milner & Katznelson, eds., *Political Science: The State of the Discipline, Centennial Edition*, pp. 660-92.
- OR: **Shepsle, K.** 2007. "Rational-Choice Institutionalism," in R.A.W. Rhodes, S.A. Binder, & B.E. Rockman, eds., *Oxford Handbook of Political Institutions*, ch. 2, pp. 23-38.
- Helmke, G., S. Levitsky**. 2004. "Informal Institutions and Comparative Politics: A Research Agenda," *Perspectives on Politics* 2(4):725-40.
- Hall, Peter and Rosemary Taylor**. 1996. "Political Science and the Three New Institutionalisms." *Political Studies* 44: 936-957.
- James G. March & Johan P. Olsen**. 2007. "Elaborating the New Institutionalism," in R.A.W. Rhodes, S.A. Binder, & B.E. Rockman, eds., *Oxford Handbook of Political Institutions*, ch. 1, pp. 3-21.
- Diermeier, Daniel, Keith Krehbiel**. 2003. "Institutionalism as a Methodology," *J Theoretical Politics* 15(2): 123-44.

### Exogenous Institutions:

- Ronald Rogowski**, "Institutions as Constraints on Strategic Choice." In *Strategic Choice and International Relations*, eds. David A. Lake and Robert Powell (Princeton University Press, 1999) pp. 115-136.
- Franzese, Robert J., Jr.** 2007. "Multi-Causality, Context Conditionality, and Endogeneity" in *Oxford Handbook of Comparative Politics*, (esp. the middle section on context conditionality) C. Boix, S. Stokes, eds., Oxford UP, pp. 27-72. <http://www.umich.edu/~franzese/Franzese.MultiCausal.ContextCond.Endog.OxfHndbkCP.chap02.PROOFS.pdf>

### Endogenous Institutions?

- Putnam, Robert D., with Leonardi, Robert, and Nanetti, Raffaella Y.**, *Making Democracy Work*, Princeton UP, 1993, chs. 1,4,6 (pp. 3-16, 83-120, 163-86).
- Hall, Peter and David Soskice**, "An Introduction to Varieties of Capitalism," in Hall & Soskice, eds., *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*, Oxford UP, 2001, pp. 1-68.
- Calvert, Randall L.**, "The Rational Choice Theory of Social Institutions: Cooperation, Coordination, and Communication," in Banks and Hanushek, eds., *Modern Political Economy*, Cambridge UP, 1995, pp. 216-68.
- Endogenous Institutions (& their Epistemological Challenge):
- North, Douglass**. 1981. *Structure and Change in Economic History* (WW Norton & Company), Parts I and III, pp. 3-68, 201-209.
- Field, Alexander J.** 1981. "The Problem with Neoclassical Institutional Economics: a Critique with Special Reference to the North/Thomas Model of pre-1500 Europe." *Explorations in Economic History* 18 (April): 174-198.
- Riker, William**. "Implications from the Disequilibrium of Majority Rule for the Study of Institutions." *The American Political Science Review* 74(2), pp. 432-446.
- Avner Greif and David D. Laitin**. 2004. "A Theory of Endogenous Institutional Change," *American Political Science Review* 98(4):633-52.

### Further Suggestions: [THIS LIST COULD OBVIOUSLY BE EXTENDED TREMENDOUSLY]

- Kenneth A. Shepsle, "Studying Institutions: Some Lessons from the Rational Choice Approach," *Journal of Theoretical Politics* 1, 2 (April 1989), pp. 131-47
- Acemoglu, Daron, Simon Johnson, James Robinson. 2002. "Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution," *Quarterly Journal of Economics* 107:1231-1294.
- March, James G. and Johan P. Olson, "The New Institutionalism: Organizational Factors in Political Life," *APSR* 78, 1984, 734-49.
- Nabli, M.K. and J.B. Nugent, "The New Institutional Economics and its Applicability to Development," *World Development* 17:1333-47 Sep 1989.
- John J. Mearsheimer, "The False Promise of International Institutions." *International Security* (Winter 1994/1995), pp. 5-49.
- Hiscox, Michael J. 1999. "The Magic Bullet? The RTAA, Institutional Reform, and Trade Liberalization." *International Organization* Vol. 53, No. 4 (Autumn): 669-698.
- Yarbrough, Beth V. and Robert M. Yarbrough, "International Institutions and the New Economics of Organization," *International Organization*, 44(2), Spring 1990, pp. 235-59.
- Keohane and Martin, "The Promise of Institutional Theory," *International Security* (Summer 1995), p. 39-51.
- Ostrom, Elinor, *Governing the Commons: The Evolution of Institutions for Collective Action*, Cambridge UP 1990.



## **Part III: Alternative Views of the Central Conflicts in C&IPE**

### ***Week 8 (3/4): Credibility, Time-Consistency, Uncertainty, Information (Technocratic PE)***

**P&T**, Ch. 11, “Dynamic Policy Problems,” pp. 277-304.

**Drazen**, Pt. II, “Commitment, Credibility, & Reputation,” Chs. 4, 5-6, “The Time-Consistency Problem,” “Law, Institutions, and Delegated Authority,” and “Credibility & Reputation,” pp. 99-130, 131-215.

*One closely, One more quickly:* **Greif, Avner, Paul Milgrom, and Barry Weingast**. 1994. “Coordination, Commitment and Enforcement: The Case of the Merchant Guild,” *Journal of Political Economy* 102:912-50; **North, Douglas, Barry Weingast**. 1989. “Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth Century England,” *Journal of Economic History* 49(4):803-32.

*Read Together:* **Wittman, Donald**. 1989. “Why Democracies Produce Efficient Results,” *Journal of Political Economy* 97:1395-1426, then **Acemoglu, Daron**. 2003. “Why Not a Political Coase Theorem? Social Conflict, Commitment, and Politics,” *Journal of Comparative Economics* 31(4):620-52.

**Kollman, Ken, John H. Miller, and Scott E. Page**. 2000. “Decentralization and the Search for Policy Solutions,” *Journal of Law, Economics, and Organization* 16(1): 102-28.

#### **Roundtable:**

[**Brunetti, Aymo, Gregory Kisunko and Beatrice Weder**. 1998. “Credibility of Rules and Economic Growth: Evidence from Worldwide Survey of the Private Sector,” *The World Bank Economic Review* 12(3):353-84. Article introduces important comparative, increasingly TSCS, microlevel database regarding business climate.]

**Keefe, Philip, and David Stasavage**. 2002. “Checks and Balances, Private Information, and the Credibility of Monetary Commitments,” *International Organization* 56(4): 751-74.

**Broz, J. Lawrence**. 2002. “Political System Transparency and Monetary Commitment Regimes,” *International Organization* 56(4): 861-88.

**Freeman, John R.** 2002. “Competing Commitments: Technocracy and Democracy in the Design of Monetary Institutions,” *International Organization* 56(4): 889-910.

#### **Further Suggestions:**

[Large literatures exist on “time-consistency, credibility, and commitment” (some of which appears below in the ‘topical applications Part IV’), “uncertainty & information” in policymaking, and “policy learning” or “policy laboratories”, but this section is new to this syllabus & I have not yet developed a further-readings list.]

## **Week 9 (3/11): Agency, Accountability, & Corruption (“Us Citizens v. Them Politicians”)**

**P&T**, Chs. 4,9, “Agency” and “Institutions and Accountability,” pp. 69-96, 225-49.

**BdM<sup>2</sup>S<sup>2</sup>**, Ch. 4, “Institutions for Kleptocracy or Growth,” pp. 129-71.

**Powell, G. Bingham, Jr.** 2000. *Elections as Instruments of Democracy* (Yale UP), Chs. 3-4, “Accountability,” “Conditions for Mandates,” pp. 47-88. Lecture notes for book: <http://www.umich.edu/~franzese/ps389.Powell.ElectionsAsInstruments.pdf>.

### **Roundtable:**

**Shleifer, Andrei, and Robert Vishny.** 1992. “Corruption,” *Quarterly Journal of Economics* 108:599-618.

**Acemoglu, Daron and Thierry Verdier.** 2000. “The Choice Between Corruption and Market Failures,” *American Economic Review* 90:194-211.

**Mauro, Paulo.** 1995. “Corruption and Growth,” *Quarterly Journal of Economics* 110(3):681-713.

**Lederman, Daniel, Norman Loayza, and Rodrigo Reis Soares.** 2005. “Accountability and Corruption: Political Institutions Matter,” *Economics & Politics* 17(1):1-35.

**Chang, Eric C.C., and Miriam Golden,** 2006, “Electoral Systems, District Magnitude and Corruption,” *British Journal of Political Science* 37(1):115-37.

**Treisman, Daniel.** 2000. “The Causes of Corruption: A Cross-National Study,” *Journal of Public Economics* 76(3):399-457.

**Brunetti, Aymo, and Beatrice Weder.** 2003. “A Free Press Is Bad News for Corruption,” *Journal of Public Economics* (7–8):1801-24.

**Ernesto dal Bó and Rafael di Tella.** 2006. “‘Plata o Plomo’: Bribe and Punishment in a Theory of Political Influence,” *American Political Science Review* 100(1):41-53.

Susan C. Stokes. 2005. “Perverse Accountability: A Formal Model of Machine Politics with Evidence from Argentina,” *American Political Science Review* 99(3):315-25.

**Caia, Hongbin, Daniel Treisman.** 2005. “Does Competition for Capital Discipline Governments? Decentralization, Globalization, and Public Policy,” *American Economic Review* 95(3):817-30.

See also: \_\_\_\_\_. 2004. “State Corroding Federalism,” *Journal of Public Economics*, 88(3-4): 819-43.

### Further Suggestions:

[There are large literatures on agency, accountability, corruption, and rent-seeking (some of which appears below in ‘topical applications Part IV’), but this section is new to this syllabus & I have not yet developed an extensive further-readings list. In lieu of that, I give you the following...]

Fajnzylber, P., D. Lederman and N. Loayza, 1998, “Determinants of Crime Rates in Latin America and the World,” A World Bank Latin America and the Caribbean Viewpoints Series Paper, Washington, DC: World Bank.

Fajnzylber, P., D. Lederman and N. Loayza, 1998, “What causes violent crime?” The World Bank, Office of the Chief Economist, Latin America and the Caribbean Region.

...From Acemoglu, Banerjee, & Duflo, MIT Econ 14.773, “Political Economy of Institutions and Development”:

Andrei Shleifer and Robert W. Vishny (1998) *The Grabbing Hand: Government Pathologies and their Cures*, Harvard UP, Cambridge MA.

Abhijit Banerjee (1997) “A Theory of Misgovernance” *Quarterly Journal of Economics* vol 112.

Acemoglu, Daron and Thierry Verdier (1998) “Property Rights, Corruption and the Allocation of Talent: A General Equilibrium Approach.” *Economic Journal*, September 1998, 108:450, 1381-1403.

Banerjee, Abhijit and Rohini Somanathan (2001), “A Simple Model of Voice”, *Quarterly Journal of Economics*

Dixit, Avinash, Gene Grossman and Elhanan Helpman (1997) “Common Agency and Coordination: General Theory and Application to Tax Policy”, *Journal of Political Economy*

Andrei Shleifer and Robert Vishny (1992), “Politicians and Firms,” *Quarterly Journal of Economics* vol. 109, pp. 995-1026.

Fisman, Ray (2001) “Tax rates and tax evasion: Evidence from Missing imports in China” Raymond Fisman and Shang-Jin Wei NBER Working Paper 8551 <http://www.nber.org/papers/w8551>

Yang, Dean (2002) “How Easily do Lawbreakers Adapt to Increased Enforcement? Philippine Smugglers’ Responses to a Common Customs Reform” [http://www.people.fas.harvard.edu/~dyang/papers/yang\\_smuggling.pdf](http://www.people.fas.harvard.edu/~dyang/papers/yang_smuggling.pdf)

Fisman, Ray (2001) “Estimating the Value of Political Connections” *American Economic Review*, Sept. 2001 A longer version is on the web: <http://www.gsb.columbia.edu/faculty/rfisman/Conn2.pdf>

Ramallo, Rita (2002) “The Effect of an Anti-corruption Campaign: Evidence from the 1992 Presidential Impeachment in Brazil” [http://econ-www.mit.edu/graduate/candidates/download\\_res.php?id=11](http://econ-www.mit.edu/graduate/candidates/download_res.php?id=11)

Rose-Ackerman, Susan. 1999. *Corruption and Government: Causes, Consequences, and Reform* (Cambridge: Cambridge University Press).

