Course Manual Specialisation Course Political Economy 2018-2019

Course Catalogue Number
7324E001FY

Credits
06 EC

Entry requirements
Admission to the Master Political Science, track Political Economy

This is an advanced core course in Political Economy (PE). It aims to deepen your grasp of the field and not to reintroduce basic knowledge you should have learned in previous degree or diploma programmes. That said, we are fully aware that students enrolled in the programme come from a diversity of disciplinary backgrounds that range from economics and business to political science, international relations, and the humanities. Your individual knowledge of the social sciences and basic economic concepts will diverge from one student to another. This implies that responsibility is placed on those students registered to grasp the more advanced material discussed in this course. The challenge for students and me alike will be to build on this diversity of backgrounds to lift all to the same level so that they will be well equipped to benefit from the electives and to engage successfully in their thesis research in the second semester. The course thus represents a clear progression from the BSc-level of building sound comprehension and a knowledge base to thinking as political economists ourselves. Candidates should therefore develop the capacity to reflect critically on both the empirical and theoretical aspects of PE as a field of study. Those who fear they have a relatively weak background in basic economics, please have a look at any good introductory textbook in the discipline – see recommendations below under 'economics vocabulary'.

Instruction language
English.

Timetable and Location Semester 1, block 1 (September-October 2018)
Download your timetable at www.rooster.uva.nl
Seminars (Groups 1, 2, & 3 separately):
Mondays (Group 1 Underhill) 13-15:00 in REC room B-1.01; (Group 2 Underhill) 17-19:00 in REC room B-3.02; (Group 3 Alenda) 15:00-17:00 in REC room E 0.10.
Fridays (Group 1): 15-17:00 in REC room B-3.02; (Group 2) 11-13:00 in REC room B-1.01; (Group 3 Alenda): 13-15:00 in REC room B-2.03.
Research Sessions (three groups combined; these sessions do NOT occur every week so check the schedule; the first session is in week 3): Tuesdays 09-11:00 in REC room JK B-11

Seminar Group Instructors
Groups 1 & 2: Professor Geoffrey R.D. Underhill g.r.d.underhill@uva.nl
Office: REC building B, Nieuwe Achtergracht 166, 1018 WV, room B-8.09 (8th floor, take blue elevators); office telephone (020)-525-2172, secretariat (020)-525-2169
Office Hours Semester 1 Block 1: Tuesdays 13:00-15:00, occasionally subject to change, advance notice of this will be given; plan ahead - at peak times please make an appointment in/after class to avoid disappointment.

Group 3: Dr. Juliette Alenda j.m.alenda.demoutiez@uva.nl
Office: REC building D, Nieuwe Achtergracht 166, 1018 WV, room D-5.00 (5th floor, take green elevators); department secretariat (020)-525-2169
Office Hours Semester 1 Block 1: Tuesdays: 13:00-15:00, occasionally subject to change, advance notice of this will be given; plan ahead - at peak times please make an appointment in/after class to avoid disappointment.

Course Textbook
Douglass North, John Wallis, & Barry Weingast Violence and Social Orders (Cambridge University Press 2009 (paperback ISBN 978-1-107-64699-5); the text is available at app. €29.95 at the Athenaeum Bookstore
Economics Vocabulary and Current Events

Economic analysts, as in medical science and other crucial areas of expertise, often employ obscure vocabulary and terminology. Part of this is on purpose: expertise would not be expertise if experts were not required to understand the very expertise they invent, and we scholars need at least some excuse for holding down a job. More benignly, the search for precision and shared disciplinary understanding feeds this phenomenon of obscurantism. Some of you have had considerable exposure to the language of economics already, others less so. In a course at this level we cannot take the time to explain every term, especially given the diversity of your backgrounds as students. The good news is that learning this terminology is easy if you take a little time. So buy yourself a copy of e.g. the latest (8th) edition of The Penguin Dictionary of Economics (Athenaeum app. €14.95) or more substantive equivalents references from Oxford University Press or Palgrave; also worthwhile is Matthew Bishop, Economics, an A to Z guide (published by The Economist, 2016, app. €16.50). Very helpful as an introduction to economics for non-economists (and those with an economics background insufficiently anchored in the real-world) is Ha-Joon Chang, Economics: the User’s Guide: a Pelican Introduction (Pelican, 2014, app. €11.50). To me the best and most accessible introductory text in economics is actually focused on the EU: Richard Baldwin and Charles Wyplosz, The Economics of European Integration (6th edition 2015). Whenever we have forgotten something we ought to know, we turn to Baldwin and Wyplosz. It is a very worthwhile purchase.

* “S/He who learns by finding out learns sevenfold s/he who learns by being told!” *

Furthermore, we strongly advise all students to read on a daily basis a top quality economics newspaper. My first recommendation is the Financial Times (available online with student discount), Financiële Dagblad, Wall Street Journal (Europe), and/or equivalent publication such as The Economist (weekly). This will provide important payoffs in terms of your performance.

