

*Preliminary Syllabus*  
University of California, Irvine  
(Honors) Economics H155  
Winter 2021

***Political Economy***  
Tu and Th 3:30-4:50 pm  
Instructor: Stergios Skaperdas  
Zoom room: <https://uci.zoom.us/j/9846629880>

**Course open to all Honors students** (not just economics majors) and others who are highly aspiring. The only formal course requirement is that you have taken *one* of the following courses: Econ 20A, Econ 20B, or Econ/IS13

**Course description:** Political Economy seeks to understand the interaction of economics and politics. The course will examine topics such as the following: externalities and public goods; the role of government in the economy; lobbying and money in politics; causes of the Great Recession; the nature and the role of nation-state in the economics. (The particular topics that will be covered will be partly determined by the interests of the students in the class.) The course will be combining both lectures and class discussion. Students will be doing readings in advance and student participation will be encouraged. The format of the course will be facilitated by the small number of students and will try to emulate the experience of similar courses in liberal arts colleges.

**Expectations from students:** Before class, email a question about the reading that you would like answered, participate to the extent possible in class discussion; a choice between a presentation/take-home-exam and a paper towards the end of the course.

**Topics and Readings.** Below are the currently planned topics and readings. At the end there are additional topics and readings that could potentially be covered (and substitute others currently planned) depending on the interests of the students in the class.

- *Governments and Markets (Classes 1 and 2)*  
Powerpoint slides
- *Externalities and Public Goods (Classes 3 and 4)*  
Any textbook or wikipedia
- *Policy Formation (Class 5)*  
Powerpoint slides
- *Cost-Benefit Analysis for Public Projects (Class 6)*  
Any textbook or wikipedia
- *Innovation and the Modern State (Class 7)*  
Mazzucato, Mariana, *The Entrepreneurial State: Debunking Public vs. Private Sector Myths (Revised Edition)*, 2015, Public Affairs. (Introduction, Chs. 2, 4,5, 8, and 9.)
- *The Great Recession and its Aftermath (Classes 8 and 9)*  
Mian, Atif and Amir Sufi, *House of Debt: How They (and You) Caused the Great Recession, and How We Can Prevent It from Happening Again*, 2014, University of Chicago Press.

Other (optional) readings:

Johnson, Simon and James Kwak, *13 Bankers: The Wall Street and the Next Financial Meltdown*, 2011, Vintage.

Eichengreen, Barry, *Hall of Mirrors: The Great Depression, The Great Recession, and the Uses-and Misuses-of History*, 2015, Oxford University Press

- *A Critical Overview of the Political Economy of the US (Classes 10 and 11)*

Baker, Dean, *Rigged: How Globalization and the Rules of the Modern Economy Were Structured to Make the Rich Richer*, 2016, Washington, DC: Center for Economic and Policy Research  
<https://deanbaker.net/images/stories/documents/Rigged.pdf>

Other (optional) readings:

Gillens, Martin and Benjamin Page, "Testing Theories of American Politics: Elites, Interest Groups, and Average Citizens," *Perspectives on Politics*, Sept. 2014, 12(3), 564-581.

Blanes i Vidal, Jordi, Mirko Draca and Christian Fons-Rosen, "Revolving Door Lobbyists," *American Economic Review*, December 2012

Page, Benjamin I and Gilens, Martin, *Democracy in American? What Has Gone Wrong and What We Can Do about It*, 2017, University of Chicago Press.

- *Property rights and markets (Class 12)*

Hodgson, Geoffrey, *Conceptualizing Capitalism: Institutions, Evolution, Future*, 2015, University of Chicago Press. (Chs 3-5.)

- *Pre-Modern States (Classes 13 and 14)*

Skaperdas, Stergios, "The Political Economy of Organized Crime: Providing Protection When the State Does Not," *Economics of Governance*, 2001 (2), 173-202.