David Samuels. 2004. “Presidentialism and Accountability for the Economy in Comparative Perspective,” *American Political Science Review* 98(3):425-36.

Di Tella, Rafael, Ernesto Schargrodsky (2003) “The Role of Wages and Auditing during a Crackdown on Corruption in the City of Buenos Aires”, forthcoming *Journal of Law and Economics* [http://www.people.hbs.edu/rditella/papers/role\\_of\\_wages.pdf](http://www.people.hbs.edu/rditella/papers/role_of_wages.pdf)

## **Week 10 (3/18): Power, Privilege, & Partisanship (“Us Citizens vs. Them Citizens”)**

**Powell, G. Bingham, Jr.** 2000. *Elections as Instruments of Democracy* (Yale UP), Chs. 5-6, “Authorized Representation in Policy Making,” “Responsiveness in Selecting Governments and Policymakers,” pp. 89-156.

Lecture notes for book: <http://www.umich.edu/~franzese/ps389.Powell.ElectionsAsInstruments.pdf>.

**Hibbs**, (review Chs. 1-5) Chs. 6,9, pp. 185-210, 280-326. [Lecture Notes, <http://www.umich.edu/~franzese/ps343.Hibbs.pdf>]

**P&T**, Ch. 5, “Partisan Politicians,” pp. 97-114.

**Ale&Ros**, *Partisan Politics, Divided Government, and the Economy*:

Chs 1-2: Intro & models of policy divergence (42pp.)

Chs. 3-4: Theory of (voters’) institutional balancing, & the midterm cycle (68pp.)

Chs. 5-6: Divided government, and incumbency & moderation (40pp.)

Chs. 7-8: Partisan cycles, & a model of PE of US (43pp.)

Chs. 9-10: Ec growth & partisan cycles in U.S.; extension to parliamentary democracies (55pp.)

See also Franzese’s Review of Alesina & Roubini with Cohen: “Review: Alberto Alesina and Nouriel Roubini with Gerald Cohen, *Political Cycles and the Macroeconomy*.” *Journal of Policy Analysis and Management* 19(3): 501-9, 2000.

<http://www.umich.edu/~franzese/ARwC.PoliticalCyclesAndTheMacroeconomy.BookReview.pdf>.

**Wallerstein, Michael, Karl Ove Moene.** 2001. “Inequality, Social Insurance and Redistribution,” *American Political Science Review* 95(4): 859-874.

**Franzese, R.J., Jr., Hays, J.C.** 2008. “Inequality & Unemployment, Redistribution & Insurance, and Participation: A Theoretical Model & an Empirical System of Endogenous Equations,” in *Democracy, Inequality, & Representation*, P. Beramendi & C. Anderson, eds., Russell Sage, pp. 232-77. [NOTE: will post versions you should read.]

**Przeworski, Adam, and Michael Wallerstein.** 1982. “The Structure of Class Conflict in Democratic Capitalist Societies,” *APSR* 76(2): 215-236.

**Wallerstein, Michael.** 1990. “Class Conflict as a Dynamic Game.” In Roger Friedland and Alexander F. Robertson, eds., *Beyond the Marketplace: Rethinking Economy and Society*, Hawthorne, NY: Aldine de Gruyter.

**David Rueda.** 2005. “Insider–Outsider Politics in Industrialized Democracies: The Challenge to Social Democratic Parties,” *American Political Science Review* 99(1):61-74.

### Further Suggestions:

[The literatures on partisanship, “heterogeneity” (as Drazen entitles the core of this view), and conflict of interest in political economy is absolutely massive, but this section as such is new to this syllabus so I have not yet developed an extensive further-readings list for this week *per se*. However, a great many of the readings from the topical modules emphasize and elaborate this view, as it represents the traditional core of PE...]

## **Part IV: Topics in C&IPE: Weeks 11-14 (3/25, 4/1, 4/8, 4/13),**

We will select 4 from among the Topical Modules that follow, taking the opportunity to update those we choose. We can also discuss substituting expanded coverage of some topic from above, or from among these modules, or from student or my own alternative suggestions for one of these modules. The previously prepared modules listed below are: Electoral & Partisan Cycles; Distributive & Redistributive Politics & Policy; Fiscal Policy (in a Global Economy); Monetary Policy (in a Global Economy); Trade Policy; Development & Growth; Transition & Reform; International Regimes, Cooperation, & Security

### ***Week 11 (3/25): Distributive & Redistributive Politics & Policy***

Drazen, Ch. 8, "Redistribution," pp. 309-71.

*P&T*, Chs. 6-8, 10, "General-Interest Politics", "Special-Interest Politics", "Electoral Rules and Electoral Competition", and "Political Regimes", pp. 115-224, 251-73.

Austen-Smith, David. 2000. "Redistributing Income under Proportional Representation," *Journal of Political Economy* 108(6):1235-1269.

Austen-Smith, David, and Michael Wallerstein, "Redistribution and Affirmative Action," *Journal of Public Economics* 90 (2006):1789-1823.

Torben Iversen and David Soskice. 2006. "Electoral Institutions and the Politics of Coalitions: Why Some Democracies Redistribute More than Others." *American Political Science Review* 100(2):165-81.

Franzese, Robert J., Jr. Irfan Nooruddin. 2004. "The Effective Constituency in (Re)Distributive Politics..."

Keefer, Philip, and Stuti Khemani. 2009. "When Do Legislators Pass on Pork? The Role of Political Parties in Determining Legislator Effort," *American Political Science Review* 103(1):99-112.

Volden, Craig, and Alan E. Wiseman. 2007. "Bargaining in Legislatures over Particularistic and Collective Goods," *American Political Science Review* 101(1):79-92.

Further Suggestions: [Many, many more cites could go here.]

Lowi, Theodore, "American Business, Public Policy, Case-Studies and Political Theory," *World Politics* 16 (July 1964): 677-715.

Iversen, T., Soskice, D. 2007. "Distribution and redistribution: The shadow of the nineteenth century," Unpublished manuscript, Harvard University, Cambridge MA.

Franzese, ch. 2: 62-125. [Lecture Notes: <http://www-personal.umich.edu/~franzesc/ps489.Franzese.pdf>.]

Alesina, Alberto, and Roberto Perotti, 1995 "Taxation and Redistribution in an Open Economy," *European Economic Review*, 39(May):961-979.

Levitt, Steven and James Snyder. 1995. "Political Parties and the Distribution of Federal Outlays." *American Journal of Political Science* 39:958-980.

Baron, David, "Majoritarian Incentives, Pork Barrel Programs, and Procedural Control," *AJPS* 35, 1991: 57-90.

Wallerstein, Michael, Karl Ove Moene. 2001. "Inequality, Social Insurance and Redistribution," *American Political Science Review* 95(4): 859-874.

Franzese, Robert J., Jr., Jude C. Hays. 2006. "Inequality & Unemployment, Redistribution & Social Insurance, and Participation..."

Franzese, Robert J., Jr., with Irfan Nooruddin. 2004. "The Effective Constituency in (Re)Distributive Politics..."

Banerjee, A.V. and A.F. Newman, 1991, "Risk Bearing and the Theory of Income Distribution," *Review of Economic Studies*, 58: 211-235.

## Week 12 (4/1): Development & Growth

### BACKGROUND/REVIEW:

Franzese & Hays, Basic Econ Lecture Notes, pp.36-39: <http://www.umich.edu/~franzese/PS651.FranzeseHays.BasicEconNotes.pdf>

Barro, Robert J. 1997. *Determinants of Economic Growth: A Cross-Country Empirical Study*, MIT Press, chs. 1-2, pp. 1-88.

Huntington, Samuel. 1968. *Political Order in Changing Societies*, Yale UP, ch. 1, pp. 1-92.

Boix, Carles. 2003. *Democracy and Redistribution* (Cambridge UP), Ch. 1, and skim Chs. 2,4,6.

**RE1: Drazen**, Ch. 11, "Factor Accumulation and Growth" pp. 457-525.

**RE2: Ace&Rob**, (Review for self: Ch. 2, pp. 15-44, and) Pt. IV, Chs. 8-10, pp. 221-304.

**RE3a: P&T**, Ch. 14, "Growth," pp. 373-92.

**RE3b: Persson T. & Tabellini, G.**, 1994, "Is Inequality Harmful for Growth? Theory and Evidence," *American Economic Review* 84(3): 600-21.

**RE3c: Perotti, R.**, 1996, "Growth, Income Distribution, and Democracy: What the Data Say," *Journal of Economic Growth*, 1: 149-87.

**RE4a: Alesina, A., and R. Perotti**, "The Politics of Growth: a Survey," Part I in V. Bergstrom, ed.: *Government and Growth*, Clarendon Press, Oxford, 1997, pp. 11-60.

**RE4b: Alesina, Alberto, Sule Ozler, Nouriel Roubini, and Philip Swagel**. 1996. "Political Instability and Economic Growth," *Journal of Economic Growth* 1(2):189-211.

**RE5: BDM<sup>2</sup>S<sup>2</sup>**, Chs. 5, 10, "Institutions, Peace, and Prosperity," pp. 173-214, and "Promoting Peace and Prosperity," 461-85.

**RE5b: Clarke, Kevin A., and Randall W. Stone**. 2008. "Democracy and the Logic of Political Survival," *American Political Science Review* 102(3):387-92.

**RE5c: Morrow, J.D., B. Bueno de Mesquita, R.M. Siverson, and A. Smith**. 2008. "Retesting Selectorate Theory: Separating the Effects of *W* from Other Elements of Democracy," *American Political Science Review* 102(3):393-400.

**RE6a: Przeworski, Adam, Michael E. Alvarez, Jose Antonio Cheibub, Fernando Limongi**, *Democracy and Development: Political Institutions and Well-Being in the World, 1950-1990*. New York: Cambridge UP, 2000, chs. 1-2.

**RE6b:** Read one, and skim the rest, of: **Boix, C., Stokes, S.** 2003. "Endogenous Democratization," *World Politics* 55:517-49; **Clark, W.R., M. Golder, S. Golder**. 2008. *Principles of Comparative Politics*, Ch.6, p.p. 169-205; **Epstein, D.L., Bates, R., Goldstone, J., Kristensen, I., O'Halloran, S.** 2006. "Democratic Transitions," *American Journal of Political Science* 55:1-69.

**RE6c: Baum, M.A. and Lake, D.A.** 2003. "The Political Economy of Growth: Democracy and Human Capital," *American Journal of Political Science* 333-47. [Note: this follows more in relation to Barro *Determinants*, rather than Przeworski et al.]

**RE7a: Svolik, Milan**. 2008. "Authoritarian Reversals and Democratic Consolidation," *American Political Science Review* 102(2):153-68.

**RE7b: Myerson, Roger B.** 2008. "The Autocrat's Credibility Problem and Foundations of the Constitutional State," *American Political Science Review* 102(1):125-39.

**RE8a: Tim Büthe, Helen V. Milner**. 2008. "The Politics of Foreign Direct Investment into Developing Countries: Increasing FDI through International Trade Agreements?" *American Journal of Political Science* 52(4): 741-62.

**RE8b: Joseph Wright**. 2008. "Do Authoritarian Institutions Constrain? How Legislatures Affect Economic Growth and Investment," *American Journal of Political Science* 52(3): 322-43.

Further Suggestions: [Note, this suggestion list over-represents "inequality & growth"; that was once the narrower focus of the module.]

Acemoglu & Robinson:

... 2000. "Why did the West Extend the Franchise? Democracy, Inequality and Growth in Historical Perspective," *Quarterly Journal of Economics* 115:1167-99

..., and Simon Johnson. 2001. "The Colonial Origins of Comparative Development: An Empirical Investigation," *American Economic Review* 91(5):1369-1401

..., and Simon Johnson. 2002. "Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution," *Quarterly Journal of Economics* 107:1231-94

... 2006. "Economic Backwardness in Political Perspective," *American Political Science Review* 100(1):115-31.

Aghion, P. and P. Bolton, 1997, "A Theory of Trickle-Down Growth and Development," *Review of Economic Studies*, 64: 151-172.

Ahuja, V., B. Bidani, F.H.G. Ferreira and M. Walton, 1997, *Everyone's Miracle?* Washington, DC: The World Bank.

Alesina, Alberto & D. Rodrik, 1994, "Distributive Politics and Economic Growth," *The Quarterly Journal of Economics*, 109: 465-489.

