

POLITICAL ECONOMY AND ITS FUTURE
SPRING 2025

GOV – 1025 | LAW – 2390 | KENNEDY SCHOOL – DEV 233
MONDAY 1PM-3PM

FACULTY	ASSISTANT
Dani Rodrik Rubenstein 334 dani_rodrik@hks.harvard.edu	Jessica De Simone jessica_de_simone@hks.harvard.edu
Roberto Mangabeira Unger Areeda 226 Telephone: 617-495-3156 unger@law.harvard.edu	Caroline Fitzgerald Griswold 4 South 617-384-0306 cfitzgerald@law.harvard.edu

COURSE DESCRIPTION

The world’s economic and political order reels under mounting challenges: a slowdown in economic growth and productivity, the climate transition, the aggravation of inequality and the inadequacy of conventional responses to it, the discrediting of neoliberalism, 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 effort to promote socially inclusive economic growth in richer as well as in poorer countries; climate change and the shortcomings of prevailing approaches to the green transition; 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. We will be joined by Professor Daron Acemoglu from MIT for three of our class sessions.

Open to all graduate and undergraduate students. Extended paper/take-home examination at end of course for all but HKS students. HKS students have to prepare weekly memos.

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.

- Daron Acemoglu and Simon Johnson, *Power and Progress: Our Thousand-Year Struggle over Technology and Prosperity*, Public Affairs
- 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 Tuesday, **February 18** at 4pm. The second paper will be due electronically by Monday, **March 24** at 4pm. 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 Monday, **March 24**. The paper will be due by 4 p.m. on **Thursday, April 24** (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 School 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. Similarly, using generative Artificial Intelligence (AI) to complete class assignments would rob you of the learning experiences you came to Harvard for. Working through the course assignments on your own will help you develop your thinking and skills, a key goal of a Harvard education. In this course, the use of AI-generated text is strictly forbidden to produce essays or answer assignment questions. You should not use or incorporate text produced by generative AI.

ACCESSIBILITY AND ACCOMMODATIONS FOR STUDENT LEARNING

Harvard University values inclusive excellence and providing equal educational opportunities for all students. Our goal is to remove barriers for disabled students related to inaccessible elements of instruction or design in this course. If reasonable accommodations are necessary to provide access, please reach out to Accessibility Services at accessibility@law.harvard.edu, (617) 495-8773, 1585 Massachusetts Avenue, Suite 010. Accommodations do not alter fundamental requirements of the course and are not retroactive. Students should request accommodations as early as possible, since they may take time to implement. Students should notify Accessibility Services at any time during the semester if adjustments to their communicated accommodation plan are needed.

COURSE OUTLINE

No.	Date	Title
1	January 27	Previewing the course: economics, inequality, and the rise of populism and illiberalism in advanced and developing countries
2	February 3	The debates about economic growth and development (with D. Acemoglu)
3	February 10	The challenge and opportunity presented by today's knowledge economy: the nature and consequences of the insular knowledge economy
	February 17	NO CLASS – President's Day
4	February 24	The challenge and opportunity presented by today's knowledge economy: the alternative futures of today's knowledge economy (with D. Acemoglu)
5	March 3	The market order and its reconstruction: inequality
6	March 10	The market order and its reconstruction: finance and the real economy
	March 17	NO CLASS – Spring Break
7	March 24	The market order and its reconstruction: labor and capital (with D. Acemoglu)
8	March 31	Climate change and the green transition
9	April 7	Globalization and alternative globalizations: the international counterpart to the national debates
10	April 14	Economics and its possible reorientation
11	April 21	Rethinking political economy

CLASS SEQUENCE AND READING ASSIGNMENTS FOR EACH CLASS

Class 1 (Jan 27)

Previewing the course: economics, inequality, and the rise of populism and illiberalism in the advanced and developing countries

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

Dani Rodrik, "Introduction: Overcoming the Triple Challenge," in Rodrik, *A World of Shared Prosperity*, Princeton University Press, 2025, forthcoming.

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

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 (Feb 3)

The debates about economic growth and development

Acemoglu and Johnson, *Power and Progress*, chaps. 5,6,7.

