Introductions, etc.

- Beverly Crawford
- Natalie Ahn
- Austin Land
- Suzanne Merkelson
- The syllabus is at:
  - [http://bev.berkeley.edu](http://bev.berkeley.edu)
  - Facebook Group: “Political Economy”
  - Book: The Political Economy Reader
  - Other readings online
  - i>clicker
- Housekeeping
- Terms and Conditions
A real world dilemma: The aftermath of Hurricane Sandy
“Price Gouging” or simply price that reflects supply and demand?
Two of the three most important forces in human life—politics and economics—are inextricably linked but two forces which actually oppose one another in the present period.

The relationship between power and wealth. Two of the most important driving forces in the world today.

The psychology of political economy is not very attractive:
– pursuit of wealth driven by greed and envy;
– pursuit of power driven by pride and insecurity.

They are related.

Is there a difference between power and wealth? Don't both involve the control of vast amounts of resources? Yes, but with wealth you control only material resources that can be translated into money.

With power, you control resources that aren't tangible—wealth gives you material goods to satisfy your greed for more things—power gives you something else that every human being wants—recognition and security.

Indeed, most of life is dominated by this non-materialistic need for respect and recognition—and security.
Looking more closely at Purpose.....

• Purpose is the foundation of Policy
• Based on a set of values and principles of Justice
  – values about what people deserve,
  – Principles determining what is Just.
• How can we KNOW?
Should health care be distributed through the market mechanism?

1) Yes

2) No: Government should provide health care
Reason as a guide to Purpose of Policy in Political Economy:

– Start with a real **problem** (usually in political economy, a problem that involves the production and distribution of power and wealth)

– Examine your **opinion** of how that problem should be solved

– What are your **reasons** behind those convictions? (I believe something is right or wrong because....)

– On what **principle** is that reason based?
Three Principles

- McCain's position when he advocated free trade...

- The Second Approach we will discuss is based on the principle of equality—or more broadly, a critique of Liberalism that focuses on "fair" distribution. Because the market creates winners and losers...

- The Third Approach is based on the principle of community. That markets encourage selfishness of individuals, but that the economy should work for the broader community. The community at whatever level should control the market for the good of the community— the nation as a whole. This approach also says that the state should run the economy, but it should allow markets to operate. The state, however, must make sure that no other economic powers exploit its economy. It protects its own economy and promotes its businesses abroad. It is not laissez-faire.

Community
All debates in political economy are over these three principles

• Conflict among the three principles and the three ideas about justice that they represent.

• Examples:
  – Taxing the wealthy to help the poor
  – Affirmative Action
Plan of the Course:  I. Theories

I. Theories of Political Economy
   A. The Political Economy of Freedom: Economic Liberalism—classical and neo
   B. The Political Economy of Equality
      1. Liberal Equality
      2. Radical Equality
   C. The Political Economy of Community:
      1. Community, Culture, and Nation
      2. Protectionism and Economic Nationalism
Plan of the Course: II. Theory and Reality

A. Freedom in Crisis: Depression, Fascism, and War
B. Limiting freedom in the wake of Depression and War
   1. International Institutions
   2. The Welfare State
C. The Political Economy of Development
   1. Economic Liberal Explanations
   2. Inequality and Underdevelopment
   3. Institutional Arguments for Development:
D. Theories and Practice of Globalization: Does Globalization
   1. Expand freedom?
   2. Weaken the economic Community?
   3. Cause Cultural Conflict?
   5. Cause Resource Scarcity, Exploitation, and Environmental Degradation:
III. Summary and Conclusions: Toward new Theories of Political Economy
Terms and Conditions

• Required attendance at all class sessions
• Come to class on time
• Class participation (lecture and section, Facebook Group)
• Complete reading for each session before class
• No use of lap tops, iPads, other tablets in class…take notes with pen/pencil and paper
• Required subscription to the Wall Street Journal newspaper (digital edition is ok)
• Assignments: Short exam, Midterm, Final, and section assignments as part of your participation grade
• Short in class exam September 19
• In-Class Midterm is tentatively scheduled for October 10
• In-Class Final Exam is scheduled for TUESDAY, DECEMBER 17, 20113 8-11A
  – PLEASE DO NOT BUY PLANE TICKETS OR MAKE OTHER PLANS. THERE WILL BE NO EARLY OR LATE EXAMS.
Takeaways.....

• Political Economy is about Power, Wealth and Purpose
• This class is about exposing your (and others’) unconscious rationalizations about purpose
• You will become experts in the three “schools” of thought, or principles, behind alternative policies
• You will see the ways that these have been applied in various issue areas of political economy.