

Fall semester 2011/12

# **Political Economy in the Global Age**

Course number: 1033.4022.01

**Dr. Tal Sadeh**

The nexus between politics and economics shapes important dilemmas in local as well as domestic politics. How income is divided within and among countries, who is poor and who is rich, what gets produced, how governments and policies are shaped, and the role of leadership in the economy. This course reviews these issues emphasizing theory as well as practice, in four parts. First, the main schools of Political Economy are surveyed and applied to three important processes: Globalization and the information revolution, the 1970s and 1980s liberalization in the rich countries, and the 1990s transition from Communism to market economy in Eastern Europe. In its second part the course develops a rationalist approach to domestic politics, and examines the role of multinational corporations in the international political economic system, and the politics of trade from the different perspectives of the main paradigms. Finally, the course studies the role of political leadership in times of global economic crisis in the 1930s and the 2000s.

## **Class meetings**

Thursdays, 13:15-15:45, Room 108 Naftali building

## **Reception hours**

Wednesdays, 09:00-10:00, Room 516 Naftali building, or otherwise by appointment

## **Course assignments**

The final grade will consist of a final home exam grade.

In the home exam students will answer in up to 3000 words one of two questions, which have no definite answer. Answers will be evaluated based on the knowledge they reflect of course material, and the clarity and originality of the argument and the analysis. More detailed instruction will be given ahead of the exam.

By the Vice-Provost's decision, attendance by unregistered students is forbidden.

## **Course plan and reading assignments**

### **Meeting 1: Introduction:**

What is Political Economy? International politics and international economics.

Barma and Vogel, 2010, 1-7, 21-25.  
Caporaso and Levine, 1992, 7-32, 126-128;  
Frieden, Lake and Broz, 2010, 1-19;  
Oatley, 2010, 1-20 (2004, 1-15; 2006, 1-16; 2008, 1-21).

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### **Meetings 2-5: Contending paradigms of Political Economy**

Classical and neo-Classical Liberalism and New Institutionalism:

Barma and Vogel, 2010, 27-40, 91-116, 171-194, 333-339, 359-374,  
487-504;  
Caporaso and Levine, 1992, 33-54, 79-99.

Mercantilism and the state-centered approach:

Barma and Vogel, 2010, 63-86, 259-287, 535-546;  
Caporaso and Levine, 1992, 188-196.

Marxist, Sociological, and Varieties of Capitalism schools:

Barma and Vogel, 2010, 41-62, 117-170, 289-326, 341-354, 375-  
398, 505-523;  
Caporaso and Levine, 1992, 55-78.

Keynesianism and interest groups:

Barma and Vogel, 2010, 243-258;  
Caporaso and Levine, 1992, 7-32, 100-125, 183-188.

### **Meetings 6-11: Application to Domestic and International Politics**

Domestic political institutions and the aggregation of policy preferences I:

Electoral systems, political fragmentation and cabinet stability:  
Sadeh, 2006b, 79-89, 95-107.

Domestic political institutions and the aggregation of policy preferences II:

Oatley, 2010, 260-282 (2004, 267-290; 2006, 259-282; 2008, 260-  
282).

Political business cycles:

Sadeh, 2006b, 89-93;  
Sadeh, 2006a.

Partisan bias and macroeconomic policy:

Sadeh, 2006b, 74-77;  
Sadeh, 2011.

Domestic politics of international trade:

Regional and industrial lobbies, the urban-agrarian divide, effect on  
trade of electoral systems and political fragmentation:

Frieden, Lake and Broz, 2010, 42-52, 98-118, 365-375, 474-485  
(2000, 37-46, 90-108, 318-326, 405-416);

Oatley, 2010, 71-93 (2004, 75-108; 2006, 68-90; 2008, 72-94).

The Liberal global view of MNCs and international trade:

Market failure, public goods, externalities, economies of scale:

Frieden, Lake and Broz, 2010, 157-168 (2000, 145-155);  
Frieden and Lake, 2000, 60-68.

Comparative advantage, specialization and exchange:

Frieden and Lake, 2000, 73-89, 303-317.

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The Mercantilist global view of MNCs and international trade:

MNCs' as foreign policy tools, state industrial policy and strategy:  
Frieden, Lake and Broz, 2010, 119-138 (2000, 109-126);  
Frieden and Lake, 1995, 191-202;  
Frieden and Lake, 2000, 180-192

Trade as a reflection of hegemony and state power:  
Frieden, Lake and Broz, 2010, 23-41, 139-152 (2000, 19-36, 127-139);  
Frieden and Lake, 1995, 339-352;  
Oatley, 2010, 94-113 (2004, 109-120; 2006, 91-110; 2008, 95-114).

The Marxist and social views of MNCs and international trade:

The role of MNCs in development, MNCs and the rentier state  
Frieden and Lake, 2000, 169-179;  
Frieden, Lake and Broz, 2010, 169-179 (2000, 156-166);  
Ross, 2001.

Workers' rights and pay under liberalized trade:  
Frieden and Lake, 2000, 366-376, 461-470;  
Frieden, Lake and Broz, 2010, 393-403, (2000, 343-352).

### **Meetings 12-13: Economic leadership**

Roosevelt and the New Deal:

Rauchway, 2008;  
Smith, 2008, 278-415;

Paulson, Bernanke and the world economic crisis of 2008-09:

*The Financial Crisis Inquiry Report*, 2011;  
Wessel, 2009.

## **Bibliography**

- \_ (2011), *The Financial Crisis Inquiry Report: Final Report of the National Commission on the Causes of the Financial and Economic Crisis in the United States* (Public Affairs).
- Barma, Naazneen H. and Steven K. Vogel (2010), *The Political Economy Reader: Markets as Institutions* (Routledge).
- Caporaso, James a. and David P. Levine (1992), *Theories of Political Economy* (New York: Cambridge University press).
- Frieden, Jeffrey, David Lake and Lawrence Broz (2010), *International Political Economy: Perspectives on Global Power and Wealth* (W. W. Norton) 5th edition.
- Oatley, Thomas (2010), *International Political Economy: Interests and Institutions in the Global Economy* (New York: Pearson) fourth edition.
- Rauchway, Eric (2008), *The Great Depression & the New Deal: A Very Short Introduction* (New York: Oxford University Press).
- Sadeh, Tal (2006a), 'Adjusting to EMU: Electoral, Partisan and Fiscal Cycles', *European Union Politics*, 7, 3, 347-72.
- Sadeh, Tal (2006b), *Sustaining European Monetary Union: Confronting the Cost of Diversity* (Boulder: Lynne Rienner).
- Sadeh, Tal (2011), 'Central Banks' Priorities and the Right/Left Partisanship of Exchange Rates', *Journal of Policy Modeling*, 33, 2, 183-194.
- Smith, Jean Edward (2008), *FDR* (New York: Random House).
- Wessel, David (2009), *In Fed we Trust: Ben Bernanke's War on the Great Panic* (Crown Business).