

**POL581Q: COMPARATIVE POLITICAL ECONOMY
OF POST-INDUSTRIAL COUNTRIES
FALL 2007**

Professor: Davidson-Schmich

E-mail: davidson@miami.edu

Class meets Tues., Thurs. 12:30-1:45 (MM108)

Phone: (305) 284-2143

Office Hours: (Room 314J Jenkins Building)
Mon. 9:30 – 11:30; Wed. 10:30-12:30; after class; by
appointment

Class Web Site:
Blackboard

I. Course Objectives: The increasing mobility of global capital, the rise of information technology, and the increasing ability of “developing” countries to compete with long-industrialized countries like the United States have created a new “post-industrial” capitalism. Some scholars argue this form of capitalism reduces or even eliminates the ability of national governments to influence domestic economic policy. Other scholars, however, claim that despite all the changes that have occurred, national governments are still able to significantly shape economic life within their borders. Assuming that governments *can* influence the economy, many academics, politicians, and other commentators debate what actions governments *should* take to shield citizens from the pressures of the global marketplace. Such discussions are not new, however; since the industrial revolution first occurred, political scientists and economists have debated what role the state can and should play in the economy.

In this seminar, we will examine four key turning points in the development of capitalism: the industrial revolution, the aftermath of the great depression and two world wars, the oil crisis of the 1970s, and the current trend toward globalization. In each of these periods we will compare the relationships between government and the economy in Western Europe, the United States, and other industrialized countries such as Japan. At each stage of development we will seek to explain why different countries have reacted similarly or differently to identical changes in the world economy. We will investigate a number of different explanations of the outcomes observed. We will then compare the different ways in which these scholars reach their conclusions: What variables do they consider? How do they measure them? What mechanisms link the various parts of authors’ explanations? Which explanations do we find more convincing and why?

II. Graded Assignments: Seminars only work when all the participants come to class prepared to discuss the assigned readings. In order to make sure that you are prepared, I will ask you to prepare written answers to discussion questions about the course readings each week. The readings for this course will be difficult and the questions are designed to help you make sense of them. The answers should be written *in your own words!* Don't just copy phrases out of the text. You won't be graded on how correctly or elegantly you answer the questions, but rather how thoroughly you try. It is perfectly acceptable to write that you are confused and explain what it is you don't understand. These are highly technical readings that probably won't be easy to

understand and I don't expect that you'll get all answers right. Reading questions can be accessed on the class website and your answers must be turned in at the end of class each Thursday. (Because Rosh Hashanah, Succoth, and Shemini Atzereth fall on Thursdays, affected students may turn in reading questions the following Tuesday provided they notify me in advance of the holiday.) There will be 12 Thursdays this semester excluding the first week of class, the week of the mid-term, and Thanksgiving. You are allowed to miss answering questions for 4 of these weeks, so your grade will be based on a total of 8 answers (2 points each). These responses and your participation in class discussions will comprise 20% of your grade.

The second 30% of your grade will be based on your answers to a mid-term essay question. I will give you an essay question on October 11 and your ca. 10 page response will be due at the start of class October 18. The essay will be based on your analysis of course readings.

The final 50% of your grade will be based on a take-home final exam. Questions will be passed out during our last class on November 29 and your answers are due at the start of our normal final exam period (11AM on December 11). Again, the final will be based on your analysis of course readings.

**** Since you will be doing so much writing, all students will automatically receive a Writing Credit for this course****

III. Course Readings: This seminar will have 100+ pages of reading each week. There are five required books for this course and the remaining readings will be available on the class's Blackboard website.

Books to Purchase:

Friedman, Thomas L. 2005. *The World is Flat*. New York: Farrar, Straus and Giroux.

Friedman, Thomas L. 1999. *The Lexus and the Olive Tree*. New York: Anchor Books.

Gourevitch, Peter Alexis. 1986. *Politics in Hard Times : Comparative Responses to International Economic Crises*. Ithaca : Cornell University Press.

Greider, William. 1997. *One World, Ready or Not: The Manic Logic of Global Capitalism*. New York: Simon & Schuster.

Rodrik, Dani. 1997. *Has Globalization Gone too Far?* Washington, D.C. : Institute of International Economics.

IV. Schedule of Readings

August 23: Introduction/ Social Scientific Explanations

I will introduce course requirements and we will discuss what a social-scientific explanation entails. Be sure to read syllabus and course policies.

Johnson, Janet B. and Richard A. Joslyn. 1986. *Political Science Research Methods*. Washington, DC: CQ Press, pp. 31-37.

Elster, Jon. 1989. *Nuts and Bolts*. New York: Cambridge University Press, pp. 3-10.

