

POLS 296W-- Political Economy of Industrial Democracies

MW 2.30-3.45

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This course is a survey of some of the major ideas and themes at the boundaries of the study of economics and political science. We will focus primarily on the substantive and empirical relationship between these two fields (and not on using formal economic methods like game theory or optimization theory to explain political behavior).

Applications are primarily to Western countries (incl. Japan, Australia and New Zealand).

We start with history's great political economists: a varied assortment of many dead, and a few living, white males, beginning with Adam Smith and ending with Robert Lucas. We then look at some of the major issues in modern political economy. What factors promote the creation of wealth? What are the different varieties of democratic capitalism, what are their origins, and how do they work? Can we expect these varieties to remain?

Evaluation:

1. Preparation/Participation in class: 10%

All students are expected to come to class having done the reading or assignments for that week. Student participation is important in a seminar like this one.

2. Short written exercises: 30%

There will be "several" (read: the number is not set) short (1-2 page single spaced) assignments. Some will ask you to report data analysis, others to comment on class activity. Details will be explained. *Expectations for the quality of these papers (use of citations, writing style, etc) are no different than the final paper, just shorter.*

3. Final Paper: 20%

A research paper of 15-20 double-spaced pages on a topic of your choice relevant to the class. Topics must be cleared by me. You may rewrite the paper as often as you wish, but no papers (first version or rewrites) will be accepted after May 1, 2000.

4. Midterm: 20%

5. Final Exam 25%

Details about the format of the exams will be provided as exam dates approach.

Books for purchase:

Hart, <i>Rival Capitalists</i>	(\$17.95)
Heilbroner, <i>The Worldly Philosophers</i> (H)	(\$15.00)
Esping-Andersen, <i>Three Worlds of Welfare Capitalism</i>	(\$19.96)
Buchholz, <i>New Ideas from Dead Economists</i> (optional)	(\$13.96)
*Heilbroner, <i>Teachings from the Worldly Philosophy</i> (optional) (H2)	(\$14.95)
*Caporaso and Levine, <i>Theories of Political Economy</i> (optional) (CL)	(\$34.95)

* Not in bookstore, but are very useful treatments that complement *The Worldly Philosophers*. If you buy only one of the two, your choice depends on whether you want to read the source material (excerpts from the Smith's *Wealth of Nations* or Marx's *Capital*) or a more synthetic, modern and scholarly treatment.

I. Introduction

1/26

II. Classics of political economy

(From the Heilbroner books, plus the Buchholz book if you choose)

Week 2 (1/31): Classical Political Economy (150)

Smith, Malthus and Ricardo

H, ch. 1, 2, 3, 4

Excerpt from *The Wealth of Nations* (on reserve)

Optional: CL ch 2; H2 ch. 3 (skip Mill section)

Week 3 (2/7): Socialism: Utopian and Marxist (100)

Mill and Marx

H, ch. 5, 6

Caporaso and Levine, ch. 3 (**NOT OPTIONAL**)

Optional: CL ch 3; H2 127-157 (Mill) ch. 4 (Marx)

Week 4 (2/14): Marginalist and Institutional Economics (old and new) (100)

Marshall, Veblen and Schumpeter

H, ch. 7,8,10

Optional: H2, ch. 5 and ch 6 (skip part on Keynes); CL ch. 4

Week 5 (2/21): Prelude to Modern Government Policy (100)

Keynes, Friedman, Buchanan, Lucas

H, ch. 9

handout from Buchholz book)

Caporaso and Levine, ch. 6 (**NOT OPTIONAL**)

Optional: CL ch. 5, H2 pp. 264-97

III. Contemporary issues in political economy I (Growth)

Week 6 (2/28): Foundations of Economic Growth and Welfare (125)

Eichengreen, "Institutions and Economic Growth" in N. Crafts and G. Toniolo,
Economic Growth in Europe since 1945 (1997, Cambridge), 38-72.

Barro, *Getting It Right* (1997, MIT Press) pp 18-43

Abramowitz, "Catching Up, Forging Ahead and Falling Behind" *J. of Economic
History* 46 (2), 1986, 385-406.

Esping Andersen, Ch 2, 35-54

Another TBA.

Week 7 (3/6): How do governments intervene?

