MODERN POLITICAL ECONOMY
FOR BIDDING PURPOSES ONLY
Fall 2019

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Warren XXX
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The purpose of this course is to help you understand, predict, adapt to and reform the rapidly evolving system of modern political economy. If you don’t, others will—and not necessarily to your well-being. Witness what’s going on in the world around you.

The structure of the course is as follows. Part One examines the theoretical and policy 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, misrepresented. Part One sets the record straight about each of them and closes by addressing the relevance of their ideas to understanding and improving 21st century political economy.

Part Two focuses on the evolution of American political economy in the post-WW II era. It covers the rise and decline of a State-centric era between the 1930s and the 1970s, the subsequent rise and decline of a Market-centric era, and, more recently, the rise of a Populist movement and the subsequent Trump presidency—the implications of which are considered at the end of Part Two.

Part Three is concerned with international political economy. The U.S. emerged from the Cold War 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 global power is changing in the 21st century, which means that the “rules” of international behavior in government and business also are 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. 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 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.

CONNECTIONS 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

9/3 & 9/5  Smith’s Capitalist Alternative to Mercantilism


9/5 & 9/10  Marx’s Socialist Alternative to Capitalism

**Required:** Karl Marx, *Capital* (London: Penguin, 1976), Volume 1, 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)

9/12  Keynes’s Third-Way Alternative to Socialism


9/17  Friedman’s Neo-Liberal Alternative to Keynesianism


9/19  Populism and Modern Political Economy


PART TWO  EVOLUTION OF AMERICAN POLITICAL ECONOMY

9/24  Mid-Term Examination on Part One (first 30 minutes of the session)

**Rise and Decline of State-Centric Political Economy**
From the Invisible Hand to the Visible Hand: Managerial Capitalism Stage One

**Required:** Alfred D. Chandler, Jr., The Visible Hand (Cambridge, MA: Harvard University Press, 1977), Introduction and Conclusion.

9/26

Signal Events and the Rise of State-Centric Political Economy

**Required:** Depression-era pictures, https://www.google.com/search?q=pictures+of+the+great+depression&tbm=isch&imgil=D5wx85fIAp2qOM%253A%253BSTY65fEpP5O8aM%253Bhttps%252F%25252Fwww.thoughtco.com%25252Fgreat-depression-pictures-p2-1779921&source=iu&pf=m&fir=D5wx85fIAp2qOM%253A%253BSTY65fEp5O8aM%252C &usg=__wVfdH1Q71kjrXNs6IHXDr_mOUIs%3D&biw=1280&bih=907&ved=0ahUKEwjO_vW0ucLUAhUGbT4KHchoC-sQviCOWw&ei=GNPFWi7i2D80-HuwjhoA&spf=1497618973657; William E. Leuchtenberg, Franklin D. Roosevelt and the New Deal (New York: Harper and Row, 1963), Ch. 14; David Kennedy, Freedom from Fear: The American People in Depression and War (New York: Oxford University Press, 1999), pp. 615-655.

10/1

From Consumer Power to Corporate Power: Managerial Capitalism Stage Two


10/3

The Parallel Rise of Protectionist Politics


Rise and Decline of Market-Centric Political Economy

10/8

Neo-Liberal Theory and the Reagan Presidency

**Required:** Lanny Ebenstein, Chicagonomics: The Evolution of Chicago Free Market Economics, (New York: St. Martin’s Press, 2015), Ch. 11 and 12; Michael Schaller, Right Turn: American Life in the Reagan-Bush Years (New York: Oxford University Press, 2007), Ch. 3. **Recommended:** Gordon Gekko’s “Greed is Good” Speech, https://www.youtube.com/watch?v=PF_i0X_MAw
10/10  The Halcyon 1990s


10/24  The Terrible 2000s


**The Rise of Populism and the Trump Presidency**

10/29  Causes and Consequences


10/31  Guest Lecturer: Glenn Hubbard

11/7  Causes and Consequences

11/8  Review Session

11/12  Mid-Term Examination on Part Two (60 minutes)

**PART THREE  INTERNATIONAL POLITICAL ECONOMY**

11/14  International Relations in Theory


11/19  International Relations in the 20th Century

11/21  The Redistribution of Global Power in the 21st Century


11/26  The Future of the Liberal International Order


12/3 & 12/5  Views from Abroad (Student Presentations)

12/10  Conclusion