

POL 377 H1S: Introduction to Political Economy

Christian Breunig

Time: W 12-2pm Place: UC161

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Hours: M&T 4-5pm

1 Statement of Purpose

The course utilizes political economy as a tool for understanding and evaluating the political world. It combines theory, methods, and insights derived from economics and political science and applies them to a range of substantive issues. This course has two sets of objectives. First, it introduces students to the use of microeconomic reasoning to understand political phenomena. Political economists see political behavior as responding to incentive-based calculations (choice and scarcity). Topics covered include rational choice theory, collective choice, collective action, and game theory. In short, students will explore how the assumptions and tools of economic theory have been applied to the study of politics. Second, the course will explore how the theoretical tools discussed in the first part of the class can be applied to explaining political phenomena in comparative politics, in particular to economic development and government formation. The goal is to juxtapose the importance of economic theory for the study of politics with the importance of politics in the study of economics.

2 Requirements

- *Mid-term Exam*: worth 40% of the final grade
- *Final Exam*: worth 55% of the final grade; scheduled for Exam Period (exact date will be announced)
- *Participation*: worth 5% (incl. Resident Expert) of the final grade

Exams will be based on the course readings, lectures, and discussion. The date and time of the final exam is to be assigned. Students are expected to read assigned readings before class and participate in class discussion. Active participation based on careful reading is given substantial weight in the determination of the final grade. In the first week of the course, you will sign up to be a *resident expert* for one meeting of the class. The resident experts on any given meeting are prepared to theoretically review and empirically consider the meeting's reading material and therefore are especially responsible for starting and rescuing class discussion. The following scheme is used for evaluating your participation and resident expert duties:

Grade	Contribution
A	Active and voluntary participation in almost all discussions, combination of constructive contributions <i>and</i> the ability to listen to others.
B	Active participation in at least some discussions and regular non-dormant presence in all.
C	Minimal voluntary contribution to discussions.
D	Minimal presence and no voluntary contribution to discussions.

3 Readings

There are three assigned and one optional book for this course. They are all available at the UofT bookstore. All readings are on reserve at the Robarts Library.

- Bates, Robert. 2005. *Markets and States in Tropical Africa*. Berkeley: University of California Press. (The 1981 version is fine too.)
- Hirschman, Albert. 1970. *Exit, Voice, and Loyalty*. Cambridge: Harvard University Press.
- Shepsle, Kenneth. 2010. *Analyzing Politics*. 2nd edition. New York: W.W. Norton.
- **Optional:** Dixit, Avinash and Barry Nalebuff. 2008. *The Art of Strategy*. New York: W.W. Norton

In addition to the books, there are some other scholarly pieces assigned. These will be available electronically through Blackboard and the library. Please make sure to bring the reading materials with you to class.

4 Course Policies

1. *Participation guidelines.* Students are expected to participate actively in class by engaging both with the course material and with your peers. Most importantly, it is essential that the class environment be one of mutual respect and tolerance. The widest possible diversity of opinion is encouraged. An atmosphere of respect for all students is critical to fruitful and amicable discussion. In addition, it is unacceptable to engage in behavior that inhibits or distracts from discussions such as carrying on side conversations, reading outside material, or leaving wireless networks and cell phones on.
2. *No make-up exams.* Restrictive University rules (documented illness, disability, religious holidays, etc) apply for alternative arrangements.
3. *Grade Appeal Policy.* All appeals of grades received on a test or paper need to be submitted in writing no later than five working days after the assignment is returned. Appeals on the final test are due the first day of class of the following semester. Provide a written statement outlining the reasons for your dissatisfaction, making explicit references to the grading criteria and, when appropriate, to course and lecture materials. Be aware when an assignment is appealed, I can choose to lower your grade as well as raise it.
4. *Plagiarism and cheating are violations of academic integrity and thus violations of the University of Toronto Student Conduct Code.* Plagiarism is a serious academic offence and will be dealt with accordingly. For further clarification and information, please see the University of Toronto's policy on plagiarism at <http://www.utoronto.ca/writing/plagsep.html>.
5. *Accessibility Needs:* The University of Toronto is committed to accessibility. If you require accommodations for a disability, or have any accessibility concerns about the course, the classroom or course materials, please contact Accessibility Services as soon as possible: disability.services@utoronto.ca or <http://studentlife.utoronto.ca/accessibility>.

