



## Course Manual Specialisation Course Political Economy 2020-2021

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*Please read this outline thoroughly and carefully. You are responsible for knowing its contents before arriving in class, please, and I 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 (September-October 2020)

Download your timetable at [www.rooster.uva.nl](http://www.rooster.uva.nl)

Seminar Groups 1, 2, & 3 separately:

(Group 1 Underhill) Mondays 13-15:00 online and Thursdays 16-18:00 on campus in REC room JKB.25;

(Group 2 Underhill) Mondays 16-18:00 on campus in REC room JKB.25 and Thursdays 13-15:00 online;

(Group 3 Aragão): Tuesdays 16-18:00 Online and Thursdays 16-18:00 online;

\*For those in Group 3 who chose the on-campus option, Fridays 15-17:00 in REC room B2.08

### Seminar Group Instructors

Groups 1 & 2: Professor Geoffrey R.D. Underhill [g.r.d.underhill@uva.nl](mailto:g.r.d.underhill@uva.nl)

*Office:* REC 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:* Fridays 14:00-16:00, 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 3: Lecturer Roberto B.A. Aragão [r.aragao@uva.nl](mailto:r.aragao@uva.nl)

*Office:* REC building B, Nieuwe Achtergracht 166, 1018 WV, room B-9.01 (9<sup>th</sup> floor, take blue elevators);

*Office Hours Semester 1 Block 1:* Thursdays 14:00-16:00, 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.

### 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 €28.99 at the Athenaeum Bookstore [[www.athenaeum.nl](http://www.athenaeum.nl)] ; [roeterseiland@athenaeum.nl](mailto:roeterseiland@athenaeum.nl)] on the corner of the REC campus and is also an online 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). Very helpful as an introduction to economics for non-economists (and those with an economics background insufficiently anchored in the real-world) is Ha-Joon Chang, *Economics: the User's Guide- a Pelican Introduction* (Pelican, 2014, app. €11.50). 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* (6th edition, 2019) available as an e-book in the library. Whenever I have forgotten something I ought to know, I 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). We will order this for the library and an e-book.

The media also has some great economics programming these days. My 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 podcasts. In particular, there are two regular 12-15 programmes to draw your attention to: “Fifty things that made the modern economy” (actually, they are on the second series, so there are now 100) at <https://www.bbc.co.uk/programmes/p04b1g3c>; and “More or Less” that focuses on how to recognise valid/fake news claims involving statistics and data: <https://www.bbc.co.uk/programmes/p02nrss1/episodes/downloads>. 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, you might consult 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. My 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.

### 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. Yet there is more and more to learn in our world of complexity and opportunity. This is particularly so in the intensive, one-block ‘specialisation course’ (SpecMod for short) which aims to get all of you from diverse first-degree backgrounds to the same level of knowledge and competence in just 8 weeks while combined with the Transnational Politics curriculum. The course material and assignments come thick and fast and deadlines are irrevocable. There is a substantial amount of reading to be done in *advance* of each session. You need to deal with this workload by planning and preparing for the pressure early. If you are not used to it, economic terminology can be difficult at times (see above). This should relate to your starting point: some of your backgrounds at the BA level may constitute a better starting point than that of others. You need to assure yourself that you are ‘up to speed’ as the course progresses. Once you slip behind in terms of work it will prove very difficult to catch up and realise your own potential. Pace yourself, 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 (2020-21) at a Glance

