

20th Century Political Economy

Econ 200

Econ 200
Brown University
Spring 2020
T 4pm - 6:30pm
[Friedman Hall 201](#)

Emily C. Skarbek
Assistant Professor, Research
Political Theory Project
Office 102, Second Floor
8 Fones Alley
Emily_Skarbek@brown.edu
Office Hours: W 1-3pm

Course Overview

The 20th century witnessed dramatic experiments in economic policy – command economies during World War I; communist central planning in the Soviet Union and Eastern Europe; fascism in Mussolini’s Italy; national socialism in Hitler’s Germany; the New Deal in Roosevelt’s United States; the Bretton Woods international monetary system. At the same time, there were intense philosophical, political, and economic debate surrounding these issues by major intellectual figures such as John Maynard Keynes and Friedrich Hayek. The course covers major debates that have shaped the modern world, starting with the Bolshevik Revolution, the Treatise of Versailles, and the end of World War I. We examine the Great Depression, the New Deal, and postwar economic planning debates in the US and the UK. Finally, we turn to consider important periods in the second half of the 20th century, including Indian Economic Planning, the Bretton Woods system, and inflation in the 1970s. The course ends with a consideration of trade, trade deficits, and sovereign debt crises. The aim is to develop an understanding of both sides of key debates in political economy, examine the underpinning economic theory, and discuss the relationship between economic ideas and policy.

Learning Goals

The course is premised on the idea that we can learn a great deal from examining how economic ideas have influenced major debates and outcomes in political economy. The aim of this course is to help students to develop an understanding of the history of key moments in 20th century political economy from a variety of perspectives. It affords the opportunity to read original texts, learn the context and development of economic policies, and see how these ideas apply to contemporary economic issues.

The goals of this course include enabling students to understand competing approaches and views of important decisions in political economy; to examine the relationship between economic ideas and public policy outcomes; and to think critically about how to evaluate major junctures in political economy – both contemporary and historical. To this end, students will be expected to develop and consider the strongest arguments for, and against, some potentially controversial ideas and policy positions.

Required Text

White, Lawrence H (2012) *The Clash of Economic Ideas: The Great Policy Debates and Experiments of the Last Hundred Years* (Cambridge University Press)

Required Readings

The reading for this course include the assigned text, along with original texts and supplementary secondary academic literature. All required readings will be on Canvas for you to access.

I will make mention of additional resources from time to time, which may prove useful to consult. The other references are optional additional reading, all of which should also be available on JSTOR or in the library if you want to explore a particular topic in more depth.

Course Schedule

The tentative schedule for the course is below. Note: This course outline is subject to change; please consult **Canvas** for the most up-to-date information.

January 28 Introduction to 20th Century Political Economy

Reading:

- White, L. (2012) *The Clash of Economic Ideas*. Cambridge University Press. Introduction

February 4 The Treaty of Versailles & The End of Laissez-Faire

Reading:

- White, L. (2012) *The Clash of Economic Ideas*. Cambridge University Press. Chapter 1
- Keynes, J.M. (1926) *The End of Laissez-Faire*.

February 11 The Bolshevik Revolution & The Socialist Calculation Debate

Reading:

- White, L. (2012) *The Clash of Economic Ideas*. Cambridge University Press. Chapter 2
- Karl Marx and Friedrich Engels (1848) - *The Communist Manifesto*, parts I and II
- David N. Balaam and Michael Veseth, *Lenin on Global Trade* (excerpt from *Introduction to International Political Economy*, 2001).

- Lavoie, Don. (1985) *Rivalry and Central Planning: The Socialist Calculation Debate Reconsidered*. Cambridge University Press. Chapter 1

February 18 **No Classes – Brown University Holiday**

February 25 **The Great Depression and Keynes’s General Theory**

Reading:

- White, L. (2012) *The Clash of Economic Ideas*. Cambridge University Press. Chapters 3 & 5
- John Maynard Keynes, *The General Theory of Employment, Interest, and Money* (1936), Preface to the German edition and Preface to the French edition; Chapters 1 & 2
- Gottfried Haberler, “Money and the Business Cycle” (1932), pp. 37-64

March 3 **The New Deal and Institutional Economics**

Reading:

- White, L. (2012) *The Clash of Economic Ideas*. Cambridge University Press. Chapter 4
- Rexford G. Tugwell, “The Principle of Planning and the Institution of Laissez Faire,” *American Economic Review* (1932), pp. 75–92.

