

NS 3041: COMPARATIVE POLITICAL ECONOMIC SYSTEMS

SUMMER 2016

NAVAL POSTGRADUATE SCHOOL
DEPARTMENT OF NATIONAL SECURITY AFFAIRS

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Class hours and location:
Monday & Wednesday, 8–10 am, GL129
Office hours:
Monday & Wednesday by appointment

COURSE DESCRIPTION

This course examines how politics, economics, and society interact in the construction and functioning of market systems around the world, both in theory and in practice. We will cover classic theoretical works on political economy, along with a comparative survey of contemporary political economic systems and policy debates. Overall—in contrast to a neoclassical economist viewpoint that emphasizes the efficiencies of a ‘pure’ market system—I will emphasize the ways in which markets (economic systems) are embedded in social and political institutions and hence exhibit a great deal of variation across the world in how they are structured and the outcomes they attain. We will survey the history of industrialization, the ‘varieties of capitalism’ in advanced industrialized countries, the issues facing newly industrializing countries, the challenges of development, the transition from communism to a market economy, and a brief snapshot of current issues in global political economy.

The course has two inter-related core objectives. First, it aims to deliver a theoretical and empirical understanding of the variation in contemporary political economic systems, along with a lens through which to assess the strengths and weaknesses of these systems in comparative and international context. Second, it aims to provide a foundation in basic international, macro, and micro economics as well as theories of comparative political and institutional development. In both respects, a premium will be placed on ensuring that students are equipped to analyze competing paradigms of economic success and development on the basis of real-world empirical evidence.

COURSE REQUIREMENTS

Active class participation:

20% of course grade

This course will be conducted as an introductory graduate seminar with a significant discussion component and requirement. Each session will constitute a mix of lecture and guided discussion. Successful participation will require thorough and thoughtful reading of the assigned materials and constructive engagement with your classmates in discussion. It will also require familiarity with current events—that is, you must make an effort to keep up with the news by regularly reading at least one quality newspaper (recommended: the *New York Times*, the *Financial Times*, the *Wall Street Journal*) and one news magazine (recommended: the *Economist*). Also look at the Project Syndicate Economists’ Club for opinions on contemporary economic issues (<http://www.project-syndicate.org/economists-club>); as well as the numerous lively blogs and podcasts that cover political economy issues. I will often distribute news clips for discussion; and I encourage you to point me to any you think are worthwhile.

NOTE: Please let me know if you are missing class for a valid reason. Repeated class absences will affect your participation grade.

Two reading analysis essays, 1200 words (~4 pages) each:

40% of course grade

Write an analytical essay reflecting on one of more of the readings assigned for a class session of your choice. Reaction essays are due in hard copy at the beginning of the class session for which the readings are assigned. The first essay must be completed by Wednesday August 3; and the second by Monday August 29. You may submit a third essay if you wish; and you will receive grades for the best two submitted. Late submissions will not be accepted for this assignment, so please plan ahead accordingly.

The goal of this assignment is to help focus and organize your thoughts on the readings before we cover them in class. The key with these mini-essays is that they should be analytical—you should minimize summary of the reading(s) and focus on writing an essay that delivers your own analytical argument about them. To do that, briefly outline the core arguments of the reading(s); then examine how they relate to other course material, or how they shed light on contemporary issues you may be reading about as they pertain to this course. A good essay will do one or more of the following:

- Compare and contrast how the different readings in the set treat a particular subject and discuss which you find most compelling;
- Provide a reasoned critique of a particular reading, using empirical evidence to make your case;
- Pose a question raised by the reading(s) and attempt to answer it; and/or
- Identify how particular insights from the reading(s) help us understand a real-world puzzle or phenomenon.

For further advice on writing these essays, refer to the handout on tips for critical reading, the reading questions posted on Sakai, and the writing resources listed below.

Take-home final exam essay, 2500 words (~8 pages):

40% of course grade

I will distribute the final exam on Wednesday September 7. It will be an open book exam and you will have some choice in terms of questions. The final is due no later than Monday September 19 at 1700, in electronic format submitted via the course Sakai site. Late exams will be docked one-third of a grade for each day they are late unless you have made prior arrangements with me.