<i>Week 1: 31 August - 4 September</i>	<i>Week 2: 7-11 September</i>	<i>Week 3: 14-18 September</i>	<i>Week 4: 21-25 September</i>
<p><b>Session One:</b></p> <p>Back to the Future: Retro-fitting Neo-Classical Economics</p>	<p><b>Session Three:</b></p> <p>Market Exchange and the Emergence of Firms: Markets as Organisation and Rules of the Game</p>	<p><b>Session Five:</b></p> <p>Development, Economic Openness, and Democracy</p>	<p><b>Session Seven:</b></p> <p>Trade and Migration: costs, benefits, and the rules of the global game</p>
<p><b>Session Two:</b></p> <p>The Political Economy Agency, Aggregation, Co-ordination, and Collective Action</p>	<p><b>Session Four:</b></p> <p>Rent-seeking, Club Behaviour, and Governance: Institutional Diversity and Market Integration</p>	<p><b>Session Six:</b></p> <p>Labour Market Organisation, Human Capital, and Economic Competitiveness</p>	<p><b>Session Eight:</b></p> <p>Division of Labour and Value-Chains: Firms, Innovation, and Productivity and when might my Boss be a Robot?</p>
<i>Week 5: 28 September - 2 October</i>	<i>Week 6: 5-9 October</i>	<i>Week 7: 12-16 October</i>	<i>Week 8: 19-23 October</i>
<p><b>Session Nine:</b></p> <p>Corporate Governance, Inequalities, and Social Responsibility</p>	<p><b>Session Eleven:</b></p> <p>Managing National and Regional Economies under Capital Mobility: balance of payments, exchange rates, and financial stability</p>	<p><b>Session Thirteen:</b></p> <p>The Emerging Markets: success for some and the future of global governance</p>	<p><b>* No class *</b></p>
<p><b>Session Ten:</b></p> <p>Capital: markets for money and dynamics of financial flows</p> <p><b>Mid-term due Sunday 4<sup>th</sup> October: 23:59</b></p>	<p><b>Session Twelve:</b></p> <p>The Bottom Billion: the mystery of enduring poverty</p> <p><b>Take-home exam available Sunday at 20:00</b></p>	<p><b>Session Fourteen:</b></p> <p>Political Economy, Globalization, and Democracy</p>	<p><b>* No Class *</b></p> <p><b>Deadline take-home exam Friday 23<sup>rd</sup> October 23.59</b></p>



## 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 short and 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. Please be aware of and take the time to explore the complementarity between the two Block 1 courses.

The seminar series in this course will consist of 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, a third element of the course will examine the consequences of (global and/or regional) economic integration for policy, including the distributional thus political impact of cross-border markets on the broader public through electoral and party competition where declining trust in business and political elites undermines mainstream politics in established democracies.

## 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).

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 and COVID-19)

This is a seminar course wherein 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.

As you know, Dutch and European COVID-19 regulations involve new (and constantly changing) restrictions on gatherings and travel. In general, these have 2 implications. First, some students are unable to attend on-campus classes or have chosen online classes for health risk reasons. Complying with individual preferences as much as we can is important for the legitimacy of the rules and rendering them workable in practice. Second, the university had to adjust the number of students per class in order to guarantee that the minimal physical distancing standards can be applied. This also involved a physical restriction on the number of students who may be on campus at any one time. We must all co-operate to comply with and work within these restrictions during your degree programme. Thirdly, this mixed group of preferences imposes on us some logistical challenges for dividing up the programme candidates into groups that are manageable for teaching staff and are relatively equal in size, while also fitting numbers to the reduced number of available physical classrooms of the appropriate size.

The regulations therefore have implications for the format of our seminars. Groups 1 and 2 (Underhill), will each have one ‘normal’ on-campus class in larger rooms combined with one online session on Zoom per week (see timetable). During on-campus seminars the COVID-19 rules principally involve physical distancing. Students should consider wearing facemasks while we move in and out of classrooms and more generally under crowded conditions in corridors and elevators. Arrive on campus in plenty of time so that we can drift in to classrooms without compromising the physical distancing norms. Group 3 (Aragão) includes all who opted for an online-only format and will have twice-weekly Zoom seminars plus an on-site breakout session on Friday afternoons for the news report presentations (hour 1, mixed online and on-site) and the last open discussion hour for those who attend on campus. For all online sessions and particularly in the case of Group 3, please be prepared and logged-in online well before the class starts. Students may be living in different time zones and it is very distracting to students and instructors alike to have people dropping in late.

The choices made by students in terms of class formats across the three groups will not lead to variation in the content of the course: the syllabus and evaluation criteria remain the same across the groups. Our expectations in terms of student output remain unchanged, and we remain available to students for consultation outside of class in office hours, online and where possible face-to-face.

### 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 are vital to the success of the course for you and others. If all of you take this seriously, you will all learn more and benefit more from the course because the group ‘chemistry’ is much more positive. Listening to ‘the teacher’ only results in about 20% retention of course material. Interaction, questions, and debate are what generate learning. This means that online distractions unrelated to the course session we are all ‘attending’ online or *in situ* is a serious negative in terms of successful learning. During on-campus 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.



During online sessions this honour system is doubly important. During online sessions, please keep yourselves visible to the rest of us, video 'on' and audio 'mute' but be ready to signal when you wish to intervene in discussion. The dynamics of attention and discussion are more difficult online and to derive maximum benefit from your classes, we need to facilitate an encouraging environment for participation (NB: which is also part of your final grade).

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 for the views of others is crucial in a university free-speech environment.

