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POLI 126AA Comparative Political Economy: Modern Capitalism
Summer Session 1 – 2014; TTh 2-5
HSS2321

Course Description:

Political economy is a subfield of political science and economics that focuses on the way in which power relations, political conflict, government policy, interest groups, and political institutions shape economic behavior and economic outcomes. Individuals have many identities (political, economic, social) and are subject to numerous forms of authority. Economic authority is most often thought of highly decentralized while political authority comes from above. As such, departing from traditional economics, political economy assumes economic outcomes are not simply the result of resources and market forces, but that political forces shape government policy, which then translates to economic outcomes.

Course Objectives

1. To introduce students to the defining characteristics of advanced political economies, the policy types they pursue, and the outcomes associated with each.
2. To serve as a potential spark for research or side interests. This class is unique in that it is one of the few focused on politics and economic in the advanced nations. As such, this course will provide a solid foundation for those seeking to further their career in this subfield.
 - 2.a) Graduate School: Familiarize students with the format of academic publications and style of academic debates that graduate students and professors engage in.
 - 2.b) Policy Makers/Professionals: Provides a selling point for international careers. By blending economics and politics, students have a leg up on those with just training in only one field. Students will be able to cite arguments how downplaying the role of either politics or economics leads to unrealistic policy recommendations.
3. To broaden student framework for understanding the world around them. A benefit of a liberal arts education is to examine one's place in a broader historical and global context. This course intends to provide students with the knowledge to converse in a scholarly manner on contemporary international economic issues.

Course objectives (reworded):

This course provides a theoretical framework for understanding the variation in economic and social institutions among advanced capitalist economies. Is there such a thing as an American, German, or French “model”? If so, how meaningful are their differences? In a world of economic globalization and crises, how do these “models” fare, and can they survive? Why do we see such cross-national variation in levels of economic inequality, employment, and growth? How, if it all, does politics come

into play?

Broad Themes

1. Overview of and Explanations for Differences – week 1
2. Classification of Capitalist “Regimes” - week 2
3. Case Studies – week 3
4. Transitions and Crisis – week 4/5

Omitted Themes in Comparative Political Economy Not Covered:

1. Political strategies of blame avoidance and credit claiming
2. Dichotomies (equality v. prosperity; social Europe v liberal America; convergence/divergence)
3. Frame of American Exceptionalism (“hidden” welfare, why doesn't the US have a European-style welfare state)
4. Effect of European Union
5. Effect on health and leisure outcomes
6. Eastern European, Latin American, East Asian capitalisms
7. Convergence/divergence

Attendance/Class Structure/Participation is central to this course. Recent research on academic teaching and learning (King and Sen, 2013) cites improvement in learning outcomes with (1) social motivations; (2) explaining one's opinions to others; (3) instant feedback. When engaged in conversation with others, people's minds wander only about a quarter of the time (Morse 2012). As such, class participation is essential, especially in a three-hour time block. Guided discussion will be the primary use of class time. We will start with clarifying the key components of the week's readings. Students will then be required to discuss the required readings and pose a question to the class. After going over these, I will introduce some supplemental material or critiques and discussion will continue. Students are responsible for the information and ideas covered in the readings, which are structured to take between 3 and 4 hours per class session. Course discussion enables these to be fleshed out and more deeply understood. These deeper understandings will form the basis of examination.

Course Requirements/Grading:

- 30% Participation – As an upper-division summer seminar, critical engagement with the readings is expected and required.
 - 4pts available per 8 class sessions {not 7/1 or 7/22} (32 pts – yes 2 extra credit available)
 - *Clarifying question* (1pt each) – via TED by midnight before class
 - What in the reading could someone in class find confusing? Was the author unclear about something, use an unfamiliar term, or use a familiar term differently.
 - What does _____ mean in context?
 - Is this article only about Sweden or does it apply to other cases?
 - Could you rephrase what is meant by _____?
 - *Discussion question* (1pt each) – via TED by midnight before class
 - Student will receive feedback on question by noon with potential revision if needed
 - A) Open-ended (not yes/no); Usually 3-4 sentences: set up, your point, question
 - B) Can cite particular passages and ask people to look at them closely and draw connections between these passages and the rest of the work
 - C) Can make and challenge connections between the text at issue and other works,

