

Political Economy

Spring Semester 2024-2025

Class Hours: Tuesday 10-13

Classroom: TBD

Office Hours: Tuesday 14.00-15.00 (or by request)

Dulce Manzano

dulce.manzano@cchs.csic.es

Adrian J. Shin

ashin@inst.uc3m.es

Course Description

This course provides an introduction to key questions, debates, and contributions within the field of political economy. Divided into three main sections—development, redistribution, and international political economy—our syllabus aims to integrate theoretical foundations with empirical analysis. We will examine variations in institutional development, such as political regimes and welfare states, alongside economic factors like poverty and inequality, to understand their causes and impacts.

A core component of this course involves applying economic theories to analyze the welfare effects, distributional outcomes, and institutional consequences of economic forces at both domestic and international levels. Concurrently, we will employ political science theories to assess how interest groups, voters, political parties, electoral systems, ideologies, and power dynamics shape policy decisions. Our curriculum includes a blend of seminal texts in political economy and contemporary empirical studies, offering a comprehensive overview of the field's current knowledge and highlighting avenues for theoretical and empirical advancements.

Although it is not feasible to cover every seminal work within a single semester, the required readings have been carefully selected to represent a wide spectrum of influential scholarship. Additionally, we recommend further readings for those interested in deepening their understanding of specific topics. For latest research, students are encouraged to consult the [Evidence in Governance and Politics](#) (EGAP) website the [Global Research in International Political Economy webinar archives](#) (GRIPE) and the recent programs of the [International Political Economy Society](#) (IPES) annual meetings. The course ultimately aims to inspire your research ideas. Your final paper will offer an opportunity to develop a significant scholarly contribution to the field of political economy.

Structure of the Class

Each session will include a topic presentation by the professor, followed by a student group's presentation and analysis of selected readings, and will conclude with an open discussion involving the entire class. Professor Dulce Manzano will lead the first six sessions, and Professor Adrian J. Shin will take over for sessions 7 through 12.

Requirements and Evaluation

Students are expected to attend all seminars, read all the required readings for each week before each meeting, and participate actively in class. Students will also have to introduce some of the required readings at least twice in the course, setting up the discussion of the texts, and write a research paper at the end of the course on a topic related to the course and previously agreed with the professors. The deadline for its submission will be announced in class.

Students should think about the following components to understand the required readings and write their own research paper.

1. **Puzzle:** What puzzle is guiding the research? Or, put differently, what is the author trying to explain?
2. **Literature Review:** What makes the puzzle a puzzle? Or, why do the phenomena in (1) need to be explained?
3. **Theory:** What is the author's explanation? or...what prior world/mechanism would—if it existed—render the phenomena in (1) unsurprising?
4. **Research Design:** If said prior world/mechanism existed, what else should we observe? Or, how would we know if the author's explanation was wrong?
5. **Evidence:** Do we observe such phenomena?

Evaluation

Your grade is made up of four components: research paper proposal; research paper, participation and discussion points; and presentations in class.

- **Research paper proposal (10%):** You will write a 3-page research proposal divided into the following three sections/pages.:
 - **Research Question (Puzzle and Literature Review):** What is your research question? Why is it still puzzling or worth answering despite the existing literature?
 - **Argument (Theory):** What is your explanation that would help us answer the research question? Who are the actors and the preferences, and how do they behave under different institutional settings or economic environments?
 - **Research Design:** How do you propose to evaluate some or all of the observable implications of your theory?
- **Research paper (40%)**
- **Participation and discussion points (20%)**
 - As a master's class, we expect active participation from students each week.
 - Discussion points are to be submitted by noon (12:00) on Mondays. The discussion points should include the key issues that the student believes should be addressed in class.
- **Presentations in class (30%):** The goal is for each group to present twice in class. Students will be assigned to groups randomly, but each group can choose which weeks they will present.

Outline

The outline is subject to minor changes. If there is any change, we will indicate it in advance.

Week 1. Introduction (28 January)

Recommended:

- Helpman, E. 2004. *The Mystery of Economic Growth*. Cambridge: Harvard University Press: Chapters 1 and 2.
- Adam Przeworski. 2003. *States and Markets: A Primer in Political Economy* (Cambridge University Press): Chapter 1.

