



In the 1920s, as Nicholas Wapshott narrates, “Keynes believed it was a government’s duty to do what it could to make life easier, particularly for the unemployed . Hayek believed it was futile for governments to interfere with forces that were, in their own way, as immutable as natural forces. Keynes rejected adherence to the free market as an inappropriate application of Darwinism [**the survival of the fittest principle**] to economic activities and argued that a better understanding of the workings of an economy would allow responsible governments to make decisions that could iron out the worst effects of the bottom of the business cycle. Hayek eventually came to the conclusion that knowledge about how exactly an economy worked was difficult if not impossible to discover and that attempts to form economic policy based on such evidence were, like a barber practicing primitive surgery, likely to do more harm than good.”<sup>2</sup>

The idea of the Washington consensus was added to the debate in the 1990s. Thus, Narcis Serra, Shari Spiegel, and Joseph E. Stiglitz declared in their 2008 edited volume:<sup>3</sup> “*The point of departure in this book is the Washington Consensus — the set of views about effective development strategies that have come to be associated with the Washington-*

*axiomatically. There were, after all, two other East Asian economies that grew with*

*Returning home to Maryland from that trip, Tom was describing the Tianjin complex and how quickly it was built to Michael [Michael Mandelbaum] and his wife Anne. At one point Anne asked: 'Excuse me, Tom. Have you been to our subway lately?' We all leave in Bethesda and often use Washington Metrorail subway to get to work in downtown Washington, DC. Tom had just been at the Bethesda station and knew exactly what Anne was talking about. The two short escalators had been under repair for nearly six months. While the one being fixed was closed, the other had to be shut off and converted into a two-way staircase. At rush hour, this was creating a huge mess. Everyone trying to get on or off the platform had to squeeze single file up and down one frozen escalator. It sometimes took ten minutes just to get out of the station. A sign on the*

the role of the state between one country and another over time? How does the inter-play between economics and politics (*political economy*) feature in the explanation? How important are the differing historical experiences that created the differing economic and political conditions that influence the size and role of the state over time? Why have major economic and political thinkers differed on the issue of the role of the state versus that of the market in the socioeconomic process? Why has the role of the state versus that of the market become a burning issue among politicians across the globe (particularly in the United States) since the 1980s? These and related questions constitute the central focus of the course.



3. George T. Crane and Abla Amawi (eds.), *The Theoretical Evolution of International Political Economy: A Reader* (Oxford: Oxford University Press, 1991).
4. Jacques Hersh, *The USA and the Rise of East Asia since 1945* (London, New York: Macmillan, St. Martin's Press, 1993).
5. Joseph E. Inikori, *Africans and the Industrial Revolution in England: A Study in International Trade and Economic Development* (Cambridge: Cambridge University Press, 2002).

#### **Electronic Reserve for Required Readings**

- 1 Patrick K. O'Brien, "Mercantilism and Imperialism in the Rise and Decline of the Dutch and British Economies, 1585-1815," *De Economis*

Reagan of the United States and Prime Minister Margaret Thatcher of the United Kingdom.



**Required Reading:** Joseph E. Inikori, *Africans and the Industrial Revolution in England: A Study in International Trade and Economic Development* (Cambridge: Cambridge University Press, 2002), pp. 89-155.

**6      February 28, 2017:**

Presentation and Discussion of 4-page Essays: Students should write their 4-page (typed and double-spaced) essays on **any one** of the following questions (half of the essays will be presented and discussed on February 28, 2017 and the other half on March 7, 2017):

- i)      *In what ways does the historical evidence on the British Industrial Revolution support the argument of the proponents of free markets and minimal government?*
- ii)     *To what extent does the role of the state explain why it was England, and not the Netherlands, that launched the Industrial Revolution?*

**7      March 7, 2017:**

Presentation and Discussion of 4-page Essays Continue

**Readings for the Essays:**

- i)      Inikori, *Africans and the Industrial Revolution in England*, pp. 89-155;
- ii)     Patrick K. O'Brien, "Mercantilism and Imperialism in the Rise and Decline of the Dutch and British Economies, 1585-1815," *De Economist* 148, No. 4 (2000), pp. 471-501.
- iii)    Other readings found by students.

**Spring Break, March 11-19, 2017**

**8      March 21, 2017:**

Differing Development Paths of the Economies of Latin America and the United States, 1850-2000.

**Main questions for the discussion:** i) How important was the role of the state in the economic development of the United States from the late eighteenth century to 1900? ii) What difference did the changing role of the state make to economic development in Latin America between 1850 and 2000? iii) To what extent does the differing role of the state explain the differing levels of development of the economies of Latin America and the United States between 1800 and 1900?

**Required Reading:**

- i)      Price Fishback, et al, *Government and the American Economy: A New History* (Chicago: University of Chicago Press, 2007), pp. 157-187, 338-349, 385-421, 557-568.
- ii)     "The State, the Market, and Economic Development in Latin America" (Text Prepared for the Class by Joseph E. Inikori).
- iii)    Erik S. Reinnert,

**9**      **March 28, 2017:**

Presentation and Discussion of 4-page Essays: Students should write their 4-page (typed and double-spaced) essays on **any one** of the following questions (half of the essays will be presented and discussed on March 28, 2017, and the other half on April 4, 2017):

- i)      *In what ways does the path of socioeconomic development in the United States from the late eighteenth century to the present contribute to our understanding of the issues in the state-market debate?*
- ii)     *In what ways does the path of socioeconomic development in Latin America from 1850 to 2000 contribute to our understanding of the issues in the state-market debate?*

**10**      **April 4, 2017:**

Presentation and Discussion of 4-page Essays Continue

**Readings for the Essays:**

- i)      Price Fishbac126 527..2 (r(n t) 09T3.76 cm BT 50 6,j ET Q 0.24 0 0 0.24 108 502.08.24 265.'



- 7 Pedro-Pablo Kuczynski and John Williamson (eds.), *After the Washington Consensus: Restarting Growth and Reform in Latin America* (Washington, DC: Institute for International Economics, 2003).
- 8 Jomo K. S. and Ben Fine (eds.), *The New Development Economics: After the Washington Consensus* (London, New York: Zed Books, 2006).
- 9 Shahid Javed Burki & Guillermo E. Perry, *Beyond the Washington Consensus: Institutions Matter* (Washington, DC: World Bank, 1998).
- 10 Alex Callinicos, *The Revenge of History: Marxism and the East European Revolutions* (University Park, PA: Pennsylvania State University Press, 1991).
- 11 Tony Cliff, *State Capitalism in Russia* (London, 1988).
- 12 Victor Bulmer-Thomas, *The Economic History of Latin America Since Independence* (3rd ed., Cambridge: Cambridge University Press, 2014).
- 13 Patrice M. Franko, *The Puzzle of Latin American Economic Development* (3<sup>rd</sup> edition, New York: Rowman & Littlefield, 2007).
- 14 Alice H. Amsden, *Escape from Empire: The Developing World's Journey Through Heaven and Hell* (Cambridge, Massachusetts: MIT Press, 2007).