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.

Caporaso and Levine, 1992, 7-32, 126-128;
Frieden, Lake and Broz, 2010, 1-19;
Meetings 2-5: Contending paradigms of Political Economy

Classical and neo-Classical Liberalism and New Institutionalism:

Mercantilism and the state-centered approach:

Marxist, Sociological, and Varieties of Capitalism schools:
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:

Domestic political institutions and the aggregation of policy preferences II:

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:'

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:
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;  

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);  

Workers’ rights and pay under liberalized trade:
Frieden and Lake, 2000, 366-376, 461-470;  

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

Sadeh, Tal (2006b), Sustaining European Monetary Union: Confronting the Cost of Diversity (Boulder: Lynne Rienner).  
Wessel, David (2009), In Fed we Trust: Ben Bernanke’s War on the Great Panic (Crown Business).