Week 2. Political institutions and development (4 February)

Required:

- Daron Acemoglu and James Robinson. 2012. *Why Nations Fail*. Crown Publishers: chapters 2, 3 and 7.
- Kenneth L. Sokoloff y Stanley L. Engerman. 2000. “Institutions, Factor Endowments, and Paths of Development in the New World.” *Journal of Economic Perspectives* 14(3): 217-232.
- Coatsworth, John. 2008. “Inequality, Institutions and Economic Growth in Latin America.” *Journal of Latin American Studies* 40(3):545-569.
- Banerjee, Abhijit, and Lakshmi Iyer. 2005. “History, Institutions, and Economic Performance: The legacy of Colonial Land Tenure Systems in India.” *American Economic Review* 95(4): 1190-1213.

Recommended:

- Przeworski, Adam. 2004. “The Last Instance? Are Institutions the Primary Cause of Economic Development?” *European Journal of Sociology* 15: 165-188.
- Glaeser, E., La Porta R., Lopez-de-Silanes F, Shleifer A. 2004. “Do Institutions Cause Growth?” *Journal of Economic Growth* 9: 271-303
- Krugman, Paul. 1991. “History Versus Expectations.” *Quarterly Journal of Economics* 105: 651-67.
- Barro, Robert. 1997. *Determinants of Economic Growth*. Cambridge, Mass.: MIT Press.
- Dell, Melissa. 2010. “The Persistent Effects of Peru’s Mining Mita.” *Econometrica*. 78(6):1863–1903.

Week 3. Political economy of human capital (11 February)

Required:

- Harding, Robin, and David Stasavage. 2014. “What Democracy Does (and Doesn’t Do) for Basic Services: School Fees, School Inputs, and African Elections.” *The Journal of Politics* 76(1): 229-245.

- Manzano, Dulce. 2017. *Bringing Down the Educational Wall: Political Regimes, Ideology and the Expansion of Education*. New York: Cambridge University Press: Chapter 5.
- Paglayan, Agustina S. 2021. “The Non-Democratic Roots of Mass Education: Evidence from 200 Years.” *American Political Science Review* 115(1): 179-198.

Recommended:

- Paglayan, Agustina S. 2022. “The Historical Political Economy of Education” In *Oxford Handbook of Historical Political Economy*. Oxford University Press.
- Bursztyn, Leonardo. 2016. “Poverty and the political economy of public education spending: Evidence from Brazil.” *Journal of the European Economic Association* 14(5): 1101-1128.
- Ansell, Ben and J. Lindvall. 2013. “The Political Origins of Primary Education Systems: Ideology, Institutions, and Interdenominational Conflict in an Era of Nation-Building.” *American Political Science Review* 107(3): 505-522.
- Hardin, Robin. 2019. “The Democratic Dividend: Public Spending and Education Under Multipartyism.” In *Oxford Encyclopedia of African Politics*. Oxford University Press.
- Paglayan, Agustina S. 2022. “Education or Indoctrination? The Violent Origins of Public School Systems in an Era of State-Building.” *American Political Science Review* 116(4): 1242-1257.
- Lee, Jong-Wha, and Hanol Lee. 2016. “Human Capital in the Long Run.” *Journal of Development Economics* 122: 147-169.

Week 4. State capacity (18 February)

Required:

- Besley, Timothy and Torsten Persson. 2011. *Pillars of Prosperity: The Political Economics of Development Clusters*. Princeton NJ: Princeton University Press. Chapter 1
- Blaydes, Lisa, and Christopher Paik. 2016. “The Impact of Holy Land Crusades on State Formation: War Mobilization, Trade Integration, and Political Development in Medieval Europe.” *International Organization* 70(3): 551-586.
- Queralt, Didac. 2019. “War, International Finance, and Fiscal Capacity in the Long Run.” *International Organization* 73(4): 713-753

Recommended:

- Abramson, Scott F. 2017. “The Economic Origins of the Territorial State.” *International Organization* 71(1): 97-130.
- Garfias, Francisco. 2018. “Elite Competition and State Capacity Development: Theory and Evidence from Post-Revolutionary Mexico.” *American Political Science Review* 112(2): 339-357
- de la Sierra, Raúl Sánchez. 2020. “On the Origins of the State: Stationary Bandits and Taxation in Eastern Congo.” *Journal of Political Economy* 128(1): 32-74
- Treisman, Daniel. 2020. “Economic Development and Democracy: Predispositions and Triggers.” *Annual Review of Political Science* 23: 241-257.

