CONCEPTS IN POLITICAL ECONOMY
(4 credits)

Lecturer: Attila Fölsz  folsza@ceu.edu
Office hours:
Lectures and seminars: usually

Course description and objective:
The course is an introduction to contemporary political economy, both as an application of economic paradigms for explaining political phenomena and as a discipline focusing on the links between politics and economics. To put it differently, in one way or another the entire course will concentrate on two fundamental questions from various aspects:
- How and to what extent do societal agents act rationally, and what are the societal consequences of such behaviour?
- How and to what extent do (political) institutions affect behaviour and thus economic performance?
During the course students will acquaint with different alternative theories, concepts, and methodological approaches concentrating on these questions.

Learning outcomes:
Students will be acquainted with the basic concepts and paradigms of contemporary political economy. The acquired knowledge will enable them to pursue individual research on various topics of political economic nature and choose the appropriate ones among various alternative analytical approaches.

Teaching format:
The course consists of 24 (2 per week) classes. Topics are introduced in interactive lectures, further explored on the following seminar. You are only asked to read for the seminars. Lectures are usually the second classes of the week, followed by the seminar only next week, so that you have enough time to prepare.

Requirements
- Students are required to attend classes regularly and to participate actively in course discussions.
- Students are expected to formulate written comments and questions about the literature. These short comments and questions will serve as basis for seminar discussions, and are to be submitted via e-mail by 8 pm preceding the day of the seminar the latest.
- Students will write brief (40 minutes) written tests at the end of Week 4 and 8 covering the previous 4 topics.
- Students will write an in-class closed-book final exam during the last class.
- During the course all students – to introduce seminar discussions - make a short presentation on a piece of compulsory literature (or on something else, if agreed with the instructor).

Assessment:
Written questions and comments: 10 %
In-class participation 10 %
In-class presentation 10 %
2 short tests: 2 x 15 %
Final exam: 40 %
1: Economics, politics and society

Peter Gourevitch: Politics in Hard Times. (Ithaca, New York; Cornell University Press, 1986). Chapters 1, 2 and 6, pp. 17-71; 221-241


Suggested:
Polanyi, K. (1944), The Great Transformation, Boston: Beacon Press, ch.10

2 - 3: Economy, politics, old and new political economy

Drazen, Allan (2004): What is political economy? Chapter one in” Political economy in macroeconomics”, Princeton UP

Suggested:
Polanyi, K. (1944), The Great Transformation, Boston: Beacon Press, ch.10

4 – 5: The 3 (+2) I’s in social science


Suggested
Pontusson, J., From Comparative Public Policy to Political Economy: Putting Political Institutions in Their Place and Taking Interests Seriously, Comparative Political Studies, 28, 1 (Spring 1995), 117-147

6-7: Rationality and rational choice


Suggested:
8: SHORT TEST I.

8-9: Rationality: limits and criticisms


Suggested:
http://business.baylor.edu/steve_green/green1.doc


10 - 11: Market and the state; private vs. public goods and redistribution


Blackwell: Oxford, pp. 111-133

Suggested:


12 - 13: Information, power and institutions


14 - 15: Collective action and agency capture


Suggested:


16 - 17: Legitimacy and accountability


Suggested:


16: SHORT TEST II.

18 - 19: Credibility, commitment and conditionality


Suggested


20 - 21: Political competition and economic policy-making


Suggested


22 - 23: Fiscal federalism and decentralization


Suggested


24: FINAL EXAM