

## NS 3041: COMPARATIVE POLITICAL ECONOMIC SYSTEMS

SUMMER 2018

NAVAL POSTGRADUATE SCHOOL  
DEPARTMENT OF NATIONAL SECURITY AFFAIRS

### **Professor Naazneen Barma**

Office: Glasgow 355

Email: nhbarma@nps.edu

Phone: 831-656-6250

Class hours and location:

Tuesday & Thursday, 10am–12 pm, GL129

Office hours:

Monday 12–2pm and by appointment

### **COURSE DESCRIPTION AND OBJECTIVES**

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 LEARNING OUTCOMES**

By the end of this course, students will be able to:

- Evaluate the merits of alternative approaches used by governments in the quest for industrialization and economic success, in the context of an evolving global economy.
- Analyze the political, economic, institutional, and societal underpinnings of a country’s relative economic success, with a particular emphasis on analyzing how a country’s political economic trajectory evolves over time.
- Assess a country’s economic performance in comparative terms using alternative theoretical frameworks and basic quantitative and qualitative data.
- Identify the role played by the international community in assisting developing countries and assess and critique different types of foreign aid.

- Understand contemporary global political–economic challenges (e.g., financial crisis, inequality), along with their consequent implications for security and stability, and assess the prospects for their resolution through economic policy.

## COURSE REQUIREMENTS

### Active class engagement:

**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. You will be graded on the quality rather than the quantity of your contributions: the highest engagement grades will go to students who explicitly incorporate the course material in their comments and questions. In addition to participating in class discussion, you can be actively engaged in the class by demonstrating close listening, attending office hours, sending me written thoughts on the course via email, and so on.

Successful engagement will also require familiarity with contemporary political economy news, which is covered extensively in high quality newspapers (recommended: the *New York Times*, the *Financial Times*, the *Wall Street Journal*) and news magazines (recommended: the *Economist*). The Project Syndicate Economists' Club is a great source of commentary on contemporary economic issues (<http://www.project-syndicate.org/economists-club>); and there are also 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.

### One reading analysis essay, 1500 words (~5 pages):

**30% of course grade**

Write an analytical essay on the full set of readings assigned for a class session of your choice. These essays are due in hard copy at the beginning of the class session for which the readings are assigned (late submissions will not be accepted for this assignment, so please plan ahead accordingly). The essay must be completed by Tuesday August 14.

The goal of this assignment is to help focus and organize your thoughts on the set of 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 readings and focus on writing an essay that delivers your own analytical argument about the set of readings. To do that, briefly (in less than one page) outline the core arguments of the readings; then examine how they relate to each other and other course material, or how they shed light on contemporary issues that pertain to the course.

You may focus more on one particular reading than on the rest of the set but you must at least consider how the different readings relate to each other. 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 the set of readings, using empirical evidence or referring to other assigned course material to make your case;

- Pose a question raised by the set of readings and attempt to answer it; and/or
- Identify how particular insights from the set of readings help us understand a real-world puzzle or phenomenon.

For further advice on writing these essays, refer to the handout on *Practical Tips for Critical Reading*, the reading questions posted on Sakai, and the writing resources listed below.

**Take-home final exam, 2 short essays, 2400 words (~8 pages) total: 50% of course grade**

I will distribute the final exam on Tuesday 11 September. It will be an open book exam comprising several questions and you will be responsible for writing two short essays (1200 words each) in response to questions of your choosing. The two essays will be graded separately, each counting for 25 percent of the course grade. The final is due no later than Tuesday 18 September 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.”
- 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](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. Some 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. Other readings are marked “(FOR REFERENCE)”—these serve only as reference for more technical material covered in class.

## 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.
- Jacob Hacker and Paul Pierson, *Winner-Take-All Politics: How Washington Made the Rich Richer--and Turned Its Back on the Middle Class*. New York: Simon & Schuster, 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* (2<sup>nd</sup> edition). Cambridge: MIT Press, 2004.
- Dwight H. Perkins, Steven Radelet, David L. Lindauer, and Steven A. Block. *Economics of Development* (7<sup>th</sup> edition). New York: W.W. Norton & Company, 2013.
- Frank Stilwell. *Political Economy: The Contest of Economic Ideas* (3<sup>rd</sup> 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 NPS users (requiring an NPS username and password).