- Acemoglu, Daron and James Robinson. 2006. *Economic Origins of Dictatorship and Democracy*. Cambridge University Press: Chapters 2 and 3.
- Albertus, Michael, and Victor Menaldo. 2014. “Gaming Democracy: Elite Dominance During Transition and The Prospects for Redistribution.” *British Journal of Political Science* 44(3): 575-603.
- Ansell, B.W. and Samuels, D. J. 2014. *Inequality and Democratization: An Elite-Competition Approach*. New York: Cambridge University Press: Chapter 1
- Boix, Carles. 2003. *Democracy and Redistribution*. Cambridge University Press.

Week 5. Markets and state ex-ante interventions (25 February)

Required:

- François Bourguignon. 2015. *The Globalization of Inequality*. Princeton University Press: Chapter 3
- Peter Hall and David Soskice. 2001. “Introduction” in Hall and Soskice, eds., *Varieties of Capitalism*. Oxford University Press: pp 1-70.
- Eichhorst, Werner, Paul Max, and Caroline Wehner. 2017. “Labor Market Reforms in Europe: towards more Flexicure Labor Markets? *Journal of Labour Market Research* 51(3): 1-17.

Recommended:

- Fleckenstein, T. and Lee, S. C. 2017. “The Politics of Labor Market Reform in Coordinated Welfare Capitalism.” *World Politics* 69(1):144–183.
- Calmfors, Lars, and John Driffill. 1988. “Bargaining Structure, Corporatism and Macroeconomic Performance.” *Economic policy* 3(6): 13-61.
- Swenson, P. A. 2002. *Capitalists against Markets, The Making of Labor Markets and Welfare States in the United States and Sweden*. New York: Cambridge University Press.
- Freeman, R. 2007. “Labor Market Institutions Around the World.” In *The Handbook of Industrial and Employment Relations*. London: Sage.
- Alesina, Alberto and Edward L.Glaeser. 2004. *Fighting Poverty in the US and Europe*. Oxford University Press: Chapter 2 pp. 38-44

Week 6. State ex-post interventions: redistribution and the welfare state regimes (4 March)

Required:

- Moene, Karl Ove, and Michael Wallerstein. 2001. “Inequality, social insurance, and redistribution.” *American Political Science Review* 95(4): 859-874.
- Kenworthy, Lane, and Jonas Pontusson. 2005. “Rising Inequality and the Politics of Redistribution in Affluent Countries.” *Perspectives on Politics* 3(3): 449-471
- Wong, M. 2017. “Median Voter and Power Resources Revisited: A Composite Model of Inequality.” *European Political Science Review* 9(4): 607-628.

- Mares, I. 2003. “The sources of business interest in social insurance: sectoral versus national differences.” *World Politics*, 55: 229-258.

Recommended:

- Gosta Esping-Andersen. 1993. *The Three Worlds of Welfare Capitalism*. Princeton: Princeton University Press: pp. 1-34.
- Lindert, Peter. 2004. *Growing Public: Social Spending and Economic Growth since the Eighteenth Century*. Cambridge: Cambridge University Press.
- Iversen, Torben, and Thomas Cusack. 2000. “The Causes of Welfare State Expansion. Deindustrialization or Globalization?” *World Politics* 52: 313-49.
- Margarita Estevez-Abe, Torben Iversen, and David Soskice. 2001. “Social Protection and the Formation of Skills: A Reinterpretation of the Welfare State,” in Peter Hall and David Soskice, eds., *Varieties of Capitalism*. New York: Oxford University Press.
- Isabela Mares and Matthew Carnes. 2008. “Social Policy in Developing Countries.” *Annual Review of Political Science* 12: 93-113.
- Alesina, Alberto and Edward L.Glaeser. 2004. *Fighting Poverty in the US and Europe*. Oxford University Press
- Iversen, Torben, and Thomas R. Cusack (2000). “The Causes of Welfare State Expansion: Deindustrialization or Globalization?” *World Politics*, 52 (3): 313- 349.
- Rudra, Nita (2002). “Globalization and the Decline of the Welfare State in Less- Developed Countries,” *International Organization*, 56: 411-445.