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 10, Feb 24)

The challenge and opportunity presented by today's knowledge economy

a. the nature and consequences of the insular knowledge economy (Feb 10)

David Autor, David Mindell, and Elisabeth Reynolds, *The Work of the Future: Building Better Jobs in an Age of Intelligent Machines* (Cambridge, MA: The MIT Press, 2020), chaps. 5, 6, 7.

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://econfip.org/wp-content/uploads/2019/06/Its-Good-Jobs-Stupid.pdf>.

b. the alternative futures of the knowledge economy (Feb 24)

Acemoglu and Johnson, *Power and Progress*, chaps. 8, 9, 10, 11.

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, and 7 (Mar 3, Mar 10, Mar 24)
The market order and its reconstruction

a. inequality (Mar 3)

Olivier Blanchard and Dani Rodrik, “We Have the Tools to Reverse the Rise in Inequality” (with O.J. Blanchard), Peterson Institute for International Economics, November 20, 2019.

Dani Rodrik, “Chapter 4: Building A Good Job Economy,” in Rodrik, *A World of Shared Prosperity*, Princeton University Press, 2025, forthcoming.

Sandra Black and Jesse Rothstein, “An Expanded View of Government’s Role in Providing Social Insurance and Investing in Children,” EflP 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.

b. finance and the real economy (Mar 10)

Anat R. Admati, “Towards a Better Financial System,” EflP 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.

c. labor and capital (Mar 24)

Lawrence Mishel and Josh Bivens, “Identifying the Policy Levers Generating Wage Suppression and Wage Inequality,” Economic Policy Institute, May 2021.

Acemoglu and Johnson, *Power and Progress*, chap. 3.

Daron Acemoglu, Andrea Manera, and Pascual Restrepo, “Taxes, Automation and the Future of Labor,” MIT, n.d.,

<https://mitsloan.mit.edu/shared/ods/documents?PublicationDocumentID=7929>.

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

Frank Levy and Peter Temin, “Inequality and Institutions in 20th Century America,” National Bureau of Economic Research, Working Paper 13106, May 2007,

https://www.nber.org/system/files/working_papers/w13106/w13106.pdf.

Suresh Naidu, “Worker Collective Action in the 21st 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-](https://econfip.org/wp-content/uploads/2019/02/4.Using-Wage-Boards-to-Raise-Pay.pdf)

[content/uploads/2019/02/4.Using-Wage-Boards-to-Raise-Pay.pdf](https://econfip.org/wp-content/uploads/2019/02/4.Using-Wage-Boards-to-Raise-Pay.pdf).

Class 8 (Mar 31)

Climate change and the green transition challenge

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

Dani Rodrik, “Chapter 3: Making the Green Transition Happen,” in Rodrik, *A World of Shared Prosperity*, Princeton University Press, 2025, forthcoming.

Elizabeth Thurbon, Sung-Young Kim, Hao Tan, and John A. Mathews, *Developmental Environmentalism: State Ambition and Creative Destruction in East Asia’s Green Energy Transition* (Oxford University Press, 2023), chaps. 1, 3.

Alexander F. Gazmararian and Dustin Tingley, *Uncertain Futures: The Politics of Climate Change* (Cambridge University Press, 2023), chaps. 1, 2.

Class 9 (Apr 7)

Globalization and alternative globalizations: the international counterpart to the national debates

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

Dani Rodrik, "Chapter 7: Remaking Globalization," in Rodrik, *A World of Shared Prosperity*, Princeton University Press, 2025, forthcoming.

Dev Patel, Justin Sandefur, and Arvind Subramanian, "A Requiem for Hyperglobalization: Why the World Will Miss History's Greatest Economic Miracle," *Foreign Affairs*, June 12, 2024, <https://www.foreignaffairs.com/china/requiem-hyperglobalization>.

Dani Rodrik, "How Far Will International Economic Integration Go?," *Journal of Economic Perspectives*, pp. 177-186.

RMU, "A Note on Rodrik's Trilemma."

Class 10 (Apr 14)

Economics and its possible reorientation

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

Gabriel Zucman, "Taxing Multinational Corporations in the 21st century," September 2018.

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

Class 11 (April 21)

Rethinking political economy

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>.