POLI 4062 Comparative Political Economy

The Political Socio-Economics of States, Markets, and Societies

Fall 2008, Monday, 4:40 – 7:30 pm at 241 Lockett

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Office hours: Tuesdays and Thursdays 4:40 – 5:30 p.m., or by appointment

Course Overview

“The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Practical men who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back…soon or late, it is ideas, not vested interests, which are dangerous for good or evil.”

John Maynard Keynes, *General Theory of Employment, Interest, and Money*

This advanced upper-level course provides the fundamentals of political economy or political socio-economics. Our central puzzle throughout the course is, in David Landes’ words, “Why Are We So Rich and They So Poor?” Since the focus of this course is on the “fundamentals,” we take unit of analysis rather broadly, which means that “We” and “They” can be regions, countries, political entities, economic systems, institutions, societies, “people,” citizens, individuals, or agents. Discussions center on economic development and inequality. And discussions are based on our rigorous reading of the texts and phenomena. “Reading” means “open” to all kinds of possibilities and potentialities. We proceed behind a veil of ignorance, amicable to various methodologies, ideologies, cultures, religions, and cults. As such, the only approach is Bayesian (i.e., updating our initial belief through learning), and the sole goal is to understand (as a corollary, possibly change) the world.

This course has three goals: 1) to understand the nature of the capitalist system and the relationship between the state(s), market(s), and society(ies), 2) to examine macro-historical evidence of capitalism, focusing on “primitive accumulation,” the origin and expansion of capitalism, and the divergent paths of economic development across countries and regions, and 3) to make sense of the current revival of economic liberalism in the context of globalization and the role of politics – partisan policies, elections, and representativeness – in generating (in)equality within a society. To do so, this course is divided into three parts:

Part I Great Ideas and the Genesis of the Political Socio-Economics
Part II History of Capitalism and the Great Divergence
Part III Neo-liberalism and the Politics of Inequality
N.B. 1. Basically, classes will involve lectures and discussions of the reading material assigned for each session. But, I will introduce and explain some issues and concepts that are not in the readings, so the attendance is crucial. This means that a significant amount of material on the examinations will come from class lectures presenting information not discussed directly in the text and other readings. Participation from students is important and will count toward the final grade.

N.B. 2. Some materials and lectures might be difficult, but you should ask questions if you don’t understand. Whenever you are puzzled, feel free to stop my lecture and scream, to email me, and to stop by my office. The general philosophy is that students who are eager to learn must be rewarded.

N.B. 3. If you do not take any of the examinations, or if you do not submit any of the reaction papers, you will automatically receive an F. No “make-up” examinations will be given for any reason. No late papers will be accepted for any reason.

Course Readings

Each student is expected to read (before class) all the required readings for each session. There are five required books:


In addition, two required readings from book chapters are posted on Semester Book. All students should have a LSU e-mail account for access to Semester Book through the PAWS desktop.

*Here are selected background/recommended /further readings related to my lectures.

Part I constitutes the great thinkers and foundational ideas. Anyone who is serious about political economy must read and study at least these three masterpieces: Adam Smith’s *Wealth of Nations* (1776), Karl Marx’s *Capital*, Vol. I (1867), and Max Weber’s *The Protestant Ethic and the Spirit of Capitalism* (1905). For those who are interested in political economy but don’t have time to sit down and dig in, rely on Robert Heilbroner’s *The Worldly Philosophers* (1999), Simon & Schuster, and David Warsh’s *Knowledge and the Wealth of Nations*(2006), W. W. Norton; they are very useful introduction to the intellectual history of the political economy. One unfortunate aspect in Part I is that the entire Hayekian model is missing. To remedy this, read F. A. Hayek’s classic, *The Road to Serfdom* (2007), definitive edition with Caldwell’s introduction, University of Chicago Press, and Milton Friedman’s


Jared Diamond has popularized the significance of geography as a material condition: Guns, Germs, and Steel: The Fate of Human Societies. (1999), Norton. I think the most important achievement in this field is Fernand Braudel’s monumental Civilization and Capitalism 15th-18th Century, three volumes (about 1,800 pages), 1992 translation edition, University of California Press (there is a short-version (only 120 pages) neatly summarized by Braudel himself, La dynamique du capitalisme (1985), Paris: Arthaud.