### Course Evaluations & Adjustments to the Course

This course was given for the fourth time last academic year. The course was evaluated by the regular anonymous UvA-Q questionnaire, as well as (in the first year, 2016) an open student panel discussion for the most part in the absence of the professor. Despite the demanding workload, last year 89.4% of respondents found the course '(very) satisfactory' overall. There was much enthusiastic informal feedback as well and course grades and student results have been good. All of the annual evaluations have been very positive about the course and instructors, but points for improvement were raised. Students regularly complained about the workload, although we fully expect this and dealing with pressure is an important skill required of our programme graduates. There have also been observable differences in 'chemistry' across individual seminar groups, and the discussion in some was much livelier and the learning better than others. The following changes have been implemented as a result: when more than one course instructor is involved, grading standards are carefully co-ordinated; the recommendations for pre-course literature are better and more in-depth; the reading load is a considerably lighter. This is largely because the Research Sessions were cancelled in response to the COVID-19 regulations and because the comparative politics element of the course will 'reappear' in a separate degree programme. The instructions for the reading blog postings are more clear; News Reports will be delivered as presentations only in team format (to take up less class time under COVID regulations) and to promote 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. The very helpful suggestion of scheduling three-hour sessions with a break in the middle was not taken up because of the shortage of seminar rooms, a problem that is worse this year. To promote better discussion and group dynamics, the policy on online conduct was adopted (see above). An experiment (second year of the course) 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. In response to the COVID regulations, the form of teaching has been adapted (see above).

Finally, students continue to request more and faster feedback than it is possible to deliver, as well as 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. 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 is proven to work very well, especially for the hard-working and the ambitious. Much depends on what students individually and collectively do for themselves.

### 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. You must also pass the take-home examination to receive a grade in the course. Material submitted after specified deadline is not eligible for a re-sit. Late penalties on the original submission cannot in any event be erased for re-sits even if the latter is on time.* If new or old COVID restrictions are (re-) imposed during the course, the assessment criteria and deadlines may be adapted as appropriate.

*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 the 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.

**During the pandemic it is particularly important that you all remain vigilant and look out for each other: if you feel ill with COVID-like symptoms please let us know and avoid all on-campus or other contact (self-isolate, please). We can switch students into online-only sessions as required.**

*Reading Preparation and Blog Postings:* 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. 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. 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) because moving them to the correct place is not easy on Canvas, and if we cannot find them then they are not there. An hour before class, e.g. by noon for Group 1 on each Monday/15:00 for the Thursday session, please upload this ‘blog post’ on the required readings for the upcoming session. Each posting should be a maximum of one page single-spaced (thus quality, not quantity). Your posting should not aim at simply summarising each reading, that is too easy, although you will need to comprehend the arguments of each piece. Start by looking at the short summary and questions posed for each session in the course outline as a rough guide. You should aim at telling us what you have subsequently drawn from the readings: what are the most important points they raise? Most important, why would we put these readings in this course for this particular session, and what do you think is their ‘package message’ as you anticipate the discussion in the next session of the course? 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.

*News Reports:* Oral presentation skills and teamwork are important. In groups of three/four that your instructor will determine and schedule randomly, you will do one brief presentation to the class (ten 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). Groups 1 & 2 will do this during the on-site sessions; Group 3 will do this during the Friday break-out session, the first hour of which will focus on the News Report and discussion – the precise format of the Friday meetings will be defined after discussion with the students during the first week of the course. 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 the week in question, you are free to select the most relevant course material). Discussion will follow. We will produce a schedule for you by the second session of class. Please also upload your news report (power point, text, as you choose) and post it on the appropriate discussion area (per group) on Canvas.

*Written Assessment:* Course assessment of this module will also consist of a short mid-term essay (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 examination assessing your understanding of the course as a whole will be due at the end of week 8 (up to 5000 words). Details of the mid-term essay assignment and the final examination 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): 20%
- News Report presentation and participation in discussion (includes attendance and a demonstrable knowledge of the readings that leads to constructive involvement in class discussion): 15%
- Mid-term essay: 25% of final grade
- Take-home exam: 40% of final grade

*Deadlines:*

- Online blog posts: 1 hour before each class
- Midterm essay: Sunday, 4<sup>th</sup> October, 23.59



- Take-home final exam: Friday, 23<sup>rd</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.