March 10 **World War II & Hayek’s Road to Serfdom**

Reading:

- White, L. (2012) *The Clash of Economic Ideas*. Cambridge University Press. Chapter 6
- Bruce Caldwell, “The Publication History of *The Road to Serfdom*” (2007)
- F. A. Hayek, *The Road to Serfdom* (1944), excerpt
- J.A. Keynes & F.A. Hayek Correspondence, Hoover Archives
Reproduction

March 17 **Fabian Socialism & The Mont Pelerin Society**

Reading:

- White, L. (2012) *The Clash of Economic Ideas*. Cambridge University Press. Chapters 7 & 8
- Ropke, Wilhelm. (1933) "End of an Era?" from *Against the Tide*. Translated by Elizabeth Henderson. Chicago, 1969. pgs. 79 – 100
- Hayek, F. A. "The Prospects of Freedom" Prospectus for an International Society, London, October 9, 1946.
- Hayek, F. A. "Opening Address to a Conference at Mont Pelerin".

March 24 No Class – Brown University Holiday

March 31 **German Ordoliberalism & Indian Economic Planning**

Reading:

- White, L. (2012) *The Clash of Economic Ideas*. Cambridge University Press. Chapters 9 & 10
- Hagemann, Harald (2019) “Keynesianism in Germany” For Presentation at the American Economic Association Meetings 2019
- Henderson, David R “German Economic Miracle” Econlib
- Bauer, Peter T (1998) “B. R. Shenoy: Stature and Impact”
- Vinod, H. D. (2005) “A Conversation with Jagdish Bhagwati on Indian Politics, Globalization, Socialism, Entrepreneurship, and African Aid” (2005)

April 7 **The Bretton Woods System & The Great Inflation**

Reading:

- White, L. (2012) *The Clash of Economic Ideas*. Cambridge University Press. Chapters 11 & 12
- Nassau W. Senior, Three Lectures on the Transmission of the Precious Metals from Country to Country, and the Mercantile Theory of Wealth (1828), Lecture 1, pp. 1-35
- Robert Skidelsky, “Keynes, Globalisation and the Bretton Woods Institutions in the Light of Changing Ideas about Markets,” *World Economics* 6 (Jan-Mar 2005), pp. 15-23.

- Irving Fisher, *The Purchasing Power of Money* (1911), chapter 2: Purchasing Power of Money as Related to the Equation of Exchange
- Friedman, Milton (1968) “The Role of Monetary Policy”
- Sorman, Guy (2009) “Monetarism Defiant”: Interview with Anna Schwartz

April 14 **Free Trade, Protectionism, and Trade Deficits**

Reading:

- White, L. (2012) *The Clash of Economic Ideas*. Cambridge University Press. Chapters 13 & 14
- Jagdish Bhagwati, Protectionism
- Frederic Bastiat, “A Petition from the Manufacturers of Candles” (1845)
- Paul Krugman, “Ricardo’s Difficult Idea” (1998)
- James M. Buchanan, "Public Choice: The Origins and Development of a Research Program"
- Vlad Tarko, “Elinor Ostrom’s life and work,” pp. 48-67 (2012)

April 21 **Deficit Spending & Sovereign Debt Crises**

Reading:

- White, L. (2012) *The Clash of Economic Ideas*. Cambridge University Press. Chapter 15
- James M. Tobin, “Hansen and Public Policy,” (1976)
- Robert J. Barro, “The Ricardian Approach to Budget Deficits,” (1989)
- Interview with Thomas Sargent by Art Rolnick (2010)
- Lawrence H. White, “The Output Gap, the Federal Budget Deficit, and the Threat of Debt Monetization” (2018)
- James M. Buchanan, “Public Goods in Theory and Practice: A Note on the Minasian-Samuelson Discussion” (1967)
- Vincent Ostrom and Elinor Ostrom, “Public Goods and Public Choices” (2012), pp. 1-15 (through Table 3).