Alesina, Alberto & R. Perotti, 1996, "Income Distribution, Political Instability, & Investment," *European Economic Review*, 40(6): 1203-28.

Bagchi, Amiya Kumar, *The Political Economy of Underdevelopment*.

Banerjee, A.V. and A.F. Newman, 1993, "Occupational Choice and the Process of Development," *Journal of Political Economy*, 101(2): 274-98.

Banfield, Edward. *The Moral Basis of a Backward Society*, 1958.

Barro, Robert J.

... 1990. "Government Spending in a Simple Model of Growth," *JPE* 38:103-34.

... 1991. "Economic Growth in a Cross-Section of Countries," *OJE* 106:407-44.

... and Xavier Sala-i-Martin, "Public Finance in Models of Economic Growth," *R Ec Studs* 59, 1992, 630-62.

... 1999. "Inequality, Growth and Investment," *NBER Working Paper* 7038.

Bates, Robert H.

... *Markets & States in Tropical Africa*, UCAL Press, 1981, Part II & concl., pp. 81-132.

..., ed., *Towards a Political Economy of Development: A Rational Choice Perspective*, 1988.

... and Anne Kreuger, "Introduction" and "Generalizations Arising from the Country Studies," in Bates and Kreuger, eds., *Political and Economic Interactions in Economic Policy Reform: Evidence from Eight Countries*, Blackwell 1993.

..., *Prosperity and Violence: The Political Economy of Development*. W W Norton 2001.

Bénabou, R., 1996a, "Inequality and Growth," in *NBER Macro Annual* 1996 (MIT Press: Cambridge, MA): 11-76.

Bénabou, R., 1996b, "Unequal Societies," *NBER Working Paper* 5583.

Bertola, G., 1998, "Macroeconomics of Distribution and Growth" in: Atkinson, A. B. and F. Bourguignon (eds.), forthcoming, *Handbook of Income Distribution* (New York, Amsterdam: North Holland-Elsevier)

Birdsall, N. and J.L. Londono, 1997, "Asset Inequality Matters: An Assessment of the World Bank's Approach to Poverty Reduction," *American Economic Review* 82(2) (AEA Papers & Proceedings): 32-37.

Bourguignon, F., 1998, "Crime as a Social Cost of Poverty and Inequality: a review focusing on developing countries," DELTA, Paris.

- Bueno de Mesquita, Bruce, and Hilton L. Root, eds. 2000. *Governing for Prosperity*. Yale UP.
- Cardozo, Fernando Henrique and Enzo Faletto, *Dependency and Development in Latin America*, UCAL P, 1979.
- Cass, D., 1965, "Optimum Growth in an Aggregative Model of Capital Accumulation," *Review of Economic Studies* 32: 233-240.
- Chenery, Hollis, *Redistribution with Growth*, 1974.
- Cline, W., "Distribution and Development: A Survey of the Literature," *J Development Ec* 1, 1975: 359-400.
- Dye, Thomas. "Politics versus Economics: The Development Literature on Policy Determination," *Policy Studs J* 7, 1979, 652-62.
- Evans, Peter, *Dependent Development*, 1979, chs. 1-2.
- Evans, Peter. 1995. *Embedded Autonomy: States and Industrial Transformation*.
- Ferreira, Francisco H.G., 1999, "Inequality & Economic Performance: A Brief Overview to Theories of Growth & Distribution," World Bank: <http://www.worldbank.org/poverty/inequal/econ/ferreira.pdf>.
- Forbes, K.J., 1997, "A Reassessment of the Relationship Between Inequality and Growth," MIT.
- Gerring, John, Philip Bond, William T. Barndt, Carola Moreno. 2005. "Democracy & Economic Growth: A Historical Perspective," *World Politics* 57(3):323-64.
- Gulhati, Ravi, "Who Makes Economic Policy in Africa and How?" *World Development* 18, 1147-61.
- Haggard, Stephan. *Pathways from the Periphery: The Politics of Growth in the Newly Industrializing Countries*. Cornell UP 1990, esp. chs. 1 "The Neoclassical and Dependency Perspectives," 2 "Explaining Development Strategies," and conclusion.
- Hess, Peter, "The Military Burden, Economic Growth, and the Human Suffering Index: Evidence from the LDC's," *Cambridge J of Ec*, 1989, 497-515.
- Hibbs, Douglas, *Mass Political Violence*.
- Hirschman, Albert  
 ... "Rise and Decline of Development Economics," and "Policy-making and Policy Analysis in Latin America," in Hirschman, *Essays in Trespassing*, Cambridge UP 1-24 and ??-??.  
 Hirschman, Albert, "The Changing Tolerance for Income Inequality in the Course of Economic Development," *QJE* 87, Nov. 1973: 544-66.  
 Hirschman, Albert. *Journeys Toward Progress: Studies of Economic Policy Making in Latin America*.
- Kaldor, N., 1957, "A Model of Economic Growth," *Economic Journal* 67: 591-624.
- Kuznets, S.  
 1955. "Economic Growth and Income Inequality," *American Economic Review* 45(1): 1-28.  
 1971. *Economic Growth of Nations*.  
 1989. *Economic Development, the Family, and Income Distribution: Selected Essays*, Cambridge UP 1989.
- Lal, Deepak, *The Poverty of Development Economics*, Harvard UP 1985, chs. 1, 2, 3 (skim), 4, and 6.
- Lewis, W.A., 1954, "Economic Development with Unlimited Supplies of Labour," *Manchester School* 22: 139-191.
- Lipton, Michael, *Why Poor People Stay Poor*, esp. 13-24, 44-71.
- Londregan, John and Keith Poole, "Poverty, the Coup Trap, and the Seizure of Executive Power," *World Politics* 1993, 1-19.
- Lucas, R., 1988, "On the Mechanics of Economic Development," *Journal of Monetary Economics* 22(1): 3-42.
- Mahler, Vincent, *Dependency Approaches to International Political Economy: A Cross-National Study* 1980.
- Mankiw, N. Gregory, *Macroeconomics*, ch. 4.
- Maxfield, Sylvia, *Governing Capital: International Finance and Mexican Politics*. Cornell UP 1990.
- Packenham, Robert. *The Dependency Movement: Scholarship and Politics in Development Studies*. Harvard UP 1992.
- Perotti, Roberto.  
 1992. "Income Distribution, Politics and Growth," *AER* 82(May):311-16.  
 1993. "Political Equilibrium, Income Distribution, and Growth," *REc Studs* 60(Oct):755-76.  
 1994. "Income Distribution and Investment," *European Ec R* 38(Apr):827-35.
- Piketty, T., 1997, "The Dynamics of the Wealth Distribution and the Interest Rate with Credit Rationing," *REStuds* 64: 173-189.
- Popkin, Samuel. *The Rational Peasant*. UCAL P 1979.
- Przeworski's Politics of Economic Growth Syllabus:**  
[http://www.nyu.edu/gsas/dept/politics/grad/syllabi/G53.24\\_przeworski\\_f99.html](http://www.nyu.edu/gsas/dept/politics/grad/syllabi/G53.24_przeworski_f99.html)
- Rati, Ram, "Government Size and Economic Growth: A New Framework and Some Evidence from Cross-Section and Time-Series Data," *AER* 76(1). Plus comments and reply in *AER* 79(1).
- Ravallion M. and S. Chen, 1997, "What Can New Survey Data Tell Us about Recent Changes in Distribution and Poverty?" *World Bank Economic Review* 11(2): 357-82.
- Rodrik, D. Entire CV (b/w this week & international-trade week), especially:  
 ... 1997. "Where Did All the Growth Go?: External Shocks, Social Conflict and Growth Collapses," Kennedy School, Harvard University.  
 ... *Has Globalization Gone Too Far?* (1997)  
 ... *Making Openness Work* (1999)  
 ... and Rodriguez, Francisco. 2000. "Trade Policy and Economic Growth: A Skeptic's Guide to the Cross-National Evidence." *NBER Macroeconomics Annual* 2000 <http://www.nber.org/~confer/2000/mas00/skepti1299.pdf>.  
 ... and Arvind Subramanian, Francesco Trebbi. October 2002. "Institutions Rule: The Primacy of Institutions over Geography and Integration in Economic Development," [ksghome.harvard.edu/~drodrik.academic.ksg/institutionsrule.%205.0.pdf](http://ksghome.harvard.edu/~drodrik.academic.ksg/institutionsrule.%205.0.pdf).  
 ... "Growth Strategies," *Handbook of Economic Growth*. [ksghome.harvard.edu/~drodrik.academic.ksg/growthstrat10.pdf](http://ksghome.harvard.edu/~drodrik.academic.ksg/growthstrat10.pdf).  
 ... "Institutions, Integration, and Geography: In Search of the Deep Determinants of Economic Growth," in *In Search of Prosperity: Analytic Narratives on Economic Growth*, [ksghome.harvard.edu/~drodrik.academic.ksg/growthintro.pdf](http://ksghome.harvard.edu/~drodrik.academic.ksg/growthintro.pdf).  
 ... ed., *In Search of Prosperity: Analytic Narratives on Economic Growth*, Princeton UP, 2003.
- Romer, P.M., 1986, "Increasing Returns and Long-run Growth," *Journal of Political Economy* 94(5): 1002-37.
- Rosenstein-Rodan, Paul and Gerald Meier, eds., *Leading Issues in Economic Development*, Oxford UP 1989.
- Saith, A., "Development and Distribution: A Critique of the Cross-Country V Hypothesis," *J Development Ec* 13, 1983: 366-82.
- Scott, James. *The Moral Economy of of the Peasant: Rebellion and Subsistence in Southeast Asia*, Yale UP 1976.
- Seligson, Mitchell A. and John Passe-Smith, eds., *Development and Underdevelopment*, Lynne-Rienner 1993.
- Sen, Amartya, "The Concept of Development," in Chenery and Srinivasan, eds., *The Handbook of Development Economics*, North-Holland 1988, pp. 10-26.
- Sen, Amartya, *Poverty and Famines* (Clarendon Press), pp.1-23, 39-51, 86-112, 131-66.
- Shafer, D. Michael. *Winners and Losers: How Sectors Shape the Development Prospects of States*. Cornell UP 1994, chs. 1,2,7.
- Smith, Tony, "The Underdevelopment of the Development Literature: The Case of Dependency Theory," *World Politics* 31, Jan 1979, 247-88.
- Solow, R.M., 1956, "A Contribution to the Theory of Economic Growth," *Quarterly Journal of Economics* 70: 65-94.
- Srinivasan, T.N., "Neoclassical Political Economy, the State, and Development," *Asian Development Review* 3(2): 38-58.
- Symposium on the State and Economic Development in *J Ec Perspectives* 4(3), articles by Bardhan (Intro, pp. 3-7), Kreuger (9-23), Datta-Chaudhuri (25-39), Westphal (41-59), and Fishlow (61-74).
- Taylor, Lance and Helen Schapiro, "The State and Industrial Strategy," *World Development* 18(1), July 1990, 861-78.
- Uzawa, H., 1965, "Optimum Technical Change in an Aggregative Model of Economic Growth," *International Economic Review* 6: 18-31.
- Valenzuela, J. Samuel y Arturo, "Modernization and Dependency: Alternative Perspectives in the Study of Latin American Underdevelopment," *Comp Pol* 10(4), July 1978, 535-52.
- Wade, Robert. *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization*, chs. 10-11.
- Wallerstein, Michael, and Karl Ove Moene. "Social Democracy as a Development Strategy," unpublished.
- Weede, E. "Rent-Seeking or Dependency as Explanations of Why Poor People Stay Poor," and "Urban Bias and Economic Growth in Cross-National Perspective." in Seligson, Mitchell A. and John Passe-Smith, eds., *Development and Underdevelopment*.
- West, Robert L. "Determinants of Military Expenditures in Developing Countries: Review of Academic Research," Lamb & Kallab, eds., *Military Expenditure & Economic Development: A Symposium on Research Issues*, 1992.

## **Week 13 (4/8): Fiscal Policy (in a Global Economy)**

**RE1: P&T**, Ch. 12 “Capital Taxation” pp. 305-44.

**RE2: P&T**, Ch. 13 “Public Debt” pp. 345-372.

**RE3: Drazen**, Ch. 10 “Inaction, Delay, & Crisis” pp. 403-54.

**RE4: Drazen**, Sects. 14.1-14.5 “The Size of Government” pp. 675-707.

**Persson, T., Tabellini, G.**, *The Economic Effects of Constitutions: What do the Data Say?* MIT Press 2003. Skim entire. [Previous-students’ Notes: <http://www.umich.edu/~franzese/PerssonTabellini.EcEffectConsts.StudentLectureNotes.pdf> ]

**Franzese**, Chs. 2-3: 62-195. [*Franzese’s Lecture Notes*: <http://www-personal.umich.edu/~franzese/ps343.Franzese.pdf>]

Note that Franzese’s chapter 3 builds directly from this review article: Alesina, Alberto and Roberto Perotti, “The Political Economy of Budget Deficits,” *NBER Working Paper #4637*, 1995, which also appears as *IMF Staff Papers* 42:1-31 March 1995.

**RE5a: Alt, James & Robert Lowry**. 1994. “Divided Government, Fiscal Institutions, and Budget Deficits: Evidence from the States,” *APSR* 88(Dec):811-28.

**RE5b: One of Alesina, A., Perotti, R.** 1999. “Budget Deficits and Budget Institutions,” in J. Poterba and J. Von Hagen, eds. *Fiscal Institutions and Fiscal Performance*, NBER and Chicago UP, or: **Hallerberg, Mark, and Juergen von Hagen**. 1999. “Electoral Institutions, Cabinet Negotiations, and Budget Deficits within the European Union.” In Poterba, James, and Juergen von Hagen, Eds. *Fiscal Institutions and Fiscal Performance*. U. Chicago Press: 209-232.

**RE5c: José Antonio Cheibub**, “Presidentialism, Electoral Identifiability, and Budget Balances in Democratic Systems,” *American Political Science Review* 100(3):353-68.

**RE6a: Snyder Jr, J.M., Ting, M.M., Ansolabehere, S.** 2005. “Legislative bargaining under weighted voting,” *American Economic Review* 95(4): 981-1004.

**RE6b: Chen, Jowei & Neil Malhotra**. 2008. “The Law of  $k/n$ : The Effect of Chamber Size on Government Spending in Bicameral Legislatures,” *American Political Science Review* 101(4):657-76.

**RE6c: Franzese, Robert J., Jr.** 2008. “Multiple Policymakers: Veto Actors Bargaining in Common Pools.” <http://www-personal.umich.edu/~franzese/PolicymakingMultiplePolicymakers.pdf>.

### ***The Debate on International Exposure, Government Size, & Fiscal Convergence***

#### **RE7: Pick Any Three of...**

Cameron, David, “The Expansion of the Public Economy: A Comparative Analysis,” *American Political Science Review* 72 (December 1978) pp. 1243-61.

Rodrik, Dani. 1998. “Why Do More Open Economies Have Bigger Governments?” *Journal of Political Economy* 106(5): 997-1032.

Iversen, Torben, & Thomas Cusack. 2000. “The Causes of Welfare State Expansion: Deindustrialization or Globalization.” *World Politics* (April): 313-49.

Pierson, Paul. 2001. “Post-Industrial Pressures on the Mature Welfare States.” In Paul Pierson, ed. *The New Politics of the Welfare State*. New York: Oxford University Press, pp. 80-104.

Franzese, Robert J., Jr., & James Mosher, 2002, “Comparative Institutional Advantage: The Scope for Divergence within European Economic Integration,” *European Union Politics* 3(2):177-204.

#### **RE8: Pick Any Three of...**

Wallerstein, Michael & Adam Przeworski. 1995. “Capital Taxation with Open Borders.” *Review of International Political Economy* 2(3): 425-45.

Swank, Duane. 1998. “Funding the Welfare State: Globalization and the Taxation of Business in Advanced Market Economies.” *Political Studies* 46: 671-692.

Genschel, Philipp. 2004. “Globalization and the Welfare State: A Retrospective.” *Journal of European Public Policy* 11(4): 613–636.

Basinger, Scott, & Mark Hallerberg. 2004. “Remodeling the Competition for Capital: How Domestic Politics Erases the Race to the Bottom,” *American Political Science Review* 98(2): 261-276.

Franzese, R.J., Jr., & Jude C. Hays. 2008. “Spatial Interdependence in Comparative & International Political Economy,” <http://www-personal.umich.edu/~franzese/FranzeseHays.SpatialInterdepCIPE.pdf>. See also (for further elaboration of this particular application): \_\_\_\_\_. 2005. “Modeling Spatial Interdependence in Comparative and International Political Economy with an Application to Capital Taxation.” [http://www-personal.umich.edu/~franzese/FranzeseHays\\_MWPSA05.pdf](http://www-personal.umich.edu/~franzese/FranzeseHays_MWPSA05.pdf)

#### Further Suggestions:

Alesina & Roubini with Cohen, Ch. 9, “Political Parties, Institutions, and Budget Deficits,” pp. 227-52.

Alesina, A., “The End of Large Public Debts,” in Francesco Giavazzi, Luigi Spaventa, eds., *High Public Debts: The Italian Experience*, Camb. UP 1988.

Alesina, A., Perotti, R., “Fiscal Adjustment: Fiscal Expansions and Adjustments in OECD Countries,” *Ec Pol* 1995.

All Cites in Alesina & Perotti “The Political Economy of Budget Deficits.”

Berg, A. and J. Sachs, “The Debt Crisis: Structural Explanations of Country Performance,” *J Development Ec* 1990.

- Bernheim, D., "A Neoclassical Perspective on Budget Deficits," *J Ec Persp* 3, 1989: 55-72.
- Blanchard, Olivier, Stanley Fischer, *Lectures in Macroeconomics* MIT, 1989, ch. 11.
- Buchanan, J., C. Rowley, and R. Tollison, *Deficits*, Basil Blackwell 1987.
- Campbell, John. *How Policies Change: The Japanese Government and the Aging Society*. Princeton UP 1992.
- Chhibber, Pradeep. "Political Parties, Electoral Competition, Government Expenditure, & Economic Reform in India," *J Deep Studs*, 32, 1995: 75-96.
- Dornbusch, Rudiger and M. Draghi, eds., *Public Debt Management: Theory and History*, Cambridge UP 1990.
- Fischer, Stanley, "Dynamic Inconsistency, Cooperation, and the Benevolent Dissembling Government," *J Ec, Dynamics, and Control* 2, 1980: 93-107.
- Frieden, Jeffrey, "Classes, Sectors, and Foreign Debt in Latin America," *Comp Pol*, Oct. 1988, 1-20.
- Frieden, Jeffrey, *Debt, Development, and Democracy*, Princeton UP, pp. 15-41.
- Gourevitch, Peter, "The Reemergence of 'Peripheral Nationalism': Some Comparative Speculations on the Spatial Distribution of Political Leadership and Economic Growth," *Comparative Studies of Society and History*, 303-22.
- Gramlich, Edward M., "The Politics and Economics of Budget Deficit Control: Policy Questions and Research Questions," in Banks and Hanushek, eds., *Modern Political Economy*, pp. 171-90.
- Grilli, Vittorio, Donato Masciandaro, and Guido Tabellini, "Political and Monetary Institutions and Public Finance Policies in the Industrial Countries," *Ec Pol* 1991, 341-92.
- Johnson, Chalmers, *MITI and the Japanese Miracle* (Stanford UP 1982).
- Lindbeck, Assar, "Stabilization Policy in Open Economies with Endogenous Politicians," *AER* 66, May 1976.
- Lucas, R., "Principles of Fiscal and Monetary Policy," *JME* 17, 1986: 117-34.
- Mark Hallerberg's & Jurgen Von Hagen's work on bdtg inst's & debts/deficits.
- Martin, Andrew, "Political Constraints on Economic Strategies in Advanced Industrialized Societies," *Comp Pol Studs* (October 1977).
- Martin, Cathie. *Shifting the Burden: The Struggle over Growth and Corporate Taxation*. UChi P 1988.
- McCubbins, Matthew, "Party Governance and US Budget Deficits: Divided Government and Fiscal Stalemate," in Alesina and Carliner, eds., *Politics and Economics in the 1980s*, Chicago UP 1991, and Barro's comments.
- Missale, A., Blanchard, O. 1994. "The Debt Burden and Debt Maturity," *AER* 84(1), 309-19.
- Persson, Torsten, Guido Tabellini, *Macroeconomic Policy, Credibility, and Politics*, Harwood Academic Publishers 1990.
- Rodrik, Dani, "Promises, Promises: Credible Policy Reforms via Signaling," *Ec J* 99, 1989: 756-72.
- Roubini, Nouriel, "Economic and Political Determinants of Budget Deficits in Developing Countries," *J International Money & Finance* 1991, 12:139-53.
- Sachs, Jeffrey D., Nouriel Roubini, "Political & Economic Determinants Budget Deficits in the Industrial Democracies," *European Ec R* 33:903-33 May 1989.
- Sachs, Jeffrey, ed., *Developing Country Debt and Economic Performance*, v. 1, UChi P 1989, "Introduction" by Sachs (1-35) and "The Politics of Stabilization and Structural Adjustment by Haggard and Kaufman (209-54).
- Steinmo, Sven. *Taxation and Democracy: Swedish, British, and American Approaches to Financing the Modern State*. Yale UP 1993.



## Week 14 (4/13): Monetary Policy (in a Global Economy)

### Central Bank Independence & Monetary Credibility:

#### BACKGROUND/REVIEW:

- Cukierman, Alex, 1992, *Central Bank Strategy, Credibility, & Independence: Theory and Evidence*, ch.2+skim rest Pt. I, ch.23+skim rest Pt. IV. Notes: <http://www.umich.edu/~franzese/ps651.TechPE.TimeInconsistMonPol.Credibility.FranzeseNotes.pdf>.
- Franzese & Hays, Basic Econ Lecture Notes, pp. 17-35: <http://www.umich.edu/~franzese/PS651.FranzeseHays.BasicEconNotes.pdf>
- Franzese, Robert J., Jr., 1999, "Partially Independent Central Banks, Politically Responsive Governments, and Inflation," *American Journal of Political Science*, 43(3): 681-706.

#### ADDITIONAL MATERIALS:

- P&T*, Chs. 15, 17, "Credibility of Monetary Policy" and "Institutions and Incentives," pp. 397-418, 435-57.
- Alesina & Roubini with Cohen, Ch. 8, "Political Cycles and Central Bank Independence," pp. 211-26.
- Goodman, John, "The Politics of Central Bank Independence," *Comparative Politics* April 1991 23(3):329-49.
- Posen, Adam. 1995. "Declarations Are Not Enough: Financial Sector Sources of Central Bank Independence," *NBER Macroeconomics Annual* 10:253-74.

### Wage/Price-Bargaining Institutions and Corporatism:

#### BACKGROUND/REVIEW:

- Goldthorpe, J., ed., *Order & Conflict in Contemporary Capitalism*, chs. Lange, Cameron, and Regini (98-123, 143-178, 124-42).
- Calmfors, Lars, John Driffill, 1988, "Bargaining Structure, Corporatism, & Macro. Performance," *Economic Policy* 6:14-61

#### ADDITIONAL MATERIALS:

- Kitschelt, Herbert, Peter Lange, Gary Marks, John D. Stephens, eds. 1999. *Continuity and Change in Contemporary Capitalism*. Cambridge UP: Ch. 7, "Postwar Trade-Union Organization and Industrial Relations in Twelve Countries," by Golden, Wallerstein, and Lange, pp. 194-230, and Ch. 8, "Social Democratic Labor Market Institutions: A Retrospective Analysis," by Moene and Wallerstein, pp. 231-260.

### Emerging Syntheses:

#### ADDITIONAL MATERIALS:

- Franzese, ch 4:196-255. (60) [*Franzese's Lecture Notes: http://www-personal.umich.edu/~franzese/ps489.Franzese.pdf*]
- Iversen, Torben, "Wage Bargaining, Central Bank Independence, and the Real Effects of Money," *International Organization* 52(3), 1998: 469-504.
- Adolph, Chris, "Parties, Unions, and Central Banks: An Interactive Model of Unemployment in OECD Countries," Harvard University, <http://www.people.fas.harvard.edu/~cadolph/AdolphPUCB.pdf>.