### Inspection of Exams/Assignments, Feedback, and Grade Delivery

We will deliver written feedback on your blog postings around the mid-point of the course, and at the end along with final grades. All students will receive feedback at the same time to ensure all receive the same advantage therefrom. Feedback on News Reports will be delivered orally directly to each team directly after the class in question. You will also receive written feedback on the essay and the take-home exam. The short essay will be graded during the course and the grade and comments communicated to students in a timely fashion. The grade for the take-home exam and final grade for the course will be communicated to the students in the week of 16<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 three groups is a time-consuming and necessarily careful, co-ordinated process wherein our primary goal is fairness to each of you. Impatient clamouring for results does not speed this up, nor does it improve the result.

#### *Contingency rules:*

- The take-home exam can only 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).
- Material submitted after the deadline 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.

*Re-sit:* If you did not pass the course and you qualify to re-take the exam, you should first read the comments provided 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 or with health problems, and also to give you time to prepare. You will have one week to complete the exam, and the re-take is tentatively scheduled for the week before the Christmas break, 14-18 December 2020.

### Rules regarding Fraud and Plagiarism

Both the essay and the take-home exam must be submitted through the *Urkund* system on Canvas, 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.

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 Commission. 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!



## 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. This integrative approach to understanding society 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, and of the Arab caliphates 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 these 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 that our societies face.

**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. We go on to explore the inheritance of the Enlightenment and, in particular, Adam Smith as a thinker and his legacy as taken up by Ricardo, Malthus, 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 (p. 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).
- G. Routh (1975). *The Origin of Economic Ideas* (Vintage) chapter 2 (Preposterous Origins) – Pdf file.
- 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)
- 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 difficult, you need to extract the essence of the argument).

**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 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)
- Phil Cerny (1995). “The Changing Logic of Collective Action.” *International Organization* vol. 49/4 (Autumn), pp. 595-625. (UvA digital library)

*Supplementary Reading:*

- 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 Behavioral Foundations of Economic Theory,” in *Philosophy & Public Affairs*, vol. 6/4 (Summer), pp. 317-344 (UvA digital library).

**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 rigid, 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 play in the functioning of the political economy? The supplementary reading is a classic article 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 market.

*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:*

- 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].
- 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



**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. 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 Skoćpol (eds.) *Bringing the State Back In* (Cambridge University Press), pp. 169-191 (on Canvas).
- North, Wallis, and Weingast (your textbook), chapters 1 – 3.
- 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)



*Supplementary Reading:*

- Douglass North (1991). "Institutions." in *Journal of Economic Perspectives* vol. 5/1 (Winter), 97-112. (UvA digital library)
- Douglass North (1990). *Institutions, Economic Change, and Economic Performance* (Cambridge University Press).

**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 principle 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. Meanwhile, the research sessions began on Tuesdays from 17 September (11:00 in REC lecture room M-1.08) through to the end of the course. These sessions form an integral part of the course and they will be covered in the take-home examination.

**Seminar 6 Labour Market Organisation, Human Capital, and Economic Competitiveness:** 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? 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* 6<sup>th</sup> edition (McGraw-Hill) (e-book in UvA library)
- 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)
- R. Freeman (2007). "Labour Market Institutions around the World." National Bureau of Economic Research working paper 13242 (July). (available on 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, 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)
- 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:*

- 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 they related to each other and to employment levels, and do all innovations lead to the improvement of productivity? 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)
- Nick Crafts, Daron Acemoglu, Robert Gordon *et al* (2016). “Critiquing Robert J. Gordon’s *The Rise and Fall of American Growth* in *American Economic Review* vol. 106/5 (May), pp. 52-76. (UvA digital library)
- 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 world, how are major corporations organised and how well these crucial bearers of the market manage themselves? 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:*

- Gerald F. Davis (2009). *Managed by the Markets: How Finance Re-Shaped America* (Oxford University Press).
- 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 (2017), “Multinationals as Global Institution: Power, authority, and relative autonomy,” in *Regulation and Governance*, early online (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 Reinhart and Rogoff *This Time it's Different* for example). 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 its 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.

**Mid-term Essay due: Sunday 4<sup>th</sup> October, 23:59**

**Seminar 11 Managing National and Regional Economies under Capital Mobility: Balance of Payments, Exchange Rates, and Financial Stability:** in this era of cross-border 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).
- 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.

*Supplementary Reading:*

- 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:*

- [Repeat] 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)

**Take-Home Exam available on Canvas: Sunday 11<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 and wealthy 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:*

- 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)
- 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)

*Supplementary Reading:*

- Geoffrey Garrett (1998). “Global Markets and National Politics: Collision Course or Virtuous Circle?” *International Organization* vol. 52/4, pp. 787-824. (UvA digital library)
- 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 23<sup>rd</sup> October: Take-Home Examination due 23:59**