If you’d like to dig in more and hit the bottom in vain - get inspiration with no solution, see the 1970s’ Marxist debate on the role of the state and ruling elite in the capitalist regime; Louis Althusser’s “Ideology and Ideological State Apparatus” (1969), Ralph Miliband’s The State in Capitalist Society (1969), Nicos Poulantzas’s Political Power and Social Classes, (1973), Steven Lukes’s Power: A Radical View (1974), and Göran Therborn’s What Does the Ruling Class Do When It Rules? (1978). Yet, I strongly recommend Karl Marx’s The Eighteenth Brumaire of Louis Bonaparte (1852). Raymond Aron, a great liberal anti-socialist thinker once commented on this book: “in many respects, this brilliant pamphlet is more satisfying than his massive scientific books, and Marx here forgot his theories and analyzed events as an observer – and as an observer of genius.” I am certain that this small book will be read admiringly after thousands of years.
Course Requirements

1) Midterm and final examinations (20% each)
The emphasis is on important concepts and competing explanations of various political economic phenomena.

2) Five reaction papers (10%)
You will write a reaction paper on the assigned book. We have five required books, and you will write total five reaction papers in this course. A reaction paper is a short paper (no longer than three double-spaced pages), discussing some aspects of the reading. In the reaction paper you must briefly summarize the book and evaluate some central aspect of its discussion. Note: “evaluate” means that you must identify some central aspect of the author’s analysis, explain why you think this aspect is interesting/important, and present your evaluation of the author’s position (note that you must try to make an argument, simply asserting your agreement or disagreement will not be sufficient). The reaction papers are due in class on the date scheduled for discussion of the readings (see the important dates below). You should submit a hard copy. Since we will discuss the readings in class, late papers will not be accepted.

3) Class participation (10%)
Attendance will be taken for each session. Students may earn credit for their attendance at each class session, while repeated and unexcused absence will cause deduction in student’s total grade. In addition to attending class, students are highly encouraged to ask and answer questions, and to make appropriate comments on issues covered in class.

Important Dates

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<th>Examinations</th>
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<tr>
<td>Midterm</td>
<td>October 13 from 4:40 to 7:30 pm</td>
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<tr>
<td>Final</td>
<td>December 8 from 8:00 to 10:00 pm</td>
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<tr>
<th>Reaction papers (due in class; hard copy only)</th>
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<tr>
<td>1st on Polanyi</td>
<td>September 29</td>
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<td>2nd on Schumpeter</td>
<td>October 6</td>
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<td>3rd on European Miracle</td>
<td>October 20</td>
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<td>4th on Origins of the Modern World</td>
<td>November 3</td>
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<td>5th on Neoliberalism</td>
<td>November 10</td>
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| Labor Day                           | September 1 – No class |
| Conference                          | November 17 – No class |
Course Outline

Part I. Great Ideas and the Genesis of the Political Socio-Economics

I.1. (09-08) Adam Smith: Miracle of Market and the Engine of Growth

No reading.

I.2. (09-15) Karl Marx: Disaster of Market and the Dynamic of Growth

No reading.

I.3. (09-22) Max Weber: Value as a Fundamental Buttress of Capitalism

No reading.

I.4. (09-29) Karl Polanyi: Liberal Utopia and the Discovery of Active Society


I.5. (10-06) Joseph Schumpeter: Creative Destruction and Political Competition

Joseph Schumpeter. 1962. Capitalism, Socialism, and Democracy. Harper Perennial. (Focus on Part II and Part IV)

Part II. History of Capitalism and the Great Divergence

II.1. (10-20) The Rise of the West and the European Miracle
II.2. (10-27) **Formation of the Modern Nation-State**
War-making and state-making. Protection racket. Unintended consequence. Selective affinity between capitalism and the state.


II.3. (11-03) **Did the West Really Get Rich by Themselves?**


### Part III. Neo-liberalism and the Politics of Inequality

III.1. (11-03) **Globalization and Varieties of Capitalism**


III.2. (11-10) **Neoliberalism: Origins and Consequences**

David Harvey. 2007. *A Brief History of Neoliberalism.* Oxford University Press.

III.3. (11-24) **The Politics of Inequality and Democratic Representativeness**


III.4. (12-01) **Conclusion**
Summary of the course. Importance of what we care about. Wittgenstein’s dictum.