August 28: Turning Point #1: The Industrial Revolution

These readings examine various views on political economy, comparing the nature of the relationship between citizens, government, and a market economy.

Alt, James E. and K. Alec Chrystal. 1983. *Political Economics*. Berkeley: University of California Press, Introduction and Chapter 1 (pp. 3-30).

Polanyi, Karl. 1944. *The Great Transformation*. Boston: Beacon Press. Excerpts.

Smith, Adam. [1976] *An Inquiry into the Nature and Causes of the Wealth of Nations*. New York: Oxford University Press. Excerpts.

Turning Point #2: The Aftermath of the Great Depression and World Wars

We will look at the lessons learned from the economic and political turbulence in the early twentieth century. What roles did various thinkers believe government should play in the domestic and international economy? How do the various authors explain the economic policies chosen?

Aug. 30

Alt, James E. and K. Alec Chrystal. 1983. *Political Economics*. Berkeley: University of California Press, part of Chapter 3 (pp. 54-62).

Gourevitch, Chapter 2 (pp. 35-68)

Note: Friday 8/31 is the last day to add this course

Sept. 4

Ruggie, John. "International Regimes" *International Organization*. Vol. 36, No. 2 (Spring 1982), pp. 379-398 only. [Note: You are not responsible for the whole article.]

Gourevitch pp. 166-181

Sept. 6

Video: "Commanding Heights" Part I

Note: Friday 9/7 is last day to drop without a W or to change to Credit-Only

Turning Point #3: The Oil Crisis of the 1970s/ Bringing the State Back In

The embedded liberalism that Ruggie described broke down in the 1970s. The readings this week will discuss why and how this happened.

Sept. 11

Goldthorpe, John H. 1984. *Order and Conflict in Contemporary Capitalism*. Oxford: Clarendon Press. "Introduction" pp. 1-5.

Keohane, Robert O. 1984. "The World Political Economy and the Crisis of Embedded Liberalism." in John H. Goldthorpe, Ed. *Order and Conflict in Contemporary Capitalism*. Oxford: Clarendon Press. pp. 15-38.

Cameron, David R. 1984. "Social Democracy, Corporatism, Labor Quiescence and the Representation of Economic interest in Advanced Capitalist Society" Goldthorpe, Ed. *Order and Conflict in Contemporary Capitalism*. Oxford: Clarendon Press. pp. 148-157.

Sept. 13

Gourevitch, Chapters 5 (pp. 181-220) and 6 (pp. 221-240)

Historical Institutionalism

This theory argues that various cross-national reactions to the oil crisis are explained by the political institutions in place in each country.

Sept. 18

Hall, Peter. 1986. *Governing the Economy*. New York: Oxford University Press, pp. 3-22; 229-58.

Varieties of Capitalism

The varying responses of the crises of the 1970s led political economists to try and categorize the types of capitalisms which emerged in western Europe following World War II.

Sept. 20

Esping-Anderson, Gøsta. 1990. *The Three Worlds of Welfare Capitalism*. Princeton: Princeton University Press, pp. 9-54.

Sept. 25

Sockice, David. 1999. "Divergent Production Regimes: Coordinated and Uncordinated Market Economies in the 1980s and 1990s" in Kitschelt et al *Continuity and Change in Contemporary Capitalism*. New York: Cambridge University Press, **pp. 101-122 only**. [Stop in mid-chapter!]

Political Culture

Other authors argue that political economic policies are determined by cultural characteristics rather than political institutions.

Sept. 27

Lockhart, Charles. 2001. *Protecting the Elderly: How Culture Shapes Social Policy*. University Park, PA: The Pennsylvania State University Press. Pp.6-10, 12-16, Chapters 2 and 8.

Oct. 2

Video: "Margaret Thatcher: The Iron Lady"

The Role of Political Parties

A final set of authors we will examine before the mid-term debate what role political parties play in shaping political and economic outcomes in our set of advanced industrial countries.

Oct. 4

Elkin, Stephen L. and Roger Benjamin. 1985. *The Democratic State*. Lawrence, KA: University of Kansas Press. Excerpt.

Block, Fred. 1977. "The Ruling Class does not Rule" *Socialist Revolution*. 33 (May-June): 16-18.

Jackman, Robert. 1986. "Elections and the Democratic Class Struggle." *World Politics*. 39 (1) October: 123-146.

Note: Academic alert grades submitted 10/3

Oct. 9:

Lange, Peter and Garrett, G. 1985. "The Politics of Growth." *Journal of Politics*. 47: 792-827.

Jackman, Robert W. "The Politics of Economic Growth." *Journal of Politics*. 49 (1): 242-256.

Garrett, Geoffrey and Peter Lange. 1991. "Political Responses to Interdependence: What's Left for the Left?" *International Organization* 45 (4) (Autumn), 539-564.