Week 7: External shocks and preferences for redistribution (11 March)

Required

- Scheve, Kenneth, and David Stasavage. 2012. “Democracy, War, and Wealth: Lessons from Two Centuries of Inheritance Taxation.” *American Political Science Review*,106 (1): 81-102.
- Dalton C. Dorr and Adrian J. Shin. 2021. “War, Inequality, and Taxation.” *Economics and Politics* 33(2):315–342.
- Scheve, Kenneth, and David Stasavage. 2017. “Wealth Inequality and Democracy.” *Annual Review of Political Science* 20: 451-468

Recommended

- Luttmer, Erzo F. P. 2001. “Group Loyalty and the Taste for Redistribution.” *Journal of Political Economy* 109 (3): 500-528.
- Beramendi, Pablo. 2007. “Inequality and the Territorial Fragmentation of Solidarity.” *International Organization* 61 (4): 783-820.
- Scheve, Kenneth, and David Stasavage. 2010. “The Conscription of Wealth: Mass Warfare and the Demand for Progressive Taxation.” *International Organization* 64(4): 529-561.

- Atkinson, Anthony B., Thomas Piketty, and Emmanuel Saez. 2011. “Top Incomes in the Long Run of History.” *Journal of Economic Literature* 49(1): 3-71.
- Lupu, Noam, and Jonas Pontusson. 2011. “The Structure of Inequality and the Politics of Redistribution.” *American Political Science Review* 105 (2): 316-336.
- Boix, Carles, and Frances Rosenbluth. 2014. “Bones of Contention: The Political Economy of Height Inequality.” *American Political Science Review* 108(1): 1-22.
- Cavaillé, Charlotte, and Kris-Stella Trump. 2015. “The Two Facets of Social Policy Preferences.” *The Journal of Politics*, 77 (1): 146-160.
- Gallego, Aina, Alex Kuo, Dulce Manzano, and José Fernández-Albertos. 2022. “Technological Risk and Policy Preferences.” *Comparative Political Studies* 55 (1): 60-92.

Week 8: Inequality and redistribution in the US and Europe (18 March)

Required

- Bartels, Larry M. 2006. “A Tale of Two Tax Cuts, a Wage Squeeze, and a Tax Credit.” *National Tax Journal*, 59 (3): 403-421.
- Gilens, Martin and Benjamin I. Page. 2014. “Testing Theories of American Politics: Elites, Interest Groups, and Average Citizens.” *Perspectives on Politics* 12 (3): 564-581.
- Brendan J. Connell, Dalton C. Dorr, and Adrian J. Shin. 2021. “Inequality and the Partisan Political Economy.” *Representation* 57(4):575–601.
- Alesina, Alberto, Edward Glaeser, and Bruce Sacerdote. 2001. “Why Doesn't the United States Have a European-Style Welfare State?” *Brookings Papers on Economic Activity* 2: 187-277.

Recommended

- Rueda, David. 2005. “Insider–Outsider Politics in Industrialized Democracies: The Challenge to Social Democratic Parties.” *American Political Science Review* 99 (1): 61-74.
- Iversen, Torben, and David Soskice. 2006. “Electoral Institutions and the Politics of Coalitions: Why Some Democracies Redistribute More Than Others.” *American Political Science Review* 100 (2): 165-181.
- Kaltenthaler, Karl, Stephen Ceccoli, and Ronald Gelleny. 2008. “Attitudes toward Eliminating Income Inequality in Europe.” *European Union Politics* 9 (2): 217-241.
- Winters, Jeffrey A. and Benjamin I. Page. 2009. “Oligarchy in the United States?” *Perspectives on Politics* 7 (4): 731-751.
- Milanovic, Branko. 2011. *The Haves and the Have-Nots: A Brief and Idiosyncratic History of Global Inequality*. New York: Basic Books.
- Bartels, Larry. 2017. *Unequal Democracy*, Chapter 1.