Information Exchange

The course has a Canvas site that you must learn to use. This is new for staff in 2018 so we too are adjusting. Some of the course readings and a range of general course information will be available via the site. as Pdf files, dependent on copyright rules. Announcements and communication will take place through Canvas separately per instructor/group or simultaneously as relevant. The Canvas site and messaging system is an integral part of the course so please pay attention. If you miss something, this is not your instructor’s responsibility and could very much become your problem.

Planning, preparation, and pressure

A lot is packed into this ten-month degree programme, and we would love to be able to offer you more and to do so at a more leisurely pace. Yet there is more and more to learn in our world of complexity and opportunity. This is particularly so in the intensive, one-block ‘specialisation course’ (SpecMod for short) which aims to get all of you from diverse first-degree backgrounds to the same level of knowledge and competence in just 8 weeks while combined with the Transnational Politics curriculum. The course material and assignments come thick and fast and deadlines are irrevocable. There is a substantial amount of reading to be done in advance of each session. You need to deal with this workload by planning and preparing for the pressure early. If you are not used to it, economic terminology can be difficult at times (see above). This should relate to your starting point: some of your backgrounds at the BA level may constitute a better starting point than that of others. You need to assure yourself that you are ‘up to speed’ as the course progresses. Once you slip behind in terms of work it will prove very difficult to catch up and realise your own potential. Pace yourself, plan, and go for it! Your course results will be closely correlated to your capacity to deal with the workload; the more you can do, the better you will understand the material. We want you to do well!
### Specialisation Course Political Economy (2017-18) at a Glance

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Course Content
This course is the core module of a specialised track within the MSc degree programme in Political Science. The priority is to ensure that all candidates for the MSc programme explore and understand through this short and intensive course the central analytical and intellectual tools of political economy ‘thinking’ about economic life, governance, and the broader society in which these complex processes take place. Students will find that a number of the themes we discuss in this class are explored in different ways in the compulsory Transnational Politics course that runs in parallel to your Specialisation Course. Please be aware of and take the time to explore the complementarity between the two Block 1 courses.

The seminar series in this course will consist of three elements. i) The course will begin with an analysis of ‘key concepts’ in political economy that help us understand the dynamics of social, economic, and political organisation from micro to macro levels and back again. Central to this is an understanding of how and why the economic ‘rules of the game’ emerge as they do. Students will take on political economy as a way of thinking about economic life, its institutions, and its governance. Key concepts we will learn underpin an understanding of individuals and agency in a collective context, how distinct socio-economic constituencies form and develop a sense of ‘preference’ or ‘interest’ and typically become politicised and/or politically mobilised, and how and why institutions develop in relation to markets and other economic processes. ii) The course will proceed to analyse how the crucial ‘factor constituencies’ of labour, land, and capital interact with each other in key issue areas such as domestic and international trade, the monetary and financial order that prevails, global value-chains and corporate governance, regional integration processes, migration, and the economic development process. We will examine a range of policy issues in relation to the emergence of business organisation (firms) and their particular role in the political order, especially in relation to labour and labour markets, to the broader ‘public interest’, and to pressures of or for democracy in both advanced and developing economies. Of particular importance will be an understanding of the dynamics of goods and services production and their domestic/cross-border markets in relation to inequality, migration, welfare provision, economic development, and the role of states and other forms of governance. iii) Finally, a third element of the course will examine the consequences of (global and/or regional) economic integration for policy, including the distributional thus political impact of cross-border markets on the broader public through electoral and party competition where declining trust in business and political elites undermines mainstream politics in established democracies.

Course Objectives
The overall objective of this course is to provide Political Economy degree candidates with the knowledge and understanding of the field, relative to other Social Science disciplines, that is required and appropriate to the attainment of an MSc diploma. Students admitted to the programme typically come from a diversity of first-degree disciplinary backgrounds. Thus a more specific but priority objective of the specialisation course is to ensure that all students enrolled, in proportion to individual effort and ability, shall upon successful completion be conversant with a shared body of knowledge and conceptual understandings to the required level and depth such that they can draw the most that they are able from their electives and thesis research in the remainder of the programme. Thus the course provides students, again in keeping with ability and effort, with knowledge of and insight into political economy as a way of thinking and the substantive debates concerning the mutual interaction of economic dynamics and patterns of governance, including those pertaining to the relationship between various types of political behaviour (e.g. voting, lobbying, protesting, media campaign, party politics) and economic change (e.g. globalization, financial) market integration, labour market integration through migration, economic development).

Students should thus emerge from the course with a sound understanding of how political economy developed as the integrated way of understanding society that we recognise as the contemporary field today. This includes:

a) a grasp of key concepts in political economy (e.g. agency, aggregation and socio-political constituencies, collective interest and collective action, the dynamics of social and economic change) and their relationship to the domestic and international domains; of the origins and most important (theoretical) debates in PE; and of the breadth of the field and its (practical-political and economic) findings as it has developed over time;

b) knowledge of and insight into the concepts relevant to the governance of the economy (e.g. macroeconomic imbalances and adjustment; trade and investment flows, technological change and competitiveness, labour markets, inequality, welfare state reform);
c) in turn, how global and local economic forces generate political conflicts and how in turn political contestation across different forms of governance (e.g. democracy, authoritarianism) shapes the economic ‘rules of the game’ across sectors/levels of development, and across regions in the global economy;

d) a critical capacity to assess the concepts in the literature relative to the available evidence, to defend arguments in relation to peers and the literature, and the ability to present conceptual and empirical insights into Political Economy in academic English.

