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

The structure of the course is as follows. Part One examines the theoretical and applied foundations of modern political economy laid by four grandmasters of the discipline--Adam Smith, Karl Marx, John Maynard Keynes, and Milton Friedman--each of whom has been widely misunderstood or, worse yet, intentionally misrepresented. Part One sets the record straight about each of them and addresses the issue of their relevance in the 21st century.

Part Two focuses on the evolution of American political economy in the post-WW II era. It covers the rise and decline of the state-centric and market-centric eras and, more recently, the rise of Populism and the challenges that poses to conventional thinking about political economy in the U.S. The second part closes by examining America’s prospects.

Part Three is concerned with international political economy. The U.S. emerged from the Cold War era as the dominant world power and the main architect, financier, and enforcer of what has been called the “liberal international order.” However, the distribution of international power appears to be changing in the 21st century, which suggests that the “rules” of international behavior also will be changing. These changes and their implications for the world in which you’ll live and work are the central concerns of Part Three.

You’ll be evaluated on the basis of two closed-book examinations, one of 30 minutes after Part One (worth 1/6 of the final numeric grade) and one of 60 minutes after Part Two (worth 1/3), plus a final paper (worth 1/2). The final paper should not exceed 7.5 double-spaced pages, not counting tables and appendices, and is due on the last day of class. You should develop your paper topic after meeting with me during office hours, meetings our Teaching Assistant will coordinate. Student contributions to learning, in class and/or via Canvas, will determine final grades that otherwise fall on the numeric borderline between one grade and another. For more information on grading and my expectations about your performance and mine in the course, read my “Rules of the Game for MPE.”

Required and recommended readings are included in two readings books and online via Canvas. If you don’t do it already, you should start reading one or more of the following publications on a regular basis: Wall Street Journal, New York Times, Financial Times or The Economist.

**CONNECTION WITH THE CORE:** The course draws on material from three core courses: Lead: People, Teams, Organizations (on the nature of leadership); Global Economic Environment (on fiscal and monetary policy); and Corporate Finance (on the theory of efficient markets).
PART ONE  THE GRANDMASTERS

9/5 & 9/7  
Smith’s Capitalist Alternative to Mercantilism  


9/7 & 9/12  
Marx’s Socialist Alternative to Capitalism  

**Required:** Karl Marx, *Capital* (London: Penguin, 1976), Volume I, Ch. 25; Karl Marx and Friedrich Engels, *The Communist Manifesto* (New York: Bantam Books, 1992), Parts 1-2. **Recommended:** Heilbroner, Ch. 6; David Harvey, “Crises of Capitalism,” [https://www.youtube.com/watch?v=qOP2V_np2c0](https://www.youtube.com/watch?v=qOP2V_np2c0)

9/14 & 9/19  
Keynes’s Alternative to Socialism  


9/19 & 9/21  
Friedman’s Neo-Liberal Alternative to Keynesianism  


9/23  
The Nationalist/Populist Alternative to Neo-Liberalism


PART TWO  EVOLUTION OF AMERICAN POLITICAL ECONOMY

9/28  
Mid-Term Examination on Part One (first 30 minutes of session)

From the Invisible Hand to the Visible Hand: Managerial Capitalism Stage One

**Required:** Alfred D. Chandler, Jr., *The Visible Hand* (Cambridge, MA: Harvard

10/3  
Signal Events and the Rise of State-Centric Political Economy

**Required:** William E. Leuchtenberg, *Franklin D. Roosevelt and the New Deal* (New York: Harper and Row, 1963), Ch. 14. **Recommended:** David Kennedy, *Freedom from Fear: The American People in Depression and War* (New York: Oxford University Press, 1999), pp. 615-655; for Depression-era pictures, see [https://www.google.com/search?q=pictures+of+the+great+depression&tbm=isch](https://www.google.com/search?q=pictures+of+the+great+depression&tbm=isch&imgil=D5wx85fIAp2qOM%253A%253BSTY65fEpP5O8aM%253Bhttps%252F%252Fwww.thoughtco.com%25252Fgreat-depression-pictures-p2-1779921&source=iu&pf=m&fir=D5wx85fIAp2qOM%253A%252CSTY65fEpP5O8aM%252C&usg=__wVfdH1Q71kjrXNs6iHXDr_mOUIs%3D&biw=1280&bih=907&ved=0ahUKEwjO_vW0ucLUAhUGbT4KHchoC-sQyicIOw&ei=GNpDWc6SE4ba-QHl0a3YDg#imgrc=D5wx85fIAp2qOM;&spf=1497618973657).

10/5  
From Consumer Power to Corporate Power: Managerial Capitalism Stage Two


10/10  
The Parallel Rise of Protectionist Politics


10/12  
The Rise of Market-Centric Political Economy in the 1980s

**Required:** Andrew Romano, “What Would Reagan Really Do?” *Newsweek*, July 8, 2010; Lanny Ebenstein, *Chicagonomics* (NY: St. Martin’s Press, 2015), Ch. 11.; **Recommended:** Gordon Gekko’s “Greed is Good” speech, [https://www.youtube.com/watch?v=PF_iорX_MAw](https://www.youtube.com/watch?v=PF_iорX_MAw).

10/26  
The Heyday of Market-Centric Political Economy in the 1990s

A Bad Start in the 21st Century


Populism and Its Challenges to Conventional Thinking


America’s Prospects

**Required:** Benjamin Friedman, The Moral Consequences of Economic Growth (NY: Alfred A. Knopf, 2005), Chapter 16; **Recommended:** Lawrence Summers, “The Age of Secular Stagnation,” Foreign Affairs (March/April 2016, pp. 2-9.)

Review Class

Mid-Term Examination on Part Two (60 minutes)

PART THREE INTERNATIONAL POLITICAL ECONOMY

International Relations in Theory


International Relations in Practice

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