

## COMPARATIVE POLITICAL ECONOMY

### UNIVERSITY OF BOULDER (COLORADO)

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SCIENCES PO BORDEAUX

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#### Aims and scope :

<http://www.colorado.edu/catalog/2015-16/courses?subject=PSCI&number=3092>

#### **PSCI-3092 (3) Comparative Political Economy**

Presents theories on the interaction between policies and economics, economic models of politics, and familiarizes students with an approach that will prove useful in understanding current developments in both economics and politics. Explores relationships between financial markets, currency regimes, and politics with some special consideration of the behavioral foundations of political and economic developments. Recommended prereq., PSCI 2012.

#### Questions raised during the class:

- Tensions between market fundamentalism and protectionism and efforts to re-embed the market into society and its cultural dimensions
- Tension between rising production and distribution of gains
- Tensions between a state's domestic capacities and its international obligations
- Global inequalities between countries
- Development and transformation: strategies and dilemmas
- Regionalism, Global governance, management and systemic order

#### Main Textbooks

Cassidy John How *Markets fail ?* Penguin Books, 2010.

Frieden Jeffrey A., *Global Capitalism, Its Fall and Rise in the Twentieth Century*, W. W. Norton & Company, 2006.

#### Additional

Banks Jeffrey S and Eric Allen Hanushek, *Modern Political Economy: Old Topics, New Directions*, Cambridge UP, 1995.

Barma Naazreen and Steven K. Vogel, *The Political Economy Reader*, Routledge, 2008, ISBN 978-0-415-954921

Caparaso James A. and David P. Levine, *Theories of Political Economy*, Cambridge UP, 1992.

Ravenhill John, (ed.), *Global Political Economy*, Oxford University Press, last edition 2011.

#### Structure:

24 sessions composed of 11 blocs (2 sessions each) or 10 blocs and 1 examination bloc. 1 opening session and 1 concluding session

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#### Session 1 (7<sup>TH</sup> OF JULY)

#### WHAT IS POLITICAL ECONOMY: POWER AND MARKETS (7<sup>TH</sup> OF JULY)

Introduction to the Class:

What is Political Economy? Market and State

**Session 2-5 (July 8, 9, 10 and 13<sup>th</sup>): THEORETICAL FRAMEWORK: LIBERALISM (JULY 8-9), AND MARXISM (JULY 10-13)**

**BLOC 1: LIBERALISM (JULY 8-9)**

- *Session 2 : context, concepts and theories*
- *Session 3 : discussion on the text*
  - *Part I Global Capitalism, pp.1-126.*
  - **Barma Naazreen and Steven K. Vogel, *The Political Economy Reader*, Routledge, 2008; chapter 1, The Classics, Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776), pp27-40.**
- *Discussion questions :*
- *Main concepts: division of labor and exchange, self-regulating market, private interest and public good*
- *Main ideas:*
- *Further readings :*

Caparaso James A. and David P. Levine, *Theories of Political Economy*, Cambridge UP, 1992, "The classical approach", pp.33-54

- Chapter 4 : "Moral propriety within Political Economy: The Work of Adam Smith", pp. 100-118, in *Foundations of International Political Economy*, Matthew Watson, Palgrave Mac Milan 2005.

**BLOC 2 : MARXISM (JULY 10-13)**

- *Session 4 : context, concepts and theories*
- *Session 5 : discussion on the text*
  - *Part I Global Capitalism, pp.1-126.*
  - **chapter 2, Karl Marx and Friedrich Engels, *The Communist Manifesto* (1848), pp.41-62, in Barma Naazreen and Steven K. Vogel, *The Political Economy Reader*, Routledge, 2008.**
- *Discussion questions :*
- *Main concepts: material interests and economic class, class conflict, capitalism, class consciousness*
- *Main ideas: in the Marxian view, exploitation is at the heart of capitalism*
- *Further reading :*

chapter 3 "Marxian political economy" in James A. Caparaso and David P. Levine, *Theories of Political Economy* (Cambridge UP, 1992), pp55-78.

Chapter 3, "Capitalism and Political Economy" in Clift Ben *Comparative Political Economy*", *States, Markets and Global Capitalism*, Palgrave Mac Millan, 2014, pp. 45-72.

