

POLITICAL ECONOMY AND ITS FUTURE SPRING 2022  
GENED 1054  
HLS 2390  
HKS DEV 233  
MONDAYS 9:30-11:30 AM

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The world's economic and political order reels under mounting challenges that predate the Covid pandemic, and have deepened in its aftermath: climate change, global financial fragility, the austerity debacle, a slowdown in economic growth and productivity, the aggravation of inequality and the inadequacy of conventional responses to it, the discrediting of the Washington Consensus, the globalization backlash, the re-emergence of nationalist politics in Europe and the United States, and a contest over the meaning, value, and requirements of democracy. We examine connections among these phenomena and explore alternative ways of thinking about contemporary market economies and their reconstruction. We organize the course around four related themes: the worldwide financial and economic crisis of the recent past and its management; the effort to promote socially inclusive economic growth in richer as well as in poorer countries; the nature, fate, and dissemination of the new knowledge-intensive style of production; and the past, present, and future of globalization.

Students should have some previous acquaintance with economics, but no advanced economic training is required. The course is open to undergraduate and graduate students outside as well as within economics. Readings will be drawn from the classic and contemporary literatures of economics, political science, philosophy, and social theory.



Course requirements differ according to the degree programs, but there will be extensive writing requirements for all students (see below).

### ASSIGNED BOOKS

There are five assigned books, all available in paperback, for purchase at the Harvard Square Coop or on Amazon. RMU's books are also available for free on his website: robertounger.com

Dani Rodrik, *Economics Rules: The Rights and Wrongs of the Dismal Science*, Norton

Dani Rodrik, *The Globalization Paradox: Democracy and the Future of the World Economy*, Norton

Roberto Mangabeira Unger, *Democracy Realized: The Progressive Alternative*, Verso

Roberto Mangabeira Unger, *The Knowledge Economy*, Verso

Roberto Mangabeira Unger, *The Left Alternative*, Verso

The reading assignments not contained in these books are available on the internet or will be posted on the course website.

### WRITING REQUIREMENTS

Undergraduates: During the semester undergraduates will write two brief papers. The first paper will be due electronically on **February 22**, 10 p.m. The second paper will be due electronically by **March 21**, 12 noon.

Each of papers, on topics to be set, will respond to a major problem or idea discussed in the course up to that time. Each will be between 6 and 10 double-spaced pages long. Each will count for 20% of the final grade.

In lieu of a final examination, undergraduate students will write an extended take-home examination. This final paper or examination will provide you with an occasion to respond to a central aspect of the argument of the course. It should have a minimum of 15 and a maximum of 20 double-spaced pages. The topic or topics will be described in class on **March 21**. The paper will be due by 4 p.m. on



**Thursday, April 28** (TBC, no extensions). The final examination paper will count for 50% of the final grade for undergraduates. 10% of the final grade for undergraduates will be attributed to participation in section.

Kennedy School students: HKS students will write a three-page essay (12 pt font, double-spaced, with 1" margins all around) before each week's class (except for the first class). The essays will be on a predetermined topic posted in advance. Their grade will be based on these essays (80%) and class participation (20%).

All other graduate students: The grade for all other graduate students, including law students, will be based entirely on a final take-home examination, which will be for them the only writing requirement in the course. The details for this final take-home examination are the same as described in the guidance to undergraduates above.

## EXPECTATIONS OF PROFESSIONALISM

You are expected to abide by the University policies on academic honesty and integrity as given in the Student Handbook. Violations of these policies will not be tolerated and are subject to severe sanctions up to and including expulsion from the university. While study groups are encouraged, their proper purpose is not to do the writing assignments, but to help you think through the material. Each student is responsible for writing up and submitting the assignments. Group-constructed assignments are not acceptable.

## ACADEMIC ACCOMMODATIONS STATEMENT

Any student needing academic adjustments or accommodations is requested to present their letter from the Accessible Education Office (AEO) (<https://aeo.fas.harvard.edu/>) and speak with the professors or the teaching fellow by the end of the second week of the term. Failure to do so may result in the course head's inability to respond in a timely manner. All discussions will remain confidential, although AEO may be consulted to discuss appropriate implementation.



## COURSE OUTLINE

1	January 24	Previewing the debates: economics, inequality, and the rise of populism and illiberalism in advanced and developing economies
2	January 31	The debates about economic growth and development
3	February 7	The challenge and opportunity presented by today's knowledge economy a. the nature and consequences of the insular knowledge economy
4	February 14	The challenge and opportunity presented by today's knowledge economy b. the alternative futures of the knowledge economy
	February 21	Presidents' Day – No Class
5	February 28	The market order and its reconstruction a. economics, institutions, and the possibility of alternative institutional forms of the market economy
6	March 7	The market order and its reconstruction b. the market order and inequality: the contrast between corrective redistribution and institutional change influencing the primary distribution of economic advantage
	March 14	Spring Break – No Class
7	March 21	The market order and its reconstruction c. the relation between finance and the real economy as a context for reshaping the market order
8	March 28	The market order and its reconstruction d. the relation between labor and capital as a context for reshaping the market order
9	April 4	Climate change: alternative market orders and the governance of technological change towards a green economy
10	April 11	Globalization and alternative globalizations: the international counterpart to these national debates
11	April 18	Rethinking political economy: the struggle over the shape of the market order and the contest over ways of thinking over economics



