GV101 Week 18: Economic Performance

Teacher: Joe Greenwood-Hau

Email: j.greenwood3@lse.ac.uk

Office Hours (by appointment via the Student Hub):
Thursdays, 09:30 – 10:30, CBG.4.13
Thursdays, 14:30 – 15:30, CBG.4.13

Country Questions:

- What have been the levels of economic growth, inflation, unemployment, and public debt in your adopted country over the last decade or so?
- How have politics and political institutions affected these outcomes?
- How well do political science arguments about the effects of institutions on economic performance explain policy outcomes in your country, or in other countries you know about?

Class Questions:

1. What are the implications of selectorate theory for economic outcomes, as outlined by Bueno de Mesquita, Morrow, Siverson, and Smith?
   a) What does their evidence reveal in this regard?
   b) How can China's economic performance be explained in light of the above? What are the implications of this for selectorate theory?

2. What might Gandhi and Przeworski, whose work we reviewed in week 3, say about the findings of Bueno de Mesquita, Morrow, Siverson, and Smith?
   a) What about Magaloni, who was a suggested reading in week 3?

3. What is the logic underpinning each of the three mechanisms relating democracy to economic growth that Przeworski and Limongi identify?
   a) Do you find each of those mechanisms, or the arguments against them, more convincing? Why?

4. What are the problems of simultaneity, attrition, and selection that Przeworski and Limongi identify with observing the causal direction of the relationship between democracy and economic growth?
   a) Can these problems be resolved? If so, how?

Additional Essential Reading Question:

5. In their empirical work, Bueno de Mesquita, Morrow, Siverson, and Smith 'divide the world into two categories—largest-coalition, most democratic governments and smallest-coalition, most autocratic governments—and compare each group's track record in producing prosperity.' Does this seem like a sound approach, and how might it influence our confidence in the results? Why?

6. Ross initially identifies three possible explanation for the policy failures that characterise the resources curse. What are these, and how are they thought to have an effect?
    a) Each of the above explanations is then found to be lacking. What are the bases for their respective dismissals?
    b) Towards the end of the article, Ross then identifies two 'promising' alternative explanations for the resource curse. What are these and how do they work?
    c) How might these latter two explanations relate to Clark, Golder, and Golder's claim about the implications of democracy and dictatorship for economic outcomes?

7. Tsebelis and Chang provide evidence in support of two predictions, based on veto players theory, about (deliberate) changes in the composition of budgets. What are these predictions?
    a) What are the implications of these findings for the responsiveness of different systems of democratic government to public demands for spending in certain areas? Does this affect what you consider to be the ideal system of democratic government?
    b) Tsebelis and Chang measure two dimensional, rather than unidimensional, political space. What are the two dimensions?
    c) They comment that their second dimension is less than ideal (at least in terms of its plausible relationship to budget decisions). Can you think of an alternative dimension that we might now be able to measure and test?

Essential Readings for Next Week:

- Alberto Alesina and Edward Glaeser, *Fighting Poverty in the US and Europe: A World of Difference* (Oxford, Oxford University Press, 2004), Chapter 2, 'Redistribution in the United State and Europe: The Data', and Chapter 4, 'Political Institutions and Redistribution'.

- William Roberts Clark, Matt Golder, and Sona Nadenichek Golder, *Foundations of Comparative Politics* (London, Sage Publications, 2019), pp. 364-370.

Further Reading for Next Week:

The further reading questions for next week will be based on the following two sources, which you may choose to focus on:

- Kenneth Scheve and David Stasavage, 'Wealth Inequality and Democracy', *Annual Review of Political Science*, Vol. 20 (2017), pp. 451-468.

- Valentino Larcinese, 'Voting over Redistribution and the Size of the Welfare State: The Role of Turnout', *Political Studies*, Vol. 55, No. 3 (2007), pp. 568-585.