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**Session 6-7 (July 14 and 15)**

**BLOC 3 : THEORIES AND POLITICS OF MONEY**

- *Session 6 : context, concepts and key issues*
- *Session 7 : discussion on the text*

*Part II Global Capitalism, pp.117-250.*

And on the basis of a newspaper's article
- *Questions :*

*Main concepts: money, banks, regulation, the different functions of money, Unit of Account Medium of Exchange, Store of Value, the different forms of money*

- *Main ideas: the regulation of money, from commodity money to fiat money over time.*
  - *Further reading : chapter 7 “The International Monetary and Financial Structure”, in Balaam D and B. Dillman, *Introduction to International Political Economy*, Pearson, 2011, pp. 156-182.*
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## Session 8, 9, 10 and 11 (July 16-17 and 20-21) : KEYNES AND MONETARISM

### BLOC 4 : KEYNES

- Session 8: context, concepts and case study
- Session 9: discussion on the text
  - *Part II Global Capitalism, pp.117-250.*
  - *Extracts from the Economic consequences of Peace, John Maynard Keynes.*
- *Questions :*
- *Main concepts : Phillips curve, circularity of the economic process, anticipations in financial markets, multiplier.*
- *Main ideas: the stability of under-employment equilibrium implies state intervention*
- *Further readings : Chapter 5, “Keynesian political economy”, pp.100-125, in James A. Caparaso and David P. Levine, *Theories of Political Economy* (Cambridge UP, 1992),*

### BLOC 5 : MONETARISM

- Session 10 : context, concepts and theories
  - Session 11 : discussion on the text
    - *Part II Global Capitalism, pp.117-250.*
    - **Milton Friedman, *Capitalism and Freedom* (1962), chapter II “The Role of Government in a Free Society”, in Barma Naazreen and Steven K. Vogel, *The Political Economy Reader*, Routledge, 2008, pp107-116.**
  - *Discussion questions: what is the role of Government in M. Friedman’s view ? Why?*
  - *Main concepts : rational choice, public choice theory, monetarism, rational expectations.*
  - *Main ideas :rational expectations have a strong impact on economic cycles*
  - *Further readings : chapter 6” Interest-based Analysis and Comparative Political Economy”, pp.123-141, Clift Ben *Comparative Political Economy*, States, Markets and Global Capitalism, Palgrave Mac Millan, 2014.*
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## Session 12-13 ( July 22-23) : ECONOMIC THEORIES OF THE STATE. CONSTITUTIONS AND ECONOMIC PERFORMANCE

### BLOC 6: ECONOMIC THEORIES OF THE STATE

- Session 12 : context, concepts and theories
- Session 13 : discussion on the text
  - *Part III Global Capitalism, pp.253-359.*
  - *Neil Fligstein from the The Architecture of Markets (2001), Extract, “Markets as Institutions”, pp. 153-173, in Barma Naazreen and Steven K. Vogel, *The Political Economy Reader*, Routledge, 2008.*
- *Discussion questions: what are institutions’ role in economy ? How would you describe institutions?*
- *Main concepts; Institutions, Markets,*
- *Main ideas: The State has a major role in building and sustaining markets.*

- *Further reading* :
    - (in IPE) chapter 10 “Globalisation’s impact on States”, Colin Hay, pp.312-344, Ravenhill John, (ed.), *Global Political Economy*, (Oxford University Press, last edition 2011).
    - Chapter 8 “State-centered approaches to political economy”, pp181-196, James A. Caparaso and David P. Levine, *Theories of Political Economy* (Cambridge UP, 1992).
    - Chapter 8 “Understanding the State within Modern Society”, *Foundations of International Political Economy*, Matthew Watson, Palgrave Mac Milan 2005, pp179-197.
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### **Session 14-15 (July 24, and 27)**

#### **Review and Midterm Exam**

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### **Session 16-17 (July 28 and -29) : THEORIES OF TRADE AND GLOBALIZATION**

#### **BLOC 7: THEORIES OF TRADE AND GLOBALIZATION**

- Session 16 : context, concepts and theories
  - Session 17 : discussion on the text
    - *Part III Global Capitalism*, pp.253-359.
    - **Comments on statistic data on trade and financial flows**
  - *Discussion Questions: Outline the basic ways in which economic liberals and structuralists view trade. Outline the basic features of RTA. Do you see them as being primarily liberal in nature. Why?*
  - *Main concepts: free trade, law of comparative advantages, WTO, non tariff barriers, fair trade, regional trade agreements (RTA).*
  - *Main ideas:*
  - *Further reading: chapter 6 “The Production and Trade Structure”, pp131*  
Chapter 5 “The evolution of global trade regime” in Ravenhill John, (ed.), *Global Political Economy*, (Oxford University Press, last edition 2011).
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### **Session 18-19 (July 30, 31) : DEVELOPMENT AND DEPENDENCY THEORY**

#### **BLOC 8 : DEVELOPMENT AND DEPENDENCY THEORY**

- Session 18: context, concepts and theories
- Session 19: discussion on the text
  - *Part IV Global Capitalism*, pp. 263-472.
  - *On an interview by Immanuel Wallerstein*
- *Main concepts : structuralism, historical materialism, imperialism, periphery; neoimperialism, dependency theory*
- *Main ideas:*
- *Discussion questions: Outline the essential characteristics of dependency theory; and neo-imperialism summarize the main contributions of Marxism to contemporary structuralism*
- *Further reading* :
  - “Globalisation, Growth, Poverty, Inequality, Resentment and Imperialism”, Robert Hunter Wade, chapter 12, pp. 373-415, Ravenhill John, (ed.), *Global Political Economy*, (Oxford University Press, last edition 2011).