Course Format (Seminars and Research Sessions)
This is a seminar course with student participation. The format of the seminars will vary according to the session and topic, and may include student presentations in addition to introductory material provided for each session by the course instructor. Active student participation is vital. Students are required to read a series of key articles as preparation for each course meeting. This is meant to teach you the open, pluralist nature of the field and to stimulate discussion as well as understanding. Parallel to the seminar series, political economy researchers in our department will present interactively with students selected aspects of their research that relate to the on-going seminar sessions and discussions. The goal here is to provide insight for students into how the substance of the course plays out in terms of active research agendas and the ‘real world’. Topics will change from year to year and may include the rise of electoral populism and extremism, the future of the welfare state, the political articulation of organised interests (e.g. lobbying and policy capture issues), inequalities, and the development of global corporate networks.

Course Evaluations & Adjustments to the Course
This course was given for the second time last academic year. The course was evaluated by the regular anonymous UvA-Q questionnaire, as well as (in the first year, 2016) an open student panel discussion for the most part in the absence of the professor. All of these evaluations were very positive about the course and instructors, but points for improvement were raised. There was much enthusiastic informal feedback as well and course grades and student results were good. Students complained about the workload, although we fully expect this and dealing with pressure is an important skill required of our programme graduates. The following changes have been implemented as a result: the recommendations for pre-course literature are better and more in-depth; the reading load is a little lighter and the reading blogs are only compulsory every other week; the instructions for the reading blog postings are more clear; News Reports will be delivered as presentations only in team format (to take up less class time); the weighting of the different elements of assessment was slightly adjusted as a result. The very helpful suggestion of scheduling three-hour sessions with a break in the middle was not taken up because of the shortage of seminar rooms.

Manner & Form of Assessment and Assessment Requirements & Criteria
To receive a grade, students must complete successfully and submit on time all elements of course assessment as specified in the course outline for the year in question. You must also pass the take-home examination to receive a grade in the course. Material submitted after specified deadline is not eligible for a re-sit. Late penalties on the original submission cannot in any event be erased for re-sits even if the latter is on time.

Attendance: we practice a ‘10% rule’: if you miss more than 10% of the classes (more than two sessions in this case) without a valid excuse you will be considered to have dropped the course and will not receive a grade. If you have medical, personal, or other problems that constitute a ‘valid’ excuse for absence, please advise me (in confidence we assure you) of the situation sooner rather than later, and simultaneously inform the study advisor. The sooner we know the more help we can be. Just drop by in my weekly office hours on Thursdays (especially if personal contact and discussion would help) or send an e-mail.

Reading Preparation and Blog Postings: The completion of preparatory readings in advance of each session and an ability to speak to them constructively in class are considered an integral part of the assessment of this course. An evaluation of your preparation for and participation in class discussion will form part of your final grade, including a twice-weekly ‘course readings’ blog post delivered before each session, on time, in the ‘Assignments’ area of Canvas. Please be careful to upload the posting in your own seminar group (1, 2, or 3) because moving them to the correct place is not easy on Canvas, and if we cannot find them then they are not there. At least one hour before class, e.g. by noon for Group 1 on each Monday/10:00 for the Friday session, you are required to post this ‘blog post’ on the required readings for the upcoming session. Each posting should be a maximum of one page (thus quality, not quantity). Your posting should not aim at
simply summarising what you read, that is too easy, although you will need to comprehend the arguments of each. Start with the short summary and questions posed for each session in the course outline as a guide. You should aim at telling me what you have subsequently drawn from the readings: what are the most important points they raise? Most important, why would we put these readings in this course for this particular session, and what do you think is their ‘package message’ as you anticipate the discussion in the next session of the course? Where do particular readings fit in the world of political economy? How do they fit into the course as we progress? These postings will be assessed, see below.

News Reports: Oral presentation skills are important. In groups of three that your instructor will determine and schedule randomly, you will do one brief presentation to the class (ten minutes or so, this is more difficult than you think) on your group’s choice of a political economy news item drawn from the quality economic and financial press (see above). You must defend the relevance of your choice and explain what it tells us about our understanding of the contemporary political economy around us. Make a serious effort to relate it to the conceptual and other content of the course that you have been learning as we go along (this need not be the week in question, you are free to select the most relevant course material). Discussion will follow. We will produce a schedule for you by the first session of class. You must also upload your news report (power point, text, as you choose) and post it on the appropriate discussion area (per group) on Canvas.

