

**WWS 553**  
**COMPARATIVE POLITICAL ECONOMY.**  
**THE POLITICS OF GROWTH AND REDISTRIBUTION**

Spring 2007, Thursdays 1:30-4:30.

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Office hours: Friday 3-5 p.m.  
or by  
appointment.

### **Course Design and Objectives**

This course is designed to survey and discuss the political and institutional factors underlying cross-national variation in economic performance. The course is structured around the following issues or questions: (1) why do countries differ so much in their level of economic development?; (2) what determines different levels of public spending and politically enforced redistribution?; (3) in what ways does the international economy shape state autonomy and the size of welfare states?; and (4) what is the impact of elections, parties and domestic institutions on the management of the economy?. The scope of the course is analytical in its theoretical perspective and comparative from a methodological point of view.

### **Course Procedures and Evaluation**

Each student is expected to read (before class) the items listed as 'required readings' for each session. In some sessions 'background' reading, which is optional, is intended to provide introductions to the week's main readings.

Discussions questions are listed on the syllabus. Sign-up lists will be distributed the week before each class. Each student will be asked to prepare to speak briefly on one of the questions but students should not confine their reading and preparation to that question alone.

In addition, students are expected to complete:

(1) Eight short papers (around 3 pages) answering one of the week's discussion questions. Papers will be due by 5 pm every Wednesday (with answers to the questions of that week's session) and should be placed in a box outside the instructor's office (Robertson 443). No exceptions will be made and no extensions will be granted. The answers should not just summarize readings, but show reflection on how the readings address important issues, are flawed in particular dimensions, or can be developed or improved in specific directions.

(2) A final take-home exam to be set by the instructor or a research paper with a topic to be determined in

advanced with the instructor. Due date: May 21, 2007.

Participation in class will count for about 1/3 of the grade. The other assignment (short papers, exam) will count for 2/3 per cent of the course grade.

### **Where To Find the Reading Material**

Books marked with an (\*) have been ordered at the U-Store and put on reserved. All other readings have been put on electronic reserve.

**1. Organizational Meeting. Growth Theory.** (February 8)

Required reading

James E. Alt and Kenneth Shepsle (eds). 1990. *Perspectives on Positive Political Economy*. Cambridge: Cambridge University Press. Chapters 1, 2, 6, 9.

N. Gregory Mankiw. 1992. *Macroeconomics*. (New York: Worth Publishers).

Barro, Robert. 1997. *Determinants of Economic Growth*. Cambridge, Mass.: MIT Press. Chapters 1 and 2.

Lucas, Robert. 2000. "Some Macroeconomics for the 21<sup>st</sup> Century," *Journal of Economic Perspectives* 14 (Winter): 159-168.

## **2. Political Institutions and Growth. The First Economic Revolution.** (February 15)

### Required reading

Douglass North. 1990. *Institutions, Institutional Change and Economic Performance*. Cambridge: Cambridge University Press. Pages 1-69. \*

Olson, Mancur. 2000. *Power and Prosperity*. New York: Basic Books. Chapters 1-2. \*

Douglass North. 1981. *Structure and Change in Economic History*. New York: Norton. Chapter 3.

### **3. Institutions and the Modern Breakthrough.** (February 22)

#### Required reading

North, Douglass C. And Barry R. Weingast, 1989. "Constitutions and Commitment: The Evolution of Institutional Governing Public Choice in Seventeenth-Century England," *The Journal of Economic History* 49, (December): 803-832.

Daron Acemoglu, Simon Johnson and James A. Robinson. 2005. "The Rise of Europe: Atlantic Trade, Institutional Change and Economic Growth." *American Economic Review* 95 (June): 546-57.

David Stasavage. 2003. *Public Debt and the Birth of the Democratic State*. New York: Cambridge University Press. \*

#### **4. Exploring the Origins of Institutions.** (March 1)

##### Required reading

Knight, Jack. 1992. *Institutions and Social Conflict*. New York: Cambridge University Press. Pages 27-47, 84-170. \*

Perry Anderson. 1974. *Lineages of the Absolutist State*. London: Verso. Pages 15-59, 113-142, 195-235, 328-360, 397-431. \*

Samuel Huntington. 1968. *Political Order in Changing Societies*. Yale University Press. Chapter 2.

Raghuram G. Rajan and Luigi Zingales. 2003. *Saving Capitalism from the Capitalists*. New York: Crown Business. Chapter 6.

## 5. Social Interests, Coalitions and Growth (March 8)

### Required reading

Robert H. Bates. 1984. *Markets and States in Tropical Africa*. University of California Press. \*

Elisa Mariscal and Kenneth L. Sokoloff. 2000. "Schooling, Suffrage, and the Persistence of Inequality in the Americas, 1800-1945," in Stephen Harber, ed. *Political Institutions and Economic Growth in Latin America. Essays in Policy, History, and Political Economy*. Stanford: Hoover Institution Press. Chapter 5, pp. 159-217.