#### BACKGROUND/REVIEW:

- Franzese, R. 2004. "Strategic Interactions of ECB, Wage/Price Bargainers, & Governments: A Review of Theory, Evidence, & Recent Experience," in *Institutional Conflicts and Complementarities: Monetary Policy & Wage Bargaining Institutions in EMU*, P. Mooslechner, M.Schürz, R.Franzese, eds. [<http://www.umich.edu/~franzese/Franzese.CBI.CWB.Review.Kluwer.Formatted.pdf>]

### Comparative & International Monetary Political Economy:

- Drazen, Ch. 12, "The International Economy," pp. 526-614.
- Bernhard, W., J.L. Broz, W.R. Clark. 2002. "The Political Economy of Monetary Institutions." *IO* 56(4):693-723.
- Mosley, Layna. 2000. "International Financial Markets and National Welfare States." *International Organization* 54(4): 737-773.
- Broz, J.L., J. Frieden. 2001. "The Political Economy of International Monetary Relations." *Annual Review of Political Science* 4 (2001):317-43.
- Beth A. Simmons. 2000. "The Legalization of International Monetary Affairs," *International Organization* 54(3):573-602.
- Franzese, R., 2003, "Multiple Hands on the Wheel: Empirically Modeling Partial Delegation and Shared Control of Monetary Policy in the Open and Institutionalized Economy." *Political Analysis* 11(4):445-74.
- Clark, W.R. 2002. *Capitalism, Not Globalism*. Esp. chs.2-4. [*Notes: www.umich.edu/~franzese/PS343.Clark.LectureNotes.pdf*]
- SEE ALSO (among other works): William Roberts Clark. 2002. "Partisan and Electoral Motivations and the Choice of Monetary Institutions under Fully Mobile Capital," *International Organization* 56(4):725-749.
- John R. Freeman. 2002. "Competing Commitments: Technocracy and Democracy in the Design of Monetary Institutions," *International Organization* 56(4):889-910.
- Stephan Haggard; Sylvia Maxfield. 1996. "The Political Economy of Financial Internationalization in the Developing World," *International Organization* 50(1):35-68.

**RE1:** *P&T*, Ch. 18, "International Policy Coordination," pp. 458-78.

**RE2a:** Leblang, David, William Bernhard. 2000. "The Politics of Speculative Attacks in Industrial Democracies." *International Organization* Vol. 54(2): 291-324.

SEE ALSO BY BERNHARD & LEBLANG (and, do your own search, by Bernhard or Leblang):

- "Democratic institutions and exchange-rate commitments," *International Organization* 2003.
- "Political parties and monetary commitments," *International Organization*, 2002, 56(4):803-830
- "Parliamentary politics & foreign exchange markets: the world according to GARCH," *International Studies Quarterly* 2006
- [*Book*] *Democratic processes and financial markets: Pricing politics* 2006 .
- "Polls and pounds: Public opinion and exchange rate behavior in Britain," *Quarterly Journal of Political Science*, 2006
- "Cabinet collapses and currency crashes," *Political Research Quarterly*, 2008

**RE2b:** Freeman, John R., Jude C. Hays, and Helmut Stix. 2000. "Democracy and Markets: The Case of Exchange Rates." *American Journal of Political Science* Vol. 44, No. 3 (July): 449-468.

**RE3:** David Stasavage. 2003. "Transparency, Democratic Accountability, and the Economic Consequences of Monetary Institutions," *American Journal of Political Science* 47(3):389-402.

SEE ALSO (Among Other Stasavage Work on Transparency): Philip Keefer; David Stasavage. 2002. "Checks and Balances, Private Information, and the Credibility of Monetary Commitments," *International Organization* 56(4): 751-774.

**RE4:** J. Lawrence Broz. 2002. "Political System Transparency and Monetary Commitment Regimes," *International Organization* 56(4):861-887.

**RE5:** Mark Hallerberg. 2002. "Veto Players and the Choice of Monetary Institutions," *International Organization*

- RE6:** Jeffrey A. Frieden. 2002. "Real Sources of European Currency Policy: Sectoral Interests and European Monetary Integration," *International Organization* 56(4):831-860.
- RE7:** Beth A. Simmons. 2000. "International Law and State Behavior: Commitment and Compliance in International Monetary Affairs," *The American Political Science Review* 94(4):819-835.
- RE8:** Pluemper, T., Troeger, V.E. 2008. "Fear of Floating and the External Effects of Currency Unions," *American Journal of Political Science* 52(3):656-76.

Further Suggestions:

vercier2003drc,

title={{Domestic responses to capital market internationalization under the gold standard, 1870--1914}},  
 author={Verdier, D.},  
 journal={International Organization},  
 volume={52},  
 number={01},  
 pages={1--34},  
 year={2003},  
 publisher={Cambridge Univ Press}

@article{lleblang2006ica,

title={{Institutions, Expectations, and Currency Crises}},  
 author={Leblang, D. and Satyanath, S.},  
 journal={International Organization},  
 volume={60},  
 number={01},  
 pages={245--262},  
 year={2006},  
 publisher={Cambridge Univ Press}

@article{mukherjee2008mip,

title={{Monetary Institutions, Partisanship, and Inflation Targeting}},  
 author={Mukherjee, B. and Singer, D.A.},  
 journal={International Organization},  
 volume={62},  
 number={02},  
 pages={323--358},  
 year={2008},  
 publisher={Cambridge Univ Press}

}

@article{andrews2003fia,

title={{Financial interdependence and the state: International monetary relations at century's end}},  
 author={Andrews, D.M. and Willett, T.D.},  
 journal={International Organization},  
 volume={51},  
 number={03},  
 pages={479--511},  
 year={2003},  
 publisher={Cambridge Univ Press}

}

Persson, Torsten and Guido Tabellini, *Macroeconomic Policy, Credibility, and Politics*, Harwood, 1990.Persson, Torsten and Guido Tabellini, eds., *Monetary and Fiscal Policy, v. 1 & 2*, MIT Press 1994.More on Monetary Policy and Central Bank Independence:

- Alesina, Alberto and Lawrence Summers, "Bank Independence and Macroeconomic Performance: Some Comparative Evidence," *J Money, Credit, and Banking* 256, 1993.
- Barro, R., and D. Gordon, "A Positive Theory of Monetary Policy in a Natural Rate Model," *JPE* 91, 1983: 589-610.
- Barro, R., and D. Gordon, "Inflationary Finance Under Discretion and Rules," *Canadian J of Ec* 16, 1983: 1-25.
- Barro, Robert and David Gordon, "Rules, Discretion, and Reputation in a Model of Monetary Policy," *JME* 12 (July 1983): 101-22.
- Barro, R., "Reputation in a Model of Monetary Policy with Imperfect Information," *JME* 17, 1986: 1-20.
- Canzoneri, M. "Monetary Policy Games and the Role of Private Information," *AER* 1985: 1056-70.
- Cukierman, Alex, "The Economics of Central Banking," in Holger, Wolf, ed., *Macroeconomic Policy and Financial Systems* (Macmillan P, Proceedings of the Dec 1995 Tunis Congress of the Intl Ec Assn).
- Cukierman, Alex, 1992, *Central Bank Strategy, Credibility, and Independence: Theory and Evidence*, rest.
- Cukierman, A., and A. Meltzer, "A Theory of Ambiguity, Credibility, and Inflation under Discretion and Asymmetric Information," *Econometrica* 53, 1099-128.
- Eijffinger, Sylvester and Jakob De Haan, *The Political Economy of Central Bank Independence* Princeton Special Paper in International Economics #19, May 1996.
- Kydland, F., and E. Prescott, "Rules Rather Than Discretion: The Inconsistency of Optimal Plans," *JPE* 1977: 473-90.
- Lohmann, Susanne, "Optimal Commitment in Monetary Policy: Credibility versus Flexibility," *AER* 1992: 273-86.
- Lucas, Robert, "Principles of Fiscal and Monetary Policy," *JME* 17, 1986: 117-34.
- Lucas, Robert and N. Stokey, "Optimal Monetary and Fiscal Policy in an Economy without Capital," *JME* 12, 1983: 55-94.
- Rogoff, Kenneth, "The Optimal Degree of Commitment to an Intermediate Monetary Target," *QJE* 100, 1985: 1169-90.
- Rogoff, Kenneth, "Reputational Constraints on Monetary Policy," *Carnegie-Rochester Conference Series on Public Policy*, 24.
- Rogoff, Kenneth, "Reputation, Coordination, and Monetary Policy," in Barro, R., ed., *Modern Business Cycle Theory*.
- Waller, Christopher J., "The Choice of a Conservative Central Banker in a Multisector Economy," *AER*, 1992.

Other Approaches to Inflation:

- Cukierman, A., S. Edwards, and G. Tabellini, "Seignorage and Political Instability," *AER* 82, 1992: 537-56.
- Lindberg, Leon and Charles Maier, eds., *The Politics of Inflation and Economic Stagnation*, esp. chs. 5, 9 by Crouch and Cameron (pp. 224-279).
- Aukrust, Odd, "Inflation in the Open Economy: A Norwegian Model," in L. Krause and W. Salant (eds.), *Worldwide Inflation, 1977*, pp. 109-126.
- Goldthorpe, John and Fred Hirsch, eds., *The Political Economy of Inflation*.

Posen, Adam, "Central bank independence and disinflationary credibility: A missing link?" *Brookings Papers on Economic Activity*, 1995

*More Politics of Monetary Policy and Central Banking:*

Goodman, John B., *Monetary Sovereignty: The Politics of Central Banking in Western Europe*, Cornell UP 1992.

Hall, Peter, ed., *The Political Power of Economic Ideas*.

Maxfield, Sylvia, *Governing Capital: International Finance and Mexican Politics*. Cornell UP 1990.

Mayer, Thomas, ed., *The Political Economy of American Monetary Policy*, Cambridge UP 1990.

Lohmann on Federalism and CBI.

Bernhard, William, *Banking on Reform*.

Woolley, John, *Monetary Politics*, (Cambridge UP: 1983).

*More on Corporatism and Coordinated Wage-/Price-Bargaining:*

Berger, Suzanne, ed., *Organizing Interests in Western Europe*.

Bruno, Michael and Jeffrey Sachs, *Economics of Worldwide Stagflation*.

Calmfors, Lars, "Centralization of Wage Bargaining and Macroeconomic Performance--A Survey," *Institute for International Economic Studies Seminar Paper #536*.

Carlin, Wendy and David Soskice, *Macroeconomics and the Wage Bargain* 1990.

Collier, Ruth Berins and David, "Inducements versus Constraints: Disaggregating Corporatism," *APSR* 73, 1979: 967-86

Garrett, Geoffrey, and Chris Way, "The Rise of Public Sector Unions and the Decline of Corporatism," Paper Presented at the 1995 Midwest PSA.

Goldthorpe, John, ed., *Order and Conflict in Contemporary Capitalism*, rest.

*International Journal of Political Economy* on European Labor in the 1980s, Fall 1987 ( esp. Peter Hall's Introduction pp. 3-25 and Regini).

Katzenstein, P. *Small States in World Markets and Corporatism and Change and Between Power and Plenty*.

Layard, Nickell, and Jackman. *Unemployment* 1991.

Schmitter, Philippe and Gerhard Lehmbbruch, eds., *Trends Toward Corporatist Intermediation*.

Soskice, David, "Wage Determination: The Changing Role of Institutions in Advanced Industrialized Countries," *Oxford Review of Economic Policy* 6 (Winter 1990), 36-61.

Swenson, Peter, *Fair Shares*.

Swenson, Peter, "Bringing Capital Back In, or Social Democracy Reconsidered: Employer Power, Cross-Class Alliances, and Centralization of Industrial Relations in Denmark and Sweden," *WP* 1991, 513-45.

*The Welfare State and Corporatism:*

Esping-Andersen, Gösta. *Politics Against Markets: The Social Democratic Road to Power*.

Esping-Andersen, Gösta. *The Three Worlds of Welfare Capitalism*, Princeton UP 1990.

Przeworski, Adam and Michael Wallerstein, "Democratic Capitalism at the Cross-Roads," *Democracy* 2(3), July 1982, pp. 52-68.

Lipset, Seymour Martin, "Radicalism or Reformism: The Sources of Working Class Politics," *APSR* 77(1), 1983: 1-18.

Przeworski, Adam, and Michael Wallerstein, "The Structure of Class Conflict in Democratic Capitalist Societies," *APSR* 76, 1982.

Przeworski, Adam, and Michael Wallerstein, *Paper Stones*.

Crouch and Pizzorno, eds., *The Resurgence of Class Conflict in Western Europe Since 1968*.

Crouch, Colin, ed., *State and Economy in Contemporary Capitalism* (Croom Helm 1979).