Course Time Allocation

Over 13 weeks, students will spend 2.5 hours per week in class (32.5 hours total) and 9 hours per week doing course reading, viewing assigned media content, and preparing questions about the reading (117 hours total). There are two short reflection papers and one final essay (a minimum of 31 hours total).

Grading

Discussion Participation	15%
Reflection Paper 1	20%
Reflection Paper 2	20%
Reading Questions	15%
Final Essay	30%

I. Participation (15%) & Weekly Reading Questions (15%)

This course is reading and discussion intensive. Its success depends on students reading all the assigned work for each session and contributing actively to discussion. Attendance is necessary but not sufficient. This means you should come to class having thought enough about the readings to comment intelligently and critically engage with the material.

Your participation grade will be based on preparing two good questions about the reading each week and submitting them on Canvas the day before class. I will then draw from these questions to help guide our discussions of the material. Your participation grade also requires you to lead **discussion on those weeks where you have completed a reflection paper.**

II. Reflection Papers (40%)

Over the course of the semester, you will write two response papers (4 - 5 pages double spaced) based on the weeks assigned readings (each reflection is worth 20% of the total grade). Summarizing these readings is not sufficient. You should aim to critically evaluate the readings in terms of the substance and quality of the argument and offer thoughts or questions to help guide discussion. The reflection can focus on a particular reading, but I also encourage you to make connections between readings, and consider the material relates to other topics we have covered and/or contemporary issues in political economy.

Reflections are **due Monday by 11:59pm** and should be submitted to me via Canvas. Students who write reflections for the readings will serve as **discussion leaders** during Tuesday's class. Sign up will begin the first week of class.

III. Essay (30%)

Students have three options for the final essay, for which prompts will be given out in the first part of the semester. The final essay will be approximately 13-15 pages, double spaced, 12pt font. The essay will be due on **Monday, May 11th 2020 by 11:59pm.**

Accessibility

Brown University is committed to full inclusion of all students. Please inform me if you have a disability or other condition that might require accommodations or modification of any of these course procedures. You may speak with me after class or during office hours. For more information contact Student and Employee Accessibility Services at 401-863-9588 or SEAS@brown.edu.

Academic Integrity

In studying the history of political economy, we will be constitutively dealing in the ideas of earlier economists, contemporary secondary literature, and archive materials. Plagiarism and poor scholarship will not be tolerated. The Brown Writing Center defines plagiarism as “appropriating another person’s ideas or words (spoken or written) without attributing those word or ideas to their true source.” The consequences for plagiarism are often severe, and can include suspension or expulsion. This course will follow the guidelines in the Academic Code for determining what is and isn’t plagiarism:

“In preparing assignments a student often needs or is required to employ outside sources of information or opinion. All such sources should be listed in the bibliography. Citations and footnote references are required for all specific facts that are not common knowledge and about which there is not general agreement. New discoveries or debatable opinions must be credited to the source, with specific references to edition and page even when the student restates the matter in his or her own words. Word-for-word inclusion of any part of someone else’s written or oral sentence, even if only a phrase or sentence, requires citation in quotation marks and use of the appropriate conventions for attribution. Citations should normally include author, title, edition, and page. (Quotations longer than one sentence are generally indented from the text of the essay, without quotation marks, and identified by author, title, edition, and page.) Paraphrasing or summarizing the contents of another’s work is not dishonest if the source or sources are clearly identified (author, title, edition, and page), but such paraphrasing does not constitute independent work and may be rejected by the instructor. Students who have questions about accurate and proper citation methods are expected to consult reference guides as well as course instructors.”

We will discuss specific information about your written work in class in more detail, but if you are unsure of how to properly cite material, please ask for clarification. If you are having difficulty with writing or would like more information or assistance, consult the Writing Center, the Brown library and/or the Academic Code.