WRITING GUIDELINES AND RESOURCES

- The NSA department's grading policies provide guidance as to what constitutes good writing for the assignments in this course: <http://my.nps.edu/web/nsa/policies>

Please also read the two writing-related articles posted in the class handouts folder on Sakai: Henry Farrell's "Good Writing in Political Science" and Daniel Drezner's "On Writing a Paper."

An excellent writing style guide is William Strunk Jr. and E. B. White, *The Elements of Style* (Boston, Allyn and Bacon, 2000). I refer to it often and suggest that you have a look as well.

- You are required to cite all works you quote, paraphrase, or draw ideas from (including Internet sources). For citation style, use the Chicago Manual of Style, guidelines for which can be found on Sakai and at: http://www.chicagomanualofstyle.org/tools_citationguide.html

- Your work will be marked down for sloppy writing—so please check your spelling and grammar, and proofread your assignments before submitting them.
- The NPS Graduate Writing Center is an excellent on-campus resource for help with writing, through both one-on-one coaching and workshops on various topics: <https://my.nps.edu/web/gwc/home>

ACADEMIC INTEGRITY

The NPS Honor Code applies to your conduct in this class, including all written assignments. Plagiarism, cheating, and other forms of academic dishonesty violate the NPS Honor Code and, in accordance with university and department policy, I will not tolerate such violations. Assignments with any instance of plagiarism will be given a failing grade; and you may be subject to more extensive disciplinary penalties, as prescribed by NPS and the NSA department.

Please read, carefully, the NSA departmental policies and guidelines on what constitutes plagiarism and violations of academic integrity: <http://my.nps.edu/web/nsa/policies>

The bottom line is that the work you submit must be your own, with explicit acknowledgment of the ideas and content that you have drawn from other people’s work. If you have questions at all regarding academic integrity, don’t hesitate to contact me. I will be happy help you work through how best to acknowledge other ideas and work in the course of creating your own.

READING MATERIALS

The reading load for this class is moderate, typically around 100–150 pages per week—less in weeks with challenging readings and more in weeks with easier readings. To get the most that you can from this class, make an effort to read the assigned materials with careful, analytical attention. To help you do that:

- A full set of reading questions is posted on the Sakai site.
- Look at the Practical Tips for Critical Reading handout, which is available on the class Sakai site.
- The NPS Graduate Writing Center offers workshops to assist you with analytical reading.

I have assigned a handful of materials that are more for reference than for close reading—these are marked in the reading assignments below as “(SKIM).” You are still responsible for knowing the content of these pieces but they require less analytical attention.

Required Books

The following two books will be used quite extensively for the course. They are available for purchase at the bookstore or online, and are also on reserve at Knox Library:

- Naazneen H. Barma and Steven K. Vogel, eds. *The Political Economy Reader: Markets as Institutions*. New York: Routledge, 2008.
- Tyler Cowen, *The Great Stagnation: How America Ate All the Low-Hanging Fruit of Modern History, Got Sick, and Will (Eventually) Feel Better*. New York: Penguin, 2011.

Recommended Books

The following books serve as excellent references on comparative economic systems and the economics of growth and development and are complementary to the required books.

- J. Barkley Rosser and Marina V. Rosser. *Comparative Economics in a Transforming World Economy* (2nd edition). Cambridge: MIT Press, 2004.
- Dwight H. Perkins, Steven Radelet, David L. Lindauer, and Steven A. Block. *Economics of Development* (7th edition). New York: W.W. Norton & Company, 2013.
- Frank Stilwell. *Political Economy: The Contest of Economic Ideas* (3rd edition). Oxford: Oxford University Press, 2011.
- Barry Clark. *The Evolution of Economic Systems: Varieties of Capitalism in the Global Economy*. Oxford: Oxford University Press, 2016.

Sakai Website

All other required readings will be available for download electronically on the Sakai website for the course. For copyright reasons, this website will be available only to logged-in NPS users (requiring VPN access from off-campus).