- and the themes and issues of the course
- D) Can be a controversial questioning of the author, intent, audience, idea, or topic
- E) Can be a hypothetical change of reference (i.e. What if ___ occurred in the US? Why can't/don't we see this ___?)
- F) Can challenge an assumption of the author and question how the argument would change
- *Discussion participation* (1pt each) – during class
- *Supplemental reaction* (1pt each) – during class
 - Depending on timing will be either discussion or short written reflection
- 40% Midterm Exam - Given that the midterm covers more classtime than the final (see schedule below), it is weighted accordingly. The midterm exam will be essay format. Four short essays (10% each) will be asked and will be based off the class discussion questions.
- 30% Final Exam – The final exam is scheduled for August 2nd. You will be asked to discuss three contemporary trends (10% each), events, and debates through the lens of class readings, lecture, and discussion from the second part of the course.
- Examination will be *closed-note, closed-book, open-chart, open-syllabus*.
 - A hard copy of the syllabus will be permitted to help you remember themes discussed and by whom.
 - You are allowed and encouraged to bring in as many hard-copy charts/tables/graphs from the readings/lecture that you find important. We will be discussing a variety of ways to measure concepts in approximately 20 countries. The point of examination is not asking to memorize where these nations fit statistically compared to others, but how they exemplify broader themes. As such, you may bring with you statistical information. If there is questions on this before the exam, please contact the Professor or TA.

Required Books (available in bookstore):

(*CC) Bowman, John. 2014. Capitalisms Compared: Welfare, Work, and Business Sage/CQ

(*VV) Van Kersbergen, Kees & Barbara Vis. 2014. Comparative Welfare State Politics: Development, Opportunities, and Reform. Cambridge University Press.

Readings (subject to revision/reduction): {What to focus on, if applicable, is in brackets}

I. Overview – July 1

a) Required

1. *CC, Chapter 1, Introduction: 1-12
2. Lijphart, Arend. 1999. Patterns of Democracy: Government Forms and Performance in Thirty-Six Countries. Yale University Press: New Haven and London. Chapter 9, “Interest Groups: Pluralism Versus Corporatism”: 171-185 {Familiarize with concept of “corporatism” and electoral systems}
3. Coates, David. Models of Capitalism: Growth and Stagnation in the Modern Era, Chapter 1 Capitalist Models and Economic Growth: 1-19 {Big questions of literature}
4. Steinmo, Sven and Caroline Tolbert. 1998. “Do Institutions Really Matter?: Taxation in Industrialized Democracies.” *Comparative Political Studies* 31(2): 165-187 {See Academic Article Reading Guide}

II. Historical Causes – July 3

a) Required – Trade, Business, Labor, and Politics (at the turn of the Century)

1. Rodrik, Dani, 1998, "Why do Open Economies Have Bigger Governments?" *The Journal of Political Economy*, 106, 997-1032. {Skip details A-F section IV (1012-1027) except for part C 1019-1021; do read conclusion }
 2. Iversen, Torben and David Soskice. 2006. "Electoral Institutions and the Politics of Coalitions: Why Some Democracies Redistribute More Than Others" *American Political Science Review* 100 (2): 165-181.
 3. Martin, Cathie Jo, and Duane Swank. 2008. "The Political Origins of Coordinated Capitalism: Business Organizations, Party Systems, and State Structure in the Age of Innocence." *American Political Science Review* 102(2): 181-198
 4. Torben Iversen and Thomas Cusack. 2000. "The Causes of Welfare State Expansion: Deindustrialization or Globalization?, *World Politics* 52 (April): 313-49.
- b) Supplementary – Electoral Systems, Party Responsiveness, Industrial Change
1. Boix, Carles. 2010. "Electoral Markets, Party Strategies, and Proportional Representation" *American Political Science Review* 104(2): 404-413
 2. Manow, Philip. 2009. "Electoral rules, class coalitions and welfare state regimes, or how to explain Esping-Andersen with Stein Rokkan." *Socioeconomic Review* 7 (1):101-21
 3. Iversen, Torben and David Soskice. 2009. "Distribution and Redistribution in the shadow of the 19th century". *World Politics* 61(3): 438-486
 4. Häusermann, Silja, Georg Picot and Dominik Geering. 2013. "Review Article: Rethinking Party Politics and the Welfare State – Recent Advances in the Literature". *British Journal of Political Science*, 43, pp 221-240.

