

Parties and Public Policy
(Or, ‘Does It Matter Which Party Gets Elected?’)
(PO8014)

Lecturer

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Seminars

Mondays, 2–4pm, Phoenix House, Room 201

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Course Description

It seems important to establish whether it matters which party gets elected. While it may be natural to think that it does matter, are there good theoretical reasons to think this is true? Does the empirical literature support the contention? In pursuing answers to these questions, this course has a number of aims. The first is to provide an overview of the literature on the ‘partisanship effect’, and to connect it to some prominent and related theoretical and empirical work in the broader political science literature. The second aim is to develop some comparative knowledge of important aspects of public policy in several advanced industrialised economies. How large is government and why? What explains the extent of the welfare state? Does government influence inequality? The third aim is to use examples to develop an understanding of aspects of social science methodology — most particularly the distinction between correlation and causation.

Learning Outcomes

- Have a critical understanding of core political science theories relating to the median voter and partisanship;
- Have a detailed knowledge of the empirical literature that has applied and tested these theories;
- Have a comparative grounding in major public policies and societal outcomes across advanced industrialised democracies;
- Have an understanding of the conceptual and empirical implications of the distinction between correlation and causation in the social sciences.

Assessment

Note, all written work must be submitted through <http://turnitin.com/>, for which details are provided below. Deadlines refer to Irish time. Late papers are penalized at a rate of 5 points per day late, which will only be excused if backed by a medical certificate. Where specified, word counts do not include the bibliography but do include all other words (e.g. footnotes, etc). Please include a word count when you submit.

10% — Class participation

Class participation requires contributing to class discussion. This includes listening to others, having questions for discussion, and demonstrating that contributions are based on a detailed reading of the assigned literature for the week. Depending on class numbers, it may also involve, at my discretion, giving short presentations in class outlining readings or issues that arise from them.

20% — Response papers

Due midday of the Tuesday before class

Students are required to write **four response papers** over the course. Response papers are not summaries, but demonstrate an understanding and provide a critique of, or response to, the week's readings. They can be written about one of the required readings, but will often be more successful when discussing the relationships between more than one reading. Response papers should be at least one but no more than three double-spaced pages long. When you submit a response paper, you are expected to be particularly active in the discussion that week and the grade for the response paper will take this into account. You should come to the seminar expecting to talk about the views expressed in the response paper of your own volition, or as a result of explicit questioning from me.

20% — US Election 'Op-Ed' (up to 1,500 words)

Due midday Monday November 12th

You will write a short opinion/editorial ('op-ed') paper on the outcome of the US elections of November 6th (either presidential or legislative). The particular line that you take is up to you, but it should draw on the theoretical and empirical work that we cover during this module. You are welcome to discuss this with me before you start writing.

The idea behind this assignment is that you will attempt to write as a social scientist, in an evidence-based and theoretically-motivated way. This much is similar to other essays you may have written during your university career. However, for this assignment, you should also write in a style that is accessible to a general readership, untrained to the level that you are. The goal is that you will learn to bridge the gap between the academic study of social science and the popular understandings of such issues.

50% — Research Paper (up to 4,000 words)

Due midday Monday December 17th

Students should choose a case or selection of cases to study in a more research-oriented way than for the literature review. This may involve selecting a country or countries, or perhaps sub-national levels of government. I suggest that a specific policy or outcome, as well as a time point or period, is selected to limit the empirical task. The paper should develop a theoretically-justified hypothesis relating to the concept of the partisanship effect — which may be a prediction of no effect. The testing of this hypothesis should then be discussed in detail. Conceptually, what sort of data could

be used to falsify the theory? Practically, what sort of data is (or is likely to be) available that might serve this purpose? Would this data allow for causal claims, or merely show correlation? Finally, the case(s) should be probed empirically, to the extent that data availability allows. *I strongly suggest that students see me no later than the end of week 8 to discuss this assignment.*

Additional Details

Plagiarism

You are reminded of your obligations as a student at Trinity College to avoid plagiarism and respect the highest standards of academic honesty. This is particularly important in terms of reviewing academic literature where it is important that the review is based on your own reading and assessment of any literature discussed.

