

**POLS-3550 Introduction to Political Economy
Spring-2016**

Lecturer: Shaimaa Hatab

Monday-Thursday 11:30-12:50

Al Jameel Building C107

Office hours: Monday-Thursday

01:00-02:00 pm

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Introduction:

Is the state responsible for mobilizing resources to secure high economic growth and meet social needs? Or will socio-economic goals be better achieved by private agents and self-regulating market? Does state intervention into economic affairs enhance or hinder economic efficiency? What is market economy? What is the relationship between public ends and private interests? Are there right policies to strike a balance between private competition and public regulation? How does class structure explain the potential retrenchment of welfare state? What are the individual motivations that generate collective action? Do the organizations that individuals voluntarily join and create serve the public interest? When and when not? These questions indicate that there are contending theoretical approaches and different conceptual and analytical perspectives to illustrate the interaction between political and economic domains.

This module introduces students to a number of approaches theorizing the relationships between politics, the state, and markets. Through readings, lectures and discussion of original texts in political liberalism and individualism, neo-classical economics, Marxism, sociological and cultural theories, and neo-institutionalism, the course examines the fundamental assumptions upon which our comprehension of the social world and our research are based. The module is divided into two parts to link classical approaches with contemporary analyses. **The first part** covers the history of the key theoretical debates and offers a more comprehensive view of social interactions and the human condition. Various issues such as the role of government, inflation and unemployment, poverty and inequality, and public goods, will be given a comparative analysis from the perspectives of the four major economic ideologies: classical liberalism, Marxism, conservatism, and modern liberalism.

The second part moves onto some substantive issues that fall into the field of political economy. This will help trace the effect of the underlying value judgments and ideological orientations that fuel the debates over socio-economic public policy while answering questions like: How do state institutions generate socio-economic development? How institutions shape the behavior of political actors and how political decisions influence markets and vice versa? What is the socio-economic foundation of political power? How does transition from one developmental model to another shift the distribution of power between classes and social groups, and between these and the state, and how does this shift trigger political changes? Why are some countries wealthier than others? How have self-interested conglomerates in transitional economies been able to shape the rules of the game to their own advantage, at considerable social expense? How could an integrative perspective of state and society widen the scope of the developmental studies to include new dimensions?

Course Objectives:

This course is designed to provide students with an overview of the conceptual, historical, and theoretical debates in the comparative political economy. The course begins with a historical overview of the theoretical foundations utilized to study wide aspects of political economy, including market failure; the political logic of policy choices; and the trade-off between different political goals. Then the assigned readings cover a broad range of substantive topics in political economy, including political institutions and economic performance, the correlation between capitalist economy and democratization, political implications of different processes of public finance, political corruption and rent-seeking in transitional economies, and job equality in labor market and gender discrimination.

Learning Outcomes:

On completion of this course, students will be able to:

- Demonstrate a critical thinking of the scope and contested nature of the study of political economy;
- Identify the main assumptions of different approaches in political economy;
- Compare these different approaches and their ability to explicate real-world phenomena;
- Argue how the study of political economy relates to the academic discipline of political science;
- Engage critically with discussions and debates regarding the contemporary context of political economy;

Course Requirements:

1. Reaction Paper (15% of course grade): you will deliver a two-page paper on 3rd March. You will be asked to express your own reflection on the Marxian approaches to political economy elucidating what are the alternative conceptions of the market that emerge outside the liberal paradigm? How does Marx's understanding of the evolution of capitalism differ from our understandings today of the evolution of globalization? Your reaction paper is to be based on the reading assigned for weeks 5 & 6. You can interject your opinion, but it must be centered on sound reasoning and reflect critical thinking. You will be graded on how well you synthesize materials and illustrate your knowledge of the subject with effective application of relevant concepts and examples. Your paper should follow this format: an introductory paragraph with a thesis statement, the body of the paper that includes applicable concepts and terms central to the topic, and a concluding sentence.

2. Mid-term exam (20% of course grade): The mid-term exam on 17th March will focus primarily on the theoretical debates of the first part of the course. The exam will require that students integrate material from a range of different approaches, critically assess the strengths and weaknesses of their theoretical foundations, and relate these theoretical perspectives to the analysis of some empirical examples.

3. Literature Review (15% of course grade): In week 10, on April 4th, you should turn in a one-page critical review of that week's readings. A good review will include a one-paragraph assessment of the main contributions made by the readings, a one-paragraph critique of the limitations of the readings, and/or two questions raised by the article that will need further elaboration.

4- Attendance and participation (10% of course grade): In the last two classes, each student must give a 10-minute presentation of his/her reaction paper/literature review in class.