Raghuram G. Rajan and Luigi Zingales. 2006. "The Persistence of Underdevelopment: Institutions, Human Capital, or Constituencies?," NBER Working paper, # 12093. March

## **6. Culture or Expectations?** (March 15)

### Required reading

Avner Greif. 2006. *Institutions and the Path to the Modern Economy*. New York: Cambridge University Press. Chapters 2 and 5.

Robert B. Putnam. 1993. *Making Democracy Work*. Princeton University Press. Chapters 1, 3-6. \*

Max Weber. 2001. *The Protestant ethic and the spirit of capitalism*. Routledge, London. [Electronic resource at Princeton Lybrary system.]

## **7. Economic Stagnation and Colonialism (March 29)**

### Required reading

Paul Bairoch. *Economics and World History: Myths and Paradoxes*. Chicago: The University of Chicago Press. Chapters 5, 6 and 8. (B) \*

Daron Acemoglu, Simon Johnson, and James A. Robinson. 2001. "The Colonial Origins of Comparative Development: An Empirical Investigation," *American Economic Review* 91 (December): 1369-1401. (E)

Robert Wade. 1992. "East Asia's Economic Success: Conflicting Perspectives, Partial Insights, Shaky Evidence," *World Politics* 44: 270-320. (E)

Paul Krugman, "The Myth of Asia's Miracle," *Foreign Affairs*, November/December 1994:63-79. (E)

## **8. Distributive Politics through Macroeconomic Management.** (April 5).

### Required reading

Adam Przeworski and Michael Wallerstein. 1986. "Democratic Capitalism at the Crossroads," in A. Przeworski. *Capitalism and Social Democracy*. Cambridge: Cambridge University Press. Chapter 6, pp. 205-221.

Alberto Alesina et al. 1997. *Political Cycles and the Macroeconomy*. Cambridge, Mass: The MIT Press. Pages 1-110, 141-209. \*

Romer, David. 1993. "Openness and Inflation: Theory and Evidence," *Quarterly Journal of Economics* 107: 869-904.

### Background reading

Robert J. Barro. 1990. "Developments in the Theory of Rules versus Discretion," in Barro, *Macroeconomic Policy* (Cambridge, Mass: Harvard University Press), chapter 1, pp. 9-28.

Robert J. Barro. 1987. *Macroeconomics*. 2nd edition. New York: John Wiley and Sons. Chapters 13-14.

## **9. Redistribution through the Welfare State. Political Basis. (April 12)**

### Required reading

Carles Boix. 2003. *Democracy and Redistribution*. Cambridge University Press. Chapter 5.

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

Alberto Alesina; Reza Baqir; William Easterly. 1999. “Public Goods and Ethnic Divisions,” *Quarterly Journal of Economics*, 114 (November): 1243-1284.

Alberto Alesina and Edward L. Glaeser. 2004. *Fighting Poverty in the US and Europe*. Oxford University Press. Chapter 7.

Gosta Esping-Andersen. 1984. *Politics Against Markets*. Princeton: Princeton University Press. Pages 26-38, 145-190, 204-243, 244-285. \*

**10. Distributional Outcomes of the Welfare State.** (April 19)

Robert E. Goodin et al. 1999. *The Real Worlds of Welfare Capitalism*. Oxford University Press. \*

T.M. Smeeding. 2005. "Government Programs and Social Outcomes: the United States in Comparative Perspective." ([http://www-cpr.maxwell.syr.edu/faculty/smeeding/pdf/GovernmentPrograms\\_5.16.2005.pdf](http://www-cpr.maxwell.syr.edu/faculty/smeeding/pdf/GovernmentPrograms_5.16.2005.pdf))

## **11. Economic Effects of the Welfare State.** (April 26)

### Required reading

Wallerstein, Michael. "Wage-Setting Institutions and Pay Inequality in Advanced Industrial Societies," *American Journal of Political Science* 43 (July): 649-680. (E)

Olivier Blanchard and Justin Wolfers. 2000. "The Role of Shocks and Institutions in the Rise of European Unemployment: the Aggregate Evidence," *Economic Journal* 110 (March) 1-33.

Rosen, Sherwin. 1996. "Public Employment and the Welfare State in Sweden," *Journal of Economic Literature* 34: 729-40.

Assar Lindbeck. 1997. "The Swedish Experiment," *Journal of Economic Literature* 35 (September): 1273-1319.

Alicia Adsera. 2005. "Vanishing Children. From High Unemployment to Low Fertility in Europe," *American Economic Review Papers and Proceedings*, 95 (May)

Adam Przeworski et al. 2000. *Democracy and Development*. Cambridge University Press. Chapter 5.

## **12. Open Political Economies.** (May 3)

### Required reading

Rodrik, Dani. 1998. "Why Do Open Economies Have Bigger Governments?" *Journal of Political Economy* 106: 997-1032.

Pranab Bardhan, Samuel Bowles and Michael Wallerstein, eds. 2006. *Globalization and Egalitarian Redistribution*. Princeton University and Russell Sage Foundation. Chapters 7 ("Globalization and Democracy"), 8 ("Between Protectionism and Compensation: The Political Economy of Trade") and 9 ("Public Opinion, International Economic Integration, and the Welfare State"). \*