## CLASS SEQUENCE AND READING ASSIGNMENTS FOR EACH CLASS

### Class 1 (Jan 24)

#### **Previewing the debates: economics, inequality, and the rise of populism and illiberalism in advanced and developing economies**

Yochai Benkler, "Power and Productivity: Institutions, Ideology, and Technology in Political Economy," in *Political Economy and Justice*, edited volume, forthcoming.

Michael Lind, "The New Class War," *American Affairs*, Summer 2017, <https://americanaffairsjournal.org/2017/05/new-class-war/>.

Dani Rodrik, "Populism and the Economics of Globalization," *Journal of International Business Policy*, vol. 1, 2018.

RMU, "The Dictatorship of No Alternatives," "The Disorientation of the Left," "The Reorientation of the Left," "Two Conceptions of the Left," *The Left Alternative*, pp. 1-41, 149-163.

### Class 2 (Jan 31)

#### **The debates about economic growth and development**

Robert J. Gordon, "The Demise of U.S. Economic Growth: Restatement, Rebuttal, and Reflections," NBER Working Paper No. 19895, February 2014.

Dani Rodrik, "The Past, Present, and Future of Economic Growth," in Franklin Allen and others, *Towards a Better Global Economy: Policy Implications for Citizens Worldwide in the 21st Century*, Oxford University Press, Oxford and New York, 2014.

RMU, "Democratic Experimentalism" from *Democracy Realized: The Progressive Alternative*, pp. 3-29.

RMU, *The Knowledge Economy*, pp. 189-226.



### **Classes 3 and 4 (Feb 7 and Feb 14)**

#### **The challenge and opportunity presented by today's knowledge economy**

##### **a. the nature and consequences of the insular knowledge economy**

MIT Task Force on the Work of the Future, “Shaping Technology and Institutions,” Fall 2019,  
[https://workofthefuture.mit.edu/sites/default/files/2019-09/WorkoftheFuture\\_Report\\_Shaping\\_Technology\\_and\\_Institutions.pdf](https://workofthefuture.mit.edu/sites/default/files/2019-09/WorkoftheFuture_Report_Shaping_Technology_and_Institutions.pdf).

Erik Brynjolfsson and Andrew McAfee, *The Second Machine Age*, pp. 2-12, 71-88.

Daron Acemoglu, “It’s Good Jobs Stupid,” EfIP Policy Brief, June 2019,  
<https://econfp.org/wp-content/uploads/2019/06/Its-Good-Jobs-Stupid.pdf>.

##### **b. the alternative futures of the knowledge economy**

Daron Acemoglu, “AI’s Future Doesn’t Have to be Dystopian,” *Boston Review*, May 2021, <https://bostonreview.net/forum/ais-future-doesnt-have-to-be-dystopian/>.

Mariana Mazzucato, “Mission-Oriented Innovation Policies: Challenges and Opportunities,” *Industrial and Corporate Change*, Vol. 27, No. 5, pp. 803- 815.

RMU, from “Vanguards and Rearguards” and “Three Programs for the Reorganization of Firms” from *Democracy Realized: The Progressive Alternative*, pp. 30-41, 41-71.

RMU, *The Knowledge Economy*, pp. 1-56, 159-188, 277-287.

### **Classes 5, 6, 7, and 8 (Feb 28, Mar 7, Mar 21, Mar 28)**

#### **The market order and its reconstruction**

##### **a. economics, institutions, and the possibility of alternative institutional forms of the market economy**

Dani Rodrik and Stefanie Stantcheva, “Fixing Capitalism’s Good Jobs Problem,” *Oxford Review of Economic Policy*, 2021,  
<https://drodrik.scholar.harvard.edu/publications/fixing-capitalism%E2%80%99s-good-jobs-problem>.



Peter A. Hall and David Soskice, "Introduction" from *Varieties of Capitalism*, pp. 1-68.

RMU, "A Progressive Alternative" from *Democracy Realized: The Progressive Alternative*, pp. 133-212.

Daron Acemoglu and James A. Robinson, "Why Nations Fail Today" from *Why Nations Fail*, pp. 368-403.

**b. the market order and inequality: the contrast between corrective redistribution and institutional change influencing the primary distribution of economic advantage**

Olivier Blanchard and Dani Rodrik, "We Have the Tools to Reverse the Rise in Inequality," Peterson Institute for International Economics, November 20, 2019.

Dani Rodrik and Charles Sabel, "Building the Good-Jobs Economy," November 2019.