Week 9: International trade (25 March)

Required

- Hiscox, Michael J. 1999. "The Magic Bullet? The RTAA, Institutional Reform and Trade Liberalization." *International Organization* 53(4): 669-698.
- Hiscox, Michael J. 2002. "Commerce, Coalitions, and Factor Mobility: Evidence from Congressional Votes on Trade Legislation." *American Political Science Review* 96(3): 593-608.
- Milner, Helen V. and Keiko Kubota. 2005. "Why the Move to Free Trade? Democracy and Trade Policy in the Developing Countries." *International Organization* 59(1): 157-193.
- Kim, In Song. 2017. "Political Cleavages within Industry: Firm-level Lobbying for Trade Liberalization." *American Political Science Review* 111(1): 1-20.

Recommended

- Rogowski, Ronald. 1987. "Political Cleavages and Changing Exposure to Trade." *American Political Science Review* 81(4): 1121-1137.
- Scheve, Kenneth F., and Matthew J. Slaughter. 2001. "What Determines Individual Trade-Policy Preferences?" *Journal of International Economics* 54(2): 267-292.
- Tomz, Michael, Judith L. Goldstein, and Douglas Rivers. 2007. "Do We Really Know That the WTO Increases Trade? Comment." *American Economic Review* 97(5): 2005-2018.
- Mansfield, Edward, and Diana Mutz. 2009. "Support for Free Trade: Self-Interest, Sociotropic Politics, and Out-Group Anxiety." *International Organization* 63(3): 425-457.
- Rodrik, Dani. 2018. "What Do Trade Agreements Really Do?" *Journal of Economic Perspectives* 32(2): 73-90.
- Kim, In Song and Iain Osgood. 2019. "Firms in Trade and Trade Politics." *Annual Review of Political Science* 22: 399-417.
- Rickard, Stephanie J. 2020. "Economic Geography, Politics, and Policy." *Annual Review of Political Science* 23: 187-202.
- Osgood, Iain, and Hyeon-Young Ro. 2022. "Trade's Progressive Opposition." *International Studies Quarterly* 66(3): sqac045.

Week 10: Foreign direct investment and global production networks (1 April)

Required

- Jensen, Nathan. 2003. "Democratic Governance and Multinational Corporations: Political Regimes and Inflows of Foreign Direct Investment." *International Organization* 57(3): 587-616.
- Pandya, Sonal. 2014. "Democratization and Foreign Direct Investment Liberalization, 1970–2000." *International Studies Quarterly* 58(3): 475-488.
- Johns, Leslie, and Rachel Wellhausen. 2016. "Under One Roof: Supply Chains and the Protection of Foreign Investment." *American Political Science Review* 110(1): 31-51.

Recommended

- Frieden, Jeffry A. 1994. "International Investment and Colonial Control: A New

Interpretation.” *International Organization* 48(4): 559-593.

- Li, Quan, and Adam Resnick. 2003. “Reversal of Fortunes: Democracy, Property Rights and Foreign Direct Investment Inflows in Developing Countries.” *International Organization* 57(1): 1-37.
- Scheve, Kenneth, and Matthew J. Slaughter. 2004. “Economic Insecurity and the Globalization of Production.” *American Journal of Political Science* 48(4): 662-674.
- Büthe, Tim, and 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): 741-762.
- Jensen, J. Bradford, Dennis P. Quinn, and Stephen Weymouth. 2015. “The Influence of Firm Global Supply Chains and Foreign Currency Undervaluations on US Trade Disputes.” *International Organization* 69(4): 913-947.

Week 11: International monetary and financial relations (8 April)

Required

- Bernhard, William, J. Lawrence Broz, and William Roberts Clark. 2002. “The Political Economy of Monetary Institutions.” *International Organization* 56(4): 693-723.
- Clark, William R. and Mark Hallerberg. 2000. “Mobile Capital, Domestic Institutions, and Electorally Induced Monetary and Fiscal Policy.” *American Political Science Review* 94(2): 323-346.
- Broz, J. Lawrence. 2002. “Political System Transparency and Monetary Commitment Regimes.” *International Organization* 56(4): 863-889.
- Singer, David A. 2010. “Migrant Remittances and Exchange Rate Regimes in the Developing World.” *American Political Science Review* 104(2): 307-323.