## SCHEDULE OF CLASSES AND READING ASSIGNMENTS

### PART I—CONTENDING PERSPECTIVES ON POLITICAL ECONOMY

#### 1. July 3—Introduction to class

- Barma and Vogel: 1–18 (Vogel)

#### 2. July 5—Some Basic Principles of Economics and Political Economy

- Dani Rodrik, *Economics Rules: The Rights and Wrongs of the Dismal Science* (2015), 1–29, 147–175
- Charles Wheelan, *Naked Economics: Undressing the Dismal Science* (2010), 3–29
- Frank Stillwell, *Political Economy: The Contest of Economic Ideas* (2011), 2–9, 40–50, glossary
- N. Gregory Mankiw, “*Macroeconomics* (2007), 1–41 (FOR REFERENCE)

**July 10—No class—Shift Day**

#### 3. July 12—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

#### 4. July 17—Marxism and Mercantilism

- Barma and Vogel: 41–62 (Marx), 63–86 (List)
- Sheri Berman, “Marxism’s Fatal Flaw,” *Dissent* online (May 4, 2018), 1–4
- James Fallows, “How the World Works,” *The Atlantic* (December 1993), 1–16

#### 5. July 19—Economic Sociology

- Barma and Vogel: 117–51 (Polanyi)
- Margaret Somers and Fred Block, “The Return of Karl Polanyi,” *Dissent* (Spring 2014), 1–4
- Steven Klein, “How (Not) to Criticize Karl Polanyi,” *Democracy: A Journal of Ideas* (June 5, 2017), 1–7
- Upton Sinclair, *The Jungle* (1906), excerpt

#### 6. July 24—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

- ❖ View 2 hour-long episode of *Commanding Heights* documentary. Available by downloading [Commanding Heights 1: The Battle of Ideas](#) from Class Videos folder under Resources on Sakai site. [Tip: Watch the video at double speed!]

## PART II—INDUSTRIALIZATION AND CAPITALISM

### 7. July 26—Patterns of Industrialization

- Barma and Vogel: 195–228 (Rostow, Gerschenkron)
- Steven K. Vogel, *Marketcraft: How Governments Make Markets Work* (2018), 1–14
- Peter Botticelli, “British Capitalism and the Three Industrial Revolutions,” in Thomas McCraw, ed., *Creating Modern Capitalism* (1998), 49–93 (SKIM)

### 8. July 31—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)

### 9. August 2—Varieties of Capitalism II

- 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)

### 10. August 7—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

### 11. August 9—Theories of 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 (FOR REFERENCE)

## 12. August 14—Growth and Development Strategies

### ❖ Deadline for reading analysis essay

- *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

## 13. August 16—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

**August 21—No class**—Instructor on leave

## 14. August 23—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 (*FOR REFERENCE*)

## PART IV—THE TRANSITION FROM PLAN TO MARKET

## 15. August 28—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*)

## 16. August 30—Gradualism: China

- 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 (*FOR REFERENCE*)

## PART V—THE GLOBAL POLITICAL ECONOMIC LANDSCAPE

### 17. September 4—Stagnation and Inequality

- Tyler Cowen, *The Great Stagnation: How America Ate All the Low-Hanging Fruit of Modern History, Got Sick, and Will (Eventually) Feel Better* (2011), 1–22
- Hacker and Pierson: 1–71, 137–160, 194–222

### 18. September 6— Financial Crisis and Regulation

- Hacker and Pierson: 253–306
- Simon Johnson and James Kwak, *13 Bankers: The Wall Street Takeover and the Next Financial Meltdown* (2010), 39–56
- ❖ View 2-hr documentary—*Inside Job*. Available for download from Class Videos folder under Resources on Sakai site.

### 19. September 11— Globalization and the Populist Backlash—and Class Review

- Dani Rodrik, *The Globalization Paradox: Democracy and the Future of the World Economy* (2011), 184–206, 233–50
  - John B. Judis, *The Populist Explosion: How the Great Recession Transformed American and European Politics* (2016), 12–17, 88–108, 154–163
- ❖ **FINAL EXAM will be distributed on Tuesday September 11 and is DUE no later than Tuesday 18 September at 1700**