

Übung, Herbstsemester 2010:
DEMOCRACY AND THE MARKET

Termin: 7 Lectures Thursday 15h30 – 17h00 Uhr (A 5, 6 Bauteil B - B 143)
7 Lab sessions Wednesday 10h15 – 11h45 Uhr (A 5, 6 Bauteil B - B 143)

Course Description:

The purpose of this course is twofold. The first is to examine the relationship between economic and political change by focusing on dual processes of economic reform and democratization. We will explore the inter-play of societal and state-level actors, and the possible trade-offs involved using examples from Latin America, the Middle East, the former Soviet Union, and other developing areas. The second purpose of this class is to link these bodies of theory with empirical demonstrations. Key methodological issues will be addressed in the context of each theme: the emphasis will be placed on causality and finding out how theoretical concepts are transferred into testable hypotheses using quantitative indicators depicting a series of macro phenomena. With these tools in hand, you will be able to form your own opinion about both the quality of the theories and empirical demonstrations that underlie some of the key propositions in the field.

To reach the twin purpose, the class will be structured as follows. Classes will proceed thematically. Each substantive theme will be covered in class theoretically by the instructor in lectures, and then, after having exposed the theoretical aspects of each topic, we will attempt to test the theoretical propositions in the computer lab the following week. Although much of this class will be aimed at empirical verification, I do not require students to have an advanced methodological background: an open mind and willingness to learn will be sufficient.

Class will meet every second Thursday from 15h30 to 17h00 in Room A 5, 6 Bauteil B - B 143 and every other Wednesday in room A 5, 6 Bauteil B - B 143 from 19h15 to 11h45, starting on 09.09.2010 and ending on the 08.12.2010. Both lectures and exercises will be conducted in English.

Course Schedule:

1. Thursday September 9: Introduction (A 5, 6 Bauteil B - B 143 15h30 - 17h00)
2. Wednesday September 15: A Stata intro/refreshers (A 5, 6 Bauteil B - B 143 10h15 - 11h45)
3. September 23: Defining Democracy (A 5, 6 - B 143 15h30-17h00)
4. September 29: Lab session (A 5, 6 - B 143 10h15-11h45)
5. October 7: Democracy and the Market: A natural affinity? (A 5, 6 - B 143 15h30-17h00)
6. October 13: Lab session (A 5, 6 - B 143 10h15-11h45)
7. October 21: Constructing Markets: civil society, the state (A 5, 6 - B 143 15h30-17h00)
8. October 27: Lab session (A 5, 6 - B 143 10h15-11h45)
9. November 4: Are Markets Superior to Politics? Testing the authoritarian advantage (A 5, 6 - B 143 15h30-17h00)
10. November 10: Lab session (A 5, 6 - B 143 10h15-11h45)
11. November 25: The Dark Side I: Inequality, Poverty (Raum: A 5, 6 - B 143 15h30-17h00)
12. November 17: Lab session (A 5, 6 - B 143 10h15-11h45)
13. December 2: The Dark Side II: Corruption (A 5, 6 - B 143 15h30-17h00)
14. December 8: Lab session (A 5, 6 - B 143 10h15-11h45)

Course Requirements:

This class is tailored for you to succeed. This should be easy to achieve if you come to class regularly, read the notes, keep up with the readings and submit your homework in due time.

A) READINGS:

I expect you to keep up on the weekly readings as we will discuss them in class and the material will be useful to complete the assignments. You will notice that some readings overlap considerably, thus it is up to you to select the readings that suit your interests best. The articles and book chapters will be made available to you online (within the limits of legality, of course).

You might think this class assigns a lot of (too much) reading material and feel overwhelmed. The secret to cope with a bulk of reading is to skim strategically: Knowing how to *skim* readings is an important professional skill for students (you can't realistically be expected to read ALL the materials for each class you are taking, right?). For this, you need to read purposefully, and look out for the important "stuff" in a text:

- The central question or puzzle the author seeks to answer or resolve;
- The definition of the dependent variable, or what the author wants to explain;
- The main independent variables the author(s) thinks are at work;
- The theory, or the rationale, that links independent to dependent variables; why should certain things be related?
- The author's research design: the types of evidence used to test hypotheses, where the evidence comes from, and if you are convinced by it all.

B) CLASS NOTES

Most of the material you need to be successful in the assignments will be in the class notes. I will make these available before the class meets so you have time to print them and bring them to class.

C) ASSIGNMENTS

Your (passing) grade will be calculated on the basis of 3 assignments. The assignments are constructed so that most of the work you need to do to complete them can be done during the lab sessions accompanying each of the six substantive themes of this class. You will need to complete (and pass) 3 out of the 6 possible assignments to get an overall passing grade.

Stata Licenses

All participants to this course can obtain a (FREE!!) temporary licence to the Stata software. I will compile a list of participants in the first meeting of the class as to make sure you get those.

ILIAS

Alle Materialien zur Veranstaltung finden Sie über das StudierendenPortal auf ILIAS.

Sprechstunde

TBA

Data: Democracy Crossnational Data, Release 3.0 Spring 2009

<http://www.hks.harvard.edu/fs/pnorris/Data/Data.htm>

This dataset is most suitable for *comparisons of 191 contemporary states*, with a limited number of lagged variables. It contains data on the social, economic and political characteristics of 191 nations with over 1000 variables. To this dataset I have added even more variables from other data sources, I will make this new dataset available to you in class and through ILIAS.

