The purpose of this course is to help you understand, predict, adapt to and shape the evolving world of political economy. If you don’t, others will—and not necessarily to your well being.

The structure of the course is as follows. Day one examines the theoretical foundations of modern political economy laid by four grandmasters, Adam Smith, Karl Marx, John Maynard Keynes, and Joseph Schumpeter, each of whom has been widely misunderstood or, worse yet, falsely interpreted by intellectual charlatans. Day one sets the record straight.

Days two and three are concerned with the evolution of American political economy. Major topics include the rise and decline of the state-centric and market-centric periods in the post-WWII era, and scenarios for the future ranging from a return to earlier models of political economy to the development of new models.

The focus shifts to international political economy in days four and five. The redistribution of global power in the post-WWII period serves as a springboard for predicting the restructuring that lays ahead, particularly involving China and the U.S., and its implications for the provision of international public goods like peace, prosperity, and a sustainable environment.

You’ll be evaluated on the basis of a closed-book examination on the last day which will test your knowledge of the required readings, lectures, and class discussion. Students’ contributions to class discussion will determine final grades that otherwise fall on the numeric borderline between one grade and another.

I’ve provided the complete set of readings for the most recent term-long version of Modern Political Economy in the event you’d like to read broadly before the course begins or have something of a library in the field when you finish the course. The required readings for this version of the course are identified under Topics and Readings below. Those required readings not included in the complete set will be distributed prior to the beginning of the course and are marked (TBD) below. In addition, you are encouraged to read one or more of the following publications on an ongoing basis: Wall Street Journal, New York Times, Financial Times or The Economist.
TOPICS AND READINGS

SETTING THE RECORD STRAIGHT: THE FIRST FOUR GRANDMASTERS

Day One: purpose of the course; importance of theory; conflict between theory and reality; role of political economists; the non-fictitious lives, times, theories, and legacies of Adam Smith, Karl Marx, John Maynard Keynes, and Joseph Schumpeter.


THE CONTINUING EVOLUTION OF AMERICAN POLITICAL ECONOMY

Day Two: the Grandmasters on the firm and its relationship with the state; from the invisible hand of the market to the visible hand of management; interest group politics and the transition from the limited state of the Founding Fathers to the Leviathan of the 20th century; risk-averse interests and the protections of the American welfare state; a good time was had by nearly all; in the words of President Nixon, “We are all Keynesians now.”


Day Three: competitive problems of protectionist political economy in a global era; a new conception of political economy from the Austrians and their American cousin, Milton Friedman; the fifth Grandmaster’s dicta: to business, maximize profit and return it to shareholders; to the state, let the market handle it; ascension of the financial capitalists, deregulators, and fiscal hawks; the halcyon 90’s and the terrible 00’s; 9/11, the Great Recession, and the decline of the market-centric era.

THE CHANGING DISTRIBUTION OF INTERNATIONAL POWER

**Day Four:** restructuring of the Great Powers in the post-WW II period; possible restructurings in the future; theoretical perspectives; determinants of international power; competitors for Great Power status in the next quarter-century; the competitors’ comparative advantages, disadvantages, and challenges.


**Recommended:** Niall Ferguson, “A World without Power,” hooverdigest.org/044/ferguson.html.

**Day Five:** predictions for the future; a closer look at America and China; increasing importance of non-state actors in the redistribution of international power; implications for the provision of international public goods; return to the purpose of the course and the role of political economists.