Alt and Chrystal, Ch. 2, 3, 8 and 9

3/13 Exam

IV. Varieties of democratic capitalism

Week 8 (3/13): Overview (75)

Soskice, KLMS, 101-134
Hall and Soskice, 1-19
Hall *Governing the Economy*, Ch 1.

Week 9 (3/20): Spring Break

Week 10 (3/27): Trade Unions and Industrial relations (100)

Layard, Nickell and Jackman, pp. 83-99
Lange and Garrett, 1985
another TBA

Week 10 (4/3): Business Organization and Financial Systems (75)

Albert, Ch. 4 (62-83)
Zysman, TBA
Soskice, *Oxford Review of Economic Policy*

Week 11 (4/10): Government: Money, Finance and Central Banks

TBA

Week 12 (4/17): Industrial policies (200)

Hart, 1-86, 181-292

Week 13 (4/24): Welfare State (150)

Cameron (approx 40 pages)
Esping-Andersen 1, 3, 6, 7

V. Contemporary issues in political economy II (Globalization)

Week 14 (5/1): The Challenges of Globalization: Whither Varieties of Capitalism?

TBA

VI. Conclusion

5/8

296W Second Writing Assignment Due 2/23/00

This writing assignment is difficult. It asks you to evaluate two arguments using data provided. It also asks you to speculate about what other information you might use to evaluate the claims.

You can base your answer on what we've read and talked about in class and the data provided below. The paper should be no more than 4 double-spaced pages (excluding any charts, graphs, reference, etc.).

Does "capitalist growth" lead to greater inequality?

Karl Marx thought that inequality would increase as countries became wealthy. Adam Smith would have more or less agreed. Does the data below support or refute that argument? (Note that you can answer this question with the data in at least two ways: you can look at change within a country, and at differences in wealth and inequality across countries at a particular point in time.) Is an argument based on this evidence alone persuasive? If not, what other types of evidence might you use to evaluate the claim?

	Gini Coefficients				GDP1965	GDP1990	GDP growth
	early 1960s	mid 1970s	late 1980s				
Bangladesh	37	35	35		1136	1495	0.37
Brazil	53	61	60		1881	3945	1.01
Canada	31	31	28		8454	16365	0.90
Costa Rica	50	46	46		2375	3507	0.53
Egypt	42	38	32	NET	1020	1891	0.84
Finland	32	31	26	NET	6330	12332	0.91
Indonesia	33	39	32	NET	615	2073	1.66
Jamaica	48	45	41	NET	2042	2440	0.24
Japan	37	34	35		4417	15021	1.67
Korea	34	39	34		1041	7251	2.64
Mexico	55	50	50		3304	6135	0.84
Norway	37	34	33	NET	6803	15282	1.10
Philippines	49	49	45		1230	1694	0.44
Spain	25	30	26	NET	4446	9786	1.07
Sri Lanka	47	38	47		1165	2201	0.87
Sweden	33	30	32	NET	9271	14175	0.58
Taiwan	32	29	31	NET	1601	8063	2.38
Thailand	41	42	49		1118	3849	1.68
Tunisia	42	44	40	NET	1219	3004	1.23
UK	25	24	31	NET	7626	12771	0.70
US	35	32	34	NET	11361	17770	0.61
India	35	32	32	NET	799	1267	0.63

Does "working class mobilization" help to promote greater equality?

Many Marxists suggest that a "non-revolutionary" route to improve the plight of the working class under capitalism is to organize. According to the theory, this would allow workers to demand and get reform that would benefit their material condition. One method of "working class mobilization" is via trade unions. Does the evidence below support the claim? What other evidence might one find to better evaluate this claim?

	Gini coefficient (post transfer)	% in Poverty (post- ransfer)	Unionization
Australia	30.9	17.8	48
Belgium	23.5	7.1	53
Canada	28.6	14.5	36
Denmark	24.3	7.8	76
Finland	22.3	8.2	71
France	29.9	na	13
Germany	25	13.7	34
Ireland	33.5	18	40
Italy	25.5	15	42
Netherlands	27.6	9.9	28
Norway	33.3	8.1	56
Sweden	23.3	8.5	84
UK	32.4	20	44
USA	34	25	18