Research Sessions and Written Assessment: Please note that the readings and class content of the Tuesday research sessions are an integral part of the course and will be covered in the take-home examination. You are not required to produce a reading blog for the Tuesday sessions. Course assessment of this module will also consist of a short mid-term essay (app. 2000 words) that will evaluate your understanding of and capacity for applying the groundwork done in the first three weeks of the course. A take-home final examination assessing your knowledge of the course as a whole will be due at the end of week 8 (app. 5,000 words). Details of the mid-term essay assignment and the final examination will be made available on Canvas in a timely fashion in the content area.

Your final grade will be determined on the following basis:

- Mid-term essay: 25% of final grade
- News Report presentation and participation in discussion (includes attendance and a demonstrable knowledge of the readings that leads to constructive involvement in class discussion): 15%
- Online blog posting (one per week): 20%
- Take-home exam: 40% of final grade

Deadlines:
- Midterm essay: Sunday, 7th October, 23.59
- Take-home final exam: Sunday, 28th October, 23.59
In case of late submission of either assignment, 1 full point (e.g. 7.5 to 6.5) will be subtracted in the first 24 hours; 0.1 points for every 24 hours of lateness thereafter (i.e. from 6.5 to 7.4). After one week following the deadline, assignments will be deemed not to have been submitted and you will receive no grade in the course.

Contingency rules:
- The take-home exam can only be re-taken in the case of an overall failure of the course, or if it was missed for a legitimate and documented reason (e.g. medical, compassionate).
- Material submitted after the deadline is not eligible for a re-sit. Late penalties on a first submission cannot be erased for re-sits (or students would have positive incentives to submit late and go for a re-sit). The point of principle here is that students should not have more time to produce quality than those who submitted on time.
- Except in cases of legitimate and documented excuse, students who miss a presentation receive a zero for this element of course assessment. There can be no substitute assignment.
- Prepared participation in all meetings is obligatory. Missing more than two course meetings results in failing the course unless there are legitimate exceptional and documented circumstances.
Inspection of Exams/Assignments, Feedback, and Grade Delivery
We will deliver written feedback on your blog postings around the mid-point of the course, and at the end along with final grades. You will also receive written feedback on the essay and the take-home exam. The short essay will be graded during the course and the grade and comments communicated to students in a timely fashion. The grade for the take-home exam and final grade for the course will be communicated to the students by the week of 19th November, with substantive comments following as soon as we can write them up.

Rules regarding Fraud and Plagiarism
Both the essay and the take-home exam must be submitted through the Turnitin system on Canvas, which detects plagiarism from published sources, from the Internet, from fellow-students, and from your own work. In case of suspected plagiarism, the MSc Examinations Committee will be informed. This could result in failing the course and hence the programme.

Academic dishonesty is considered a serious offence. The definition of fraud/plagiarism is to be found in the Course Catalogue and may be translated as follows: “To plagiarise is to take the work or an idea of someone else and pass it off as one’s own. This means that if you copy, paraphrase or translate materials from websites, books, magazines or any other source in your work submitted for assessment without giving full and proper credit to the original author(s), you are committing plagiarism.” The fair and transparent use of evidence from primary and secondary sources is the basis of academic discourse. The abuse of this fairness and accountability to peers undermines the very nature of scholarly research. Plagiarism is essentially a form of theft and fraud. If you find yourself in doubt about quotation or correct use of a source, it is always a good idea to provide full information. Presenting other people’s work from whatever source (including that of other students and the Internet) as your own will be sanctioned in terms of the grade received and by the Examination Commission. You must attribute any work or idea you have made use of in the course of writing to its original author, or you are guilty of plagiarism. All direct citations must also be correctly attributed. Concerning collaboration with fellow students, this is encouraged and can help you to learn from each other, but there are limits: unless you are specifically instructed to work in a group context and to submit a collectively authored assignment, each student must submit their own work and two or more students may not hand in the same assignment. You may not submit for assessment to this course material previously submitted for (partial) credit in a course at the UvA or any other university. Once again, students are responsible for understanding regulations in this regard; if you do not understand the rules on fraud/plagiarism then please ask your lecturer, and make sure you attend the lecture on plagiarism!
PART I: THINKING LIKE A REAL POLITICAL ECONOMIST

Historically speaking political economy as a field of social enquiry constitutes the origin of all the modern social sciences, and is not as such a branch thereof. This integrative approach to understanding society and economy remains an important aspiration of the contemporary field. The discipline owes its origins and core analytical assumptions to the peculiar historical circumstances of what we call ‘The Enlightenment’ and the heritage of Greece and Rome as preserved and enhanced during Europe’s ‘dark ages’ by the cosmo-politanism of the Byzantine Empire, and of the Arab caliphates and successor Ottoman civilisations. In such a short intensive course we do not have time properly to explore this heritage or the history that accompanied the emergence of political economy in the 17th – 19th centuries, but we can plunge in and explore how in a contemporary context the crucial insights of this vital and dynamic period of early modernity have been delivered up to us through time. This sometimes involves using forms of ‘shorthand thinking’ known as ‘rational choice’ which to many appears dry, abstract, and difficult to link to real-world situations. Scholars tend to love or hate it, yet we would be reminded that some form of simplification through theoretical reasoning is common to all the sciences, social or otherwise. We hope that this week and in the introductory segments of the course will convince the doubters and help all of you understand how these crucial set of social science concepts can be ‘unbundled’ to help you understand the deep complexity of our real world and the growing practical challenges that our societies face.