- “Economic Determinism and Exploitation: the Structuralist Perspective”, in *Introduction to International Political Economy*, Pearson, 2011; Balaam D and B. Dillman, pp.81-105.
- *And Chapter 13 “Globalisation and Development*, Nicola Phillips, pp. 416-449 in Ravenhill John, (ed.), *Global Political Economy*, (Oxford University Press, last edition 2011).

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## Session 20-21 (August 3 and 4): IMF and World Bank

### BLOC 9: DEVELOPMENT, IMF and World Bank

- Session 20 context, concepts and theories
- Session 21 discussion on a newspaper’s article.
  - *Part IV Global Capitalism*, pp. 263-472.
  - *Stiglitz Joseph, Globalization and its Discontent*, Norton Paperback, 2003, “Who lost Russia?”, Chapter 5.
- *Main concepts; Structural Adjustment Policies, conditionality; HIPC initiative, Washington consensus, import-substitution strategies, export-oriented growth.*
- *Discussion questions : explain how the issues regarding economic development have changed since the early colonial days of the 1950’s and 1960’s.*
- *Main ideas :*
- *Further reading : Wood N. The Globalizers: The IMF, the World Bank and their Borrowers* (Ithaca, Cornell UP), 2006.
- *Chapter 11; “The Development Conundrum: Choices Amidst constraints”, in Introduction to International Political Economy*, Pearson, 2011; Balaam D and B. Dillman, pp.265-294.

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## Session 22-23 (August 5 and 6) : CRISES IN GLOBALIZATION: THE GLOBAL FINANCIAL CRISIS

### BLOC 10 : CRISES IN GLOBALIZATION: THE GLOBAL FINANCIAL CRISIS

- Session 22 : context, concepts and theories
- Session 23 : discussion on the text
  - Cassidy John *How Markets fail ?* Penguin Books, 2010.
  - *And on a film Margin call of Inside job.*
- *Discussion questions: Compare and contrast the different types of debt problems discussed in class, in terms of source of the debt, majors actors involved and how the situation was solved.*
- *Main concepts: capital flight, currency crises, crony capitalism, contagion, too big to fail.*
- *Main ideas:*
- *Further reading :Chapter 8 “International Debt and Financial Crises”, pp.183-209, in , Introduction to International Political Economy*, Pearson, 2011; Balaam D and B. Dillman. “*The Political Economy of Global Financial Crises*”, Louis W. Pauly, chapter 8, pp245-272, in Ravenhill John, (ed.), *Global Political Economy*, (Oxford University Press, last edition 2011).

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**Concluding session: Final exam: session 24 - 7<sup>th</sup> of August**

## EVALUATION

is mixed and composed of  
small writing assignments (3-4 short papers presented in class, with a final) and exams (final and mid-term).

### The final grade is composed of

- 1) 35% Final;
- 2) 25% midterm exam;
- 3) 25% papers presented in class
- 4) 15% participation in class.

## BIBLIOGRAPHY

### Textbooks:

Balaam D and B. Dillman, (eds.), *Introduction to International Political Economy*, Pearson, 2011.  
Barma Naazreen and Steven K. Vogel, *The Political Economy Reader*, Routledge, 2008, ISBN 978-0-415-954921  
Caparaso James A. and David P. Levine, *Theories of Political Economy* (Cambridge UP, 1992)  
Cassidy John How *Markets fail ?* Penguin Books, 2010.  
Frieden Jeffry *Global Capitalism, Its Fall and Rise in the Twentieth Century*, W. W. Norton & Company, 2006.  
Ravenhill John, (ed.), *Global Political Economy*, (Oxford University Press, last edition 2011).  
Jeffrey S. Banks and Eric Allen Hanushek, *Modern Political Economy: Old Topics, New Directions* (Cambridge UP, 1995).

### Theory

Commons, J.R., *The Legal Foundations of Capitalism* (1924)  
Keynes, John Maynard, *The General Theory of Employment, Interest, and Money* (1935)  
Marx, Karl, *The Grundrisse* (Harper, 1971) and *Capital* (originally 1867-1894)  
North Douglass, *Institutions, Institutional Change and Economic Performance*  
Polanyi, Karl, *The Great Transformation* (New York, Toronto, Farrar & Rinehart, 1944)  
Polanyi Karl, "The Self-Regulating Market & the Fictitious Commodities"  
Riccardo, David, *The Principles of Political Economy and Taxation* (originally 1817)  
Schumpeter, Joseph A., *Capitalism, Socialism, and Democracy* (New York, Harper & Brothers, 1942)  
Schumpeter, J.A. *History of Economic Analysis* (1954)  
Smith Adam, *The Wealth of Nations*  
Veblen, Thorstein, *The Theory of the Leisure Class* (1899)  
Weber, Max, *The Protestant Ethic and the Spirit of Capitalism* (1904-5)

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Websites : to be completed