III. Family/Worlds/Clusters of Welfare Regimes – July 8

- a) Required– Liberal, Conservative/Continental, and Social Democratic/Scandinavian
1. *CC, chapter 1, Social Democratic/Conservative/Conservative welfare states: 12-20
 2. Esping-Andersen, Gosta. 1990. Three Worlds of Welfare Capitalism, Chapters to be assigned.
 3. Bonoli, Giuliano. 1997. "Classifying Welfare States: A Two-Dimensional Approach," *Journal of Social Policy* 26 (3): 351-372.
 4. *VV, chapter 4: Welfare State Regimes: Why Did We Get Different Worlds of Welfare and Do We Still Have Them?: 53-77
- b) Supplementary – Not just about transfers, attitudes, and the South
1. Ferrera, Maurizio. 1996. 'The "Southern Model" of Welfare in Social Europe', *Journal of European Social Policy* 6(1): 17–37.
 2. Stefan Svallfors. 1997. "Worlds of Welfare and Attitudes to Redistribution: A Comparison of Eight Western Nations," *European Sociological Review* 13 (3): 283-304
 3. Jensen, Carsten. 2008. "Worlds of welfare services and transfers." *Journal of European Social Policy*, 18(2):151–162

IV. Varieties of Capitalism – July 10

- a) Required - Institutional Complementarity & Ties to Welfare and Inequality
1. *CC, chapter 1, Varieties of Capitalism, Liberal/Cooperative Market Economies: 20-27
 2. Hall, Peter and David Soskice. 2001. "An Introduction to Varieties of Capitalism." in Hall and Soskice eds. Varieties of Capitalism, New York: Oxford University Press: 1-70.
 3. Estevez-Abe, Margarita, Torben Iversen, and David Soskice. 2001. "Social Protection and the Formation of Skills." in Peter Hall and David Soskice eds. Varieties of Capitalism, 145-183.
 3. Rueda, David and Jonas Pontusson. 2000. "Wage Inequality and Varieties of Capitalism" *World Politics*. 52 (3): 350-383
- b) Supplementary – Effects on Education, Gender, and Leisure

1. Iversen, Torben and David Soskice. 2008. "Partisan Politics, the Welfare State, and Three Worlds of Human Capital Formation." *Comparative Political Studies* 41 (4/5): 600-637
2. Orloff, Anne. 2006. "Gendering the Varieties of Capitalism: A Study of Occupational Segregation by Sex in Advanced Industrial Societies," *World Politics*: 142-175
3. Burgoon, Brian and Phineas Baxandall. 2004. "Three Worlds of Working Time: The Partisan and Welfare Politics of Work Hours in Industrialized Countries," *Politics and Society* 32, 4: 439-73.

V. Case Studies: Ideal Cases: Germany, Sweden, UK – July 15

a) Required

1. *CC, Chapter 3 Pension Policy: 99-131
2. *CC, Chapter 5 Labor Policy: 170-226
3. *CC, Chapter 2 Health Policy: 36-98 {skip structures: 41-50, 52-57, 65-82}

