



McMaster University
Department of Political Science

POLSCI 790
The Politics of Economic Policy in Market Economies
Fall 2017, Term 1

Instructor: Dr. Henry Jacek
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Seminar: Mondays, 2:30 pm – 5:20 pm
Classroom: KTH 709
Office Hours: Thursdays, 2:00 pm - 4:00 pm
or by appointment

Description:

This seminar examines the complex relationship between the worlds of politics and economics. The primary theme will be the modern state's struggle to maintain political autonomy and problem-solving capabilities in the face of internal economic demands that are often incompatible with the pressures of external policy actors. Our geographical focus will be on the advanced market economies and the comparative public policy literature that has grown up over the past fifty years on these countries. Our approach will be explicitly comparative yet I do not expect students to have prior specialized knowledge of these countries. I expect the members of this seminar to become familiar with the public policy literature on the influence of politics on economics and to gain an appreciation of the data policy-makers and scholars use, how these data are assembled and the strengths and weaknesses of the analyses of the political economy literature.

Course Evaluation

Participation:	30%
Research Design Proposal:	10%
Final Research Paper:	30%
Take Home Exam:	30%

The Topics to be Covered

Class #1 **September 11, 2017**
Introduction to the Seminar: The Political Meaning of Economic Statistics

Class #2 **September 18, 2017**
Models of Economic Policies and the State: Why the Role of the State in the Economy has Grown

Core reading: David R. Cameron, “The Expansion of the Public Economy: A Comparative Analysis”, *American Political Science Review*, Vol 72:4 (December, 1978), 1243-1261.

Terry J. Royed and Stephen A. Borrelli, “The politics and economics of revenue growth: A cross-national analysis”, *European Journal of Political Research* Vol 36:1 (August, 1999), 87-118.

Class #3 **September 25, 2017**
Economic Growth: Long Term versus Short Term

Core reading: Chapter 1, “Models of the policy process” in Paul Whitley, *Political Control of the Macro-Economy: The Political Economy of Public Policy Making* (London: Sage Publications, 1986), 6-33.

Chapter 6, “The State, the government and economic policy making” in Paul Whitley, *Political Control of the Macro-Economy: The Political Economy of Public Policy Making*, (London: Sage Publications, 1986), 162-88.

Class #4 **October 2, 2017**
Full Employment versus Zero Inflation

Core reading: Michael Kalecki, “Political Aspects of Full Employment”, *Political Quarterly*, Vol 14 (October-December, 1943), 322-331. Reprinted in Thomas Ferguson and Joel Rogers (eds.), *The Political Economy: Readings in the Politics and Economics of American Public Policy*, (Routledge, 1984), 27-31.

Chapter 9, “Does Government Cause Inflation? Taxes, Spending, and Deficits”, by David R. Cameron, in Leon N. Lindberg and Charles S. Maier (eds.), *The Politics of Inflation and Economic Stagnation* (Washington, D.C.: The Brookings Institution, 1985), 224-279.

No Class **October 9, 2017** **Thanksgiving Holiday and Reading Week**

Class #5 **October 16, 2017**
Opening Economies and the Competitive Advantage of Nations

Core reading: Chapter 1, “The Politics of Economic Policy”, 17-34, and Chapter 6, “The Social Bases of the Autonomous State”, 221-240, in Peter Gourevitch, *Politics in Hard Times: Comparative Responses to International Economic Crises*, (Ithaca, NY and London: Cornell University Press, 1986).

Class #6 **October 23, 2017**
Spending and Tax Policies

Core reading: Chapters 1, 2, 6 and 7 in Sven Steinmo, *Taxation and Democracy: Swedish, British and American Approaches to Financing the Modern State*, (New Haven: Yale University Press, 1993).

Class #7 **October 30, 2017**
Protecting the National Currency: The Central Banks

Core reading: Alberto Alesina, “Politics and Business Cycles in Industrial Democracies”, *Economic Policy*, Vol 4:8 (April, 1989), 57-98.

Michael Comiskey and Pawan Madhogarhia, “Unraveling the Financial Crisis of 2008”, and Lawrence Jacobs and Desmond King, “America’s Political Crisis: The Unsustainable State in a Time of Unraveling”, in *Political Science and Politics*, 42:2 (April 2009), 271-285.

Class #8 **November 6, 2017**
Budget Balances and Government Debt

Core reading: Joseph Ura and Erica M. Socker, “The Behavioural Political Economy of Budget Deficits: How Starve the Beast Policies Feed the Machine”, *The Forum* Vol 9:2 (2011), Article 7.

Chapter 7, “Political Cycles and Macroeconomic Evidence from Industrial Democracies”, 185-209, in Alberto Alesina and Nouriel Roubini, *Political Cycles and the Macroeconomy* (Cambridge, MA: The MIT Press, 1997).

Class #9 **November 13, 2017**
Political Cultures versus the Political Structure of Economic Interests

Core reading: Chapters 1-3 in Mancur Olson, *The Rise and Decline of Nations: Economic Growth, Stagflation, and Social Rigidities*, (New Haven: Yale University Press, 1982), 1-74.