Recommended

- Bernhard, William, and David Leblang. 1999. “Democratic Institutions and Exchange Rate Commitments.” *International Organization* 53(1): 71-97.
- Mosley, Layna. 2000. “Room to Move: International Financial Markets and National Welfare States.” *International Organization* 54(4): 737-773.
- McNamara, Kathleen. 2002. “Rational Fictions: Central Bank Independence and the Social Logic of Delegation.” *West European Politics* 25(1): 47-76.
- Simmons, Beth, and Zachary Elkins. 2004. “The Globalization of Liberalization: Policy Diffusion in the International Political Economy.” *American Political Science Review* 98(1): 171-189.
- Walter, Stefanie. 2008. “A New Approach for Determining Exchange-Rate Level Preferences.” *International Organization* 62(3): 405-438.
- Chwieroth, Jeff. 2008. “Normative Change From Within: The International Monetary Fund’s Approach to Capital Account Liberalization.” *International Studies Quarterly* 52(1): 129-158.
- Copelovitch, Mark. 2010. “Master or Servant? Common Agency, Preference Heterogeneity, and the Political Economy of IMF Lending.” *International Studies Quarterly* 54(1): 49-77.

- Copelovitch, Mark, and John Pevehouse. 2013. “Ties That Bind? Preferential Trade Agreements and Exchange Rate Policy Choice.” *International Studies Quarterly* 57(2): 385-399.

Week 12: International migration and policy (22 April)

Required

- Michel, Julian, Michael K. Miller, and Margaret E. Peters. 2023. “How Authoritarian Governments Decide Who Emigrates: Evidence from East Germany.” *International Organization* 77(3): 527-563.
- Peters, Margaret E., Frida Boräng, Sara Kalm, Johannes Lindvall, and Adrian J. Shin. 2024. “Historical Immigration Policies: Trends and Lessons.” *International Studies Quarterly* 68(3): sqae084.
- Angin, Merih, Albana Shehaj, and Adrian J. Shin. 2023. “IMF: International Migration Fund.” *International Interactions* 49(1): 86-113.

Recommended

- Hirschman, Albert O. 1978. “Exit, Voice, and the State.” *World Politics* 31(1): 90-107.
- Freeman, Gary P. 1995. “Modes of Immigration Politics in Liberal Democratic States.” *International Migration Review* 29(4): 881-902.
- Fitzgerald, David. 2006. “Inside the Sending State: The Politics of Mexican Emigration Control.” *International Migration Review* 40(2): 259-293.
- Peters, Margaret E. 2015. “Open Trade, Closed Borders: Immigration Policy in the Era of Globalization.” *World Politics* 67(1): 114-154.
- Escribá-Folch, Abel, Covadonga Meseguer, and Joseph Wright. 2015. “Remittances and Democratization.” *International Studies Quarterly* 59(3): 571-586.
- Bearce, David H., and Andrew F. Hart. 2017. “International Labor Mobility and the Variety of Democratic Political Institutions.” *International Organization* 71(1): 65-95.
- Shin, Adrian J. 2019. “Primary Resources, Secondary Labor: Natural Resources and Immigration Policy.” *International Studies Quarterly* 63(4): 805-818.
- Peters, Margaret E. 2019. “Immigration and International Law.” *International Studies Quarterly* 63(2): 281-295.
- Miller, Michael K., and Margaret E. Peters. 2020. “Restraining the Huddled Masses: Migration Policy and Autocratic Survival.” *British Journal of Political Science* 50(2): 403-433.
- Peters, Margaret E., and Michael K. Miller. 2022. “Emigration and Political Contestation.” *International Studies Quarterly* 66(1): sqab088.
- Angin, Merih, Albana Shehaj, and Adrian J. Shin. “Inside Job: Migration and Distributive Politics in the European Union.” *Economics and Politics* 33(2): 264-288.
- Peters, Margaret E., and Adrian J. Shin. 2023. “Inequality and Immigration Policy.” *Studies in Comparative and International Development* 58(2): 224-251.
- Connell, Brendan J., Samantha L. Moya, and Adrian J. Shin. “Migration and Economic Coercion.” *Foreign Policy Analysis* 17(3): orab019.

- Connell, Brendan J., and Adrian J. Shin. “Fed Up: The Global Ascension of the Federal Reserve in the Era of Migration.” *International Studies Quarterly* 67(2): sqad029.