If you are new to the software Stata, Pippa Norris also has a very useful introduction document on her website to be found at:

<http://www.hks.harvard.edu/fs/pnorris/STM103%20Spring2008/Updated%20Shared%20dataset/Introductory%20Guide%20to%20using%20Stata.pdf>

Course Readings:

WEEK 1 (September 9): Introduction

WEEK 2 (September 15): A Stata intro or refresher

Required readings:

- Stata handout
- Norris, Pippa. 2008. Intro to using the dataset with STATA:
<http://www.hks.harvard.edu/fs/pnorris/STM103%20Spring2008/Updated%20Shared%20data%20set/Introductory%20Guide%20to%20using%20Stata.pdf>
- Getting the data from: <http://www.hks.harvard.edu/fs/pnorris/Data/Data.htm>

WEEK 3 (September 23): Defining Democracy

Required readings:

- Schmitter, Philippe and Terry Lynn Karl. 1991. "What Democracy Is...and is Not." *Journal of Democracy* 2(3):75-88.
- Diamond, Larry. 2002. "Thinking about Hybrid Regimes." *Journal of Democracy* 13(2):21-35.

Recommended (but not required):

- Dahl, Robert. 1971. *Polyarchy*. New Haven: Yale University Press. Chapters 2-3
- Dahl, Robert, 1989. *Democracy and Its Critics*. New Haven: Yale University Press, pp. 1-33.

WEEK 4 (September 29): Lab session on indicators of democracy

Required readings:

- Freedom House, 2010 Edition Methodology, from www.freedomhouse.org
- Norris, Pippa. 2009. *Democracy Cross-National Codebook*.

WEEK 5 (October 7): Democracy and the market: A natural affinity?

Required readings:

- Lipset, S. M., 1959. "Some Social Requisites of Democracy: Economic Development and Political Legitimacy," *American Political Science Review*, 53 (Mar.): 69-105.
- Lipset, S. M., 1994. "The Social Requisites of Democracy Revisited," *American Sociological Review*, 59(Feb.): 1-22.

Recommended (but not required):

- Przeworski, Adam, and Fernando Limongi. 1997. "Modernization: Theories and Facts," *World Politics*, 49 (2), 155-183.

WEEK 6 (October 13): Lab session exploring the link between market and democracy

Same required readings as last week

WEEK 7 (October 21): Constructing Markets: civil society, the role of the state

Required readings:

- Williamson, John, 1993. "Democracy and the 'Washington Consensus'," *World Development* 21(8): 1329-36.
- Stephen Knack and Philip Keefer, Does Social Capital Have an Economic Payoff? 1997. A Country Investigation, *the Quarterly Journal of Economics*, 112(4):1251-1288.

Recommended (but not required):

- Joseph E. Stiglitz, *Towards a New Paradigm for Development: Strategies, Policies, and Processes* (Geneva: 1998 Prebisch Lecture, UNCTAD, 1998).
- Przeworski, Adam, 1992. "The Neoliberal Fallacy," *Journal of Democracy*, 3(July): 45-59.

WEEK 8 (October 27): Lab Session

Same required readings as last week

WEEK 9 (November 4): Are Markets Superior to Politics? Is there an authoritarian advantage?

Required readings:

- Madrick, Jeff. "Democracy Has the Edge When It Comes to Advancing Growth," *New York Times*, April 13, 2000.
- Smith, Peter H. 2005. *Democracy in Latin America. Political Change in Comparative Perspective*. Oxford, Oxford University Press. Read parts of chapter 8, pp.213-227.
- Halperin, Morton H., Siegle, Joseph T. And Weinstein, Michael M. "Why Democracies Excel," *Foreign Affairs*. September/October, 2004.

Recommended (but not required):

- Maravall, José María, 1994. "The Myth of Authoritarian Advantage," *Journal of Democracy*, 5 (Oct.): 17-31.
- Przeworski, Adam, and Fernando Limongi. 1993. Political Regimes and Economic Growth. *Journal of Economic Perspectives*. 7(3):51-69

WEEK 10 (November 10): Lab Session on the authoritarian advantage

Same required readings as last week

WEEK 11 (November 18): Inequality and Poverty

Required readings:

- Sirowy, Larry and Alex Linkeles. 1990. The Effects of Democracy on Economic Growth and Inequality: A review. *Studies in Comparative International Development*. Vol. 25, no.1, 126-157.
- Bermeo, Nancy. 2009. Does Electoral Democracy Boost Economic Equality? *Journal of Democracy* - Volume 20, Number 4, pp. 21-35.
- Inglehart, Ronald, Norris, Pippa, and Christian Welzel. 2004. *Gender Equality and Democracy*.

Recommended (but not required):

- Mueller, Edward N., 1997. "Economic determinants of democracy," in Manus I. Midlarsky, ed., *Inequality, democracy and economic development*. Cambridge: Cambridge University Press, pp. 133-155.

WEEK 12 (November 24): Lab on Inequality and Poverty

Same required readings as last week

WEEK 13 (December 2): Corruption

Required readings:

- Holmes, Leslie. 2006. *Rotten States? Corruption, Post-Communism, and Neoliberalism*, Durham, NC: Duke University Press. Read. Chapter 2 and skim chapter 4.
- Rock, Michael T. 2007. *Corruption and Democracy*. DESA Working Paper No. 55, United Nations Economic and Social Development Series. August 2007

Recommended (but not required):

- Cooper Drury, Jonathan Kriekhaus, and Michael Lusztig. 2006. "Corruption, Democracy, and Economic Growth." *International Political Science Review* 27:2: 121-36.
- Mark E. Warren (2004). "What Does Corruption Mean in a Democracy?" *American Journal of Political Science*, 48(2), 328-343.

WEEK 14: (December 8): Lab on Corruption and Democracy

Required readings:

- Transparency International methodology,