SCHEDULE OF CLASSES AND READING ASSIGNMENTS

PART I—CONTENDING PERSPECTIVES ON POLITICAL ECONOMY

1. July 6—Introduction to class

- Barma and Vogel: 1–18 (Vogel)

2. July 11—Capitalism and the Liberal Paradigm

- Barma and Vogel: 21–40 (Smith), 87–116 (Hayek, Friedman)
- Thomas McCraw, “Introduction,” in Thomas McCraw, ed., *Creating Modern Capitalism* (1998), 1–16

3. July 13—Marxism and Mercantilism

- Barma and Vogel: 41–62 (Marx), 63–86 (List)
- Leo Panitch, “Thoroughly Modern Marx,” *Foreign Policy* (May/June 2009), 140–45
- James Fallows, “How the World Works,” *The Atlantic* (December 1993), 1–16

4. July 18—Economic Sociology

- Barma and Vogel: 117–51 (Polanyi)
- Margaret Somers and Fred Block, “The Return of Karl Polanyi,” *Dissent* (Spring 2014), 1–4
- Jerry Muller, “Capitalism and Inequality: What the Right and the Left Got Wrong,” *Foreign Affairs* (March/April 2013), 30–51
- Upton Sinclair, Excerpt from *The Jungle* (1906)

5. July 20—The New Institutional Economics

- John Cassidy, “Ronald Coase and the Misuse of Economics,” *The New Yorker* (September 2013), 1–3
- Barma and Vogel: 171–83 (North)
- Douglass North, “An Introduction to Institutions and Institutional Change,” in *Institutions, Institutional Change and Economic Performance* (1990), 3–10
- Jacob S. Hacker and Paul Pierson, “Making America Great Again: The Case for the Mixed Economy,” *Foreign Affairs* (May/June 2016), 69–90

July 25—No class—Instructor away. For this class session you have an assignment:

- ❖ 2-hr documentary viewing—*Commanding Heights: The Battle of Ideas*. Instructions will be provided. View the video before class on Wednesday July 27, when we will discuss it. We will also refer numerous times to the themes raised in the video during the following class sessions.

PART II—INDUSTRIALIZATION AND CAPITALISM

6. July 27—Patterns of Industrialization

- Barma and Vogel: 195–228 (Rostow, Gerschenkron)
- Peter Botticelli, “British Capitalism and the Three Industrial Revolutions,” in Thomas McCraw, ed., *Creating Modern Capitalism* (1998), 49–93 (SKIM)

7. August 1—Varieties of Capitalism I

- Barma and Vogel: 289–326 (Hall and Soskice)
- Thomas McCraw, “American Capitalism,” in Thomas McCraw, ed., *Creating Modern Capitalism* (1998), 301–48 (SKIM)

8. August 3—Varieties of Capitalism II

❖ Deadline for first reading analysis essay

- Barma and Vogel: 259–87 (Johnson)
- Jeffrey Fear, “German Capitalism,” in Thomas McCraw, ed., *Creating Modern Capitalism* (1998), 133–82 (SKIM)
- Jeffrey Bernstein, “Japanese Capitalism,” in Thomas McCraw, ed., *Creating Modern Capitalism* (1998), 439–89 (SKIM)

9. August 8—In-class debate—Three Industrialisms: The United States, Germany, and Japan

❖ Instructions will be provided in-class on Monday August 1.

- Barry Clark, *The Evolution of Economic Systems: Varieties of Capitalism in the Global Economy* (2016): “Assessing Economic Systems” (16–32), “The U.S. Economic System” (116–145), “The German Economic System” (184–207), “The Japanese Economic System” (264–282)

PART III—THE CHALLENGES OF DEVELOPMENT

10. August 10—Growth and Development

- Lant Pritchett, “Divergence, Big Time,” *Journal of Economic Perspectives* 11:3 (1997), 3–17
- Angus Deaton, *The Great Escape: Health, Wealth, and the Origins of Inequality* (2013), 1–56
- Dwight H. Perkins, Steven Radelet, David L. Lindauer, and Steven A. Block, *Economics of Development* (2013), chs. 2 & 6 (SKIM for reference)

