

## **POL 3410: Introduction to Political Economy. Fall 2011**

11:15 to 12:30 Tuesdays / Thursdays, Anderson 270

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Moodle site : <https://moodle.umn.edu/course/view.php?id=22750>

This class will introduce you to the theories of economics and politics that underlie debates between politicians and commentators in modern life. You will learn about the classic debates among economists and political scientists about the role of government in the market and apply these theories to an important contemporary debate: the causes of, and response to, the current financial crisis.

The course splits into four sections, with the first three examining the historical development of political economy from before Adam Smith through to debates of the last few years. Section A begins by examining the history of 'political economy' as it first developed, moving through the classic authors of the 'classical' school: Adam Smith, Thomas Malthus, David Ricardo, John Stuart Mill, and Karl Marx. Though these theories may seem arcane to you, they provide the basic building blocks of the current debate about the appropriate role of government.

We then turn in Section B to the development of modern economics and political science, after the disciplines broke apart. Here we will discuss the theories of Alfred Marshall, John Maynard Keynes, Friedrich Hayek, Milton Friedman, and current economists like Paul Krugman and John Cochrane. We also examine so-called 'public choice' and 'rational choice' theories of politics which developed in political science as an application of the tools of economics.

The dominance of economic arguments assuming humans are fully rational and that concepts like power, culture, and religion have no important role, produced a backlash, which we will discuss in Section C. Here we examine how sociologists and anthropologists introduced cultural accounts of the market, how historians and political scientists explored the role of power and national differences, and finally how psychologists have undermined the very theory of rational economic actors.

As we shall see, many economists have come round to this way of thinking, particularly in light of the financial manias of the past decade and the apparent non-functioning of the market economy. Thus, we conclude in Section D by applying our theories of economics and politics to a key contemporary debate: the financial crisis of 2008-2009 and the government response (and the response to that!).

The evaluation for the course is as follows. First, there will be a midterm, worth 35% of the course grade, held in class on November 1<sup>st</sup>. The midterm will be a mix of IDs, short answers, and a medium length essay. Second, there will be a final exam, worth 65% of the course grade, held during finals. This will be made up of two long essays, one theoretical and one applying theories to current events.

### **Readings for Purchase:**

Robert Heilbroner, *The Worldly Philosophers*

Todd Buchholz, *New Ideas from Dead Economists*

Naazneen Barma and Steven Vogel (eds.) *The Political Economy Reader*

## **SECTION A: When Politics and Economics were just Political Economy**

### **What is Political Economy? States, Markets, and Society (9/6, 9/8)**

Heilbroner, Ch. 1, Ch. 2  
Buchholz, Ch 1.

### **Classical Political Economy: Before and After Adam Smith (9/13, 9/15)**

Heilbroner, Ch. 3  
Buchholz, Ch. 2  
Barma and Vogel, (Smith)

### **Classical Political Economy: Malthus, Ricardo, and Mill (9/20, 9/22)**

Heilbroner, Ch. 4  
Buchholz, Ch. 3-5

### **Karl Marx and the Critics of the Classics (9/27, 9/29)**

Heilbroner, Ch. 5-6  
Buchholz, Ch. 6  
Barma and Vogel, (Marx, List)

## **SECTION B: The Great Split – Politics and Economics Divide**

### **Neoclassical Economics and Neoliberalism (10/4, 10/6)**

Heilbroner, Ch. 7  
Buchholz, Ch. 7  
Barma and Vogel, (Seldon, Sachs)

### **Keynes and Critics of Neoclassicals (10/11, 10/13)**

Heilbroner, Ch 9  
Buchholz, Ch. 9

### **The Attack on Keynes: Hayek, Friedman, Public Choice (10/18, 10/20)**

Buchholz, Ch. 10, 12  
Barma and Vogel, (Hayek, Friedman)

### **Economics Everywhere: Rational Choice and its Enemies (10/25), (10/27)**

Buchholz Ch 11  
Barma and Vogel (de Soto, Friedman)

## **MIDTERM IN CLASS 11/1**

### **SECTION C: Challenges to Economics**

#### **Culture, Race, Gender and the Economy (11/3, 11/8, 11/10)**

Heilbroner, Ch. 8  
Barma and Vogel, (Polanyi, Fligstein, Landes)

#### **Historical Approaches to the Economy (11/15, 11/17)**

Heilbroner, Ch. 10  
Barma and Vogel, (North, Williamson, Rostow, Gerschenkron)

#### **Comparative Capitalisms (11/22, 11/29)**

Barma and Vogel, (Lindblom, Johnson, Hall & Soskice, Vogel, Guthrie, Chaudhry)

#### **Psychological Approaches (12/1)**

Bucholz, End Chapter 12.  
Other Readings TBA

### **SECTION D: Political Economy Today**

#### **The Credit Crisis I: What Happened? How Do We Explain it? (12/6, 12/8, 12/13)**

Readings TBA

**FINAL EXAM: Tuesday 12/20 8am-10am**