Grading Scheme:

All grades are based on a 100 point scale where:

- 94-100=A
- 90-93= A-
- 87-89= B+
- 84-86= B
- 80-83= B-
- 77-79= C+
- 74-76= C
- 70-73= C-
- 61-69= D+
- 50-60= D
- <50= F

Instant Checker:

Reaction Paper (Due 3 March)	=15%
Mid-term exam (Due 17 March)	=30%
Literature Review (Due 4 April)	=15%
Attendance and Class participation	=10%
Final exam	=30%

Teaching:

Teaching is by means of two lectures per week. Class sessions provide an opportunity to explore specific questions and test the theoretical concepts canvassing during the course. All members of the class are expected to do the readings beforehand and prepare for discussion each week.

Your attendance and active participation in classes is, therefore, mandatory and will count towards your final grade. According to the University regulations, if you miss more than three weeks of classes, for whatever reason, you will receive an F for the course.

Plagiarism:

Plagiarism is a serious academic offense. Students must familiarize themselves with the rules on and penalties for scholastic dishonesty. Students who violate University rules on plagiarism are subject to disciplinary penalties, including the possibility of failure in the course. Submitted work must be original and entirely the student's own work. Any passage from the work of others (including books, articles, materials downloaded from the internet) that are quoted directly, or even summarized, must be acknowledged and accompanied by full references. I will give further guidance in classes on what does and does not constitute plagiarism, and further details can also be found at <http://www.aucegypt.edu/academics/rhet/FAQ/Pages/Plagiarism.aspx>. Any alleged academic offense will be reported first to the head of the department, and then you will be informed if the Academic Integrity Violation Report is to be submitted to the Academic Integrity Committee.

Course Texts:

James A. Caporaso & David Levine (1992) *Theories of Political Economy*, Cambridge University Press.

THE TEXTBOOK WILL BE SUPPLEMENTED BY ADDITIONAL READINGS.

COURSE OUTLINE**Part I: Concepts and Debates in Political Economy: Contended Perspectives****Week 1 (1-4 February): Introduction to Political Economy**

Caporaso: Introduction & ch.1, pp.1-32.

Week 2 (8-11 February): The Classical Approach to Political Economy & Theories of the Liberal State

Caporaso: ch.2, pp.33-54.

Berlin, I. (1990) "Two Concepts of Liberty." in *Four Essays on Liberty*. New York, NY: Oxford University Press.

Week 3 (15-18 February): Neoclassical Political Economy

Caporaso: ch.5, pp.79-99

Friedman, M. (1982) *Capitalism and Freedom*. Chicago, IL: University of Chicago Press, pp. 1-55, 108-37, and 161-90.

Recommended:

Becker, G. (1990) *The Economic Approach to Human Behavior*. Chicago, IL: University of Chicago Press. Ch. 1, 8, 12, &13

Dobb, M. (1975) *Theories of Value and Distribution since Adam Smith: Ideology and Economic Theory*. Cambridge, UK: Cambridge University Press.

Week 4 (22-25 February): Keynesian Approaches to Political Economy

Caporaso: ch.4, pp.79-100.

Olson, M. (1971) *The Logic of Collective Action: Public Goods and the Theory of Groups, Second printing with new preface and appendix (Harvard Economic Studies)*. Cambridge, MA: Harvard University Press. Ch.1 & 4

Hayek, F. (1996) *Individualism and Economic Order*. Chicago, IL: University of Chicago Press. Ch. 4 & 5

Week 5 (29 February -3 March): Marxian Political Economy

Caporaso: ch.8, pp.181-196.

Marx, K. and Engels, F. "The Communist Manifesto." In *The Marx-Engels Reader (Second Edition)*. Edited by Robert C. Tucker. New York, NY: W.W. Norton, 1978, pp. 469-500. Available at: <http://www.anu.edu.au/polsci/marx/classics/manifesto.html>

———. Preface to a "Contribution to the Critique of Political Economy." In *The Marx-Engels Reader (Second Edition)*. Edited by Robert C. Tucker. New York, NY: W.W. Norton, 1978, pp. 3-6. Available at:

<https://www.marxists.org/archive/marx/works/1859/critique-pol-economy/preface.htm>

Marx, K. *The Eighteenth Brumaire of Louis Napoleon*. Translated by D. D. L. Create Space, 2011. Available at:

<https://www.marxists.org/archive/marx/works/1852/18th-brumaire/ch01.htm>

Week 6 (7-10 March): Marxist Economics and Value Theory

Howard, M.C. and King, J.E. (1983) *The Political Economy of Marx*. NYU Press. Ch.1, pp.3-15.

Hay, C. (2005) "What's Marxist about Marxist theory of the state?." in Hay, Colin et al. *The State: Theories and Issues*. NY: Palgrave. pp. 59-78.

Recommended:

Rubin, I. I. (2007) *Essays on Marx's Theory of Value*. Harper Collins India. Introduction and ch.1, 8, and 18

Week 7 (14-17 March): Macroeconomics and Theories of Growth

Caporaso: ch.5, pp.100-125.

Keynes, J. M. (2009) "The Great Slump of 1930," "Economy," and "The End of Laissez-Laissez-Faire." In *Essays in Persuasion*. NY: Classic House Books. pp.126-50 and 272-95.