5 Class Schedule

What is Political Economy?

Jan-11-2011: Foundations of Political Economy

- What is politics, economics, and political economy?
- Shepsle and Bonchek, pp. 262-268

Jan-18-2012: Rational Choice Theory

- What are the basic assumptions of rational choice? How can the tools of microeconomics be applied to the study of politics? Why do citizens vote?
- Shepsle and Bonchek, chapters 1 and 2
- Optional: Dixit and Nalebuff, chapter 1

Jan-25-2012: Strategic Action and Rational Choosing

- What's a decision and a strategy? How do rational actors think strategically? How can we formalize rational choosing?
- Shepsle and Bonchek, pp. 156-169, chapter 8
- Optional: Dixit and Nalebuff, chapters 2 to 4

Feb-01-2012: The Economic Man and Choosing in Experiments

Today's class will be in the Social Science lab

- How do humans make choices? Do humans maximize their goals? What are the implications of the experimental findings for the utility of rational choice theory?
- Henrich, J., R. Boyd, S. Bowles, H. Gintis, E. Fehr, C. Camerer, R. McElreath, M. Gurven, K. Hill, A. Barr, J. Ensminger, D. Tracer, F. Marlow, J. Patton, M. Alvard, F. Gil-White and N. Henrich. 2005. "Economic Man" in *Cross-Cultural Perspective: Ethnography and Experiments from 15 small-scale societies.* *Behavioral and Brain Sciences*, 28, 795-815. <http://dx.doi.org/10.1017/S0140525X05000142>
- Fehr, E. and H. Gintis. 2007. "Human Motivation and Social Cooperation: Experimental and Analytical Foundations." *Annual Review of Sociology* 33: 43-64 <http://dx.doi.org/10.1146/annurev.soc.33.040406.131812>
- Optional: Fehr, E. and S. Gächter. 2000. "Cooperation and Punishment in Public Goods Experiments." *American Economic Review* 90 (4): 980-994 <http://www.jstor.org/stable/117319>
- Optional: Dixit and Nalebuff, chapters 5 to 7

Group Choices in Politics

Feb-08-2012: The Logic of Collective Action

- What is a collective action problem? How can cooperation among strategic actors be enticed?
- Shepsle and Bonchek, chapters 9 and 10

Feb-15-2010: An Introduction to Collective Choice

- How can rational actors choose and implement their actions jointly? Why is it so hard for rational actors to choose?

- What insights do we gain from analyzing small group cooperation? How can these insights be applied to large groups?
- Shepsle and Bonchek, chapters 3 and 4
- Optional: Dixit and Nalebuff, chapter 12

Feb-29-2012: Midterm

Applying Political Economy

Mar-07-2012: Alternative Expressions of Individual Choice

- How do you act when dissatisfied? Is “voting with one’s feet” always an option and is it the “best” expression of choice? What other options do you have in economics and politics?
- Hirschman, all.

March-14-2012: The Political Economy of Development

- How can the theoretical understanding of political economy be applied to political phenomena? How to “do” political economy- actors, interests, and constraints.
- Bates, pp. 1-77.

Mar-21-2012: The Political Economy of Development Continued

- How can African development be studied with the tools of political economy?
- Bates, all.

Mar-25-2012: Spatial Models and Majority Rule

- How are individual choices aggregated into social outcomes? How do political parties compete for votes? What are the consequences of group choice for democracy?
- Shepsle and Bonchek, chapter 5

Apr-04-2012: The Political Economy of Coalition Government

- How are coalition governments formed? What are the stakes? How do you win a government post?
- Shepsle and Bonchek, chapter 16
- Laver, Michael and Norman Schofield. 1990. *Multiparty Government: The Politics of Coalition in Europe*. Ann Arbor: University of Michigan Press, pp. 36-88.