Seminar 1 (Monday 3 September) Back to the Future – Retro-fitting Neo-Classical Economics: In this session we start with contemporary neo-classical economics and unpack or ‘unbundle’ a range of its concepts to reveal the Classical Political Economy origins of the neo-classical school and to establish the basic conceptual toolkits of political economy as a field of enquiry. We go on to explore the inheritance of the Enlightenment and, in particular, Adam Smith as a thinker and his legacy as taken up by Ricardo, Malthus, and List. You will see that they set up a range of controversies in political economy that endure to this day. If you find that you struggle with terminology in these early stages of the course then please see notes on terminology (p. 2 above).

Required Readings:


Seminar 2 (Friday 7 September) The Political Economy of Agency, Aggregation, Co-ordination, and Collective Action: A good theory of society needs to account for what individual ‘agents’ do and/or choose (not) to do, as well as how they interact with others, and how this ‘aggregates up’ into a picture of the whole. One would fully expect that ‘the whole’ or macro ‘system’ level would influence individual and group behaviour as much as individual choices affect how the whole comes to be. In short, we need a theory that travels from micro to macro and back. Yet the picture we form of the whole at the macro level typically proves unrecognisble to the experiences of many at the micro or individual level. So what are the
collective dynamics of societies, and what is the relationship between individual agents and the social whole in the macroeconomy? How does this relate to the ‘circular flow’ of factor markets as money chases goods, services, and investment in the economy? Check out the supplementary reading by two Nobel laureates for a critique of standard notions of economic rationality in a collective context.

**Required Readings:**


**Supplementary Reading:**

- Herbert Simon (1955). "A Behavioural Model of Rational Choice" in *The Quarterly Journal of Economics*, vol. 69/1 (February), pp. 99-118 (UvA digital library); this is the classic article on the notion of ‘bounded rationality’ with implications for our understanding of utility functions, agent behavior, and organizational systems.

**Seminar 3 (Monday 10 September) Market Exchange and the Emergence of Firms: Markets as Organisation, Architecture, and the Rules of the Game:** This session examines the paradoxical nature of the complex patterns of exchange and social interaction that one finds in what we generically label ‘markets’. How do markets actually work and what are they? Their real-world operation reveals an odd interrelationship between decentralised forms of co-ordination and rigid, highly structured forms of organisation – an intersection of “markets and hierarchies” as Nobel Prize winner John Williamson famously put it. Meanwhile economic interchange is heavily shaped by what another Nobel winner James Buchanan called “the rules of the game.” What role do these play in the functioning of the political economy? The supplementary reading is a classic article that deals with the role of information as ‘prices’ in decentralised systems of co-ordination, and argues that some things are so complex we are reliant on incomplete information and the way it diffuses throughout the market.

**Required Readings:**


**Supplementary Reading:**

- Friedrich A. Hayek (1945), “The Use of Knowledge in Society,” in *American Economic Review*, vol. 35/4 (September), pp. 519-530 (UvA digital library); this is the classic article on the price system, information, and co-ordination in market economies
Seminar 4 (Friday 14 September): Rent-seeking, Club Behaviour, and Governance: Institutional Diversity and Market Integration: This session moves further in exploring the central insights of institutional economics and a range of classics and contemporary pieces in the political economy literature. How does individual good/bad ‘behaviour’ affect the whole? How are the rules of the game chosen? By whom and for whom and how do we attain ‘good’ rules that help the economy and society to function smoothly, fairly, and efficiently? What do economic agents really seek to do and how/why do fierce economic rivals stick so fervently together to “widen the market and narrow the competition” as Adam Smith so famously observed? How and why do these ‘economic clubs’ form and coagulate in the way that they do, and how is it that even under conditions of democracy, small groups manage to ‘capture’ the very public institutions that enforce the rules of the game and ought to ensure that some version of the public interest prevails? Is governance and its formal manifestation, government, good or bad for markets? Finally, why is the pattern of institutions that constitute market-based governance so diverse across economic sectors and societies?

Required Readings:


Supplementary Readings:


Seminar 5 (Monday 17 September): Development, Economic Openness, and Democracy: This session puts together a range of insights that we have been developing in the course so far. We begin with a central and empirically intuitive insight: all of the most wealthy and advanced developed economies are economically open, and they are also ALL stable democracies with big governments and high taxation to GDP ratios. What lies behind this phenomenon? Why are some economies more successful than others? What might institutional diversity across national political communities have to do with economic success, and why does this diversity persist over time? What exactly happens when a particular political community shifts from a path of misery and violence to one of successful long-term development? How do we explain this dramatic change in the fate of a particular political economy? And how do we manage the interplay of open politics and the all-too-often economic turbulence of open markets?

Required Readings:

- North, Wallis, and Weingast (your textbook), chapters 1 – 3.