Recommended:

Keynes, J. M. (2010) Chapters 1-3, 8-13, and 24 in *The General Theory of Employment, Interest, and Money (1936)*. Kessinger Publishing, LLC.

Akerlof, G. A., and Robert J. S. (2010) *Animal Spirits: How Human Psychology Drives the Economy, and Why It Matters for Global Capitalism (New in Paper)*. Princeton University Press. Preface, and ch. 1-4, 6, and 7.

17 March Mid-term Exam

Week 8 (21-24 March): Sociological Theories of Capitalism

Polanyi, K. (1944) *The Great Transformation: The Political and Economic Origins of Our Time*. Boston: Beacon Press, pp.3-19, 56-85.

Weber, M. (1905) "The Protestant Ethics and the Spirit of Capitalism". NY: Routledge, ch.2, pp.13-38. Available at: <http://xroads.virginia.edu/~HYPER/WEBER/toc.html>

Offe, C. (1998) "Political Economy: Sociological Perspectives" in Goodin, R. and Klingemann, Hans-Dieter (eds.) *A New Handbook of Political Science*. Oxford: Oxford University Press.

Recommended:

Stepan, A. (1978) *The State and Society: Peru in Comparative Perspective*. Princeton University Press. Ch.1 & 2

Dulles, A. (1974) *Models of the Church*. DoubleDay. Ch. 1-3.

Part II: Substantive Issues in Contemporary Political Economy

Week 9 (28-31 March): Institutionalism, Neo-institutionalism and Transaction Costs

North, D. (1990) *Institutions, Institutional Change and Economic Performance*. Cambridge: Cambridge University Press. pp. 3-35

Nordhaus, W. (1975), "The Political Business Cycle," *Review of Economic Studies* **42** (2): 169-90.

Recommended:

Immergut, Ellen M. "The Theoretical Core of the New Institutionalism." *Politics and Society* 8, no. 1 (March 1998): 5-34

Hall, P. and Soskice, D. *Varieties of Capitalism*. New York, NY: Oxford University Press, 2001, pp. 1-68.

Week 10 (4-7 April): Corporatism and Capitalism

Schumpeter, J. (1950) 3rd Edition. *Capitalism, Socialism and Democracy, Part II: Can Capitalism Survive?*. NY: Harper & Brothers. pp.61-86

Haggard, S. and Kaufman, R. (1999) 'The Political Economy of Democratic Transition'. *Comparative Politics*, Vol. 29, April.

Boltanski, L. and Chiapello, E. (2007) "Conclusion: The Force of Critique." In *The New Spirit of Capitalism*. Verso, pp. 485-524

Recommended:

Glaeser, E. (2006) "Inequality" in Weingast, B. and Wittman, D. (eds.) *The Oxford Handbook of Political Economy*. NY: Oxford University Press. pp.624-641

Rhodes, M. (2001) "The Political Economy of Social Pacts: Competitive Corporatism' and European Welfare Reform" in Pierson, P. (ed.) *The New Politics of the Welfare State*. Oxford: Oxford University Press. pp.165-196

Week 11 (11-14 April): The Political Economy of Public Finance: Corruption and Crony Capitalism

Soliman, S. (2012) *The Autumn of Dictatorship: Fiscal Crisis and Political Change in Egypt*. Stanford: Stanford University Press, ch. 1&2, pp.35-75.

Hellman, J. et al. (2000) "Seize the State, Seize the Day: State Capture, Corruption, and Influence in Transition". Policy Research Paper No.2444. World Bank Institute.

Recommended:

Walder, A. (1995) "Local Governments as Industrial Firms: An Organizational Analysis of China's Transitional Economy." *American Journal of Sociology*: 101 (2), Pp. 263-301

Beblawy, H. and Luciani, G. (1987) *The Rentier State in the Arab World*. London: Croom Helm, ch.1, pp.3-48.

Week 12 (18-21 April): Political Economy of Development I

Adly, A. (2012) *State Reform and Development in the Middle East*. London: Routledge. Ch.2

Ayubi, N. (1995) *Overstating the Arab state: Politics and Society in the Middle East*, London: I.B. Tauris & Co Ltd. pp.329-395

Vartiainen, J. (1999) "The Economics of Successful State Intervention in Industrial

Transformation.” in Woo-Cummings, M. (ed.) *The Developmental State*. Ithaca: Cornell University Press, pp. 200-234

Week 13 (25-28 April): *Easter Holidays*

Week 14 (5-9 May): Political Economy of Development II

Iversen, Torben and Rosenbluth, Frances (2006) “The Political Economy of Gender: Explaining Cross-National Variation in the Gender Division of Labor and the Gender Voting Gap” in *the American Journal of Political Science*, Vol. 50, No. 1, January 2006, pp. 1–19

Weiss, L. (2003) States in the Global Economy: Bringing Domestic Institutions Back In. Introduction, pp.1-36.

Week 15 (12 May): Wrap-up Session