Turnitin

All written work must be submitted via <http://www.turnitin.com/>. This makes it easier to manage submissions, as well as taking advantage of a plagiarism detector. In order to submit your essay on <http://www.turnitin.com/>, you need to register yourself with <http://www.turnitin.com/> using the following information:

Class Name: Parties and Public Policy (P08014) - 2012
Course ID: 5555709
Enrollment Password: allthesame

Finding Readings

- The reading list (below) includes full bibliographic references to each article, chapter, book, or other reading. As such, you should be able to use the library services to find them yourself.
- Where available, I have also included the URL based on the DOI (standing for Digital Object Identifier) of the reading. This will link you to *one* place where the reading is published online.
- The DOI links will only provide you with access when you are connected to the TCD network. If you are off-campus, you should use the Library's off-campus facility by visiting <http://www.tcd.ie/Library/> and clicking on the link for "E-Journals only".
- Note, however, that the DOI link may *not* be the place through which the TCD subscription provides access. (This is not in my control.) If this occurs, you will often find that <http://www.jstor.org/> will work for you, subject to you being on-campus or having explicitly signed-in to the Library's off-campus service.
- Again, where available, I have also tried to provide URLs for readings that are not constrained by off-campus and/or login restrictions. This is often via the web sites of the authors of the readings and will tend to be the easiest way of retrieving items.
- Some readings may only be available in hard copy. In these cases, I will endeavour to make them available as scanned PDFs via the module's WebCT site found via <http://webct.tcd.ie/>. These are marked with the ➡ symbol in the reading list.
- Some of the readings listed below are a little more challenging. I have marked these with the * symbol.

- Some of the ‘readings’ in the ‘Short/Popular’ category are actually podcasts or other types of audio. I have marked these with the “” symbol.

Acknowledgements

I am grateful to the following for their help in preparing this course: Koji Kagotani, Gail McElroy, Tom Pegram, and Will Phelan.

1 Introductions

1.1 The Partisanship Hypothesis

Define the ‘partisanship hypothesis’ as the idea that the party that gets elected *does* make a difference to (as yet undefined) outcomes. This seems natural enough when we think of different parties competing for votes in elections by declaring themselves to be different from their opponents. This week we look at some of the theoretical underpinnings for and against the partisanship hypothesis. The first two readings are from the popular press and provide example applications of these prominent theories. Stokes (1999) provides a nice overview of political science understanding of political parties. Congleton (2003) and Grofman (2004) set out the ‘median-voter’ reasoning commonly associated with Downs (1957). Hibbs (1977) provides one of the most highly-cited examples of an argument for the partisanship hypothesis — in fact, one of the most highly-cited political science papers of all time. The *Mother Jones* Romney videos provide a nice opportunity to discuss the issues at hand in a very up-to-date way.

Short/Popular Readings (Required)

- Cowen, Tyler (2010). Why Politics Is Stuck in the Middle. *New York Times*. February 6th. <http://www.nytimes.com/2010/02/07/business/economy/07view.html>
- Klein, Ezra (2011). The 2012 election: Why it matters more than most. *Washington Post*. September 13th. http://www.washingtonpost.com/business/economy/the-2012-election-why-it-matters-more-than-most/2011/09/12/gIQA5gt2NK_story.html
- Corn, David (2012). SECRET VIDEO: Romney Tells Millionaire Donors What He REALLY Thinks of Obama Voters. Published by ‘Mother Jones’. <http://www.motherjones.com/politics/2012/09/secret-video-romney-private-fundraiser>

Required Readings

- Stokes, Susan C. (1999). Political Parties and Democracy. *Annual Review of Political Science*, 2(1):243–267. <http://dx.doi.org/10.1146/annurev.polisci.2.1.243>
- Congleton, Roger D. (2003). The Median Voter Model. In Rowley, Charles K. and Schneider, Friedrich, editors, *The Encyclopedia of Public Choice*, pages 707–712. Springer US. <http://rdc1.net/forthcoming/medianvt.pdf>
- Grofman, Bernard (2004). Downs and Two-Party Convergence. *Annual Review of Political Science*, 7(1):25–46. <http://dx.doi.org/10.1146/annurev.polisci.7.012003.104711> <http://tinyurl.com/6hy72qw>
- Hibbs, Douglas A. (1977). Political Parties and Macroeconomic Policy. *American Political Science Review*, 71(4):1467–1487. <http://dx.doi.org/10.2307/1961490> <http://douglas-hibbs.com/HibbsArticles/APSR%201977.pdf>

1.2 Sources of Partisanship

While the median-voter theory has been extremely influential, it is largely perceived as being at odds with partisanship approaches. This week, we study two of the possible reasons why the partisanship approach may be relevant. They revolve around the level of political information possessed by the electorate and the degree to which parties may need to satisfy their ‘base’. Does the electorate know enough to even have meaningful policy preferences from which parties could then actually diverge? Can parties go against their own core supporters in search of the median voter?

Short/Popular Readings (Required)

- Epstein, Richard (2010). The Tea Party Meets The Median Voter. *Forbes*. September 20th. <http://www.forbes.com/sites/richardepstein/2010/09/20/the-tea-party-meets-the-median-voter/>
- Bartels, Larry M. (2008a). The Irrational Electorate. *Washington Quarterly*. http://www.princeton.edu/~bartels/how_stupid.pdf

Required Readings

- Downs, Anthony (1957). An Economic Theory of Political Action in a Democracy. *Journal of Political Economy*, 65(2):135–150. <http://dx.doi.org/10.2307/1827369>
<http://tinyurl.com/5t624rz>
- Bartels, Larry M. (2005). Homer Gets a Tax Cut: Inequality and Public Policy in the American Mind. *Perspectives on Politics*, 3(01):15–31. <http://dx.doi.org/10.1017/S1537592705050036>
- Bullock, John G. (2011). Elite Influence on Public Opinion in an Informed Electorate. *American Political Science Review*, 105(03):496–515. <http://dx.doi.org/10.1017/S0003055411000165>
<http://bullock.research.yale.edu/papers/elite/elite.pdf>
- Hacker, Jacob S. and Pierson, Paul (2005). Abandoning the Middle: The Bush Tax Cuts and the Limits of Democratic Control. *Perspectives on Politics*, 3(01):33–53. <http://dx.doi.org/10.1017/S1537592705050048>
<http://www.apsanet.org/imgtest/hackerpierson.pdf>

Further Readings

- Lupia, Arthur (1994). Shortcuts Versus Encyclopedias: Information and Voting Behavior in California Insurance Reform Elections. *American Political Science Review*, 88(1):63–76. <http://dx.doi.org/10.2307/2944882>
http://www-personal.umich.edu/~lupia/Papers/Lupia1994_ShortcutsEncyclopedias.pdf
- Lupia, Arthur, Levine, Adam Seth, Menning, Jesse O., and Sin, Gisela (2007). Were Bush Tax Cut Supporters ‘Simply Ignorant’? A Second Look at Conservatives and Liberals in ‘Homer Gets a Tax Cut’. *Perspectives on Politics*, 5(04):773–784. <http://dx.doi.org/10.1017/S1537592707072210>

- Bartels, Larry M. (2007). Homer Gets a Warm Hug: A Note on Ignorance and Extenuation. *Perspectives on Politics*, 5(04):785–790.
<http://dx.doi.org/10.1017/S1537592707072222>
- ➡ May, John D. (1973). Opinion Structure of Political Parties: The Special Law of Curvilinear Disparity. *Political Studies*, 21(2):135–151.
<http://dx.doi.org/10.1111/j.1467-9248.1973.tb01423.x>
- ➡ Kitschelt, Herbert (1989). The Internal Politics of Parties: The Law of Curvilinear Disparity Revisited. *Political Studies*, 37(3):400–421.
<http://dx.doi.org/10.1111/j.1467-9248.1989.tb00279.x>
- ➡ Norris, Pippa (1995). May's Law of Curvilinear Disparity Revisited. *Party Politics*, 1(1):29–47.
<http://dx.doi.org/10.1177/1354068895001001002>

1.3 Measuring ‘Ideology’

If we are to detect partisan influence on various outcomes, shouldn’t we know what it is they actually want? This week, we look at some of the ways that have been developed to measure/estimate the ‘ideological position(s)’ of political parties. The early approaches focused on ‘expert’ surveys (Castles and Mair, 1984; Huber and Inglehart, 1995), while more recent developments have revolved around using the words published by parties as the raw material for determining their ideological placement (the other readings).

Required Readings

- Castles, Francis G. and Mair, Peter (1984). Left-Right Political Scales: Some ‘Expert’ Judgements. *European Journal of Political Research*, 12(1):73–88.
<http://dx.doi.org/10.1111/j.1475-6765.1984.tb00080.x>
- Huber, John and Inglehart, Ronald (1995). Expert Interpretations of Party Space and Party Locations in 42 Societies. *Party Politics*, 1(1):73–111.
<http://dx.doi.org/10.1177/1354068895001001004>
- ➡ Budge, Ian and Klingemann, Hans-Dieter (2001). Finally! Comparative Over-Time Mapping of Party Policy Movement. In Budge, Ian, Klingemann, Hans-Dieter, Volkens, Andrea, Bara, Judith, and Tanenbaum, Eric, editors, *Mapping Policy Preferences: Estimates for Parties, Electors, and Governments 1945-1998*, chapter 1, pages 19–50. Oxford University Press, Oxford, UK
- Lowe, Will, Benoit, Kenneth, Mikhaylov, Slava, and Laver, Michael (2011). Scaling Policy Preferences From Coded Political Texts. *Legislative Studies Quarterly*, 36(1):123–155.
<http://dx.doi.org/10.1111/j.1939-9162.2010.00006.x>
http://www.kenbenoit.net/pdfs/Loweetal_2010_LSQ.pdf
- Kim, Heemin and Fording, Richard C. (2002). Government partisanship in Western democracies, 1945-1998. *European Journal of Political Research*, 41(2):187–206.
<http://dx.doi.org/10.1111/1475-6765.00009>

Further Readings

- Laver, Michael, Benoit, Kenneth, and Garry, John (2003). Extracting Policy Positions from Political Texts Using Words as Data. *American Political Science Review*, 97(02):311–331.
<http://dx.doi.org/10.1017.S0003055403000698>
<http://www.kenbenoit.net/pdfs/WORDSCORESAPSR.pdf>
- Benoit, Kenneth and Laver, Michael (2007). Estimating party policy positions: Comparing expert surveys and hand-coded content analysis. *Electoral Studies*, 26(1):90–107.
<http://dx.doi.org/10.1016/j.electstud.2006.04.008>
http://www.kenbenoit.net/pdfs/BenoitLaverElStud_a.pdf
- Benoit, Kenneth, Laver, Michael, and Mikhaylov, Slava (2009). Treating Words as Data with Error: Uncertainty in Text Statements of Policy Positions. *American Journal of Political Science*, 53(2):495–513.
<http://dx.doi.org/10.1111/j.1540-5907.2009.00383.x>
- Slapin, Jonathan B. and Proksch, Sven-Oliver (2008). A Scaling Model for Estimating Time-Series Party Positions from Texts. *American Journal of Political Science*, 52(3):705–722.
<http://dx.doi.org/10.1111/j.1540-5907.2008.00338.x>

2 First Generation Partisanship: Correlation?

2.1 Size of Government

In this part of the course, we will study some of the earlier attempts to assess how the partisanship hypothesis performs empirically. The weeks are broken up into papers that analyse different types of outcome that could be expected to be influenced by partisanship. In this first week, we look at whether partisanship influences the ‘size of government’ — defined as the government expenditure (or revenues) as a share of the total economy. The reading from Persson and Tabellini (2005) introduces an alternative theoretical strand that claims to explain this measure.

Short/Popular Readings (Required)

- The Economist (2010). Leviathan stirs again: The growth of the state. January 1st.
<http://www.economist.com/node/15328727>

Required Readings

- Cameron, David R. (1978). The Expansion of the Public Economy: A Comparative Analysis. *American Political Science Review*, 72(4):1243–1261.
<http://dx.doi.org/10.2307/1954537>
- Blais, André, Blake, Donald E., and Dion, Stéphane (1993). Do Parties Make a Difference? Parties and the Size of Government in Liberal Democracies. *American Journal of Political Science*, 37(1):40–62.
<http://dx.doi.org/10.2307/2111523>
- ➡ Schmidt, Manfred G. (1996). When parties matter: A review of the possibilities and limits of partisan influence on public policy. *European Journal of Political Research*, 30:155–183.
<http://dx.doi.org/10.1111/j.1475-6765.1996.tb00673.x>
- Persson, Torsten and Tabellini, Guido (2005). *The Economic Effects of Constitutions*. MIT Press.
<http://www.people.fas.harvard.edu/~iversen/PDFfiles/Persson&Tabellini2003.pdf>, chapter 2

Further Readings

- Rice, Tom W. (1986). The Determinants of Western European Government Growth 1950–1980. *Comparative Political Studies*, 19(2):233–257.
<http://dx.doi.org/10.1177/0010414086019002004>
- Swank, Duane H. (1988). The Political Economy of Government Domestic Expenditure in the Affluent Democracies, 1960–80. *American Journal of Political Science*, 32(4):1120–1150.
<http://dx.doi.org/10.2307/2111203>
- Blais, André, Blake, Donald E., and Dion, Stéphane (1996). Do Parties Make a Difference? A Reappraisal. *American Journal of Political Science*, 40(2):514–520.
<http://dx.doi.org/10.2307/2111635>
- Cusack, Thomas R. (1997). Partisan politics and public finance: Changes in public spending in the industrialized democracies, 1955–1989. *Public Choice*, 91(3–4):375–395.
<http://dx.doi.org/10.1023/A:1004995814758>

- Tavits, Margit (2004). The Size of Government in Majoritarian and Consensus Democracies. *Comparative Political Studies*, 37(3):340–359.
<http://dx.doi.org/10.1177/0010414003262068>
- * Persson, Torsten and Tabellini, Guido (2005). *The Economic Effects of Constitutions*. MIT Press.
<http://www.people.fas.harvard.edu/~iversen/PDFfiles/Persson&Tabellini2003.pdf>, sections of chapters 6 & 8
- Pickering, Andrew and Rockey, James (2011). Ideology and the Growth of Government. *Review of Economics and Statistics*, 93(3):907–919.
http://dx.doi.org/10.1162/REST_a_00101

2.2 Welfare State Expenditure

The size of government is a very broad dependent variable. If we are looking for partisanship effects on government activity, perhaps we can think of more focused variables where these effects might be stronger. If the welfare state is about redistribution from the haves to the have-nots, then it seems like a plausible policy area over which the Left and the Right might disagree.

Required Readings

- Hicks, Alexander M. and Swank, Duane H. (1992). Politics, Institutions, and Welfare Spending in Industrialized Democracies, 1960-82. *American Political Science Review*, 86(3):658–674.
<http://dx.doi.org/10.2307/1964129>
- Huber, Evelyne and Stephens, John D. (2000). Partisan Governance, Women’s Employment, and the Social Democratic Service State. *American Sociological Review*, 65(3):323–342.
<http://dx.doi.org/10.2307/2657460>
<http://www.unc.edu/~jdsteph/documents/common/articles/ASR2000.pdf>
- Allan, James P. and Scruggs, Lyle (2004). Political Partisanship and Welfare State Reform in Advanced Industrial Societies. *American Journal of Political Science*, 48(3):496–512.
<http://dx.doi.org/10.1111/j.0092-5853.2004.00083.x>
- Rueda, David (2005). Insider–Outsider Politics in Industrialized Democracies: The Challenge to Social Democratic Parties. *American Political Science Review*, 99(1):61–74.
<http://dx.doi.org/10.1017/S000305540505149X>

Further Readings

- Iversen, Torben and Cusack, Thomas R. (2000). The Causes of Welfare State Expansion: Deindustrialization or Globalization? *World Politics*, 52(3):313–349.
<http://dx.doi.org/10.1353/wp.2000.0009>
<http://www.people.fas.harvard.edu/~iversen/PDFfiles/wp2000.pdf>
- Franzese, Jr., Robert J. (2002b). *Macroeconomic Policies of Developed Democracies*. Cambridge University Press, Cambridge, UK, Chapter 2
- Bradley, David, Huber, Evelyne, Moller, Stephanie, Nielsen, François, and Stephens, John D. (2003). Distribution and Redistribution in Postindustrial Democracies. *World Politics*, 55(2):193–228.
<http://dx.doi.org/10.2307/25054218>
<http://www.unc.edu/~jdsteph/documents/common/articles/World%20Politics%2003.pdf>
- * Iversen, Torben and Soskice, David (2006). Electoral Institutions and the Politics of Coalitions: Why Some Democracies Redistribute More Than Others. *American Political Science Review*, 100(2):165–181.
<http://dx.doi.org/10.1017/S0003055406062083>
<http://www.people.fas.harvard.edu/~iversen/PDFfiles/Iversen-Soskice2006.pdf>