OPTIONAL, see me for texts: Hicks, Alexander. 1988. "Social Democratic Corporatism and Economic Growth." *Journal of Politics* 50 (3): 677-704.

Lange, Peter and Garrett, G. 1985. "The Politics of Growth Reconsidered." *Journal of Politics*. 47: 257-74.

Garrett, Geoffrey and Peter Lange. 1989. "Government Partisanship and Economic Performance" *Journal of Politics* 51 (August), 676-93.

Oct. 11: Mid-term essay question passed out in class.

Mid-Term Exam Review (no new reading)

Turing Point #4: Contemporary Globalization/ Post Industrialism

We will examine how the economies of industrial countries have changed in recent years. Is globalization any different than the trends we've observed so far in terms of its effects on the ability of national governments to influence the domestic economy? First, we will look close up at the effects of deindustrialization on a single city: Flint, Michigan.

Oct. 16 & Oct. 18: Videos: *Roger and Me* and *Commanding Heights, Part II*

October 18: Mid-Term exam due at the start of class.

Limits on the State: Demand Side Policies

In the remainder of the course we will again continue to examine authors who have varied beliefs about the ability of national governments to influence economic policy today. We will first examine the limits of national governments to influence monetary and fiscal/ demand side policies in an age of global capital. This literature often stresses the power of international constraints in today's world without a hegemon; domestic factors such as political parties or economic class alliances no longer matter.

Oct. 23: Today's Globalization

Friedman, *The Lexus and the Olive Tree*, Chapter 4

Rodrik, Chapter 1

Oct 25: Effects of Globalization on Governments

Friedman, *The Lexus and the Olive Tree*, Chapter 6 and 7

Greider, Chapters 11 and 13

Note: Thursday 10/25 is the last day to drop this course

Oct. 30: Effects of Globalization on Workers

Rodrik, Chapter 2

Thomas L. Friedman, 2005, *The World is Flat*, New York: Farrer, Straus, and Giroux, Chapters 1 and 6.

Greider, Chapter 1; Skim Chapters 4 and 6

Nov. 1: Resulting Dilemmas for Post-Industrial Democracies

Rodrik Chapters 4 and 5

Friedman *The World Is Flat* Chapter 4

Greider Chapters 3 and 16

The Role of Institutions in a Globalized World

In this section we will examine the continuing ability of national governments to influence supply side policies in a global economy, focusing on scholars who stress the importance of institutional factors and political parties.

Nov. 6: Theoretical Arguments for Divergence #1: Institutions (Organization) Matter(s)

Kitschelt, Herbert et al. 1999. "Convergence and Divergence in Advanced Capitalist Democracies" in Kitschelt et al *Continuity and Change in Contemporary Capitalism*. New York: Cambridge University Press, pp. 427-460.

Sockice, David. 1999. "Divergent Production Regimes: Coordinated and Uncoordinated Market Economies in the 1980s and 1990s" in Kitschelt et al *Continuity and Change in Contemporary Capitalism*. New York: Cambridge University Press, **pp. 122-34** [Finish chapter]

Nov. 8: Theoretical Arguments for Divergence #2: Globalization as Empowering/ Parties Matter

Weiss, Linda. 2003. "Introduction: Bringing Domestic Institutions Back In." *States in the Global Economy*. Cambridge: Cambridge University Press. Pp. 1- 33.

The Role of Parties in a Globalized World

Nov. 13

Garrett, Geoff. 1998. *Partisan Politics in the Global Economy*. Cambridge: Cambridge University Press. Chapter 1.

Nov. 15

Boix, Carles. 1998 *Political Parties, Growth, and Equality*. New York: Cambridge University Press, pp. 1-50, 219-31.

Nov. 20: Empirical Evidence for Divergence and Theoretical Argument #3: Culture/
Discourse

Schmidt, Vivien A. 2002. *The Futures of European Capitalism*. Oxford: Oxford University Press. Chapter 4.

November 22: Happy Thanksgiving!

Nov. 27: The Role of Discourse

Schmidt, Vivien A. 2002. *The Futures of European Capitalism*. Oxford: Oxford University Press. Chapter 6. Optional: Chapter 5.

Putting it all Together: 3 Paths for Post-Industrial Democracies in the 2000s

Nov. 29: Class Lunch

Iversen, Torben and Anne Wren. 1998. "Equality, Employment, and Budgetary Restraint: The Trilemma of the Service Economy" *World Politics* Volume 50, Number 4 (July): 507-546.

Take-Home Final Exam Questions Passed Out in Class Nov. 29

Dec. 11

Take-Home Final Exam due in my office by 11 AM (This is the start of our scheduled final exam period.)

Dec. 20

Final Grades Available on My UM