Skaperdas, Stergios and Samarth Vaidya, "Why did pre-modern states adopt Big-God religions?," *Public Choice*, 2020.

Piketty, Thomas, *Capital and Ideology*, 2020, Belknap Press. (Chs 1,2, and 6)

- *Peculiarities of Modern Democracy (Class 15)*

Stasavage, David, *The Decline and Rise of Democracy: A Global History from Antiquity to Today*, 2020, Princeton University Press. (Chs 9-10)

- *On the Modern State (Class 16)*

Mann, Michael, *The Sources of Social Power II: The Rise of Classes and Nation-states, 1760-1914*, 1993, Cambridge University Press. (Chs 1-3)

- *Nation Building (Class 17)*

Wimmer, Andreas, *Nation Building: Why Some Countries Come Together While Others Fall Apart*, 2018, Princeton University Press. (Introduction, Chs 6-8.)

- *Post-war political trends in the West (Class 18)*

Piketty, Thomas, *Capital and Ideology*, 2020, Belknap Press. (Ch 15)

- *Globalization and Democracy (Class 19)*

Hayek, Friedrich A., 1939. "The Economic Conditions of Interstate Federalism", re-printed in *Individualism and Economic Order*, 1948, pp. 255-72, Chicago: Chicago University Press

Dani Rodrik, *The Globalization Paradox: Democracy and the Future of the World Economy*, 2011, Cambridge University Press.

Other (optional) readings:

Crouch, Colin, *Post-Democracy*, 2008, Polity Press, Cambridge, UK.

Streeck, Wolfgang, *Buying Time: The Delayed Crisis of Democratic Capitalism*, 2014, Verso, London.

Skaperdas, Stergios, "Myths and Self-Deceptions about the Greek Debt Crisis," *Revue d'économie politique*, November/December 2015, 168, 755-785

Klein Matthew and Pettis, Michael, *Trade Wars Are Class Wars: How Rising Inequality Distorts the Global Economy and Threatens International Peace*, 2020, Yale University Press.

- *Closing Remarks (20)*  
Powerpoint slides

Other topics (that could substitute those above or for your own further reading):

- *Deaths of Despair*

Case, Ann and Deaton, Angus, *Deaths of Despair and the Future of Capitalism*, 2020, Princeton University Press.

- *On the Emergence of the Modern State*

North, Douglass C. and Weingast, Barry, "Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England," *Journal of Economic History*, December 1989.

Dincecco, Mark, *Political Transformations and Public Finances: Europe 1650-1913*, 2013, Cambridge University Press. (Chs 1-4)

North, Douglass C, Wallis, John and Weingast, Barry, *The Nation State and Violence*, 2009, Cambridge University Press.

Lindert Peter H., *Growing Public: Social Spending and Economic Growth Since the Eighteenth Century, Vol. 1: The Story*, 2004, Cambridge University Press.

- *Regulation and Regulatory Capture*

Carpenter, Daniel and Moss, David A.(eds.), *Preventing Regulatory Capture: Special Interest Influence and How to Limit it*, 2014, Cambridge University Press.

- *Income and Wealth Inequality*

Stiglitz, Joseph, *The Price of Inequality: How Today's Divided Society Endangers our Future*, 2013, Norton.

Milanovic, Branko, *The Haves and the Have-Nots: A Brief and Idiosyncratic History of Global Inequality*, 2010, Basic Books

Piketty, Thomas, *Capital in the 21<sup>st</sup> Century*, 2014, Belknap Press.

- *Anarchy and Anarchism (and Libertarianism)*

Leeson, Peter, *Anarchy Unbound: Why Self-Governance Works Better Than you Think*, 2014, Cambridge University Press. [Last four chapters]

Skaperdas, Stergios, "The Political Economy of Organized Crime: Providing Protection When the State Does," *Economics of Governance*, 2001.

Scott, James C., *Two Cheers for Anarchism*, 2012, Princeton University Press.

Latest revision: March 5, 2021