David R. Cameron, “Distributional coalitions and other sources of economic stagnation: On Olson’s Rise and Decline of Nations”, *International Organization* Vol 42:2 (Autumn, 1988), 561-603.

Class #10 November 20, 2017
Economic Policy Ideas and Political Parties

Core reading: Douglas A. Hibbs, “Political Parties and Macroeconomic Policy”, *American Political Science Review* Vol 71:4 (December, 1977), 1467-1487.

James Payne and Douglas Hibbs, “Communications”, *American Political Science Review* Vol 73:1 (March, 1979), 181-185.

R. Michael Alvarez, Geoffrey Garrett and Peter Lange, “Government Partisanship, Labor Organization, and Macroeconomic Performance”, *American Political Science Review* Vol 85:2 (June, 1991), 539-556.

Class #11 November 27, 2017
Mass Political Behaviour and Elections

Core reading: Jacob S. Hacker, Philipp Rehm and Mark Schlesinger, “The Insecure American: Economic Experiences, Financial Worries, and Policy Attitudes”, *American Political Science Review* Vol 11:1 (March, 2013), 23-49.

Class #12 December 4, 2017
Majoritarian Electoral Democracy, Economic-Elite Domination, Majoritarian Pluralism, or Biased Pluralism in Market Economies

Core reading: Martin Gilens and Benjamin Page, “Testing Theories of American Politics: Elites, Interest Groups, and Average Citizens”, *Perspectives on Politics* Vol 12:3 (September, 2014), 564-581.

Student Research

A Research Design Proposal of about ten pages, for the seminar research project is due in to the instructor by Monday, October 16, 2017 at 4:00 p.m. This proposal will be 10% of the final grade.

The Final Research Paper, of about 30 pages, is due to the instructor by Monday, December 18, 2017 at 4:00 p.m. (30% of final grade).

There will be a penalty of 1% of the seminar total for every McMaster working day an assignment is late. Final Research Papers will be retained by the instructor for at least one year.

Student Participation

For each seminar meeting after the first one, two students will make presentations on two separate themes. Each presentation should be about 20 minutes in length and based on at least one scholarly chapter or journal article. The presenter should raise questions for discussion.

Assignment and the System to be used in Assigning the Final Grade

Each student will select an economic policy area studied in the seminar, e.g. employment policy, inflation policy, business cycle policy, structural economic policy, trade policy (openness), budget balance policy, tax policy, etc. for his/her seminar research. After the topic is agreed upon, the student will need to research through relevant literature especially recent scholarly articles and government/organization documents. In this review of the literature, you should note, first, how your policy area is divided into specific policy goals or solutions, how are they theoretically and operationally defined, their properties and sub-properties and indicators used to measure the success of policy in this area. Second, what explanatory theories are available to explain the variations of public policy in your policy area through time and across countries.

An indirect, partial and comparative understanding of the success of policy in this area can be obtained by analyzing the economic data trends. The major sources are the governments themselves, the OECD, the IMF, the World Bank, the ILO and the UN and its agencies.

University Policies

Academic Dishonesty

You are expected to exhibit honesty and use ethical behaviour in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity.

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behaviour can result in serious consequences, e.g. the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: "Grade of F assigned for academic dishonesty"), and/or suspension or expulsion from the university.

It is your responsibility to understand what constitutes academic dishonesty. For information on the various types of academic dishonesty please refer to the Academic Integrity Policy, located at www.mcmaster.ca/academicintegrity

The following illustrates only three forms of academic dishonesty:

1. Plagiarism, e.g. the submission of work that is not one's own or for which other credit has been obtained.
2. Improper collaboration in group work.
3. Copying or using unauthorized aids in tests and examinations.

Academic Accommodation of Students with Disabilities

Students who require academic accommodation must contact Student Accessibility Services (SAS) to make arrangements with a Program Coordinator. Academic accommodations must be arranged for each term of study. Student Accessibility Services can be contacted by phone 905-525-9140 ext. 28652 or e-mail sas@mcmaster.ca. For further information, consult McMaster University's Policy for Academic Accommodation of Students with Disabilities.

Faculty of Social Sciences E-Mail Communication Policy

Effective September 1, 2010, it is the policy of the Faculty of Social Sciences that all e-mail communication sent from students to instructors (including TAs), and from students to staff, must originate from the student's own McMaster University e-mail account. This policy protects confidentiality and confirms the identity of the student. It is the student's responsibility to ensure that communication is sent to the university from a McMaster account. If an instructor becomes aware that a communication has come from an alternate address, the instructor may not reply at his or her discretion. Email Forwarding in MUGSI:

<http://www.mcmaster.ca/uts/support/email/emailforward.html>

*Forwarding will take effect 24-hours after students complete the process at the above link
(Approved at the Faculty of Social Sciences meeting on Tues. May 25, 2010)

Course Modification Statement

The instructor and university reserve the right to modify elements of the course during the term. The university may change the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check his/her McMaster email and course websites weekly during the term and to note any changes.