

Modern Political Economy:

Basics

Introduction

General outline of contents and structure of the course; requirements for Teilnahme- and Leistungsscheine

From Smith and Ricardo to Marx... and back: History of Economic Thought

Format: lecture; topic: history of thought on (political) economy

Classical Approach:

- Caporaso, J./ Levine, D. (1992): *Theories of Political Economy*. Cambridge: Cambridge University Press, 33-44

Marxism:

- Caporaso, J./ Levine, D. (1992): *Theories of Political Economy*. Cambridge: Cambridge University Press, 55-63

Keynesianism:

- Caporaso, J./ Levine, D. (1992): *Theories of Political Economy*. Cambridge: Cambridge University Press, 100-103/ 119-122

Nature of the Beast: New Political Economy

Format: lecture; topic: locating NPE in the context of economics, political science, and (traditional) political economy

- Besley, Timothy (2007): 'The New Political Economy', *The Economic Journal*, 117, F540-F557.

All that is real, is rational; and all that is rational is real": Rational Choice

Format: lecture; topic: basic paradigms and methods in NPE: rational choice, game theory alternative:

- Shepsle, Kenneth and Mark Bonchek (1997): *Analyzing Politics: Rationality, Behavior, and Institutions*, New York: W.W. Norton, Ch. 2.

In search of the Volonté Générale; Social Choice, Game Theory

Format: lecture; topic: basic paradigms and methods in NPE: social/public choice

- Kreps, David M. (1990): *Game Theory and Economic Modelling*, Oxford: Clarendon, Ch. 3.
- Shepsle, Kenneth and Mark Bonchek (1997): *Analyzing Politics: Rationality, Behavior, and Institutions*, New York: W.W. Norton, 82-104.

alternative:

- Shepsle, Kenneth and Mark Bonchek (1997): *Analyzing Politics: Rationality, Behavior, and Institutions*, W.W. Norton, Ch.4.

Elements and Models

Ideological or opportunist policy? Electoral Cycles

Format: seminar; input to theoretical background; presentation prepared by students; topic: the logic of political decision-making / decision-makers and their (strategic) interaction with voters in electoral cycles

- Keech, William R. (1995): *Economic Politics: The Costs of Democracy*, New York: Cambridge University Press, 47-65.

alternative:

- Persson, Torsten and Guido Tabellini (2000): *Political economics: Explaining economic policy*. Cambridge: MIT Press, Ch. 16, 419-434.

Institutions matter, really? But How?

Format: seminar; discussion of last session; input to theoretical background; presentation and discussion prepared by student; topic: institutions; their role in rational choice approaches to political science as rules/norms/procedures designed by rational actors and then limiting/impacting upon the choices of rational actors

- Weingast, Barry R. (1996): 'Political Institutions: Rational Choice Perspectives', in: Goodin, Robert E. and Hans-Dieter Klingemann (eds.): *A new Handbook of Political Science*, Oxford: Oxford University Press, Ch. 5.

alternative:

- North, Douglas C. (1991): 'Institutions', *The Journal of Economic Perspectives* 5(1), 97-112.

The Shadow of the Vampire: Interest Groups and Media

Format: seminar; discussion of last session; input to theoretical background; presentation prepared by students; topic: the role of interest groups and media in decision making procedures as intermediary system between economic, governmental and societal actors; their interests, strategies and impact on the creation of binding decisions on interest groups:

- Mitchell, William C. and Michael C. Munger (1991): 'Economic Models of Interest Groups: An Introductory Survey', *American Journal of Political Science* 35(2), 512-546.

critical:

- Van Winden, Frans (1999): *On the economic theory of interest groups: Towards a group frame of reference in political economics*, *Public Choice* 100, 1-29

on media:

- Prat, Andrea and David Strömberg (2011): *The Political Economy of Mass Media*, CEPR Discussion Paper No. DP8246.

Applications

„Man kann die Pferde zur Tränke führen, aber saufen müssen sie selbst“ Economic Growth

Format: seminar; discussion of last session; input to theoretical background; presentation prepared by students; topic: significance of growth as political aim for different types of political/economic actors and voters, effect of growth on decision making

- Alesina, Alberto and Roberto Perotti (1994): *The Political Economy of Growth: A critical Survey of the Recent Literature*, The World Bank Economic Review, Vol. 8(3), 351-371. (zu kompliziert/lang? zu alt?)

In the long run we are all dead! Public Spending and Public Debt

Format: seminar; discussion of last session; input to theoretical background; presentation prepared by students; topic: structure of public expenditure; political competition in the field of different expenditure categories; impact on decision making; motivation and effects of deficit spending on the field of political decision making procedures

Public Spending:

- Tridimas, George (2001): *'The economics and politics of the structure of public expenditure'*, Public Choice 106, 299-316.

Public Debt:

- Alesina, Alberto and Roberto Perotti (1995): *'The Political Economy of Budget Deficits'*, IMF Staff Papers 42(1), 1-31.
- Roubini, Nouriel and Jeffrey D. Sachs (1989): *'Political and Economic Determinants of Budget Deficits in the Industrial Democracies'*, European Economic Review 33, 903-938.
- Persson, Torsten and Guido Tabellini (2000): *Political economics: Explaining economic policy*. Cambridge: MIT Press, Ch. 13, 345-372.
- Tabellini, Guido and Alberto Alesina (1990): *'Voting on the Budget Deficit'*, The American Economic Review 80(1), 37-49.

Trade

Format: seminar; discussion of last session; input to theoretical background; presentation prepared by students; topic: Is it sufficient to classify free trade as either a political manifestation of economic rationality or as an economic policy reflecting socio-political interests?

- Political Culture and Political Economy; Interest, Ideology and Free Trade, Frank Trentmann p217-251. Review of International Political Economy 5:2 Summer 1998
- Krugman & Ostfeld (6th, 7th, 8th, 9th edition) International Economics Part 2, 181 – 210 'International Trade Policy'

Spätrömische Dekadenz? Inequality and Redistribution

Format: seminar; discussion of last session; input to theoretical background; presentation prepared by students; topic: interests of social groups effecting redistribution and structure of public expenditure; role in decision making

- Londregan, John (2006), '*Political Income Redistribution*', in: Weingart, Barry R. and Donald A Wittman (eds.): *The Oxford Handbook of Political Economy*, Oxford: Oxford University Press, Ch. 5, 84-101.

International Cooperation

Format: seminar; discussion of last session; input to theoretical background; presentation prepared by students; topic: interaction of national and international level in terms of political economy, effect of international bargaining on national decision making

- Persson, Torsten and Guido Tabellini (2000): *Political economics: Explaining economic policy*. Cambridge: MIT Press, Ch. 18, 459-478.
- Putnam, Robert D. (1988): *Diplomacy and Domestic Politics: The Logic of Two-Level Games*, *International organization* 42(3), 427-460
- Conybeare, John A. (1984): *Public Goods, Prisoners' Dilemmas and the International Political Economy*, *International Studies Quarterly* 28, 5-22

Handshake or Iron fist? Democracy and Dictatorship

Format: seminar; discussion of last session; input to theoretical background; presentation prepared by students; topic: Is the type of political system relevant for political economy's function and logic?; critical discussion of familiar normative approaches

- Przeworski, Adam and Fernando Limongi (1993): '*Political Regimes and Economic Growth*', *The Journal of Economic Perspectives* 7(3), 51-69.
- Wintrobe, Ronald (1999): '*How to understand, and deal with dictatorship: an economist's view*', *Economic Governance* 2, 35-58.

“Now this is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning”