



## Course Manual Specialisation Course Political Economy 2023-2024

*This is likely a more detailed overview of the content, purposes and requirements of the course than you may expect. We provide this so you can genuinely understand what we are trying to do in this quite intensive, short course module, and to give you a head-start in our work together. **Please read this outline thoroughly and carefully.** You are responsible for knowing its contents before arriving in class, please, and we have taken time to insert lots of helpful supplementary information on the course.*

**Course Catalogue Number:** 7324E001FY

**Credits:** 06 EC

**Entry requirements:** Admission to the Master Political Science, track Political Economy

This is an advanced core course in Political Economy (PE). It aims to deepen your grasp of the field and not to reintroduce basic knowledge you should have learned in previous degree or diploma programmes. That said, we are fully aware that students enrolled in the programme come from a diversity of disciplinary backgrounds that range from economics and business to political science, international relations, and the humanities. Your individual knowledge of the social sciences and basic economic concepts will diverge from one student to another. This implies that responsibility is placed on those students registered to grasp the more advanced material discussed in this course. The challenge for students and me alike will be to build on this diversity of backgrounds to lift all to the same level so that they will be well equipped to benefit from the electives and to engage successfully in their thesis research in the second semester. The course thus represents a clear progression from the BSc-level of building sound comprehension and a knowledge base to thinking as political economists ourselves. Candidates should therefore develop the capacity to reflect critically on both the empirical and theoretical aspects of PE as a field of study. *Those who fear they have a relatively weak background in basic economics, please have a look at any good introductory textbook in the discipline – see recommendations below under ‘background knowledge / economics vocabulary’.*

**Instruction language:** English.

**Timetable and Location Semester 1, block 1 (Sept.-Oct. 2023):** see your timetable at [www.rooster.uva.nl](http://www.rooster.uva.nl)

**Seminar Groups and Instructors [all classes in REC room C3.03]:**

(Group 1 Underhill) Tuesdays and Fridays 11-13:00.

(Group 2 Burgoon) Tuesdays and Fridays 13-15:00

(Group 3 Underhill) Tuesdays and Fridays 15:00-17:00

Groups 1 & 3: Professor Geoffrey R.D. Underhill [g.r.d.underhill@uva.nl](mailto:g.r.d.underhill@uva.nl)

Office: REC campus building B, Nieuwe Achtergracht 166, 1018 WV, room B-8.09 (8<sup>th</sup> floor, take blue elevators); office telephone (020)-525-2172, secretariat (020)-525-2169

Office Hours Semester 1 Block 1: Thursdays 10:30-13:00, occasionally subject to change, advance notice of this will be given; plan ahead - at peak times please make an appointment in/after class to avoid disappointment.

Group 2: Prof. Brian M. Burgoon [B.M.Burgoon@uva.nl](mailto:B.M.Burgoon@uva.nl)

Office: REC campus building B, Nieuwe Achtergracht 166, 1018 WV, room B-8.10 (8<sup>th</sup> floor, take blue elevators); office telephone (020)-525-3189, secretariat (020)-525-2169

Office Hours Semester 1 Block 1: Wednesdays 15:00-17:00 (or by appointment), timing occasionally subject to change, communicated ahead of time.

### Course Textbook

Douglass North, John Wallis, & Barry Weingast *Violence and Social Orders* (Cambridge University Press 2009 (paperback ISBN 978-1-107-64699-5); the text is available at €30.99 pbk at the Athenaeum Bookstore in Spui (centrum) or online [[www.athenaeum.nl](http://www.athenaeum.nl)]. The text is also an e-book in the UvA library collection. We will use all of the chapters, so purchase is worthwhile if you like the real thing. Please bring the text to class for reference.

### Background knowledge: Economics Vocabulary and Current Events

Economic analysts, as in medical science and other crucial areas of expertise, often employ obscure vocabulary and terminology. Expertise would not be expertise if experts were not required to understand the very expertise they invent, and specialists need an excuse for holding down a job. More benignly, the search for precision and shared disciplinary understanding feeds this obscurantism. Some of you have had considerable exposure to the



language of economics already, others less so. In a course at this level we cannot take the time to explain every term, especially given the diversity of your backgrounds as students. The good news is that learning this terminology is easy if you take a little time. So buy yourself a copy of e.g. the latest (8<sup>th</sup>) edition of *The Penguin Dictionary of Economics* (Athenaeum app. €14.95) or more substantive equivalents references from Oxford University Press or Palgrave; also worthwhile is Matthew Bishop, *Economics, an A to Z guide* (published by The Economist, 2016, app. €16.50).

There are two *very* helpful introductions to economics for non-economists: i) Ha-Joon Chang, *Economics: the User's Guide* (Pelican, 2014, app. €11.50). In the past students have remarked on the high quality of this work that has a good focus on development issues as well; ii) a new 2021 fully-updated edition of the 1985 classic by political scientist Steven Rhoads: *The Economists' View of the World and the Quest for Well-Being* (Cambridge University Press), voted best book of the year by both the *Financial Times* and the *Wall Street Journal* when the new version appeared. To me the best and most accessible introductory text in economics is actually focused on the EU: Richard Baldwin and Charles Wyplosz, *The Economics of European Integration* (7th edition, 2023) available as an e-book in the library. Whenever we have forgotten something that we ought to know, we turn to Baldwin and Wyplosz. It is a very worthwhile purchase for your collection. Finally, there is a new book out on the political economy of development: W.D. Ferguson, *The Political Economy of Collective Action, Inequality, and Development* (Stanford U.P. 2020). This is in the library as an e-book.

The media also has some great economics programming these days. Our first recommendation is the BBC World Service radio podcasts online: <https://www.bbc.co.uk/worldserviceradio> from which you can choose a range of daily and weekly economics and business programmes. In particular, there are two 12-15 minute programmes to draw your attention to: "Fifty things that made the modern economy" (they finished a second series, so there are now 100) at <https://www.bbc.co.uk/programmes/p04b1g3c>; and "More or Less" that focuses on numeracy and how to recognise valid/fake news claims involving statistics and data: link [More or Less](#). There is a periodic Radio 4 half-hour series version, and a World Service weekly version of 10 minutes. Both programmes are broadcast by the *Financial Times* 'Undercover Economist' Tim Harford and the BBC's Ruth Alexander. Finally, in the course of your research and exploration of the subject you might consult the FT Markets Data pages <https://markets.ft.com/data> as well as Behind the Money from the FT: <https://www.ft.com/behindthemoney>.

\* "S/He who learns by finding out learns sevenfold s/he who learns by being told!" \*

Furthermore, we strongly advise all students to read on a daily basis a top-quality economics newspaper. Our first recommendation is the *Financial Times* (available online with student discount), *Financiële Dagblad*, *Wall Street Journal* (Europe), and/or equivalent publication such as *The Economist* (weekly). This will provide important payoffs in terms of your performance.

### Information Exchange

The course has a Canvas site that you must learn to use. Some of the course readings and a range of general course information will be available via the site as PDF files, dependent on copyright rules. Announcements and communication will take place through Canvas per group or all groups simultaneously as relevant. The Canvas site and messaging system is an integral part of the course so please pay attention. If you miss something, this is not your instructor's responsibility and could very much become *your* problem.

**NB** when replying to or sending e-mails to us about the course, using Canvas mail systems consistently results in messages landing in our Junkmail folders. We may not see the message, so use the regular UvA e-mail system and your message will land in our Inbox. This will prevent complaints that we have not responded to you.

### Planning, preparation, and pressure

A lot is packed into this ten-month degree programme, and we would love to be able to offer you more and to do so at a more leisurely pace. This applies particularly to the intensive, one-block 'specialisation course' (SpecMod for short) which aims to take all of you from diverse first-degree backgrounds to the same level of competence in just 8 weeks while combined with the Transnational Politics curriculum. The course material and assignments come thick and fast, while deadlines are irrevocable. The reading to be done in *advance* of each session is substantial. Plan and prepare for the pressure early. Unfamiliar economic terminology can be difficult (see above): some of you will have a better starting point than that of others. Assure yourself that you are 'up to speed' as the course progresses, because catching up is difficult if you fall behind, and you may realise your own potential. Pace, plan, and go for it! Your course results will be closely correlated to your capacity to deal with the workload; the more you can do, the better you will understand the material. We want you to do well!



### Specialisation Course Political Economy (2023-24) at a Glance

<i>Week 1: 4-8 September</i>	<i>Week 2: 11-15 September</i>	<i>Week 3: 18-22 September</i>	<i>Week 4: 25-29 September</i>
<b>Session One:</b>  Back to the Future: Retro-fitting Neo- Classical Economics	<b>Session Three:</b>  Market Exchange and the Emergence of Firms: Markets as Organisation and Rules of the Game	<b>Session Five:</b>  Development, Economic Openness, and Democracy	<b>Session Seven:</b>  Trade and Migration: costs, benefits, and the rules of the global game
<b>Session Two:</b>  The Political Economy of Agency, Aggregation, Co-ordination, and Collective Action	<b>Session Four:</b>  Rent-seeking, Club Behaviour, and Governance: Institutional Diversity and Market Integration	<b>Session Six:</b>  Labour Market Organisation, Human Capital, and Economic Competitiveness	<b>Session Eight:</b>  Division of Labour and Value-Chains: Firms, Innovation, and Productivity and when might my Boss be a Robot?
<i>Week 5: 2-6 October</i>	<i>Week 6: 9-13 October</i>	<i>Week 7: 16-20 October</i>	<i>Week 8: 23-27 October</i>
<b>Session Nine:</b>  Corporate Governance, Inequalities, and Social Responsibility	<b>Session Eleven:</b>  Managing National and Regional Economies under Capital Mobility: balance of payments, exchange rates, and financial stability	<b>Session Thirteen:</b>  The Emerging Markets: success for some and the future of global governance	<b>* No class *</b>
<b>Session Ten:</b>  Capital: markets for money and dynamics of financial flows  <b>Mid-term due Sunday  8<sup>th</sup> October: 23:59</b>	<b>Session Twelve:</b>  The Bottom Billion: the mystery of enduring poverty  <b>Take-home final  assignment available  Sunday at 20:00</b>	<b>Session Fourteen:</b>  Political Economy, Globalization, and Democracy	<b>* No Class *</b>  <b>Deadline take-home final  assignment Friday 27<sup>th</sup>  October 23.59</b>



## Course Content

This course is the core module of a specialised track within the MSc degree programme in Political Science. The priority is to ensure that all candidates for the MSc programme explore and understand through this intensive course the central analytical and intellectual tools of political economy ‘thinking’ about economic life, governance, and the broader society in which these complex processes take place. Students will find that a number of the themes we discuss in this class are explored in different ways in the compulsory *Transnational Politics* course that runs in parallel to your Specialisation Course.

The seminar series is organised in three elements: i) The course will begin with an analysis of ‘key concepts’ in political economy that help us understand the dynamics of social, economic, and political organisation from micro to macro levels and back again. Central to this is an understanding of how and why the economic ‘rules of the game’ emerge as they do and of the pattern of winners and losers that emerges as a result. Students will take on political economy *as a way of thinking* about economic life, its institutions, and its governance. Key concepts we will learn underpin an understanding of individuals and agency in a collective context, how distinct socio-economic constituencies form and develop a sense of ‘preference’ or ‘interest’ and typically become politicised and/or politically mobilised, and how and why institutions develop in relation to markets and other economic processes. ii) The course will proceed to analyse how the crucial ‘factor constituencies’ of labour, land, and capital interact with each other in key issue areas such as domestic and international trade, the monetary and financial order that prevails, global supply/value-chains and corporate governance, regional integration processes, migration, and the economic development process. We will examine a range of policy issues in relation to the emergence of business organisation (firms) and their particular role in the political order, especially in relation to labour and labour markets, to the broader ‘public interest’, and to pressures of or for democracy in both advanced and developing economies. Of particular importance will be an understanding of the dynamics of goods and services production and their domestic/cross-border markets in relation to inequality, migration, welfare provision, economic development, and the role of states and other forms of governance. iii) Finally, the concluding session draws these strands and the theory section together in an open discussion of the complex relationship between capitalism, democracy, and global market integration, a big-picture wrap-up.

Throughout the course you will be exposed to two apparently contrasting ways of thinking like a political economist. First, there are those who address the field from a ‘big picture’ point of view: how political economies emerge at scale, how (global) orders change over time, and asking why such macro-level outcomes are as they are. Your textbook and much of what you read will help you think in this way and to explain why things turn out as they do. The first section of the course, on theory, is perhaps the most important in this ‘big picture’ regard. You will learn that all human interaction produces formal and informal patterns of organisation and institutions. These always have an ‘economic’ resources dimension and a social and political, rules-of-the-game, dimension. What people as individuals, and collectively, choose to do, and the patterns of organisation and authority that emerge, really matter in terms of outcomes good and bad, market or state. Political society and the economy involve generally one and the same people, and different aspects of ‘economic’ life emerge by resolving the political tensions among the many competing groups in a particular society and globally.

Second, there are those who approach political economy by focusing on specific ‘mind-sized’ issues and try to establish cause and effect relationships between particular facets of what we observe around us. Do current account deficits discourage investment, or does cross-border integration of markets increase inequalities, and/or under what conditions? Is inward migration, or more international trade, good for development and growth, or does this destroy jobs in the labour market? Is income inequality more strongly driven by forces of economic globalization (e.g. international trade, migration, investment) or instead by technological change (e.g. automation that favours some and punishes others)? How do different levels of inequalities affect voter behaviour? Sometimes these questions can seem rather narrow and the statistical analyses or case studies they rely upon even obscure. In Part 2 you will encounter plenty of readings of this kind.

In reading and thinking about these ‘big picture’ and specialised, issue-focused ideas and scholars, you may recognize that they too often do not mix with one another, *and* that the one claims scholarly superiority over the other. In this course we argue very strongly that you should understand *both approaches*, and also understand how and why *they should always fit together*. We cannot understand our world and its problems without focused data and specialised methods, and the nitty-gritty of research frequently involves narrow hypothesis-testing. Yet issue-focused scholars can and *should* link their research agendas to big picture questions. Likewise, big picture questions



cannot be answered through vague, macro generalities invoking ‘the nature of the system’. If one claims that free-market capitalism is bad, you must demonstrate systematically the various negative/positive effects different variants of markets produce, and why they are good/bad. Too frequently, the two approaches remain separate because linking them is *hugely* challenging.

## Course Objectives

The overall objective of this course is to provide Political Economy degree candidates with the knowledge and understanding of the field, relative to other Social Science disciplines, that is required and appropriate to the attainment of an MSc diploma. Students admitted to the programme typically come from a diversity of first-degree disciplinary backgrounds. Thus a more specific but priority objective of the specialisation course is to ensure that all students enrolled, in proportion to individual effort and ability, shall upon successful completion be conversant with a shared body of knowledge and conceptual understandings to the required level and depth such that they can draw the most that they are able from their electives and thesis research in the remainder of the programme. Thus the course provides students, again in keeping with ability and effort, with knowledge of and insight into political economy as a way of thinking and the substantive debates concerning the mutual interaction of economic dynamics and patterns of governance, including those pertaining to the relationship between various types of political behaviour (e.g. voting, lobbying, protesting, media campaigns, party politics) and economic change (e.g. globalization, (financial) market integration, labour market integration through migration, economic development). Achieving the course objectives requires attendance at all seminar sessions and successful completion and submission of all assignments to the level required of MSc candidates.

Students should thus emerge from the course with a sound understanding of how political economy developed as the integrated way of understanding society that we recognise as the contemporary field today. This includes:

- a) a grasp of key concepts in political economy (e.g. agency, aggregation and socio-political constituencies, collective interest and collective action, the dynamics of social and economic change) and their relationship to the domestic and international domains; of the origins and most important (theoretical) debates in PE; and of the breadth of the field and its (practical-political and economic) findings as it has developed over time;
- b) knowledge of and insight into the concepts relevant to the governance of the economy (e.g. macroeconomic imbalances and adjustment; trade and investment flows, technological change and competitiveness, labour markets, inequality, welfare state reform);
- c) in turn, how global and local economic forces generate political conflicts and how in turn political contestation across different forms of governance (e.g. democracy, authoritarianism) shapes the economic ‘rules of the game’ across sectors/levels of development, and across regions in the global economy;
- d) a critical capacity to assess the concepts in the literature relative to the available evidence, to defend arguments in relation to peers and the literature, and the ability to present conceptual and empirical insights into Political Economy in academic English.

## Course Format (Seminars)

This is a seminar course wherein attendance and active student participation and discussion is vital for the learning process. The organisation of each seminar will vary according to the topic, and may include student presentations in addition to introductory material provided for each session by the course instructor. Students are required to read a series of key articles as preparation for each course meeting – see blog postings below. This is meant to teach you the open, pluralist nature of the field and to stimulate discussion as well as understanding.

## Conduct during (Online) Seminars and Online Etiquette

Students and members of teaching staff, like all citizens, are responsible for their own individual conduct. Your concentration and attention during class and your contribution to discussion help you and others to learn better because the group ‘chemistry’ is much more positive. If you have what you think is a ‘dumb question’, ask it anyway: there will be plenty of other students thinking the same thing. Listening to ‘the teacher’ only results in about 20% retention of course material. Interaction, questions, and debate are what generate learning. This also means that online distractions unrelated to the course session we are all ‘attending’ is a serious negative in terms of successful learning. During classes we ask that you have your smartphones switched off and that they be stowed away out of sight. You may have your laptops open for taking notes, but if there are students answering e-mails, engaged in chat sessions or social media, or downloading material not relevant to our immediate discussion, you will be asked to leave. If this becomes a generalised problem in any particular group, we will ask that you all close





and stow your laptops and take notes by hand (which, according to educational research, leads to better retention of course material anyway). This is an honour system and we hope that we will not be required to police this policy.

Finally, many of you will be engaging in social media. We ask that, whatever your feelings about fellow students or members of staff, your postings remain respectful of others and in particular of ethnic, gender, and other forms of diversity. Above all, tolerance of the views of others is crucial in a university free-speech environment.

### Course Evaluations & Adjustments the Course

This course is evaluated and revised every year in light of student input and our own experiences with the teaching and learning experience. The following changes have been implemented over time as a result: we have regularly revised and clarified the 'key messages' delivered in the course. Students have regularly complained about the workload, although we fully expect this and dealing with pressure is an important skill required of our programme graduates. We have made downward adjustments to bring the load in line with our careful assessment of what is compatible with optimal learning the time available (unfortunately, reducing the workload here as elsewhere does little to reduce complaints about it). We remain firmly convinced that the course is challenging but very do-able for those meeting the entrance criteria and work-load guidelines of the UvA Political Science Masters programme.

To guard against any potential abuses and encourage positive group learning dynamics, the policy on online conduct was adopted (see above). The instructions for the reading blog postings have been clarified over time, although the feedback will be reduced in order to speed up grading of the short essay. An early experiment with requiring reading blogs only once a week led to tangibly worse preparation on the part of the students, showing that strong incentives for preparation pay off in terms of learning results. News Reports are no longer individual but team presentations (this not only takes less time in class, but promotes the sort of teamwork that students may encounter in the world of work); the weighting of the different elements of assessment was slightly adjusted over time as a result of these changes. Lastly, there have also been and remain observable differences in 'chemistry' across individual seminar groups, and the discussion in some was much livelier and the learning better than others even with the same seminar instructor. This occurs even when the instructor is the same across groups, and of course differences are inevitable when there is more than one instructor across the groups. To maintain consistency in content, quality, and assessment standards across groups, the instructors engage in extensive planning with one another on all key aspects of the course.

### Manner & Form of Assessment and Assessment Requirements & Criteria

*To receive a grade, students must complete successfully and submit on time all elements of course assessment as specified in the course outline for the year in question. To pass the course the student must achieve a minimum passing grade across the combined, weighted assignments. Notwithstanding, you must also pass the final take-home assignment. If a student fails the course, or the final take-home essay assignment - which results in failure to complete the course - only the take-home is eligible for a re-sit. In order to count towards a final grade or re-sit opportunity, work submitted for assessment must consist of a 'reasonable effort' in formal and substantive terms, as specified in the examination regulations. It follows that any assignment submitted after the specified final deadline is considered a 'non-submission' and will not be assessed. This results in a failure to complete the course requirements and there is no right of a re-sit of the take-home. Late penalties on the original take-home submission cannot in any event be erased for re-sits even if the latter is on time. Requests for extensions or exceptions to these rules will be assessed by the Study Advisor and will only be granted if considered valid in relation to our degree statutes and examination regulations.*

*Attendance:* we practice a '10% rule': if you miss more than 10% of the classes (more than two sessions in this case) without a valid excuse you will be considered to have dropped the course and will not receive a grade. If you have medical, personal, or other problems that constitute a 'valid' excuse for absence, please advise us (in confidence we assure you) of the situation sooner rather than later, *and simultaneously inform your Study Advisor*. The sooner we know the more help we can be. Just drop by in our weekly office hours (especially if personal contact and discussion would help) or send an e-mail.

*Reading Preparation and Blog Postings (not required for session 1):* The completion of preparatory readings in advance of each session and an ability to speak to them constructively in class are considered an integral part of the assessment of this course (see also below). An evaluation of your preparation for and participation in class discussion will form part of your final grade, including a twice-weekly 'course readings' blog post delivered before each session, on time, in the 'Assignments' area of Canvas; in the subject line of each: your surname first and the session number as well so that they display for us nicely in order in the system. The required blog need not include any 'supplementary' reading listed for a particular session, only that which is listed as 'required'. Please be careful to upload the posting



in your own seminar group (1, 2, or 3); if we cannot find them then they were not submitted. Before class, e.g. by 10:00 for Group 1 on each Tuesday/Friday session, please upload this 'blog post' on the required readings for the upcoming session.

This is *not* an opinion blog as on social media. The aim of this assignment is to allow us, *prior* to the class in question, to see how well you understood each reading and how each 'set' fits together: what the readings are trying to teach you. Each posting should be a maximum of one page single-spaced (thus quality, not quantity, no bibliography or formal citation system required (we know what the readings for each session are). Again, this is not an exercise in opinion; it is an exercise in learning, comprehension, and synthesis. Your posting should aim at more than simply summarising each reading. That is too easy, although you will need to comprehend the arguments of each piece. One way to address the assignment is to start by looking at the short summary and questions posed for each session in the course outline as a rough guide as to what is coming up in class. In any event, your blog should aim at telling us what you have subsequently drawn from the readings: what are the most important points they raise? *Most* importantly, why would we put these readings in this course for this particular session, and what do you think is their *combined* 'package message' or storyline as you anticipate the discussion in the upcoming seminar? Where do particular readings fit in the world of political economy? How do they fit into the course as we progress? These postings will be assessed, see below, and they also are for us a way to monitor the problems students may have with the course material so that we can help you.

*News Reports:* Oral presentation skills and teamwork are important for your future. In groups of three/four that your instructor will determine and schedule randomly, you will do one brief presentation to the class (fifteen minutes or so, this is more difficult than you think) on your group's choice of a political economy news item drawn from the quality economic and financial press (see above, not from internet or social media garbage). Presentations will take place at the start of the class, so please be there in advance to down/upload power points and other media. You must defend the relevance of your choice and explain what it tells us about our understanding of the contemporary political economy around us. Make a serious effort to relate it to the conceptual and other content of the course that you have been learning as we go along (this need not be in relation to the particular week in question, you are free to select the most relevant course material). Open Q&A class discussion will follow. We will produce a group schedule for you by the second session of the class. Please also upload your team news report (power point, text, as you choose) and post it on the appropriate discussion area (per seminar group 1-3) on Canvas. The data you assemble may help your colleagues.

*Written Assessment:* Course assessment of this module will also consist of a short mid-term essay (up to 2.000 words) that will evaluate your understanding of and capacity for applying the groundwork done in the first three weeks of the course. A take-home final 'wrap-up' essay assignment assessing your understanding of the course as a whole will be due at the end of week 8 (up to 4000 words). Details of the mid-term essay assignment and the final essay will be made available on Canvas in a timely fashion in the content area.

Your final grade will be determined on the following basis:

- Online blog posting (one per session except session 1): 15%
- News Report presentation and overall participation in class discussion (includes attendance and a demonstrable knowledge of the readings that leads to constructive involvement in class discussion): 15%
- Mid-term essay: 30% of final grade
- Take-home final essay assignment: 40% of final grade

*Deadlines:*

- Online blog posts: 1 hour before each class
- Midterm essay: Sunday, 8<sup>th</sup> October, 23.59
- Take-home final essay assignment: Friday, 27<sup>th</sup> October, 23.59

In case of late submission of either assignment, 1 full point (e.g. 7.5 to 6.5) will be subtracted in the first 24 hours; 0.1 points for every 24 hours of lateness thereafter (i.e. from 6.5 to 6.4). After one week following the deadline, assignments will be deemed not to have been submitted and you will receive no grade in the course. Failure to meet this final deadline on any assignment means you cannot pass the course nor re-sit the take-home.



## Inspection of Assignments, Feedback, and Grade Delivery

We will deliver written feedback on your first set of blog postings around the mid-point of the course (to help you do better on this assignment in the last few weeks). Comments on the remaining postings will be brief. All students will receive feedback at the same time to ensure that all receive the same advantage therefrom. Feedback on News Reports will be delivered orally to each team directly after the class in question (so please do not disappear immediately). You will also receive written feedback on the midterm and final essay assignments. The short essay will be graded during the course and the grade and comments communicated to students in time to improve performance on the take-home. Dependent on student numbers, grades for the final essay assignment and final grade for the course will be communicated to the students in the week of 20<sup>th</sup> November, with substantive comments following as soon as we can write them up. Students should remind themselves that fair, responsible grading and providing sound written feedback on the written work across the groups is a time-consuming and necessarily careful, co-ordinated part of the learning process wherein our primary goal is constructive help and fairness to each of you. Impatient clamouring for results does not speed this up, nor does it improve your result.

### *Contingency rules:*

- Only the final take-home assignment can be re-taken in the case of an overall failure of the course, or if it was missed for a legitimate and documented reason (e.g. medical, compassionate). Students cannot expect a re-sit in the absence of a reasonable effort on any assignment submitted.
- If any assignment is submitted after the final cut-off deadline, one week after the due date, the student is not eligible for a re-sit. Late penalties on a first submission cannot be erased for re-sits (or students would have positive incentives to submit late and go for a re-sit). The point of principle here is that students should not have more time to produce quality than those who submitted on time.
- Except in cases of legitimate and documented excuse, students who miss a presentation receive a zero for this element of course assessment. There can be no substitute assignment.
- Prepared participation in all meetings is obligatory. Missing more than two course meetings results in failing the course unless there are legitimate exceptional and documented circumstances. If you are legitimately ill and miss a class, submit your blog posting for that session as soon as you can.

*Re-sit:* If you did not pass the course and you qualify to re-take the final take-home essay, you should first read the comments provided on your first attempt and reflect on them. You should then seek an appointment with your course instructor to learn what went wrong and, most importantly, discuss how to do better. As far as possible, the re-sit will be scheduled so as not to conflict with your performance in the electives of Block 2, and also to give you time to prepare. You will have one week to complete the final 'wrap-up' essay, and the re-sit is tentatively scheduled for the week before the Christmas break, 18-24 December 2023.

*Assignments, Workload, and Learning Outcomes:* Finally, it is worth pointing at the outset of the course that students continue to request more and faster feedback than is possible to deliver if feedback is to be of a high quality. The amount delivered in this course is well beyond the call of duty and stands out relative to other courses. Students sometimes/often demand more explanation of what is required on each upcoming assignment. A first observation is that the evaluation of the course by students takes place in the one but last class, well before the take-home has even been submitted and well before all assignments have been graded and feedback provided. Students evaluate the course and the amount of feedback based on highly incomplete information. More importantly, students must learn the required degree of self-reliance and self-confidence to take on and interpret the challenges we deliberately offer them. If we told them what to do in advance, learning outcomes would collapse. They must understand that we are testing their individual capacities to interpret and to respond to a challenge, and challenge is the intention. If the course guidelines and outline, as well as the course material and assignments, are consulted and addressed with diligence, this course has proven to work very well, especially for the hard-working and the ambitious. Much depends on what students individually and collectively do for themselves.

## Rules regarding Fraud and Plagiarism

Both the midterm and final essays must be submitted through the *Turnitin* system on Canvas (in the correct group please), which detects plagiarism from published sources, from the Internet, from fellow students, and from your own work. In case of suspected plagiarism, the MSc Examinations Committee will be informed. This could result in failing the course and hence the programme. Below we outline the rules on plagiarism/fraud and how they apply in the era of generative AI:





i) Academic dishonesty is considered a serious offence. The definition of fraud/plagiarism is to be found in the Course Catalogue and may be translated as follows: “To plagiarise is to take the work or an idea of someone else and pass it off as one's own. This means that if you copy, paraphrase or translate materials from websites, books, magazines or any other source in your work submitted for assessment without giving full and proper credit to the original author(s), you are committing plagiarism.” The fair and transparent use of evidence from primary and secondary sources is the basis of academic discourse. The abuse of this fairness and accountability to peers undermines the very nature of scholarly research. Plagiarism is essentially a form of theft and fraud. If you find yourself in doubt about quotation or correct use of a source, it is always a good idea to provide full information. Presenting other people's work from whatever source (including that of other students and the Internet) as your own will be sanctioned in terms of the grade received and by the Examination Board. You must attribute any work or idea you have made use of in the course of writing to its original author, or you are guilty of plagiarism. All direct citations must also be correctly attributed. Concerning collaboration with fellow students, this is encouraged and can help you to learn from each other, but there are limits: unless you are specifically instructed to work in a group context and to submit a collectively authored assignment, each student must submit their *own* work and two or more students may not hand in the same assignment. You may not submit for assessment to this course material previously submitted for (partial) credit in a course at the UvA or any other university. Once again, students are responsible for understanding regulations in this regard; if you do not understand the rules on fraud/plagiarism then please ask your lecturer, and make sure you attend the lecture on plagiarism!

ii) Please note that, unless the course instructor has explicitly given permission to use AI in an assignment, any use of ChatGPT or other AI-tools is considered to be fraudulent. Some students have recently been suspended temporarily from the university for using ChatGPT. Therefore, if you violate these rules, you are not only limiting your opportunities to improve your analytical and writing skills, but you are taking a huge risk at the same time. Moreover, please be aware that AI-detection software is improving rapidly. In the future, the Examination Board may evaluate old assignments with new and improved AI-detection tools. Thus, even if you think you got away with it now, you may suffer the consequences later.



## Programme and literature: SESSION-BY-SESSION

[NB: Readings available in the UvA digital library will not be on Canvas]

### Part I: Thinking Like a Real Political Economist

Historically speaking political economy as a field of social enquiry constitutes the *origin* of all the modern social sciences, and is not as such a branch thereof. An integrative approach to understanding society, politics, and economy remains an important aspiration of the contemporary field. The discipline owes its origins and core analytical assumptions to the peculiar historical circumstances of what we call ‘The Enlightenment’ and the heritage of Greece and Rome as preserved and enhanced during Europe’s ‘dark ages’ by the cosmopolitanism of the Byzantine Empire, Persia, and of the Arab caliphates (particularly in what is now Spain), and successor Ottoman civilisations. In such a short intensive course we do not have time properly to explore this heritage or the history that accompanied the emergence of political economy in the 17<sup>th</sup> – 19<sup>th</sup> centuries, but we *can* plunge in and explore how in a contemporary context the crucial insights of this vital and dynamic period of early modernity have been delivered up to us through time. This sometimes involves using forms of ‘shorthand thinking’ known as ‘rational choice’ which to many appears dry, abstract, and difficult to link to real-world situations. Scholars tend to love or hate it, yet we would be reminded that some form of simplification through theoretical reasoning is common to all the sciences, social or otherwise. We hope that this week and in the introductory segments of the course will convince the doubters and help all of you understand how this crucial set of social science concepts can be ‘unbundled’ to help you understand the deep complexity of our real world and the growing practical challenges faced by our societies.

**Seminar 1 Back to the Future – Retro-fitting Neo-Classical Economics:** In this session we start with contemporary neo-classical economics and unpack or ‘unbundle’ a range of its concepts to reveal the Classical Political Economy origins of the neo-classical school and to establish the basic conceptual toolkits of political economy as a field of enquiry. In doing so we explore the inheritance of the Enlightenment and, in particular, Adam Smith as a thinker and his legacy as taken up by Ricardo, Malthus, Marx, and List. You will see that they set up a range of controversies in political economy that endure to this day. If you find that you struggle with terminology in these early stages of the course then please see notes on terminology (pp. 1-2 above).

#### Required Readings:

- James A. Caporaso and David Levine (1992). *Theories of Political Economy* (Cambridge University Press), chap. 4, “Neoclassical Political Economy,” pp. 79-99 (UvA-library e-book, also on Canvas).
- Adam Smith (1759). Excerpts from *The Theory of Moral Sentiments* in R. Heilbroner (1987) *The Essential Adam Smith* (Norton & Co.), pp. 65-77 (on the Canvas version, this is Part 1, Section 1, ch. 1 (pp 11-17) & chs. 3-5 (pp 20-32)).
- Adam Gopnik (2010). “Market Man: what did Adam Smith really believe?” *The New Yorker* 18 October 2010, 82-7 (on Canvas).
- R. Heilbroner (1953). *The Worldly Philosophers*, chapter 4 (Malthus, and Ricardo), available online [http://starbooksfeaa.weebly.com/uploads/5/4/8/6/54869709/the\\_wordly\\_philosophers.pdf](http://starbooksfeaa.weebly.com/uploads/5/4/8/6/54869709/the_wordly_philosophers.pdf)
- Karl Marx, “Preface” to *A Contribution to the Critique of Political Economy*; the abridged version on Canvas has the essence while the complete (2-page) version can be located easily online, for example via the link <http://www.marxists.org/archive/marx/works/1859/critique-pol-economy/preface.htm>
- Friedrich List (1841). Excerpts from *The National System of Political Economy* Online Library of liberty version at <http://oll.libertyfund.org/titles/list-the-national-system-of-political-economy>, chapters XI-XIV (this reading is short but difficult, you need to extract the essence of the argument and determine how List differs from others on today’s list).

#### Supplementary Reading:

- G. Routh (1975). *The Origin of Economic Ideas* (Vintage) chapter 2 (Preposterous Origins) – PdF file. This is a long if easy read laying out the origins of political economy from the 17<sup>th</sup> century onwards. Meet Sir William Petty, Antoine Mirabeau, Adam Smith, and a host of others – this is a fine and amusing read. You will see that most of our economic concepts have been around for centuries, but are used differently today.



**Seminar 2 The Political Economy of Agency, Aggregation, Co-ordination, and Collective Action:** A good theory of society needs to account for what individual ‘agents’ do and/or choose (not) to do, as well as how they interact with others, and how this ‘aggregates up’ into a picture of the whole. One would fully expect that ‘the whole’ or macro ‘system’ level would influence individual and group behaviour as much as individual choices affect how the whole comes to be. In short, we need a theory that travels from micro to macro and back. Yet the picture we form of the whole at the macro level typically proves unrecognisable to the experiences of many at the micro or individual level. So what are the collective dynamics of societies, and what is the relationship between individual agents and the social whole in the macroeconomy? How does this relate to the ‘circular flow’ of factor markets as money chases goods, services, and investment in the economy? Check out the supplementary reading by Albert Hirschmann and two Nobel laureates for a critique of standard notions of economic rationality in a collective context.

#### Required Readings:

- James Buchanan & Gordon Tullock (1962). *The Calculus of Consent* (University of Michigan Press), Intro. chs. 1-6 (PDF online: [http://files.libertyfund.org/files/1063/Buchanan\\_0102-03\\_EBk\\_v6.0.pdf](http://files.libertyfund.org/files/1063/Buchanan_0102-03_EBk_v6.0.pdf))
- Mancur Olson (1982). *Rise and Decline of Nations* (Yale University Press), ch. 2 “The Logic” pp. 17-36 (Canvas).
- James Buchanan (1965). “An Economic Theory of Clubs,” *Economica* New Series vol. 32/125 (February), 1-14. (UvA digital library)
- Elinor Ostrom (2010). “Beyond Markets and States.” *American Economic Review* vol. 100/3 (June), pp. 641-72. (UvA digital library)

#### Supplementary Reading:

- Phil Cerny (1995). “The Changing Logic of Collective Action.” *International Organization* vol. 49/4 (Autumn), pp. 595-625. (UvA digital library)
- Herbert Simon (1955). “A Behavioural Model of Rational Choice” in *The Quarterly Journal of Economics*, vol. 69/1 (February), pp. 99-118 (UvA digital library); this is the classic article on the notion of ‘bounded rationality’ with implications for our understanding of utility functions, agent behavior, and organizational systems.
- Amartya Sen (1977), “Rational Fools: A Critique of the Behavioural Foundations of Economic Theory,” in *Philosophy & Public Affairs*, vol. 6/4 (Summer), pp. 317-344 (UvA digital library).
- Albert O. Hirschmann (1985) ‘Against Parsimony: Three Easy Ways of Complicating some Categories of Economic Discourse’ in *Economics and Philosophy* vol. 1/1, 7-21.

**Seminar 3 Market Exchange and the Emergence of Firms:** Markets as Organisation, Architecture, and the Rules of the Game - this session examines the paradoxical nature of the complex patterns of exchange and social interaction that one finds in what we generically label ‘markets’. How do markets actually work and what are they? Their real-world operation reveals an odd interrelationship between decentralised forms of co-ordination and highly structured forms of organisation – an intersection of “markets and hierarchies” as Nobel Prize winner John Williamson famously put it. Meanwhile economic interchange is heavily shaped by what another Nobel winner James Buchanan called “the rules of the game.” What role do these rules play in the functioning of the political economy? The supplementary reading includes a classic article by Hayek that deals with the role of information as ‘prices’ in decentralised systems of co-ordination, and argues that some things are so complex we are reliant on incomplete information and the way it diffuses throughout the decentralised market. This contrasts greatly with the other piece in supplementary by Oliver Williamson.

#### Required Readings:

- Commons, John R. (1932). “The Problem of Correlating Law, Economics, and Ethics.” *Wisconsin Law Review* vol. 8/1, 3-26 (UvA digital library).
- Coase, Ronald (1937), “The Nature of the Firm.” *Economica*, New Series, vol. 4/16, 386-405 (UvA digital library)
- Buchanan, James M. (1987). “The Constitution of Economic Policy,” *American Economic Review* vol. 77/3 (June), 243-250 (UvA digital library).



- Neil Fligstein (2001). *The Architecture of Markets* (Princeton University Press), chs. 2 -3. (Pdf file)

#### Supplementary Reading:

- Friedrich A. Hayek (1945), "The Use of Knowledge in Society," in *American Economic Review*, vol. 35/4 (September), pp. 519-530 (UvA digital library); this is the classic article on the price system, information, and co-ordination in market economies.
- Williamson, O.E. (1991). "Comparative Economic Organization: The Analysis of Discrete Structural Alternatives." *Administrative Science Quarterly* vol. 36(2), pp. 269-296 (UvA digital library) [this piece is VERY awkwardly written so try and cut through to the essentially simple argument underneath].

**Seminar 4 Rent-seeking, Club Behaviour, and Governance: Institutional Diversity and Market Integration:** This session moves further in exploring the central insights of institutional economics and a range of classics and contemporary pieces in the political economy literature. How does individual good/bad 'behaviour' affect the whole? How are the rules of the game chosen? By whom and for whom and how do we attain 'good' rules that help the economy and society to function smoothly, fairly, and efficiently? What do economic agents really seek to do and how/why do fierce economic rivals stick so fervently together to "widen the market and narrow the competition" as Adam Smith so famously observed? How and why do these 'economic clubs' form and coagulate in the way that they do, and how is it that even under conditions of democracy, small groups manage to 'capture' the very public institutions that enforce the rules of the game and ought to ensure that some version of the public interest prevails? Is governance and its formal manifestation, government, good or bad for markets? Finally, why is the pattern of institutions that constitute market-based governance so diverse across economic sectors and societies?

#### Required Readings:

- Tullock, Gordon (1967). "The Welfare Costs of Tariffs, Monopolies, and Theft." *Economic Inquiry* vol. 5/3 (June), pp. 224-32. (UvA digital library)
- Anne Krueger (1974). "The Political Economy of the Rent-Seeking Society." *American Economic Review* vol. 64/3 (June), pp. 291-303. (UvA digital library)
- Sam Peltzman (1989). "The Economic Theory of Regulation after Decade of Deregulation." *Brookings Papers on Economic Activity. Microeconomics* vol. 1989, pp. 1-40. (on Canvas)
- Geoffrey Underhill (2017). "Markets Institutions, and Governance: the Endogeneity of Governance." working paper for SIOE annual conference, Montreal. (on Canvas)

#### Supplementary Readings:

- George Stigler (1971). "The Theory of Economic Regulation." *Bell Journal of Economics and Management* vol. 2/1 (Spring), pp. 3-21. (UvA digital library)
- Avner Greif and David Laitin (2004). "A Theory of Endogenous Institutional Change." *American Political Science Review* vol. 98/4 (November), pp. 633-52.
- Ernest Dal Bó (2006). "Regulatory Capture: a Review." *Oxford Review of Economic Policy* vol. 22/2, pp. 203-225. (UvA digital library)
- Milton Friedman (1962). *Capitalism and Freedom*. (University of Chicago Press), pp. 1-55.

**Seminar 5 Development, Economic Openness, and Democracy:** This session puts together a range of insights that we have been developing in the course so far. We begin with a central and empirically intuitive insight: all of the most wealthy and advanced developed economies are economically open, and they are also ALL stable democracies with big governments and high taxation to GDP ratios, and they are *all* capitalist. What lies behind this phenomenon? Why are some economies more successful than others? What might institutional diversity across national political communities have to do with economic success, and why does this diversity persist over time? What exactly happens when a particular political community shifts from a path of misery and violence to one of successful long-term development? How do we explain this dramatic change in the fate of a particular political economy? And how do we manage the interplay of open politics and the all-too-often economic turbulence of open markets?





### Required Readings:

- Tilly, Charles (1985). "War-making and State-making as Organized Crime." in Evans, Rueschemeyer, and Skócpol (eds.) *Bringing the State Back In* (Cambridge University Press), pp. 169-191 (on Canvas).
- North, Wallis, and Weingast (your textbook), chapters 1 – 3.
- Kuttner, Robert (2014). "Karl Polanyi explains it all" in *The American Prospect*, vol. 25/3, 70-75 (UvA digital library).

### Supplementary Reading:

- Eric Brousseau & Jean-Michel Glachant (2014). "Introduction: Manufacturing Markets – what it means and why it matters." in Brousseau & Glachant (eds.) *The Manufacturing of Markets* (Cambridge University Press, UvA library e-book), pp. 1-10.
- Albert Hirschmann (1981). "Around Exit, Voice, and Loyalty." retrospective in Hirschmann *Essays In Trespassing: Economics to Politics and Beyond* (Cambridge University Press), pp. 211-265. (on Canvas)
- Douglass North (1991). "Institutions." in *Journal of Economic Perspectives* vol. 5/1 (Winter), 97-112. (UvA digital library) and/or Douglass North (1990). *Institutions, Economic Change, and Economic Performance* (Cambridge University Press).
- Polanyi, Karl (1944), *The Great Transformation* (Boston: Beacon press); see particularly chap. 6, "The Self-Regulating Market and the Fictitious Commodities"; chaps.11-13, "Man, Nature, and Productive Organization"; "Birth of the Liberal Creed"; and "Birth of the Liberal Creed (Continued): Class Interest and Social Change."

## Part II: Labour, Capital and Production in the Real Economy: Factor Constituencies, Market Exchange, and the Diversity of Economic Governance

This section of the course looks at how the real economy works under contemporary conditions of cross-border integration. We will explore how different economic sectors work, the conflicting interests of the key players, and examine the diverse patterns of governance that we find in different national political economies and across sectors of economic activity. We will also take a close look at the range of public policy challenges that we all face in our contemporary global economy, from trade and production to labour markets as they interact with new technologies, national competitiveness, and on to the problem of capital mobility and the power of the huge multinational companies on which we all rely for our consumption and many also for work. What are the principal dilemmas and options for the governance of national economies under conditions of cross-border integration? Have political communities lost control or can the collective choices of diverse political communities still find a place in the contemporary global political economy? The course ends with an exploration of the dilemmas of poverty and economic development. This includes the poverty of the 'bottom billion' as well as the serious challenges that are presented by moving 'out from underdevelopment' as in the case of the development success of the "emerging markets" as they are called. Success is more difficult than it looks - as China is about to find out. The course concludes with a return to the central theme of economic openness and democracy.

**Seminar 6 Labour Market Organisation, Human Capital, and Economic Competitiveness:** It makes a lot of sense to begin with the labour 'market', which is like no other. Without labour and wages we have neither consumers nor can we produce any goods and services. Labour as a factor of production is absolutely central to any functioning political economy, efficient or not. How and why might labour markets be different from others? What role does human capital play in the operation of markets, and why are labour markets 'special'? Should we value security of employment over flexibility and adaptability, and what difference do different labour market organisations make in terms of competitiveness? Does the strength of organised labour make a difference, positive or negative, to the functioning of an economy? Is there a trade-off between equality and efficiency?

### Required Readings:

- Richard Baldwin and Charles Wyplosz (2019). "Economic Integration, Labour Markets, and Migration." ch. 8 of *The Economics of European Integration* 7<sup>th</sup> edition (McGraw-Hill) (e-book in UvA library); the 6<sup>th</sup> edition version of chapter 8 is also fine.



- Dae-Bong Kwon (2009). "Human Capital and its Measurement." OECD Forum, Busan, South Korea. (on Canvas).
- Sen, Amartya (1997). "Editorial: Human Capital and Human Capability." *World Development* vol. 25/12, pp. 1959-1961. (UvA digital library)
- Robert Kuttner (1984). *The Economic Illusion: False Choices between Prosperity and Social Justice* (University of Pennsylvania Press), pp. 1-35. (on Canvas); read this long but easy piece for the argument, and less for the historical details.
- R. Freeman (2007). "Labour Market Institutions around the World." National Bureau of Economic Research working paper 13242 (July). (available on the NBER site)

#### Supplementary Reading:

- Gary S. Becker (1993). *Human Capital: a theoretical and empirical analysis with special reference to education* 3<sup>rd</sup> edition (University of Chicago Press)

**Seminar 7 Trade and Migration: Costs, Benefits, and the Rules of the Global Game:** If the 'rules of the game' matter so much when it comes to who gets what, then it matters what sort of trading system we have in the global economy and at national level. For better or worse, all the wealthiest economies are also pretty open to both trade and migration, though less so to the latter. So, what is the case for open trade, and what sorts of policy challenges does it produce for political communities and policy makers? How does the legal framework of the WTO and the 'spaghetti bowl' of free trade agreements (FTAs, a misnomer) work? What effects do systems of social protection have on trade and competitiveness – a continuation of our examination of the labour market? Is migration a threat or a benefit, and why is it so perpetually politically 'hot'? What are the effects of contrasting national e.g. labour market policies, and how do polities deal with the distributional challenges of open markets for goods and services?

#### Required Readings:

- Krugman, Paul (2008). "The Increasing Returns Revolution in Trade and Geography." Nobel Prize Lecture, Aula Magna, Stockholm (8<sup>th</sup> December), pp. 335-348. (on Canvas)
- B. Hoekman and M. Kostecki (2001). Part I "The Global Trading System," *The Political Economy of the World Trading System* second edition (Oxford University Press), pp. 9-46 (Canvas)
- M. Esteve-Abe, T. Iversen, and D. Soskice (2001). "Social Protection and the Formation of Skills: a reinterpretation of the welfare state." in Hall and Soskice (eds.), *Varieties of Capitalism: the institutional foundations of comparative advantage* (Oxford University Press), pp. 145-183. (on Canvas) [**Required for Groups 1 and 3; Recommended for Group 2**]
- Adsera, Alicia, and Carles Boix. "Trade, democracy, and the size of the public sector: The political underpinnings of openness." *International Organization* 56, no. 2 (2002): 229-262. [**Required for Group 2; Recommended for Groups 1 and 3**]
- Lance Pritchett (2006). "Accommodating Forces and Ideas to Achieve Development-Friendly Labor Mobility" and "Conclusion: Let Their People Come," chs. 4 & 5 of *Let Their People Come*, (Washington D.C.: Centre for Global Development), pp. 105-142. (on Canvas)

#### Supplementary Reading:

- Rudra, Nita. (2002). "Globalization and the decline of the welfare state in less-developed countries." *International Organization* 52/2, 411-445.
- Burgoon, Brian. (2001). "Globalization and Welfare Compensation: Dis-entangling the Ties That Bind." *International Organization* vol. 55/3, 509-53. (UvA digital library)

**Seminar 8 Division of Labour and Value Chains: Firms, Innovation, and Productivity and when might my Boss be a Robot?** Well, perhaps she already is! But more seriously, what are the ingredients and measures of productivity and innovation? How are productivity and innovation related to each other and to growth or employment levels, and do all innovations lead to the improvement of productivity? Who 'does' or causes innovation anyway? How and why does innovation happen: are firms the main drivers, or does government play



a role? And why do some national political economies, and for that matter firms, produce more innovation and better productivity growth than others? What effects might the Covid-19 pandemic have on global value chains?

#### Required Readings:

- G. Gereffi, (2014). "Global Value Chains in a Post-Washington Consensus World." *Review of International Political Economy* vol. 21/1 (February), pp. 9-37. (UvA digital library)
- Schumpeter, Joseph (1943/1976). *Capitalism, Socialism and Democracy* (London: Routledge/Allen & Unwin), excerpts from Part II: Can Capitalism Survive? Prologue (pp. 61-2); The Process of Creative Destruction (pp. 81-86); Crumbling Walls (pp. 131-142). (on Canvas).
- E. Helpman (2004). *The Mystery of Economic Growth*. (Belknap/Harvard University Press), pp. 1-54. (on Canvas)
- "Critiquing Robert J. Gordon's *The Rise and Fall of American Growth*, debate in *American Economic Review* vol. 106/5 (May), pp. 52-76. (UvA digital library, also on Canvas under Files/Course Readings); this is a collection of short articles presenting and discussing critically the work of Robert Gordon, which is listed under 'supplementary' below.
- Mariana Mazzucato (2013). *The Entrepreneurial State* (London: Anthem Press), chs. 1-3. (on Canvas)

#### Supplementary Reading:

- Robert J. Gordon (2016). *The Rise and Fall of American Growth* (Princeton University Press).
- Linda Weiss (2014). *America Inc.? Innovation and enterprise in the National Security State* (Ithaca, NY: Cornell University Press).

**Seminar 9 Corporate Governance, Inequalities, and Social Responsibility:** In the wake of many a corporate scandal and the rising political tensions concerning the taxation of corporate profits in a post-crisis, post-Covid world, how are major corporations organised and how well do these crucial bearers of the market manage themselves in relation to society at large? How should we think about the social costs caused by private agents, large or small? How close are the relationships between policy makers and the different sorts of players in the world of business? How do different management styles, and indeed labour relations, affect corporate performance? Is social responsibility 'good for business' and what, indeed, should the responsibilities of these corporate citizens be? Should (and if so how and in what ways and/or on what issues) privately-owned entities be accountable to the rest of us – either for the economic outcomes they generate or the 'externalities' they produce? Before we deteriorate into destructive polemic, please remind yourselves that you buy the things these companies produce, or they would not be there....

#### Required Readings:

- Ronald Coase (1960) "The Problem of Social Cost." *Journal of Law and Economics* vol. 56 (November), 837-77. (UvA digital library)
- David P. Baron (1995). "Integrated Strategy: Market and Non-market Components." *California Management Review* vol. 37/2 (Winter), pp. 47-65. (UvA digital library)
- Roland Bénabou & Jean Tirole (20-09). "Individual and Corporate Social Responsibility." *Economica* vol. 77/305 (January), pp. 1-19. (UvA digital library)
- Doris Fuchs and Markus Lederer (2007). "The Power of Business." *Business and Politics* vol. 9/3 (December). (UvA digital library – this is the introduction to a special issue on business power in this journal. It is open access online, see also supplementary reading below).
- Gerald F. Davis and J. Adam Cobb (2010). "Corporations and economic inequality around the world: the paradox of hierarchy." *Research in Organizational Behavior* 30: 35-53. (UvA digital library)

#### Supplementary Reading:

- Amanda Alves (2020). "Corporate political strategies in Europe: The determinants of firms' access to the European Commission." *Business and Politics* vol. 22/2 (June), 307-338.
- Thomas Piketty and Emmanuel Saez (2014). "Inequality in the Long Run." *Science* vol. 344/6186 (May), pp. 838-843. (UvA digital library).



- Hans-Jürgen Bieling (2007). "The Other Side of the Coin: Conceptualizing the Relationship between Business and the State in the Age of Globalisation." *Business and Politics* vol. 9/3 (December). (UvA digital library)
- John Gerard Ruggie (2018), "Multinationals as Global Institution: Power, authority, and relative autonomy," in *Regulation and Governance* 12/3 (September), pp. 317-333 (via UvA digital library).

**Seminar 10 Capital: Markets for Money and the Dynamics of Financial Flows:** The negative impact of the financial sector when things go wrong has been an important question bothering political economists and policy-makers for a long time (see Reinhardt and Rogoff *This Time it's Different* for example). On the other hand, if there were no money or finance, our societies simply would not function. What is money and how does the market for money work? In particular, why is the financial sector so unstable? Why would a national economy open its financial sector and what sorts of policy challenges does this present? And what sorts of governance solutions might there be at the national, regional, and global levels?

*Required Readings:*

- Hyman Minsky (1982). "The Financial-Instability Hypothesis: Capitalist processes and the behaviour of the economy," in Charles P. Kindleberger and Laffargue (eds.), *Financial Crises: theory, history, and policy* (New York: Cambridge University Press 1982), 13-38. (on Canvas).
- M. Bordo, B. Eichengreen, D. Klingebiel, and M.S. Martinez-Peria (2001). "Is the Crisis Problem Growing more Severe?" *Economic Policy* vol. 16/32 (April), pp. 52-82. (UvA digital library)
- G. Underhill (2013). "Market-Based Approach to Financial Architecture." in G. Caprio (ed.) *The Evidence and Impact of Financial Globalization* vol. 3 (Oxford: Elsevier), pp. 577-587. (on Canvas)
- Stefano Pagliari and Kevin Young (2016). "The Interest Ecology of Financial Regulation: interest group plurality in the design of financial regulatory policies." *Socio-Economic Review* vol. 14/2, pp. 309-337. (UvA digital library)

*Supplementary Reading:*

- B.J. Cohen (1996). "Phoenix Risen: the Resurrection of Global Finance" Review Article in *World Politics* 48/2 (January), pp. (UvA digital Library).
- G. Underhill (1995). "Keeping Governments out of Politics: Transnational Securities Markets, Regulatory Co-operation, and Political Legitimacy," in *Review of International Studies*, Cambridge University Press, vol. 21, no. 3, July 1995, pp. 251-278.
- G. Underhill (2015). "The Emerging Post-Crisis Financial Architecture: the path-dependency of ideational adverse selection." *British Journal of Politics and International Relations* vol. 16/3, (August), pp. 461-493.
- M. Brunnermeier, M.K. and Y. Sannikov (2014). "Monetary Analysis: price and financial stability." *Monetary Policy in a Changing Financial Landscape* (proceedings), Forum on Central Banking (Frankfurt: European Central Bank, May) available online: <https://2014.ecbforum.eu/en/content/speakers-papers> .
- Reinhart, C. and K. Rogoff (2009). *This Time it's Different: eight centuries of financial folly* (Princeton NJ: Princeton University Press).
- Kindleberger, C. (1989). *Manias Panics and Crashes: a history of financial crises* 2nd edition (London: Macmillan).
- Luigi Zingales (2015). "Does Finance Benefit Society?" Presidential address, American Finance Association, *The Journal of Finance* vol. 70/4 (July), pp. 1327-1363.

<p><b>Mid-term Essay due: Sunday 8<sup>th</sup> October, 23:59</b></p>
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**Seminar 11 Managing National and Regional Economies under Capital Mobility: Balance of Payments, Exchange Rates, and Financial Stability:** in this era of cross-border global and regional integration, how much do national differences matter? Does national policy autonomy have any real meaning in our contemporary economic sphere? Or has the democratic nation-state and government become dysfunctional and would we not do better to defer to other, less hierarchical and perhaps more decentralised, forms of co-ordination to achieve our legitimate preferences in terms of political economy outcomes? These questions will be addressed largely by





looking at the problems of regional integration in the EU's single market in combination with the monetary integration of the single currency.

#### Required Readings:

- B.J. Cohen (1982). "Balance of Payments Financing: evolution of a regime." *International Organization* vol. 36/2 (Spring), pp. 457-78. (UvA digital library)
- Geoffrey Underhill (2000). "Global Integration, EMU, and Monetary Governance in the European Union: the political economy of the 'stability culture'." in K. Dyson (ed.) *European States and the Euro* (Oxford University Press), pp. 31-52. (on Canvas).
- Erik Jones (2003). "Liberalized Capital Markets, State Autonomy, and European Monetary Union." *European Journal of Political Research* vol. 42/2 (March 2003) pp. 197-222 (UvA digital library).
- G.R.D. Underhill and E. Jones (2023). "Optimum financial areas: Retooling the governance of global finance." *The World Economy* 46/6 (June), pp. 1582-1608 (UvA digital library).

#### Supplementary Reading:

- Erik Jones and Geoffrey R.D. Underhill (2014). "The Theory of Optimal Financial Areas." SWIFT Institute working paper no. 2013-001 accessible online via SWIFT Institute website.
- Geoffrey R.D. Underhill (2014). "The Governance of the Global Financial Crisis in the Eurozone." in A.J. Payne and N. Philips (eds.) *Handbook of the International Political Economy of Governance* (Edward Elgar), pp. 141-167. (on Canvas)
- Barry Eichengreen and Ricardo Hausmann (eds. 2005). *Other People's Money: Debt Denomination and Financial Instability in Emerging Market Economies* (Chicago University Press).
- Andrew Cooper and Paola Subachi (eds. 2010). *Global Economic Governance in Transition* special issue of *International Affairs* vol. 86/3 (May). (UvA digital library)

**Seminar 12 The Bottom Billion: Unravelling the Mysteries of Economic Development and Enduring Poverty:** This session allows us to explore in more detail the obstacles and policy dilemmas of development. This is the first of two sessions on the process of economic development in general. It also allows us to look at what can be done in policy terms to improve the prospects for development among the poorest countries.

#### Required Readings:

- [Remember/re-read if necessary] Friedrich List (1841). Excerpts from *The National System of Political Economy* Online Library of liberty version at <http://oll.libertyfund.org/titles/list-the-national-system-of-political-economy>, chapters XI-XIV; this is in many ways the basis of developmental economics as a branch of study, and List drew heavily on the ideas of Alexander Hamilton, the mastermind behind George Washington's first administration and the founding of the US.
- Dani Rodrik (2005). "Growth Strategies." in P. Aghion and S. Durlauf *Handbook of Economic Growth* (Amsterdam: Elsevier), ch. 14, pp. 967-1014. (on Canvas)
- D. Cassimon, P. Demetriades, and B. Van Campenhout (2010). "Finance, Globalisation, and Economic Development: the role of institutions." in Underhill, Blom and Mugge (eds.) *Global Financial Integration Thirty Years On* (Cambridge University Press), pp. 74-92. (on Canvas)
- Alan Winters, Neil McCulloch and Andrew McKay (2004). "Trade Liberalization and Poverty: the evidence so far." *Journal of Economic Literature* vol. XLII (March), pp. 72-115. (UvA digital library)
- Paul Collier (2010). *Wars, Guns, and Votes: democracy in dangerous places* (London: Vintage), Introduction and ch. 1. (on Canvas).

#### Supplementary Reading:

- Wantchekon, L. and Garcia-Ponce (2013) "Critical Junctures: Independence Movements and Democracy in Africa," CAGE Working Paper no. 173 (October), University of Warwick.
- Amsden, Alice H. (1991). Diffusion of development: The late-industrializing model and greater East Asia. *The American Economic Review*, 81(2), 282-286.


**Final Take-Home Assignment available on Canvas: Sunday 15<sup>th</sup> October, 20:00**

**Seminar 13 The Emerging Markets: (variable) success for some and the future of global governance:** In 1960, the Republic of South Korea was still emerging from a desperate civil war and foreign intervention – the violence and socio-political fragmentation that is the hallmark of the Bottom Billion. Korean GDP per capita was lower than in sub-Saharan Africa at the time. Taiwan was not much better, dominated by a foreign dictatorship that was a US-supported off-shoot of China's civil war across the straights. Yet contemporary South Korea and Taiwan are now stable democracies in the rich people's club. Meanwhile, the longer-standing rich people's club messed up big time with a crisis and financial crash that started in the core US markets - the severe effects of which are still working themselves out. How do we explain the extraordinary success of that elite club of emerging market economies? And why is that success both so difficult to achieve and so volatile? And what difference will the rise of Brazil, Turkey, China or Indonesia make to the governance of the post-crisis global political economy? Will the trend towards more open markets and economic integration continue or have the peoples of the emerging markets had enough?

*Required Readings:*

- North, Wallis and Weingast (textbook), chs. 4-5.
- W. Easterly, J. Ritzen, and M. Woolcock (2006). "Social Cohesion, Institutions, and Growth." *Economics and Politics* vol. 18/2 (July), pp. 103-120. (UvA digital library).
- C. Randall Henning and Andrew Walter (2016). *Global Financial Governance Confronts the Rising Powers* (Centre for International Governance Innovation), Introduction and overview, pp. 1-26. (on Canvas)

*Supplementary Reading:*

- A.J. Payne (2010). "How many 'G's' are there in Global Governance after the Crisis? the perspectives of the 'marginal majority'." *International Affairs* vol. 86/3 (May), pp. 729-740.

**Seminar 14 Conclusion: Political Economy, Globalization and Democracy:** An open discussion on the tensions between a global market order, legitimacy, and democratic political order.

*Required Readings:*

- Rodrik, Dani (2000). "How Far Will International Economic Integration Go?" *Journal of Economic Perspectives*. Vol. 14/1 (Winter), 177-86.
- Barry Eichengreen and David Leblang (2008). "Democracy and Globalization." *Economics and Politics* vol. 20/3 (November), pp. 289-334. (UvA digital library).
- North, Wallis and Weingast (textbook), chapters 6-7. Barry Eichengreen and David Leblang (2008). "Democracy and Globalization." *Economics and Politics* vol. 20/3 (November), pp. 289-334. (UvA digital library).

*Supplementary Reading:*

- Geoffrey R.D. Underhill (2000). "The Public Good versus Private Interests in the Global Financial System." *International and Comparative Corporate Law Journal* vol. 2/3, pp. 335-399. (UvA digital library)
- Ang, Yuen Yuen (2016) *How China Escaped the Poverty Trap* (Cornell University Press)
- Du, J. and Xu, C. (2009) "Which Firms went Public in China? A Study of Financial Market Regulation" *World Development* 37/4, pp 812-824
- Geoffrey Garrett (1998). "Global Markets and National Politics: Collision Course or Virtuous Circle?" *International Organization* vol. 52/4, pp. 787-824. (UvA digital library)
- Ben Ansell and David Samuels (2014) *Inequality and Democratization: an Elite-Competitive Approach* (Cambridge University Press)
- T. Celik (2016). "Fiscal State-Citizen Alignment: tracing the socio-historical conditions of the financial crisis." *Critical Historical Studies* vol. (Spring), pp. 105-141. (UvA digital library)

**Friday 27<sup>th</sup> October: Final Take-Home Assignment due 23:59**