11. August 15—Development Strategies

- *The Growth Report: Strategies for Sustained Growth and Inclusive Development* (2008), 17–31
- Dani Rodrik, *One Economics, Many Recipes: Globalization, Institutions, and Economic Growth* (2007), 13–55
- Gurcharan Das, “The India Model,” *Foreign Affairs* 85:4 (July/August 2006), 2–16

12. August 17—Development Dilemmas

- Barma and Vogel: 425–82 (Lal, Chaudhry, De Soto)
- Raymond Fisman and Edward Miguel, “Nature or Nurture? Understanding the Culture of Corruption,” in *Economic Gangsters: Corruption, Violence, and the Poverty of Nations* (2008), 76–110

13. August 22—Aid and Development

- Jeffrey Sachs, “The Case for Aid,” versus William Easterly, “Aid Amnesia,” *Foreign Policy* (January 2014), 1–12
- William Easterly, “The Rich Have Markets, The Poor Have Bureaucrats,” in *The White Man’s Burden: Why the West’s Efforts to Aid the Rest Have Done So Much Ill and So Little Good* (2006), 165–209
- Timothy Besley, “Poor Choices: Poverty From the Ground Level,” *Foreign Affairs* (January/February 2012), 160–167
- Dwight H. Perkins, Steven Radelet, David L. Lindauer, and Steven A. Block, *Economics of Development* (2013), ch. 14 (*SKIM for reference*)

PART IV—THE TRANSITION FROM PLAN TO MARKET

14. August 24—Shock Therapy: Eastern Europe

- Barma and Vogel: 355–98 (Sachs, Stiglitz)
- Sergei Guriev, “Political Origins and Implications of the Economic Crisis in Russia,” in Leon Aron, ed., *Putin’s Russia: How it Rose, How it is Maintained, and How it Might End* (May 2015), 8–21
- J. Barkley Rosser and Marina V. Rosser, *Comparative Economics in a Transforming World Economy* (2004), 265–99 (*SKIM*)

15. August 29—Gradualism: China

❖ Deadline for second reading analysis essay

- Barma and Vogel: 399–423 (Guthrie)
- Yingyi Qian, “How Reform Worked in China,” in Dani Rodrik, ed., *In Search of Prosperity: Analytical Narratives on Economic Growth* (2003), 297–333
- Barry Naughton, *The Chinese Economy: Transitions and Growth* (2007), 85–110, 139–59 (*SKIM for reference*)

PART V—THE GLOBAL POLITICAL ECONOMIC LANDSCAPE

16. August 31—*Inside Job*

- ❖ 2-hr documentary viewing in class—*Inside Job*

September 5—No class—Labor Day.

17. September 6—SHIFT DAY—Financial Crisis and Regulation

- Simon Johnson and James Kwak, *13 Bankers: The Wall Street Takeover and the Next Financial Meltdown* (2010), 3–13, 39–56, 189–222

18. September 7—Stagnation, Inequality, and Austerity

- ❖ **FINAL EXAM will be distributed.**

- Cowen: 5–22, 55–89 (chapters 1, 4, 5, 6)
- Mark Blyth, “The Austerity Delusion: Why a Bad Idea Won Over the West,” *Foreign Affairs* 92:3 (May/June 2013), 41–56

September 8—Please attend Global Connections Speaker Series seminar at 12pm (GL-322)

- ❖ Dr. Stephen Kaplan, George Washington University, “Neoliberalism in Retreat? The China Boom in Latin America.”

19. September 12— Globalization: What Is (and Isn’t) It?—and Class Review

- Dani Rodrik, *The Globalization Paradox: Democracy and the Future of the World Economy* (2011), 184–206, 233–50
- Pankaj Ghemawat, “Why the World Isn’t Flat,” *Foreign Policy* (March/April 2007), 54–8
- Naazneen Barma, Ely Ratner, and Steven Weber, “A World Without the West,” *The National Interest* 90 (July/August 2007), 23–30

- ❖ **FINAL EXAM will be distributed on Wednesday September 7 and is DUE no later than Monday September 19 at 1700.**