2.3 (Other) Legislative Outcomes: US Schools Policy

The previous two weeks have focused on explaining measures of government expenditure with reference to the party (or parties) in power. This week, we look at evidence as to whether partisanship influences other types of state action — particularly those relating to legislation of a non-spending variety. The required readings focus to the adoption of ‘school choice’ laws in the USA as one example in this area. The further readings cover other topics, such as privatization, union laws, trade policy, and foreign policy.

Required Readings

- Mintrom, Michael (1997). Policy Entrepreneurs and the Diffusion of Innovation. *American Journal of Political Science*, 41(3):738–770.
<http://dx.doi.org/10.2307/2111674>
<http://tinyurl.com/62t8bw3>
- Wong, Kenneth K. and Shen, Francis X. (2002). Politics of State-Led Reform in Education: Market Competition and Electoral Dynamics. *Educational Policy*, 16(1):161–192.
<http://dx.doi.org/10.1177/0895904802016001009>
http://www.fxshen.com/Wong&Shen_2002_EducationalPolicy.pdf
- Renzulli, Linda A. and Roscigno, Vincent J. (2005). Charter School Policy, Implementation, and Diffusion Across the United States. *Sociology of Education*, 78(4):344–365.
<http://dx.doi.org/10.1177/003804070507800404>
- Kenny, Lawrence W (2005). The public choice of educational choice. *Public Choice*, 124(1-2):205–222.
<http://dx.doi.org/10.1007/s11127-005-4762-z>

Further Readings

- Boix, Carles (1997). Privatizing the Public Business Sector in the Eighties: Economic Performance, Partisan Responses and Divided Governments. *British Journal of Political Science*, 27(4):473–496
- Tope, Daniel and Jacobs, Davids (2009). The Politics of Union Decline: The Contingent Determinants of Union Recognition Elections and Victories. *American Sociological Review*, 74(5):842–864.
<http://dx.doi.org/10.1177/000312240907400508>
- Fordham, Benjamin (1998). Partisanship, Macroeconomic Policy, and U.S. Uses of Force, 1949-1994. *Journal of Conflict Resolution*, 42(4):418–439.
<http://dx.doi.org/10.1177/0022002798042004002>
- Milner, Helen V. and Judkins, Benjamin (2004). Partisanship, Trade Policy, and Globalization: Is There a Left-Right Divide on Trade Policy? *International Studies Quarterly*, 48(1):95–120.
<http://dx.doi.org/10.1111/j.0020-8833.2004.00293.x>
- Souva, Mark and Rohde, David (2007). Elite Opinion Differences and Partisanship in Congressional Foreign Policy, 1975-1996. *Political Research Quarterly*, 60(1):113–123.
<http://dx.doi.org/10.1177/1065912906298630>

2.4 Inequality

The first three weeks on empirical tests of the partisanship hypothesis have focused on measuring policy outputs. However, a core reason for expecting such policy effects is that the policy choices are themselves made so as to influence inequality. Do we see partisanship effects here? Johnson (1997) sets out some baseline economic theories for varying levels of inequality. The rest of the readings tackle the more political aspects of this issue, in one way or another.

Short/Popular Readings (Required)

- Toynbee, Polly (2011). Do we care about 300,000 more children in poverty? *The Guardian*. May 13th.
<http://www.guardian.co.uk/commentisfree/2011/may/13/british-children-in-poverty-conservative-policy>