b) Supplementary

1. Articles from The Economist

VI. Case Studies: State-led Capitalisms: France and Japan – July 17

a) Required

1. Schmitt, Vivien. 2003. "French Capitalism Transformed, yet still a Third Variety of Capitalism" *Economy and Society* 32 (4): 526–554
2. Hancké, Bob. 2001. "Revisiting the French model: coordination and restructuring in French industry" In: Hall, Peter A., (ed.) *Varieties of Capitalism: the Institutional Foundations of Comparative Advantage*. Oxford University Press, Oxford, UK, 307-337.
3. Esping-Andersen, Gosta. 1997 'Hybrid or Unique? The Japanese Welfare State between Europe and America', *Journal of European Social Policy* 7 (3): 179–89.
4. Vogel, S.K. 1999. "Can Japan Disengage? Winners and Losers in Japan's Political Economy, and the Ties that Bind Them" *Social Science Japan Journal* 2 (1): pp. 3–21

b) Supplementary

1. Articles from The Economist

VII. **Midterm – July 22**

VIII. **New Neo-liberal economics – July 24**

a) Required – Problems of the New Globalized Economy

1. *VV, chapter 7, "Why Do We Need to Reform the Welfare State? Part I: Globalization as a Functional Pressure Coming from the Outside?": 123-136
2. Iversen, Torben and Anne Wren. 1998. "Equality, Employment, and Budgetary Restraint: The Trilemma of the Service Sector Economy" *World Politics* 52(3): 313-349
3. Thelen, Kathleen. 2012. "Varieties of Capitalism: Trajectories of Liberalization and the New Politics of Social Solidarity". *Annual Reviews of Political Science* 15 (2): 1-23

b) Supplemental – Causes and effects of observed transformations

1. Jensen, Carsten. 2011. "Conditional Contraction: Globalization and Capitalist Systems" *European Journal of Political Research* 50(2): 168-189
2. Kenworthy, Lane and Jonas Pontusson. 2005. "Rising Inequality and the Politics of Redistribution in Affluent Countries" *Perspectives on Politics* 3(3): 449-471
3. Hemerijck, Anton. 2002. "Self-Transformation of European Social Model(s)" in Why we need a New Welfare State?: edited by Gosta Esping-Andersen. Oxford University Press. 173-187 {187-213 is full chapter and mainly opinion so not addressed}

IX. New Politics – July 29

a) Required – Political Reactions to the new Post-Industrial Globalized Economy

1. Pierson, Paul. 1996. “The New Politics of the Welfare State”, *World Politics*. Vol 48: Pg. 143-179
2. *VV, chapter 2: The Welfare State: Dynamic Development, Crisis, Resilience, and Change: p.10-30
3. *VV, chapter 8: Why Do We Need to Reform the Welfare State? Part II: Post-Industrial Society and the Functional Pressures to Reform Coming from Within: 137-159

b) Supplemental – Differentiating Old from New Policy Issues

1. Jensen, Carten. 2012. “Labour market- versus life course-related social policies: understanding cross-programme differences” *Journal of European Public Policy* 19(2):275-291
2. Bonoli, Giuliano and David Natali. 2012. “The Politics of the “New” Welfare States: Analysing Reforms in Western Europe” in The Politics of the New Welfare State edited by Giuliano Bonoli and David Natali. Oxford: 3-17
3. Hausermann, Silja. 2012. “The Politics of Old and New Social Policies” in The Politics of the New Welfare State edited by Giuliano Bonoli and David Natali. Oxford: 111-132

X. Current Crisis – July 31

a) Required – Different Tools for Similar Issues

1. Pontusson, Jonas and Damian Raess. 2012. “How (and why) is this time different? The politics of economic crisis in Western Europe and the US” *Annual Review of Political Science* 15 (1): 13-33
2. *KV, chapter 10: Can and Will the Welfare State Survive the Great Recession?: 185-207
3. *CC, last part of chapter 6 “The Financial Crisis of 2008-2009 and Its Aftermath” 283-292
4. Hemerijck, Anton. 2012. “Stress-Testing the New Welfare State” in The Politics of the New Welfare State ed. Giuliano Bonoli and David Natali. Oxford University Press: 68-90

b) Supplemental

1. Articles from the Economist

Final Exam– **August 2; 3pm-6pm**