**Supplementary Reading:**


**Research Session 1 (Tuesday 18th September) Business, Labour, and Civil Society: Power, Lobbying, and Private Interests (Dr. Joost Berkhout):** Quietly developed mutual and reciprocal relationships probably work best. Lobbying and other forms of self-interested promotion of preferences takes place across the array of private constituencies from labour to civil society to NGOs to think-tanks to universities to, yes, even the corporate world. The world of lobbying is one populated by villains and good guys too, depending on one’s normative (and perhaps self-interested) standpoint. We all know that if you want to be heard, a combination of voice and the building of mutual loyalty works (apologies to Albert Hirschman). Various forms of relational networks are everywhere that there is human interaction. Yet ‘lobbying’ has become, or perhaps always was, a dirty word. Pushing for your own or group self-interest is seen as distasteful in erstwhile polite society, yet everyone does it. That said, there are perhaps more, and more urgent, political economy dimensions to this issue. Olson (1982, 41) notes that “societies (…) tend to accumulate (…) organizations for collective action over time.” This matters a great deal: a perpetual growth in the number of political organizations fundamentally shapes the nature of political voices in a given political economy. For Olson (1982) this is a recipe for economic decline, political deadlock and policy inefficiency. The more optimistic view is that a dense organizational fabric of interest intermediation is part and parcel of a modern society and provides voice for a diverse set of interests (e.g. see your textbook).

Regardless of the normative or policy implications, scholars have challenged Olson’s idea of the accumulation of collective action organizations (mainly business interest associations). Lowery and Gray (1995) point out that competitive pressures on such associations ensure that not all survive. Systems of interest associations are unlikely to become as crowded as Olson suggests. Thus the negative implications, a ‘decline of nations’, are probably also not as severe as he claims. Berkhout et al (2015) support this more optimistic argument. They also show that the structure of business interest representation is largely shaped by the economic activities in which those businesses are engaged plus other factors such as the number of firms in a given sector and the extent to which the sector imports and exports its products. This implies that the politics of business lobbying is deeply rooted in specific sectoral political economies.

Dr. Berkhout explores these research findings and wider issues of lobbying in the context of comparative political economy more broadly.

**Required Readings:**

• M. Olson (1982). The Rise and Decline of Nations, Yale University Press, New Haven. Refresh chapter 2 (see earlier session). (on Canvas)


Supplementary Reading:


PART II: LABOUR, CAPITAL AND PRODUCTION IN THE REAL ECONOMY: FACTOR CONSTITUENCIES, MARKET EXCHANGE, AND THE DIVERSITY OF ECONOMIC GOVERNANCE

This section of the course looks at how the real economy works under contemporary conditions of cross-border integration. We will explore how different economic sectors work, the conflicting interests of the key players, and examine the diverse patterns of governance that we find in different national political economies and across sectors of economic activity. We will also take a close look at the range of public policy challenges that we all face in our contemporary global economy, from trade and production to labour markets as they interact with new technologies, national competitiveness, and on to the problem of capital mobility and the power of the huge multinational companies on which we all rely for our consumption and many also for work. What are the principle dilemmas and options for the governance of national economies under conditions of cross-border integration? Have political communities lost control or can the collective choices of diverse political communities still find a place in the contemporary global political economy? The course ends with an exploration of the dilemmas of poverty and economic development. This includes the poverty of the ‘bottom billion’ as well as the serious challenges that are presented by moving ‘out from underdevelopment’ as in the case of the development success of the “emerging markets” as they are called. Success is more difficult than it looks - as China is about to find out. The course concludes with a return to the central theme of economic openness and democracy. Meanwhile, the research sessions begin on Tuesdays (09-11:00 in REC room JKB 11) through to the end of the course. These sessions form an integral part of the course and they will be covered in the take-home examination.

Seminar 6 (Friday 21st September) Labour Market Organisation, Human Capital, and Economic Competitiveness: Without labour and wages we have neither consumers nor can we produce any goods and services. Labour as a factor of production is absolutely central to any functioning political economy, efficient or not. How and why might labour markets be different from others? What role does human capital play in the operation of markets, and why are labour markets ‘special’? Should we value security of employment over flexibility and adaptability, and what difference do different labour market organisations make in terms of competitiveness? Does the strength of organised labour make a difference? Is there a trade-off between equality and efficiency?

Required Readings:

Supplementary Reading:


**Seminar 7 (Monday 24th September) Trade and Migration: Costs, Benefits, and the Rules of the Global Game:** If the ‘rules of the game’ matter so much, then it matters what sort of trading system we have in the global economy and at national level. For better or worse, all the wealthiest economies are also pretty open to both trade and migration, though less so to the latter. So what is the case for open trade, and what sorts of policy challenges does it produce for political communities and policy makers? How does the legal framework of the WTO and the ‘spaghetti bowl’ of free trade agreements (FTAs, a misnomer) work? Is migration a threat or a benefit, and why is it so perpetually politically ‘hot’? What are the effects of contrasting national policies, and how do polities deal with the distributional challenges of open markets for goods and services?