Kalecki, Michal, "Political Aspects of Full Employment," in Kalecki, *The Last Phase in the Development of Capitalism*, pp. 75-85.

Pierson, P. *Dismantling Welfare State? Reagan, Thatcher, and Politics of Recruitment*. Cambridge UP 1994

Pierson, Paul, "The New Politics of the Welfare State," *WP* 48, 1996.

Steinmo, Sven, *Taxation and Democracy* Yale UP 1993.

*More on Labor Markets and Unemployment:*

Blanchard, Olivier and Lawrence Summers, "Hysteresis and the European Unemployment Problem," *NBER Macroeconomic Annual*, no. 1 (1986), pp. 15-78.

Bulow, J. and L. Summers, "A Theory of Dual Labor Markets...", *Journal of Labor Markets* 1986 (pp. 376-414).

*More Syntheses:*

[Cites from Franzese review pieces.]

Alvarez, R. Michael, Geoffrey Garrett, and Peter Lange, "Government Partisanship, Labor Organization, and Macroeconomic Performance," *American Political Science Review*, June 1991 (pp. 539-56)-be aware that a corrigendum appeared in APSR 2 or 3 years later, correcting some econometric flaws.

Cukierman, Alex, and Francesco Lippi, "Central Bank Independence, Centralization of Wage Bargaining, Inflation and Unemployment— Theory and Evidence," *EJPE?*

Soskice, David and Torben Iversen, "Central Bank–Trade Union Interactions and the Equilibrium Rate of Employment," *Wissenschaftszentrum-Berlin Discussion Paper FSI 97 - 308*, November 1997.

Garrett, Geoffrey, and Chris Way, "Labor Market Institutions and the Economic Consequences of Central Bank Independence," Paper Presented at the 1995 APSA.

Hall, Peter, "Central Bank Independence and Coordinated Wage Bargaining: Their Interaction in Germany and Europe," *German Politics and Society* 1994.

Hall, Peter, and Robert Franzese, "Mixed Signals: Central Bank Independence, Coordinated Wage Bargaining, and European Monetary Union," *International Organization* 52(3), Summer 1998: 505-35.

Iversen, Torben, "Power, Flexibility, and the Breakdown of Centralized Wage Bargaining: The Cases of Denmark and Sweden in Comparative Perspective," *Comp Pol* 1996.

Lange and Garrett, "The Politics of Growth: Strategic Interaction and Economic Performance, 1974-1980," *JOP* 47, 1985: 792-802. (There are a number of co-authored pieces by these two on this topic. Any early one plus the APSR article in the required list should do.)

Scharpf, Fritz, *Crisis and Choice in European Social Democracy* (Cornell UP 1991).

Scharpf, Fritz, "Game-Theoretical Interpretations of Inflation and Unemployment in Western Europe," *Journal of Public Policy* 7, 3, 1987, pp. 227-57.

*More on International Monetary Political Economy:*

*IO* 56(4) Special Issue on Political Economy of Monetary Institutions.

Clark, William, Mark Hallerberg. 2000. "Mobile Capital, Domestic Institutions, and Electorally Induced Monetary and Fiscal Policy." *American Political Science Review* 94(2): 323-346.

Work of Bernhard & Leblang.

Freeman, Hays, Hix work.

## TOPIC: Electoral & Partisan Cycles

### *Electoral Cycles:*

#### (1) Adaptive Explanations & Keynesian:

Nordhaus, William, "The Political Business Cycle," *R Ec Studs*, April 1975, pp. 169-90. (22)

Tufte, entire, 154pp. [Franzese's Lecture Notes: <http://www-personal.umich.edu/~franzese/ps489.Tufte.pdf>]

Hibbs, Ch. 8, pp. 255-279. [Franzese's Lecture Notes: <http://www-personal.umich.edu/~franzese/ps489.Hibbs.pdf>]

#### (2) Rational Expectations & Neoclassical:

Rogoff, Kenneth and Anne Sibert, "Equilibrium Political Business Cycles," *Re Ec Studs* 55 (January 1988): pp. 1-16.

Alesina & Roubini with Cohen. *Political Cycles and the Macroeconomy*, Ch. 2, pp. 15-44.

*P&T*, Sects. 16-16.1, pp. 419-25.

*Partisan Cycles:*

(3) Adaptive Expectations & Keynesian:

Hibbs, Ch. 7, pp. 213-54. [*Franzese's Lecture Notes: <http://www-personal.umich.edu/~franzese/ps489.Hibbs.pdf>*]

(4) Rational Expectations & Neoclassical

*Ale&Ros*, Chs. 7-10, pp. 161-259.

Alesina & Roubini with Cohen, Chs. 3-7, pp. 45-209.

*P&T*, Sects. 16.2-16.4, pp. 426-34.

Franzese, Robert J., Jr. 2000. "Review of A. Alesina and N. Roubini with G. Cohen, Political Cycles and the Macroeconomy," in *Journal of Policy Analysis and Management* 19(3): 501-9.

*Economic Effects on Elections and Voting:*

MacKuen, Michael B., Robert S. Erikson James A. Stimson. 1992. "Peasants or Bankers? The American Electorate and the U.S. Economy." *American Political Science Review* 86:597-611.

Powell, G. Bingham, Jr., and Guy Whitten. 1993. "A Cross-National Analysis of Economic Voting: Taking Account of the Political Context," *AJPS* 37(2): 391-414.

*Further Considerations:*

Clark, William. 2003. *Capitalism, not Globalism*. [*Franzese's Lecture Notes: <http://www-personal.umich.edu/~franzese/PS343.Clark.LectureNotes.pdf>*]  
*Drazen*, Ch. 7, "Elections and Changes of Policymakers," pp. 219-308.

Hicks, Alexander, Duane Swank. "Politics, Institutions, and Welfare Spending in Industrialized Democracies, 1960-82," *APSR* 86(3), September 1992, pp. 658-74.

Franzese, ch. 5: 256-78. [*Franzese's Lecture Notes: <http://www-personal.umich.edu/~franzese/ps489.Franzese.pdf>*]

Franzese, Robert J., Jr., "Electoral and Partisan Economic Policy and Outcome Cycles," *Annual Reviews of Political Science* vol. 5, 2002: 369-421.

Mark Andreas Kayser. 2005. "Who Surfs, Who Manipulates? The Determinants of Opportunistic Election Timing and Electorally Motivated Economic Intervention," *American Political Science Review* 99(1):17-27.

Further Suggestions:

Carlsen, Fredrik, and Elin F. Pedersen, "Rational Partisan Theory: Evidence for Seven OECD Economies," *Economics and Politics* 11(1):13-32.

Persson, Torsten, Guido Tabellini, *Macroeconomic Policy, Credibility, and Politics*, Harwood, 1990, esp. ch. 5.

Persson, Torsten, Guido Tabellini, eds., *Monetary & Fiscal Policy*, vol. 1-2, MIT Press 1994.

Alesina, Alberto, "Macroeconomics and Politics," *NBER Macroeconomic Annual 1988*, pp. 13-61 (including discussants).

Hibbs, Douglas, "Political Parties and Macroeconomic Policy," *APSR* 71 (December 1977), pp. 1467-87.

Alesina, Alberto, John Londregan, and Howard Rosenthal, "A Model of the Political Economy of the United States," *APSR* 87(1), 1993, pp. 12-33.

Alesina, Alberto, "Elections, Party Structure, and the Economy," in Banks and Hanushek, eds., *Modern Political Economy*, pp. 145-70.

Alesina, Alberto, "Macroeconomic Policy in a Two-Party System as a Repeated Game," *QJE* 101, 1987: 651-78.

Alesina, Cohen, Roubini, "Macroec. Policy & Elections in OECD Dems.," *NBER Working Paper #3830*. (Truncated in *Ec & Pol* 4, 1992.)

Alesina, Alberto and Nouriel Roubini, "Political Cycles: Evidence from OECD Economies," *R Ec Stud* 1992, pp. 663-88.

Alesina, Alberto, "Politics and Business Cycles in Industrial Democracies," *Economic Policy* 8, 1989, pp. 55-98.

Alesina, Alberto and Howard Rosenthal, *Political Parties, Divided Government, and the Economy* (Cambridge UP 1995).

Alt, James and Alex Chrystal, *Political Economics*, ch. 5, pp. 103-25.

Alt, James, "World Demand..." *APSR*.

Alt, J.E., "Crude Politics," *BjPS* 17-2, April 1987, pp. 149-99.

Clark, William Roberts, *Capitalism not Globalism*.

Hibbs, Douglas, *The American Political Economy*, (HUP: 1987), esp. chs. 2,3,7,8.

Hibbs, Douglas, "The Partisan Model after Fifteen Years," *EjPE*, 1992.

Hibbs, Carlsen, and Pedersen, "The Partisan Model: Further Theory and Evidence for the United States," Unpublished.

Keech, William, *Economic Politics and the Costs of Democracy*, (Cambridge UP 1995),.

Keech, William and Carl Simon, "Electoral and Welfare Consequences of Political Manipulation of the Economy," *IPPS Discussion Paper #187*.

Keech, William, Henry Chappell, "The Unemployment Rate Consequences of Partisan Monetary Policies," *Southern Ec J* 55:107-22 Jul 1988.

Lane, Jan-Erik and Svante Ersson, *Comparative Political Economy*, Chs. 6 (pp. 144-76).

Mosley, Paul, "Towards a Satisficing Theory of Economic Policy," *Ec J* 86, 1976, 59-72.

Remmer, Karen, "The Political Economy of Elections in Latin America, 1980-91," *APSR* 87(2), July 1993, pp. 393-407.

Rogoff, Kenneth, "Equilibrium Political Budget Cycles," *AER* 1990, pp. 21-37.

Schultz, Ken, "The Politics of the Political Business Cycle," *BjPS* 25, 79-99. (21)

Willet, ed., *Political Business Cycles: The Political Economy of Money, Inflation, and Unemployment*, Duke UP 1988, esp. Schneider and Frey, "Politico-Economic Models of Macroeconomic Policy: Review of the Empirical Evidence"

*Economic Effects on Elections and Voting:*

Alesina, Alberto, and Howard Rosenthal, "Partisan Cycles in Congressional Elections and the Macroeconomy," *APSR* 83, 1989: 373-98.

Alt, James and Alex Chrystal, *Political Economics*, ch. 7.

Fair, Ray, "The Effects of Economic Events on Votes for President," *R Ec and Stats* 64, 1978: 327-62.

Fair, Ray, "The Effects of Economic Events on Votes for President: 1984 Update," *Political Behavior* 10, 1988: 168-79.

[Inglehart, Ronald. Any or All of the *Culture Shift* offerings.]

Iversen, Torben, "The Logics of Electoral Politics: Spatial, Directional, and Mobilizational Effects," *Comp Pol Stud* 27, 1994: 155-89.

Kitschelt, Herbert, *The Transformation of Swedish Social Democracy*.

Kramer, G., "Short-term Fluctuations in US Voting Behavior, 1896-1964," *APSR* 65, 1971: 131-43.

Lane, Jan-Erik and Svante Ersson, *Comparative Political Economy*, Chs. 6 (pp. 144-76).

[Lewis-Beck, Michael, et al., Any or All of econ-&-elects, comparative offerings]

MacKuen, Erikson, Stimson, in press, *The Macro Polity*, Cambridge UP.

Payne, James, "Inflation, Unemployment, and Left-Wing Political Parties," *APSR* 73, 1979, 185-90 and Hibbs' reply.

Peltzman, S., "Voters as Fiscal Conservatives," *QJE* 107, 1992: 327-62.

Przeworski, Adam and John Sprague, *Paper Stones*, chs. 1-3.

## TOPIC: Trade Policy

### BACKGROUND/REVIEW:

Franzese & Hays, Basic Econ Lecture Notes, pp. 17-35: <http://www-personal.umich.edu/~franzese/PS651.FranzeseHays.BasicEconNotes.pdf>

Magee, Stephen P., William A. Brock, and Leslie Young, *Black Hole Tariffs and Endogenous Policy Theory: Political Economy in General Equilibrium*, (1989) Preface-2, pp. xiii-42.

Nelson, Douglas, "Endogenous Tariff Theory: A Critical Survey," *AJPS* 32(3), August 1988, pp. 796-837.

Milner, Helen. 1999. "The Political Economy of International Trade." *Annual Review of Political Science* Vol. 2: 91-114.

