

Political Economy of Policy Reform

CSS Semester 3 2019

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This course is designed to help to develop an understanding of the variety of distinctive models of capitalism in the contemporary world, and discusses the issue of convergence versus divergence in the globalising economy. Both theoretical debates and the results of empirical research will be discussed during the course.

The central questions under consideration are: how to explain variations in economic policy and performance across nations, and what kind of lessons for the transforming societies can be drawn. In this context several processes will be discussed, among them: privatisation, changing labour relations, financialization and adjustments of the welfare state. Beside the discussion of advanced economies, the cases of Central and Eastern Europe, Latin America and China will be considered.

The expected outcomes of the course bring together two perspectives. The first one is the overview of advanced capitalist economies in terms of their major institutional settings. In this respect, it is expected that students will understand major differences between them, as well as major forces promoting and objecting globalization and the ongoing changes of the advanced capitalist economies. The other perspective is on the challenges and institutional choices in the Central and Eastern Europe.

Students attending the course are expected to participate actively in class discussions on the basis of the selected readings and prepare at least one oral presentation for the class meeting. The term essay of about 3000 words will be due at the end of the term.

Topics and Readings:

1. Convergence versus Divergence: Tendencies in the Globalizing World Economy?

Yergin, D. J. Stanislaw. (2002) *The Commanding Heights*. Free Press chapters 1-2.

Jacobs, M. and Mazzucato, M. (2016), *Rethinking Capitalism: An Introduction*. In Jacobs and Mazzucato, eds., *Rethinking Capitalism*. Wiley -Blackwell, chap. 1.

2. Capitalist development, rule of law and democracy

Rodrik, D. (2012). *The Globalization Paradox*, Norton. chapter 1.

Acemoglu, D., & Robinson, J. A. (2013). *Why nations fail: The origins of power, prosperity, and poverty*. Crown Business. chapter 1, pp. 7-44.

3. Varieties of capitalisms: institutional complementarities in liberal-market and coordinated-market economies

Hall, P. and D. Soskice (2001). *An Introduction to Varieties of Capitalism*. In: P. Hall, D. Soskice (ed.) *Varieties of Capitalism: the Institutional Foundations of Comparative Advantage*, Oxford Univ. Press 2001, pp. 1-70.

Baccaro, L. J. Pontusson (2016). *Rethinking Comparative Political Economy. The Growth Model Perspective*. *Politics and Society* 44, 2, 175–207.

4. Industrial relations and labour markets

Iversen, T., and A. Wren (1998). Equality, Employment, and Budgetary Restraint: The Trilemma of the Service Economy. *World Politics* 50(4): 507-546.

Palier, B., & Thelen, K. (2010). Institutionalizing dualism: Complementarities and change in France and Germany. *Politics & Society*, 38(1), 119-148.

5. Taxes, welfare states and redistribution

Steinmo S. (2003). "The Evolution of Policy Ideas: Tax Policy in the 20th Century." *British Journal of Politics and International Relations*, 5:2, 206-236.

Kleven, H. J. (2014). How can Scandinavians tax so much? *Journal of Economic Perspectives*, 28(4):77–987.

6. Money, finance and financialization

G. Krippner (2012). What is Financialization? In: *Capitalizing on Crisis: The Political Origins of the Rise of Finance*, pp. 27-47.

van der Zwan, N. (2014) Making sense of financialization. *Socio-Economic Review* 12: 99-129.

7. Privatization

S. Estrin, J. Hanousek, E. Kočenda, J. Svejnar (2009)., The effects of privatization and ownership in transition economies. *Journal of Economic Literature*, 699-728.

P. Hamm, P., L. King, L. P., D. Stuckler (2012). Mass privatization, state capacity, and economic growth in post-communist countries. *American Sociological Review*, 77(2), 295-324.

8. Dependent market capitalism in East Central Europe

Bohle, D., B. Greskovits (2007). Neoliberalism, embedded neoliberalism and neocorporatism: Towards transnational capitalism in Central-Eastern Europe. *West European Politics*, 30(3), 443-466.

Nölke, A. and Vliegenthart, A. (2009) "Enlarging the Varieties of Capitalism: The Emergence of Dependent Market Economies in East Central Europe." *World Politics* 61 (4), pp. 670-702.

9. Hierarchical market economies in Latin America

Schneider, B. R. (2009). Hierarchical Market Economies and Varieties of Capitalism in Latin America. *Journal of Latin American Studies*, 41(03), 553-575.

Albertus, M., Diaz-Cayeros, A., Magaloni, B. & Weingast, B.R. (2016) Authoritarian Survival and Poverty Traps: Land Reform in Mexico. *World Development*, 77, 154-170.

10. Chinese Reforms

Y. Qian, How Reform Worked in China. In. D. Rodrik (ed.) *In Search of Prosperity. Analytic Narratives on Economic Growth*. Princeton University Press, 2003, pp. 297-333.

Xu, Chenggang, 2011. The Fundamental Institutions of China's Reforms and Development, *The Journal of Economic Literature*, 49:4, 1076-1151.

Essay topics

The essays should refer to the readings from the course and additional academic literature. The topic should be discussed using a country case study or comparison of countries.

1. One capitalism or more? Changing varieties of capitalism
2. Privatization process in a transition economy
3. Strengths and weakness of the coordinated market economy [discuss using Germany or Japan]
4. Varieties of capitalism in Central and Eastern Europe
5. The challenges of labour relations in a modern economy
6. Social and economic policies and social inequalities
7. Financialization and the economy
8. The importance governance and institutions for the functioning of the economy
9. Welfare state and market economy
10. The China's way to the market economy

The criteria of their assessment are described in the MA Course Handbook