**Required Readings:**


Supplementary Reading:


**Research Session 2 (Tuesday 25th September) Trump, Trade Wars and the Trading Order (Dr. Sebastian Krapohl):** In the aftermath of the global financial crisis starting in 2007, we might have expected the global trading order to take a turn towards protectionism. This is what happened in the Great Depression of the 1930s, to devastating effect on global and national economic growth patterns. At first this did not happen and the open trading order seemed robust. With Donald Trump, American voters selected a candidate with a clear and open protectionist trade agenda for presidential office. Since 2017, the new US administration has left or renegotiated several trade agreements, and a range of tariff increases in 2018 has marked the beginning of a potential trade war with China and the EU. After 30 years of globalization, the rise of economic nationalism is a puzzle for political economists. This research session discusses the reasons and consequences of the new economic nationalism. Why do we see increasing opposition against free trade and globalization? And how can the global trade order resist the challenges of protectionism?

**Required Readings:**


**Seminar 8 (Friday 28th September) Division of Labour and Value Chains: Firms, Innovation, and Productivity and when might my Boss be a Robot?** Well, perhaps she already is! But more seriously, what are the ingredients and measures of productivity and innovation? How are they related to each other and to employment levels, and do all innovations lead to the improvement of productivity? How and why
does innovation happen: are firms the main drivers, or does government play a role? And why do some national political economies, and for that matter firms, produce more innovation and better productivity growth than others?

**Required Readings:**

- Schumpeter, Joseph (1943/1976). *Capitalism, Socialism and Democracy* (London: Routledge/Allen & Unwin), excerpts from Part II: Can Capitalism Survive? Prologue (pp. 61-2); The Process of Creative Destruction (pp. 81-86); Crumbling Walls (pp. 131-142). (on Canvas).

**Supplementary Reading:**


**Seminar 9 (Monday 1st October) Corporate Governance, Inequalities, and Social Responsibility:** In the wake of many a corporate scandal and the rising political tensions concerning the taxation of corporate profits in a post-crisis world, how are major corporations organised and how well these crucial bearers of the market manage themselves? How close are the relationships between policy makers and the different sorts of players in the world of business? How do different management styles, and indeed labour relations, affect corporate performance? Is social responsibility ‘good for business’ and what, indeed, should the responsibilities of these corporate citizens be? Should (and if so how and in what ways and/or on what issues) privately-owned entities be accountable to the rest of us – either for the economic outcomes they generate or the ‘externalities’ they produce? Before we deteriorate into destructive polemic, please remind yourselves that you buy the things these companies produce, or they would not be there ..... 

**Required Readings:**

- Doris Fuchs and Markus Lederer (2007). “The Power of Business.” *Business and Politics* vol. 9/3 (December). (UvA digital library – this is the introduction to a special issue on business power in this journal. It is open access online, see also supplementary reading below).

**Supplementary Reading:**


Research Session 3 (Tuesday 2nd October) Gender Inequalities: A Feminist on Political Economy (Professor Liza Mügge): The economic position of women, both in and out of the labour market, is around the globe more precarious than that of men. The percentage of women who are financially independent is much lower than men. Women earn less salary for the same work although they have comparable qualifications, and women are structurally underrepresented in leadership positions. The mechanisms producing and reproducing these inequalities are not uniform but embedded in a system of power relations in socio-economic, cultural and political domains. At the same time some women are more equal than others. Class and ethnic differences, among others, intersect with gender and influence positions of privilege and marginalization. This lecture introduces students to a feminist perspective on political economy. After a theoretical introduction we will delve into concrete empirical examples such as the glass ceiling, the gender pay gap, women in top positions and violence against women.

Required Readings:


Seminar 10 (Friday 5th October) Capital: Markets for Money and the Dynamics of Financial Flows:

The negative impact of the financial sector when things go wrong has been an important question bothering political economists and policy-makers for a long time (see Reinhardt and Rogoff This Time it's Different for example). What is money and how does the market for money work? In particular, why is the financial sector so unstable? Why would a national economy open its financial sector and what sorts of policy challenges does this present? And what sorts of governance solutions might there be at the national, regional, and global levels?

Required Readings:


Supplementary Reading:


Mid-term Essay due: Sunday 7th October 2018, 23:59

**Seminar II (Monday 8th October)** Managing National and Regional Economies under Capital Mobility: Balance of Payments, Exchange Rates, and Financial Stability: in this era of cross-border regional integration, how much do national differences matter? Does national policy autonomy have any real meaning in our contemporary economic sphere? Or has the democratic nation-state and government become dysfunctional and would we not do better to defer to other, less hierarchical and perhaps more decentralised, forms of co-ordination to achieve our legitimate preferences in terms of political economy outcomes? These questions will be addressed largely by looking at the problems of regional integration in the EU’s single market in combination with the monetary integration of the single currency.