Alt, James, Michael Gilligan, Dani Rodrik, Ronald Rogowski. 1996. "The Political Economy of International Trade," *Comparative Political Studies* 29:689-717.

Rodrik, D. 1995. "Political Economy of Trade Policy," *Handbook of International Economics* v.III.

Gawande, Kishore and Pravin Krishna. 2003. "The Political Economy of Trade Policy: Empirical Approaches." *Handbook of International Trade*, James Harrigan, ed., Basil Blackwell.

Mansfield, Edward D., and Marc L. Busch. 1995. "The Political Economy of Nontariff Barriers: A Cross-National Analysis," *International Organization* 49(4):723-749.

Lee, Jong-Wha, Phillip Swagel. 1997. "Trade Barriers and Trade Flows across Countries and Industries," *Review of Economics and Statistics* 79(3):372-382.

**RE1a:** Grossman, Gene M. and Elhanan Helpman, "Protection for Sale," *American Economic Review* 84, Sep 1994, pp. 833-50.

**RE1b:** Goldberg, Pinelopi K., Giovanni Maggi. 1999. "Protection for Sale: An Empirical Investigation," *The American Economic Review* 89(5):1135-1155.

**RE2a:** Brainard, S. Lael, and Thierry Verdier. 1993. "The Political Economy of Declining Industries: Senescent Industry Collapse Revisited," *Journal of International Economics* 42(1-2): 221-237.

**RE2b:** Trefler, Daniel. 1993. "Trade Liberalization and the Theory of Endogenous Protection," *Journal of Political Economy* 101(1): 138-60.

**RE3a:** Lohmann, Susanne. Sharyn O'Halloran. 1994. "Divided Government and U.S. Trade Policy," *International Organization* 48(4):595-632.

**RE3b:** Bailey, Michael A., Judith Goldstein, Barry Weingast. 1997. "The Institutional Roots of American Trade Policy," *World Politics* 49(3):309-338.

**RE3c:** Hiscox, Michael J. 1999. "The Magic Bullet? The RTAA, Institutional Reform and Trade Liberalization." *International Organization* 53(4): 669-698

**RE4a:** McGillivray, Fionna. 2004. *Privileging Industry. The Comparative Politics of Trade and Industrial Policy*. Princeton UP. Chs. 1-3. [OR Can Substitute for part of this with: McGillivray. 1997. "Party Discipline as a Determinant of the Endogenous Formation of Tariffs." *AJPS* 41(2): 584-607.]

**RE4b:** Rogowski, Ronald, Mark Kayser. 2002. "Majoritarian Electoral Systems and Consumer Power: Price-Level Evidence from the OECD Countries," *American Journal of Political Science* 46(3) :526-539.

**RE5a:** Mansfield, Edward, Helen Milner and B. Peter Rosendorff. 2000. "Free to Trade: Democracies, Autocracies and International Trade," *American Political Science Review* 94(2): 305-322.

**RE5b:** Kono, Daniel Y. 2006. "Optimal Obfuscation: Democracy and Trade Policy Transparency," *American Political Science Review* 100(3): 369-384.

**RE6a:** Staiger, Robert W., Guido Tabellini. 1999. "Do GATT Rules Help Governments Make Domestic Commitments?" *Economics and Politics* 11(2): 109-144.

**RE6b:** Mansfield, Edward, Eric Reinhardt. 2003. "Multilateral Determinants of Regionalism: The Effects of GATT/WTO on the Formation of Regional Trading Arrangements." *International Organization* 57(4):829-862.

**RE7a:** Bagwell, Kyle, Robert W. Staiger. 1999. "An Economic Theory of GATT," *American Economic Review* 89(1):215-248.

**RE7b:** Maggi, Giovanni. 1999. "The Role of Multilateral Institutions in International Trade Cooperation," *American Economic Review* 89(1):190-214.

**RE7c:** Deardorff, Alan V., Robert M. Stern. 2002. "What You Should Know About Globalization and the WTO." *Review of International Economics* 10(3):400-423.

**RE8a:** Rose, Andrew K. 2004. "Do We Really Know That the WTO Increases Trade?" *American Economic Review* 94(1):98-114.

**RE8b:** Rose, Andrew K. 2004. "Do WTO Members Have a More Liberal Trade Policy?" *Journal of International Economics* 63(2):209-235.

**RE8c:** Tomz, Michael, Judith Goldstein and Douglas Rivers (2004). *Membership Has its Privileges: Understanding the Effects of GATT and the WTO on World Trade*, Stanford University, Working Paper. Download: [www.stanford.edu/~tomz/working/TomzGoldsteinRivers2005a.pdf](http://www.stanford.edu/~tomz/working/TomzGoldsteinRivers2005a.pdf)

Further Suggestions:

- Vousden, Neil, *The Economics of Trade Protection*, Cambridge UP 1990, chs. 1-8, pp. 3-199.
- Alt, James, Michael Gilligan, Dani Rodrik, Ronald Rogowski, "The Political Economy of International Trade," *Comparative Political Studies* 29:689-717.
- Pincus, Jonathan, "Pressure Groups and the Pattern of Tariffs," *JPE* 1975, 757-78.
- Riezman, Raymond and John D. Wilson, "Politics and Trade Policy," in Banks and Hanushek, eds., *Modern Political Economy*, pp. 108-44.
- Wallerstein, Michael, "Unemployment, Collective Bargaining, and the Demand for Protection," *AJPS* 31(4), November 1987, pp. 729-52.
- Frey, *International Political Economy*, Basil Blackwell 1984.
- Baldwin, Robert E., *The Political Economy of United States Import Policy* (MIT Press, 1985).
- Kindleberger, Charles P., "The Rise of Free Trade in Western Europe," in Frieden and Lake, eds., *International Political Economy*, St. Martin's, 1991: 89-108.
- Laverne, Real, *The Political Economy of US Tariffs* (1983), pp. 67-171.
- McKeown, Timothy J., "A Liberal Trade Order? The Long-Run Pattern of Imports to the Advanced Capitalist States," *ISQ* 35(2), June 1991, pp. 151-71.
- Bhagwati, Jagdish, *Protectionism* (1988), esp. chs. 1-3.
- Frankel, Jeffrey and Rudiger Dornbusch, "Macroeconomics and Protection," in Stern, ed., *US Trade Policies in a Changing World Economy* (MIT Press 1987) pp. 77-130.
- Franzese, Robert, "Rigid Real-Wage Models of International Trade," Unpublished.
- Krugman, Paul, "Strategic Sectors and International Competition," in Robert M. Stern, ed., *US Trade Policies in a Changing World Economy* (MIT Press, 1987), pp. 207-32.
- Krugman, Paul, ed., *Strategic Trade Policy and the New International Economics* (1985).
- Krugman, Paul, *Geography and Trade*, MIT Press 1991.
- Krugman, "Is Free Trade Passe?" *J Ec Perspectives* 1(2), Fall 1987, pp. 131-44.
- Krugman, Paul and Maurice Obstfeld, *International Economics*, Harper Collins 1991.
- [As a general rule, if it's by Krugman and it sounds possibly useful for your work: read it.]
- Stolper, Wolfgang, and Paul Samuelson "Protection and Real Wages," *R of Ec Studs* 9, 1941, pp. 58-73.
- Aggarwal, Vinod, Robert Keohane, and David Yoffie, "The Dynamics of Negotiated Protectionism," *APSR* 81(2), June 1987, pp. 345-66.
- Anderson, Kym and Rod Tyers, "Agricultural Protection Growth in Advanced and Newly Industrialized Countries," in Maunder, ed., *Agriculture and Governments in an Interdependent World*, Gower 1990, 175-88.
- Cassing, James, Timothy McKeown, and Jack Ochs, "The Political Economy of the Tariff Cycle," *APSR* 80(3), September 1986, pp. 843-62.
- Cohen, Benjamin J., "The Political Economy of International Trade," *IO* 44(2), Spring 1990, pp. 261-81.
- Coneybeare, John A.C., "Public Goods, Prisoners' Dilemmas, and the International Political Economy," *ISQ* 28, March 1984, pp. 5-22.
- Coneybeare, John A.C., *Trade Wars: The Theory and Practice of International Commercial Rivalry* (Columbia UP 1987), chs. 2, 11, pp. 21-54, 265-82.
- Goldstein, Judith, "The Impact of Ideas on Trade Policy," *IO* 43(1), Winter 1989.
- Goldstein, Judith, "Ideas, Institutions, and Trade Policy," *IO* 42(1), Winter 1988.
- Goldstein, Judith, "The Political Economy of Trade: Institutions of Protection," *APSR* 80(1), 1986, 161-84.
- Hansen, Wendy, "The International Trade Commission and the Politics of Protectionism," *APSR* 84, 1990, 22-46.
- Hansen, John Mark, "The Political Economy of the Tariff," *IO* 44(4), Autumn 1990, pp. 527-52.
- Ikenberry, et al., eds., *The State and American Foreign Economic Policy*, Cornell UP 1988, esp. Ikenberry, Frieden, Lake.
- Lake, David A., *Power, Protection, and Free Trade* (1988), esp. pp. 19-88, 119-147.
- Lake, David A., "Beneath the Commerce of Nations: A Theory of International Economic Structures," *ISQ* 28, June 1984, pp. 143-70.
- Magee, Stephen, William A. Brock, and Leslie Young, *Black Hole Tariffs and Endogenous Policy Theory*, rest.
- McKeown, Timothy J., "Tariffs and Hegemonic Stability Theory," *IO* 37(1), Winter 1983, pp. 73-92.
- Milner, Helen, "Trading Places: Industries for Free Trade," *WP* 40(3), April 1988: 350-76.
- Milner, Helen, *Resisting Protectionism*.
- Odell, John, *US International Monetary Policy: Markets, Power, and Ideas as Sources of Change* (Princeton UP 1982).
- Odell, John, "Understanding International Trade Policies: An Emerging Synthesis," *World Politics* 43(1), October 1990, pp. 139-67.
- Olson, Mancur, "The Exploitation and Subsidization of Agriculture in Developing and Developed Countries," in *Agriculture in a Turbulent World Economy*. (Proceedings of the Nineteenth Conference of Agricultural Economists, Gower 1986: 49-59.
- Pincus, Jonathan, *Politics, Pressures, and the Antebellum Tariff* (Columbia UP 1977).
- Rhodes, Carolyn, "Reciprocity in Trade," *IO* 43(2), Spring 1989, pp. 273-300.
- Schonhardt-Bailey, Cheryl, "To Concentrate or not to Concentrate," *APSR* March 1991.
- Frieden, Jeffrey A., "Invested Interests: National Economic Policies in the World of Global Finance," *International Organization*, vol. 45, no. 4 (Autumn 1991), pp. 425-52.
- Rogowski, Ronald, *Commerce and Coalitions*.
- Kurth, James, "The Political Consequences of the Product Cycle: Industrial History and Political Outcomes," *International Organization*, 33, 1, pp. 1-36.

## **TOPIC: Transition & Reform**

**Drazen**, Ch. 10, "Inaction, Delay, and Crisis," pp. 403-454.

**Drazen**, Ch. 13, "Reform and Transition" pp. 615-674.

Rodrik, Dani. 1996. "Understanding Economic Policy Reform," *Journal of Economic Literature* 34(1): 9-41.

Fernandez, Raquel, and Dani Rodrik, "Resistance to Reform: Status Quo Bias in the Presence of Individual-specific Uncertainty [The Case of Trade]," *American Economic Review* 81:1146-55 Dec 1991.

Martinelli, Cesar, Mariano Tommasi. 1997. "Sequencing of Economic Reforms in the Presence of Political Constraints," *Economics and Politics* 9(2):115-131.

Cukierman, Alex, Mariano Tommasi. 1998. When Does it Take a Nixon to Go to China? *American Economic Review* 88(1): 180-197.

Hellman, Joel. 1998. "Winners Take All: The Politics of Partial Reform in Postcommunist Transitions," *World Politics* 50(2)

Cardoso, Eliana, Ann Helwege. 1993. *Latin America's Economy: Diversity, Trends, and Conflicts*, MIT Press. Ch. 4: "From Import Substitution to Trade Liberalization."

Frye, Timothy, Edward Mansfield. 2004. "Timing is Everything: Elections and Trade Liberalization in the Post-Colonial

World,” *Comparative Political Studies* 37: 371-98.

BDM<sup>2</sup>S<sup>2</sup>, Ch. 8, “Institutional Preferences: Change from Within,” pp. 329-403.