Sandra Black and Jesse Rothstein, "An Expanded View of Government's Role in Providing Social Insurance and Investing in Children," EfIP Policy Brief, January 2019, <https://econfip.org/wp-content/uploads/2019/02/3.An-Expanded-View-of-Governments-Role.pdf>.

RMU, *The Knowledge Economy*, pp. 71-82.

RMU, "The Search for Alternatives to Neoliberalism in the Developing Countries" from *Democracy Realized: The Progressive Alternative*, pp. 52-71, 79-132.

RMU, "The Reinvention of Social Democracy" from *The Left Alternative*, pp. 83- 97 and from the same book "Preface to the German-language edition", pp. 171- 188.

**c. the relation between finance and the real economy as a context for reshaping the market order**

Anat R. Admati, "Towards a Better Financial System, EfIP Policy Brief, January 2019, <https://econfip.org/wp-content/uploads/2019/02/2.Toward-a-Better-Financial-System.pdf>.

Simon Johnson. "The Quiet Coup," *The Atlantic*, May 2009.



Luigi Zingales, “Does Finance Benefit Society?” January 2015, <http://faculty.chicagobooth.edu/luigi.zingales/papers/research/finance.pdf>.

Tamara Lothian, “The Institutional Variability of the Relation of Finance to the Real Economy,” *Law and the Wealth of Nations: Finance, Prosperity, and Democracy*, pp. 12-17, 201-207.

**d. the relation between labor and capital as a context for reshaping the market order**

Lawrence Mishel and Josh Bivens, “Identifying the Policy Levers Generating Wage Suppression and Wage Inequality,” Economic Policy Institute, May 2021, <https://files.epi.org/uploads/215903.pdf>.

RMU, *The Knowledge Economy*, pp. 63-69.

Suresh Naidu, “Worker Collective Action in the 21<sup>st</sup> Century Labor Market,” EfIP Policy Brief, January 2019, <https://econfip.org/wp-content/uploads/2019/02/8.Worker-Collective-Action-in-the-21th-Century-Labor-Market.pdf>.

Arindrajit Dube, “Using Wage Boards to Raise Pay,” EfIP Policy Brief, December 2018, <https://econfip.org/wp-content/uploads/2019/02/4.Using-Wage-Boards-to-Raise-Pay.pdf>.

José Azar, Ioana Marinescu, and Marshall Steinbaum, “Antitrust and Labor Market Power,” EfIP Policy Brief, May 2019, <https://econfip.org/wp-content/uploads/2019/05/Antitrust-and-Labor-Market-Power.pdf>.

Jonathan B. Baker and Fiona Scott Morton, “Confronting Rising Market Power,” EfIP Policy Brief, May 2019, <https://econfip.org/wp-content/uploads/2019/05/Confronting-Rising-Market-Power.pdf>.

**Class 9 (Apr 4)**

**Climate change: alternative market orders and the governance of technological change towards a green economy**

Charles Sabel and David Victor, *Fixing the Climate: Strategies for an Uncertain World*, Princeton University Press, 2022, forthcoming, chaps. 3, 4, 5.



Dani Rodrik, “Green Industrial Policy,” *Oxford Review of Economic Policy*, vol. 30 (3), Autumn 2014, 469-491, <https://drodrik.scholar.harvard.edu/publications/green-industrial-policy>.

Garth Heutel, “In Defense of Alternatives to Pollution Pricing,” EfiP Policy Brief, May 2020, <https://econfip.org/wp-content/uploads/2020/05/26.In-Defense-of-Alternatives-to-Pollution-Pricing.pdf>.

## **Class 10 (April 11)**

### **Globalization and alternative globalizations: the international counterpart to these national debates**

Dani Rodrik, *The Globalization Paradox: Democracy and the Future of the World Economy*, chaps. 9-12.

Gabriel Zucman, Taxing Multinational Corporations in the 21<sup>st</sup> Century,” September 2018, <https://econfip.org/wp-content/uploads/2019/02/10.Taxing-Multinational-Corporations-in-the-21st-Century.pdf>.

RMU, *Free Trade Reimagined: The World Division of Labor and the Method of Economics*, pp. 166-212.

## **Class 11 (April 18)**

### **Rethinking political economy: the struggle over the shape of the market order and the contest over ways of thinking over economics**

RMU, *The Knowledge Economy*, pp. 227-276.

Dani Rodrik, *Economics Rules*, chaps. 1, 2, 5, 6.

Suresh Naidu, Dani Rodrik, and Gabriel Zucman, “Economics after Neoliberalism,” *Boston Review*, 2019 (with comments from M. Steinbaum, A. Evans, C. Robin, M.E. Peters, W. Easterly, D. Satz, E. Bueno De Mesquita, A. Subramanian, Complexity economists, C. Orr, and O. Cass) <http://bostonreview.net/forum/suresh-naidu-dani-rodrik-gabriel-zucman-economics-after-neoliberalism>.