**Required Readings:**

**Supplementary Reading:**
- Andrew Cooper and Paola Subachi (eds. 2010). *Global Economic Governance in Transition* special issue of *International Affairs* vol. 86/3 (May). (UvA digital library)
**Seminar 12 (Friday 12th October)** The Bottom Billion: Unravelling the Mysteries of Economic Development and Enduring Poverty: This session allows us to explore in more detail the obstacles and policy dilemmas of development. This is the first of two sessions on the process of economic development in general. It also allows us to look at what can be done in policy terms to improve the prospects for development among the poorest countries.

**Required Readings:**

- [Repeat] Friedrich List (1841). Excerpts from *The National System of Political Economy* Online Library of liberty version at http://oll.libertfund.org/titles/list-the-national-system-of-political-economy, chapters XI-XIV; this is in many ways the basis of developmental economics as a branch of study, and List drew heavily on the ideas of Alexander Hamilton, the mastermind behind George Washington’s first administration and the founding of the US.

**Take-Home Exam available on Canvas: Sunday 14th October 2018, 20:00**

**Seminar 13 (Monday 15th October)** The Emerging Markets: (variable) success for some and the future of global governance: In 1960, the Republic of South Korea was still emerging from a desperate civil war and foreign intervention – the violence and socio-political fragmentation that is the hallmark of the Bottom Billion. Korean GDP per capita was lower than in sub-Saharan Africa at the time. Taiwan was not much better, dominated by a foreign dictatorship that was a US-supported off-shoot of China’s civil war across the straits. Yet contemporary South Korea and Taiwan are now stable and wealthy democracies in the rich people’s club. Meanwhile, the longer-standing rich people’s club messed up big time with a crisis and financial crash that started in the core US markets - the severe effects of which are still working themselves out. How do we explain the extraordinary success of that elite club of emerging market economies? And why is that success both so difficult to achieve and so volatile? And what difference will the rise of Brazil, Turkey, China or Indonesia make to the governance of the post-crisis global political economy? Will the trend towards more open markets and economic integration continue or have the peoples of the emerging markets had enough?

**Required Readings:**

- North, Wallis and Weingast (textbook), chs. 4-5.

**Supplementary Reading:**

Research Session 4 (Tuesday 16th October) ‘Globalisation’ and the Changing Landscape of Politics (Armen Hakhverdian): Liberal trade and financial regimes at the international level have serious political consequences. The combination of cross-border market integration and national policies has powerful effects on the distribution of costs and benefits across social and factor constituencies within national political economies, and across the range of national economies at the global or regional level. Some economies are more successful than others as we know, and some prove more competent at dealing with adjustment to the opening and integration of markets. Some national governments have been active ‘globalisers’ while others have found themselves more likely trying to keep up with the process of change from without. We all know that people care deeply about their economic circumstances and their future. How do different national political communities, above all in the advanced democracies, adjust and adapt to the dynamism of open economies? Is there indeed a causal link between the economic dynamics we have been examining in the seminars and the changing electoral and political party behaviour? Has the great crash and long recession made things any different? In this research session Professor Sarah de Lange presents contemporary research findings on the political consequences of European and global economic integration, as well as the recent economic crisis for electoral democracy.

Required Readings:


Supplementary Reading:


Seminar 14 (Friday 19th October) Conclusion: Political Economy, Globalization and Democracy: An open discussion on the tensions between a global market order, legitimacy, and democratic political order.

Required Readings:

- North, Wallis and Weingast (textbook), chapters 6-7.

Supplementary Reading:


Research Session 5 (Tuesday 23rd October) Economic Dynamics and Sub-State Nationalism (Dr. Mike Medeiros): Economic grievances are often at the heart of sub-state nationalist rhetoric. For example, Scottish nationalists have often complained of receiving from Westminster an unfair share of revenue derived from ‘Scotland’s oil’. For their part, Flemish nationalists have regularly griped about the ‘stream of money’ flowing from Flanders to Wallonia. Furthermore, economic troubles can act as a jolt for such grievances. The sharp rise in support for Catalan independence coincides with Spain’s severe economic crisis, leading many Catalans to believe that they would be better off on their own. Yet, the influence of
economic grievances on sub-state nationalism may not be so straightforward or ubiquitous. At the height of
the Quebec independence movement, the province was poor (by North American standards), burdened
with a heavy debt, and dependent on the yearly transfer of billions of dollars from the Federal government.
However, these economic factors did not stop nearly half of Quebecers voting in favour of separating from
Canada. While the economic prospects of a region are nevertheless an important factor in explaining
support for sub-state nationalism, other factors also matter. Chief amongst them are cultural grievances.
Therefore, the relationship between economic dynamics and sub-state nationalism can sometimes be a
complicated one. Dr. Medeiros explores his research findings and wider issues of sub-state nationalism in
the context of comparative political economy more broadly.

**Required Readings:**

  Democracies,” in *Comparative Political Studies* vol. 38/3 (April), pp. 304-326 (UvA digital library).
- Jordi Muñoz and Raúl Tormos (2015), “Economic expectations and support for secession in
  Catalonia: between causality and rationalization,” in *European Political Science Review*, Vol. 7/2 (May),
  pp. 315 – 341 (UvA digital library).

**Sunday 28th October: Take-Home Examination due 23:59**