FUNDAMENTALS OF POLITICAL ECONOMY: MODERN CAPITALISM

Scope
The central theme of this course is how economic structures, actors and actions affect political decisions and how political actions and institutions affect economic behavior in the United States and Europe. We focus on the relationship between business and labor in selected advanced industrial states and how policy affects and is affected by their (respective and joint) economic and political influence.

Requirements
Two papers are required in this course:—a take-home midterm and a take-home final. In addition, students must write a 1-page summary of the argument (pp. 1-63) made by Mark Roe, due on Wednesday, Jan. 12. Midterms and final exams must be submitted on paper and through Turnitin.com.

Reading
Two books and a packet containing required readings. The books are:

--Mark Roe, Political Determinants of Corporate Governance
--Jonas Pontusson, Inequality and Prosperity: Social Europe v. Liberal America

Both the books and the course packet are on sale in the bookstore and are on reserve at the Geisel Library. In addition, there is also a class web page with links to readings not included in the course reader. Most of these articles are optional, but some are required. The web page can be found at: http://polisci2.ucsd.edu/ps126aa/

In addition, students are required to read either The Economist or the Financial Times in order to keep abreast of recent economic developments in the advanced industrial world. Not only do both cover the issues and areas we discuss, but the neo-liberal perspective they present is a healthy antidote to the views likely to be expressed in lectures. Both are available on line and through the library.
READING ASSIGNMENTS

[Readings that can be downloaded from the PS 126AA web page are marked by a (W). Other readings are in the course reader or the assigned books.]

I. Varieties of Capitalism: The Models

--Mark Roe, Political Determinants of Corporate Governance, pp. 1-63

[A one page summary of this reading will be due on Wednesday, Jan. 12]

--David Soskice, “Divergent Production Regimes: Coordinated and Uncoordinated Market Economies in the 1980s and 1990s”

--Jonas Pontusson, Prosperity and Inequality, Ch. 2, 3 (all tables and "summary" on pp. 64-6, rest is optional), 4 (Tables and pp. 88-94, rest is optional)


II. Varieties of Capitalism: Causes of Divergence

--Walter Korpi, “Power-Resources and Employer-Centered Approaches in Explanations of Welfare States and Varieties of Capitalism” (W)
--see also Roe, Political Determinants, pp. 21-7; 49-63


----Torben Iversen and David Soskice, “Distribution and Redistribution: The Shadow of the Nineteenth Century,” pp. 438-55; 470-82 (pp. 455-70 are optional) (W)

--Torben Iversen and David Soskice, “Electoral institutions, parties, and the politics of class: Why some democracies redistribute more than others” (optional) (W)

III. Liberal Market Economies: Anglo-Saxon variants

--M. A. Eisner, “Institutions, interests, and ideas in the American State”
--“Market vs. Military Keynesianism”

--Pontusson, Inequality and Prosperity, Chap. 3 (tables and conclusion), Chap. 4, tables 4.1, 4.2, 4.5, 4.7 and summary, p. 94
IV. Coordinated Market Economies: Continental Variants

A. Social Democracy: Scandinavia/Sweden
   ----Evelyn Huber and John Stephens, “Internationalization and the Social Democratic Model” (W)
   ---Pontusson, Inequality and Prosperity, chap. 5, 6 and 7 (pp. 142-4 + tables and figures)
   --Roe, Corporate Governance, pp. 94-8
   --Adam Przeworski and Michael Wallerstein, “The Structure of Class Conflict in Democratic Capitalist Societies” (optional) (W)

[Midterm will cover material up to this point]
   --Torben Iversen and Anne Wren, “Equality, Employment, and Budgetary Restraint,” (W)

B. Christian Democracy: Germany
   --Roe, Corporate Governance, pp. 71-83
   --The Economist, (March 2010), “Special report on Germany” (W)
C. State coordination: France

--Bob Hancke, “Revisiting the French Model: Coordination and Restructuring in French Industry”

--The Economist, “The French Model: Vive la Difference” (W)

--Jonah Levy, “Redeploying the State: Liberalization and Social Policy in France”

--Victoria Schmidt, “Bringing the Political Back into Political Economy by Bringing the State Back in yet Again” (optional) (W)

--Roe, Corporate Governance, pp. 65-71 (optional)


V. Coordination or Liberalism? The European Union

--The Economist, “Fit at 50? A Survey of the European Union” (W)

--Wayne Sandholtz and John Zysman, “1992: Recasting the European Bargain” (W)

--The Economist (2009), “The Euro area: special report” (W)

--M. Reder and L. Ulman, “Unionism and Unification”

--Geoffrey Garret and Christopher Way, “Public Sector Unions, Corporatism, and Macroeconomic Performance”

VI. Convergence or Divergence?

--Mark Roe, Corporate Governance, pp. 111-159

--Pontusson, Inequality and Prosperity, Ch. 3, 4 (optional), 7, 8


--Torben Iversen and Anne Wren, “Equality, Employment and Budgetary Restraint” (above) (W)
--H. Kitschelt, Peter Lange, Gary Marks and John Stephens, “Convergence and Divergence in Advanced Capitalist Democracies”

--The Economist, “Europe v. America: Mirror, Mirror on the Wall”
   “The Visible Hand” (W)
   “One True Model?” (W) (optional)