Required Readings

- Johnson, George E. (1997). Changes in Earnings Inequality: The Role of Demand Shifts. *Journal of Economic Perspectives*, 11(2):41–54.
<http://dx.doi.org/10.1257/jep.11.2.41>
- Pontusson, Jonas, Rueda, David, and Way, Christopher R. (2002). Comparative Political Economy of Wage Distribution: The Role of Partisanship and Labour Market Institutions. *British Journal of Political Science*, 32(2):281–308.
<http://dx.doi.org/10.1017/S000712340200011X>
<http://users.ox.ac.uk/~polf0050/Rueda%20BJPS.pdf>
- Gilens, Martin (2005). Inequality and Democratic Responsiveness. *Public Opinion Quarterly*, 69(5):778–796.
<http://dx.doi.org/10.1093/poq/nfi058>
- Scheve, Kenneth and Stasavage, David (2009). Institutions, Partisanship, and Inequality in the Long Run. *World Politics*, 61(2):215–253.
<http://pantheon.yale.edu/~ks298/ScheveStasavageWP2009.pdf>
- Beramendi, Pablo and Cusack, Thomas R. (2009). Diverse Disparities: The Politics and Economics of Wage, Market, and Disposable Income Inequalities. *Political Research Quarterly*, 62(2):257–275.
<http://dx.doi.org/10.1177/1065912908319220>

Further Readings

- * Wallerstein, Michael (1999). Wage-Setting Institutions and Pay Inequality in Advanced Industrial Societies. *American Journal of Political Science*, 43(3):649–680.
<http://dx.doi.org/10.2307/2991830>
- Rueda, David and Pontusson, Jonas (2000). Wage Inequality and Varieties of Capitalism. *World Politics*, 52(3):350–383.
<http://dx.doi.org/10.2307/25054117>
http://dss.ucsd.edu/~mnaoi/page4/POLI227/files/page1_33.pdf
- Bartels, Larry M. (2008b). *Unequal Democracy: The Political Economy of the New Gilded Age*. Princeton University Press, Princeton, NJ, chapter 2

- Rueda, David (2008). Left Government, Policy, and Corporatism: Explaining the Influence of Partisanship on Inequality. *World Politics*, 60(3):349–389
- Mahler, Vincent A. (2004). Economic Globalization, Domestic Politics, and Income Inequality in the Developed Countries. *Comparative Political Studies*, 37(9):1025–1053.
<http://dx.doi.org/10.1177/0010414004268849>

2.5 Political Business Cycles

The partisanship hypothesis has as a close cousin, the idea of political business cycles. If electorates reward incumbent politicians that preside over ‘good’ economic conditions, does that induce politicians to ‘artificially’ create such conditions in the run-up to election periods? If politicians do this, are voters myopic enough not to foresee the inevitable economic problems that would ensue after such policy choices? Do politicians, therefore, foresee that they will not receive electoral benefits from this course of action, in the first place? What would we expect to see ‘in equilibrium’, here?

Short/Popular Readings (Required)

- Falcone, Michael (2011). Rick Perry On Ben Bernanke: It Would Be ‘Almost Treasonous’ To Print More Money Between Now And The Elections. Published by ABC News.
<http://abcnews.go.com/blogs/politics/2011/08/rick-perry-on-ben-bernanke-it-would-be-almost-treasonous-to-print-more-money-between-now-and-the-ele/>
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3 Second Generation Partisanship: Causation?

Earlier work on the partisanship hypothesis focused on establishing the presence (or absence) of a correlation between the government-incumbency of a particular type of party (e.g. left-wing) and various outcomes. But even where there does appear to be a correlation, can we infer that the relationship is causal (from party to outcome)? Other, often later, strands of literature have taken this question more seriously. We will study some of this newer work in this final part of the course.

3.1 Parties or Public Opinion?

While party incumbency may be correlated with policy outputs, could it be that parties are simply responding to (median) public opinion? If so, can the partisanship hypothesis still be supported?

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3.2 Inference From Close Elections

Maybe accurately measuring both the preferences of the electorate and the preferences/actions of parties is too difficult, or not necessary. What if we could look at situations where it was as if the governing party was randomly assigned? Elections where the result is very close could constitute such situations. With public opinion essentially evenly divided between parties in these situations, any resulting policy shifts associated with one (type of) party could be interpreted as being caused by that (type of) party.

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3.3 Inference From Markets

Maybe we don't even need to wait for outcomes to actually play out before we can assess the impact of parties in government. If we relate changes in the probability of electoral success for one party or another with instantaneous 'market' responses, we can infer market beliefs about what those parties will do in power. Share prices provide an interesting data source for this purpose.

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