

Political Science 287/287W/487: Theories of Political Economy

Instructor: James Johnson ☞ Fall Semester 2013

Office Hours: Th 1:30-3:00 ☞ Harkness 312

275-0622 ☞ jd.johnson@rochester.edu

This course is something of an experiment. We will try to establish two things:

[i] why, in substantive terms, politics is more fundamental than economics, and

[ii] why the approach to inquiry that economists adopt nonetheless is useful for illuminating political phenomena.

We will do those things by reading and discussing the work of some extremely accomplished economists. Each and every one of the readings for the course was written by individuals (nearly all men) who have won the Nobel Prize in economics. (See http://www.nobelprize.org/nobel_prizes/economics/laureates/.)

Two immediate caveats are in order. First, this is not an economics course. Second, you don't need any economics to take this course. It will help if you've had some. And I hope your work here will encourage you to go take some economics.

Among the topics we will take up are: the historical trajectory of political-economic thinking; disagreement, both intellectual and political, among economists; the use of models and the aims of political-economic inquiry.

Course requirements. Several matters are important here. First, class attendance is not optional. I expect you to come to class and to explain why you miss class if need be. Second, you should come to class prepared. That means do the assigned readings. These readings grapple with difficult ideas but they are generally not technically demanding. Indeed, we will not dwell overly much on technical matters. Third, there are two written assignments for the course. These are take home exams to be distributed and due on the dates indicated on the syllabus. Full instructions for the assignments will be provided at the time of the exam. But you can anticipate having to respond to two questions and to write about eight standard typed pages (total) for each exam. Fourth, please note the dates of these exams now. Except under the most dire of circumstances, *I will not accept late exams*. Finally, your grade for the course will reflect your performance on written assignments (I will weight them equally) with class participation considered as an additional factor at the margins. Smart, regular participation will get you bumped up.

N.B.: If you are taking this course for W credit, you will need to do an additional paper on a relevant topic that you work out in consultation with me. *You should contact me early in the term (during office hours preferably) to get started on this.*

N.B.: I will meet graduate students enrolled in PSC 487 for additional group sessions periodically (scheduling to be determined) to discuss some additional readings. I will expect you to produce short response papers on readings for these sessions.

Books (marked *) have been ordered at the UR Bookstore but should be available used from your preferred e-purveyor as well. Other readings will be available on the course Blackboard page.

Section I: What Do Economists Study? How Do They Study It? And What Does that Have To Do With Political Theory?

Robert Solow. 1997. "How Did Economics Get That Way and What Way Did It Get?" *Daedalus* 126:39-58.

Milton Friedman. 1953. "The Methodology of Positive Economics." In *The Philosophy of Economics*. Ed. Daniel Hausman. Cambridge UP, 2008. Pages 145-78.

Gary Becker. 1976. "The Economic Approach to Human Behavior." In *The Economic Approach to Human Behavior*. University of Chicago Press. Pages 3-14.

* Thomas Schelling. 1978. *Micromotives and Macrobehavior*. W.W. Norton. Chapters 1-3.

Amartya Sen. 1977. "Rational Fools," *Philosophy & Public Affairs* 6: 317-344.

Gary Becker. 1976. "A Theory of Social Interactions." In *The Economic Approach to Human Behavior*. University of Chicago Press. Pages 253-81.

Amartya Sen. 1990. "More Than 100 Million Women Are Missing" *New York Review of Books* (December 20).

Amartya Sen. 1990. "Gender and Cooperative Conflicts." In *Persistent Inequalities*. Ed. Irene Tinker. Oxford University Press. Pages 123-49.

Section II: Thinking About Markets & Their Limits

Kenneth Arrow. 1974. "General Economic Equilibrium," *American Economic Review* 64(3): 253-74.

August von Hayek. 1945. "The Use of Knowledge in Society," *American Economic Review* 35:519-530.

Kenneth Arrow. 1994. "Methodological Individualism & Social Knowledge," *American Economic Review* 84(2):1-9.

* Ronald Coase. 1988. *The Firm the Market & the Law*. University of Chicago Press. Chapters 1,2,5,6,7.

George Akerlof. 1970. "The Market for Lemons," *The Quarterly Journal of Economics* 84: 488-500.

Joseph Stiglitz. 2002. "Information and the Change in the Paradigm in Economics," *American Economic Review* 92(3): 460-501.

Section III: Strategic Interaction

Roger Myerson. 2007. *Force And Restraint In Strategic Deterrence*. (Strategic Studies Institute, U.S. Army War College, Carlisle, PA).

Robert Aumann. 2006. "War & Peace," *Proceedings of the National Academy of Sciences* 103(46): 17075-78.

* Thomas Schelling. 1978. *Micromotives and Macrobehavior*. W.W. Norton. Chapters 4-8.

* Thomas Schelling. 1960. *The Strategy of Conflict*. Harvard University Press.
Roger Myerson. 2009. "Learning from Schelling's *The Strategy of Conflict*," *Journal of Economic Literature* 47:1109-1125.

Section IV: Political-Economic Institutions

* Friedrich Hayek. 1973. *Law, Legislation & Liberty*. University of Chicago Press.

* Douglass North. 1990. *Institutions, Institutional Change & Economic Performance*. Cambridge University Press.

* Elinor Ostrom. 1990. *Governing the Commons*. Cambridge University Press.

Section V: Well-Being & Measurement

* Amartya Sen. 1999. *Development as Freedom*. Knopf.

* Joseph Stiglitz, et. al. 2010. *Mis-measuring Our Lives: Why GDP Doesn't Add Up*. New Press.

Class Schedule

We will *aspire* to keep to this schedule of readings.

September

3 - Introduction
5 - Solow

10 - Friedman; Becker
12 - Schelling; Sen

17 - Becker; Sen
19 - Arrow

24 - Hayek; Arrow
26 - Coase

October

1 - Coase
3 - Akerlof; Stiglitz

8 - Fall Break, No Class
10 - Catch Up

15 - Myerson; Aumann
Mid-Term Distributed

17 - Myerson; Aumann

22 - Schelling
Mid-Term Due

24 - Schelling

29 - Catch Up
31 - Hayek

November

5 - Hayek
7 - North

12 - North
14 - Ostrom

19 - Ostrom
21 - Sen

26 - Sen
28 - Thanksgiving, No Class

December

3 - Sen
5 - Stiglitz

10 - Stiglitz
12 - Catch Up
Final Exam Distributed

19 - Final Exam Due (Noon)