Duch, Raymond M., Harvey D. Palmer. 2004. “It's Not Whether You Win or Lose, but How You Play the Game: Self-Interest, Social Justice, and Mass Attitudes toward Market Transition,” *American Political Science Review* 98(3):437-52.

Frye, Timothy. 2004. “Credible Commitment and Property Rights: Evidence from Russia,” *American Political Science Review*, 98(3):453-66.

Shleifer, Andrei, Daniel Treisman. 2000. *Without a Map: Political Tactics and Economic Reform in Russia*, MIT Press, Chs. 2-4.

Further Suggestions:

Riker, William H. and David L. Weimer, “The Political Economy of Transformation: Liberalization and Property Rights,” in Banks and Hanushek, *Modern Political Economy*, pp. 80-107.

Przeworski, Adam. *Democracy and the Market: Political and Economic Reforms in Eastern Europe and Latin America*.

Weingast, Barry, “Constitutions as Governance Structures: The Political Foundations of Secure Markets,” *JITE: J Institutional & Theoretical Ec* 1993, pp. 286-311 and comments by Bernholz, pp. 312-20.

Belassa, Bela, *Policy Reform in Developing Countries*, 1977.

Bina, Agarwal, *A Field of One's Own: Gender and Land Rights in South Asia*, Cambridge UP 1994.

Treisman's Topics in Postcommunist Political and Economic Reform Syllabus: <http://www.polisci.ucla.edu/faculty/treisman/pages/TOPICS.PDF>

Treisman's Topics in Property Rights and Political Institutions Syllabus: <http://www.polisci.ucla.edu/faculty/treisman/pages/PROPER.PDF>

## International Regimes, International Cooperation, and International Security

Keohane, Robert, and Robert Axelrod. 1985. “Achieving Cooperation Under Anarchy.” In *Cooperation Under Anarchy*, Kenneth Oye, ed., pp. 226-245. Princeton: Princeton University Press.

Grieco, Joseph. 1988. “Anarchy and the Limits of Cooperation.” *International Organization* Vol. 42, No. 3 (Summer): 486-507.

One of Snidal, Duncan. 1991. “Relative Gains and the Pattern of International Cooperation.” *American Political Science Review* 85 (September): 701-726, or: Franzese, Robert J., Jr., and Michael J. Hiscox. 1995. “Bargains, Games, and Relative Gains: Positional Concerns and International Cooperation,” *Harvard Center for International Affairs Paper #95-4*, April: <http://www-personal.umich.edu/~franzese/rg15.pdf>.

Powell, Robert. 1991. “Absolute and Relative Gains in International Relations Theory.” *American Political Science Review* 85 (December): 1301-1320.

Morrow, James. 1997. “When Do ‘Relative Gains’ Impede Trade?” *Journal of Conflict Resolution* Vol. 41, No. 1 (February): 12-37.

Fearon, James. 1998. “Bargaining, Enforcement, and International Cooperation.” *International Organization* Vol. 52, No. 2 (Spring): 269-305.

Gowa, Joanne and Edward Mansfield. 1993. “Power Politics and International Trade.” *American Political Science Review* Vol. 87, No. 2 (June): 408-420.

Krasner, Stephen. 1976. “State Power and the Structure of International Trade.” *World Politics* 28(3): 317-43.

Lake, David. 1993. “Leadership, Hegemony, and the International Economy: Naked Emperor or Tattered Monarch with Potential?” *International Studies Quarterly* 37: 459-489.

Ruggie, John Gerard. 1982. “International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order.” *International Organization* 36(2): 379-415.

Keohane, Robert. 1984. *After Hegemony: Cooperation and Discord in the World Political Economy*, Princeton: Princeton University Press, chs. 1-6, pp. 5-109.

Gilpin, Robert. 1981. *War and Change in World Politics* (Cambridge University Press), Chapters 1, 5-Epilogue, pp. 9-49, 186-244.

Pollins, Brian M. 1996. “Global Political Order, Economic Change, and Armed Conflict: Coevolving Systems and the Use of Force.” *American Political Science Review* 90(1): 103-117.

Lemke, Douglas. 1997. “The Continuation of History: Power Transition Theory and the End of the Cold War.” *Journal of Peace Research* 34(1): 23-36.

Further Suggestions:

Hirschman, Albert O., *National Power and the Structure of Foreign Trade*, (University of California Press, 1980), Part I, pp. 3-81.

Kindleberger, Charles. 1986. *The World in Depression, 1929-1939*. 2nd Ed. Berkeley: University of California Press, pp. 1-13, 288-305.

Keohane, Robert. 1997. “Problematic Lucidity: Stephen Krasner's State Power and the Structure of International Trade.” *World Politics* 50 (October): 150-170.

Wallerstein, Michael. 1983. “The Three Instances of Hegemony in the History of the Capitalist World Economy.” *International Journal of Comparative Sociology* 24(1-2): 100-108.

Goldstein, Joshua. 1988. *Long Cycles: Prosperity and War in the Modern Age* (Yale University Press), Chapters 2-6, pp. 21-147.

Modelski, George. 1988. *Long Cycles in World Politics* (University of Washington Press), Chapter 9, pp. 217-233.

Alt, James E., “Political Parties, World Demand, and Unemployment: Domestic and International Sources of Economic Activity,” *APSR* December 1985, pp. 1016-40.

Frieden, Jeffrey, Ronald Rogowski, “The Impact of the International Economy on National Policies: An Analytical Overview,” in Keohane & Milner, ed., *Internationalization and Domestic Politics* (1996): 25-47.

Gourevitch, Peter, “International Influences on Domestic Politics: The Second Image Reversed,” *International Organization*, v.32 (Autumn 1978), pp. 881-912.

[Hirschman, Albert O., *National Power and the Structure of Foreign Trade*, (University of California Press, 1980), Part I, pp. 3-81, Reprise.]

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

Putnam, Robert D., "Diplomacy and Domestic Politics: The Logic of Two-level Games," *International Organization* 42 (Summer 1988), pp. 427-60.

[Rogowski, *Commerce and Coalitions*, ch. 1, 6-7, pp. 3-20, 163-79, Reprise: *Franzese's Lecture Notes*: <http://www-personal.umich.edu/~franzese/Rogowski.CommerceCoalitions.pdf>]

Chase-Dunn, Christopher, "The Effects of International Economic Dependence on Development and Inequality," *Am Soc R* 40, 1975, 720-38.

Gourevitch, Peter, "International Trade, Domestic Coalitions, and Liberty: Comparative Responses to the Crisis of 1873-1896," *J Interdisciplinary Hist* 8, Autumn 1977, 281-313.

Gourevitch, Peter, *Politics in Hard Times*, Chs. 1,2,5,6 (pp. 17-70, pp. 181-240).

Haggard, Stephan, "The Newly Industrializing Countries in the International System," *World Politics* 38(2), 1986, pp. 343-70.

Haggard, Stephan, *Pathways from the Periphery*.

Hirschman, *Essays in Trespassing* (Cambridge 1982).

Hirschman, Albert O., "Exit, Voice, and the Fate of the German Democratic Republic: An Essay in Conceptual History," *World Politics* 45(2), 1993: 173-202.

Katzenstein, Peter, *Small States in World Markets, Corporatism and Change and Between Power and Plenty*; Cornell UP.

Milford, Paul, "International Trade and Domestic Politics: Improving on Rogowski's Model of Political Alignments," *IO* 47(4), Autumn 1993, 535-64.

Milner, Helen, *Resisting Protectionism*, ch. 1-2, 6-9 (pp. 3-44, 222-302).

Milner, Helen and David Yoffie, "Strategic Trade Policy and Corporate Trade Demands," *IO* 43(2), Spring 1989, pp. 239-72.

Moore, Barrington, *Social Origins of Dictatorship and Democracy* (Beacon 1966) and Skocpol, Theda, "A Critical Review of Barrington Moore's Social Origins," *Politics and Society* 4, Fall 1973, pp. 1-34.

Rogowski, Ronald, "Political Cleavages and Changing Exposure to Trade," *APSR* 81, December 1987, 1121-37.

Rogowski, "Trade and the Variety of Democratic Institutions," *IO*, Spring 1987 (19 pp).

Ruggie, John G., ed., *The Antinomies of Interdependence: National Welfare and the International Division of Labor* (Columbia UP 1983).

Simmons, Beth A., *Who Adjusts? Domestic Sources of Foreign Economic Policy During the Interwar Years* (Princeton UP 1994).

Skocpol, Theda, *States and Social Revolution* (Cambridge UP 1979).

Wright, Vincent, "Socialism and the Interdependent Economy: Industrial Policy-Making Under the Mitterrand Presidency," *Gov & Opp* 19, Summer 1984, 287-303.

Cooper, Richard, "Economic Interdependence and Foreign Policy in the Seventies," *WP* 24, 1974, 39-62.

Frey, Bruno S., *International Political Economy*, Basil Blackwell 1984.

Kindleberger, Charles P., "International Public Goods without International Government," *AER* 76(1), March 1986, 1-13.

Viner, Jacob, "Power vs. Plenty as Objectives of Foreign Policy in the 17th and 18th Centuries," *World Politics* I (1948).

Wagner, R. Harrison, "Economic Interdependence, Bargaining Power and Political Influence," *International Organization*, 41(3), Summer 1988, pp. 461-84.

Baldwin, David A. "Power Analysis and World Politics: New Trends versus old Tendencies," *World Politics* 31(2), January 1979, pp. 161-194.

Baldwin, *Paradoxes of Power* (Basil Blackwell 1989).

Baldwin, "Interdependence and Power: A Conceptual Analysis," *IO* 34, Fall 1980.

March, James G. "The Power of Power," in David Easton, ed., *Varieties of Political Theory*, 1966, 39-70.

Nye, Joseph S., Jr., *Bound to Lead: The Changing Nature of US Power* (Basic 1990).

Baldwin, *Economic Statecraft* (Princeton UP 1985).

Cox, Robert W., *Power, Production, and World Order* (Columbia 1987).

Dos Santos, Theotonio, "The Structure of Dependence," in Crane and Amawi, eds., *The Theoretical Evolution of International Political Economy* (Oxford UP 1991: 144-52).

Doyle, Michael, *Empires* (Cornell UP 1986).

Gilpin, Robert, *The Political Economy of International Relations* (1987), esp. ch. 1, 2, pp. 8-64.

Gilpin, Robert, *War and Change in World Politics*, Cambridge UP 1981.

Gilpin, Robert, *US Power and the Multinational Corporation* (1975), esp. ch. 2.

Gricco, Joseph, *Cooperation Among Nations*, Cornell UP.

Keohane, Robert and Joseph Nye, *Power and Interdependence: World Politics in Transition*, 1977, chs. 1-2.

Krasner, Stephen, *Defending the National Interest: Raw Materials Investments and US Foreign Policy* (Princeton 1978).

Axelrod, Robert, *The Evolution of Cooperation* (Basic 1984).

Eichengreen, Barry, "Hegemonic Stability Theories of the International Monetary System," in Richard Cooper et al., eds., *Can Nations Agree?* (Brookings 1989), pp. 255-98.

Haggard, Stephan and Beth Simmons, "Theories of International Regimes," *IO* 41(3), Summer 1987, 491-517.

Jervis, Robert, "Cooperation Under the Security Dilemma," *WP* 30(2), Jan 1978, 167-214.

Jervis, Robert, "Realism, Game Theory, and Cooperation," *WP* 40(3), April 1988, 317-49.

Keohane, Robert O. *After Hegemony: Cooperation and Discord in World Political Economy* (1984), esp. ch. 2.

Keohane, Robert, "The Theory of Hegemonic Stability and Changes in International Economic Regimes," in Ole Holsti, ed., *Change in the International System* (Westview 1980), pp. 131-62.

Keohane, Robert, "International Institutions: Two Approaches," *ISQ* 32(4), December 1988.

Krasner, Stephen, ed., *International Regimes* (Cornell UP 1983).

March, James G. and Johan P. Olson, "The New Institutionalism: Organizational Factors in Political Life," *APSR* 78, 1984, 734-49.

Oye, Kenneth, ed., *Cooperation Under Anarchy* (Princeton UP 1986).

Schelling, Thomas, *The Strategy of Conflict* (Oxford 1960).

Taylor, Michael, *The Possibility of Cooperation* (Cambridge 1987).

Young, Oran, *International Cooperation* (Cornell UP 1989).