

SEMINAR IN POLITICAL ECONOMY
Political Science 6448, Fall 2011

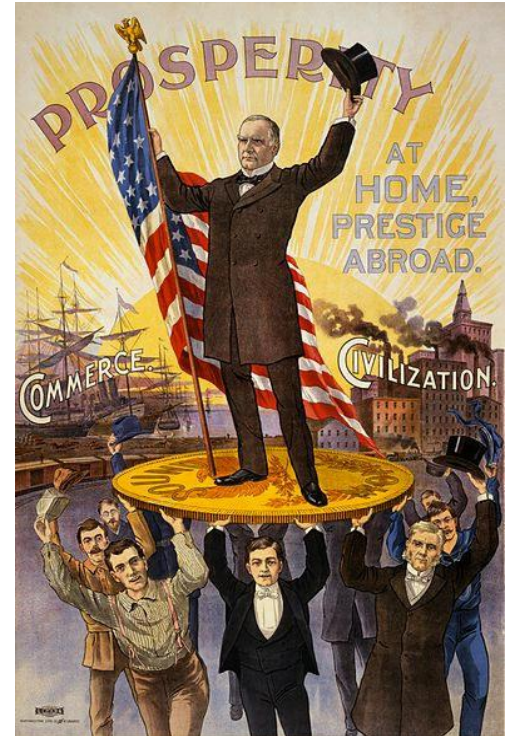
Dave Robertson, Office: 801 Tower,
Ph: 314-516-5855, Fax: 314-516-7236,
email: daverobertson@umsl.edu
Office Hours: 10:30-11:30 Monday & Wednesday;
9-noon Thursday; I'm happy to meet at other
times that suit your schedule

"No nation was ever ruined by trade" --- Benjamin Franklin

"The merchant has no country" --- Thomas Jefferson

"Microsoft and the government were the perfect opponents.
The government has some power, but Microsoft has at least as much.
Anyone else facing either one of them would have been overmatched."
--- David Boies, lead trial lawyer for the U.S. government in
the Microsoft anti-trust case (*New York Times*, June 9, 2000, 1)

"Follow the money" --- "Deep Throat" [W. Mark Felt]
to Bob Woodward, in *All the President's Men*



See also the [Political Economy Bibliography](#)

1. Course Description. These quotes suggest the conflict, contradiction and ambiguity that result when the words "politics" and "economics" are thrown together. Conflict, contradiction and ambiguity result when the words "politics" and "economics" are thrown together. The intersection of politics and economics raises questions - and sparks conflicts - about the fundamental issues of politics: freedom, security, order, sovereignty, fairness, and democracy. In *Political Economy & Public Policy*, we will examine how the struggles for power and for wealth affect one another and the realization of these values. Specifically, we will compare and contrast political and market solutions to collective problems; the politics of economic crises; corporations and labor in the political economy; regulation, monetary policy; and fiscal policy

2. Books. The following books are required for the course:

- James P. Caporaso and David P. Levine, *Theories of Political Economy* (New York: Cambridge University Press, 1992) (Paperback) ISBN 0521425786
- Marc Allen Eisner, *The American Political Economy* (New York: Routledge, 2010) (Paperback) ISBN: 0415999626
- Peter A. Gourevich, *Politics in Hard Times* (Cornell University Press, 1988) (Paperback) ISBN: 0801494362
- Douglass North, *Institutions, Institutional Change and Economic Performance* (New York: Cambridge University Press, 1990) (Paperback). ISBN: 0521397340
- Monica Prasad, *The Politics of Free Markets: The Rise of Neoliberal Economic Policies in Britain, France, Germany, and the United States* (University of Chicago Press, 2006) (Paperback) ISBN-10: 0226679020

3. Grading. Grades will be allocated in the following way:

- Participation	20%
- 2 Short Papers	10% each
- Seminar paper or Research Design	40%
- Final Exam	20%

4. Participation. You are expected to attend all seminar sessions, to have the readings for each session prepared, and to contribute thoughtful and informed questions comments to the discussion. If you do so you will receive an "A" for this part of the grade. Remember, this seminar will succeed only to the extent that you participate. Its success depends on you. Everyone is especially expected to participate actively on November 29.

You will be responsible for preparing for one or two predetermined questions for each seminar. To prepare questions for class, be ready to talk about why the question is important, two alternative answers to the question, and the reason that you think one answer is better than others. You do not have to hand in a written answer to the question. The discussion questions will be available at the preceding class, and placed on the "Detailed Course Outline," below.

5. Short Papers. There will be two short (6-10 page, typed) papers for the the course. These papers are due September 27 and November 8. You should choose books that you are eager to read, and/or are critically important for your research paper. For the second paper, you can do one of two things: (1) a book review of a second book or (2) an analysis of some political feature of the economic problems of the financial crisis and Great Recession (broadly defined). You should get the book approved no later than 2 weeks before the paper are due. The book or books can be part of the literature you review for the seminar paper. They should not be books required for another class.

To write the book review:

No more than half the paper should summarize the argument; the rest should critique the book by assessing its strengths and weaknesses, and drawing appropriate connection to other scholarship.

a. Summarize the book's content (no more than half the paper) by answering the following questions: (a) What is the topic? (b) How would you summarize the key arguments and the evidence for them? (c) What does the author conclude? (d) how does this book relate to other scholarly works or literatures?

b. Analyze the book by answering the following questions: (a) Does the author make a persuasive case for her central point? (b) Is the evidence adequate? (c) does the author use evidence and treat other authors in a fair way? (d) What parts of the argument are most effective? Which are least effective? (e) What are the implications of this argument for understanding politics?

6. Seminar paper or research design.

Option 1 is a conventional research paper (15-20 pages) on a topic of interest to you and related to politics and the economy in the broadest sense. By September 13 at the latest, turn in a paragraph in which you (1) specify the research question, and (2) discuss your plan for finding an answer, including evidence and logic. A bibliography and an outline are due on October 25. The paper is due on December 8.

Option 2 is a research design. See below.

7. Exam. There will be a take home final exam. You will have the questions in advance, and you will have a week to compose your answers. It is due Monday, December 14.

8. Additional Information on Political Economy. For a more extensive bibliography with some links to major sources of information, go to [The Political Economy Bibliography](#).

- The Research Design Assignment -

The research design assignment requires a 15-20 page research proposal based on answers to the following questions. You will not have to turn in a completed research project -- only a rigorous plan for such a project.

Here are the key elements of the research design. Remember, the methods you use should be directly related to the question you are trying to answer. Qualitative methods may be more appropriate than quantitative methods, or the quantitative methods may be more appropriate. You might use rigorous analysis of archival sources, or you might model data. You might use some of both methods.

1. **Topic.** What is the central issue that will motivate your research? Explain precisely what topic you will examine. Explain why it matters (it may matter because it is central to scientific theory, because it is a central policy or political issue today, because it was a decisive turning point in political development, or because conventional wisdom about the topic may be wrong). There are many ways to get ideas for topics. Several are included in our readings. You can find others in key journals, such as *The American Political Science Review* or other general political science journals, or more specialized journals your topic should be interesting to you. You are welcome to try out dissertation ideas.

2. **Literature Review.** What do we know about this topic? Who has written about it? What are their central arguments and assertions? What are the key **concepts**? What are the important **open questions** in the field? (Sources include bibliographies, literature reviews, computer-assisted references, and discussions with faculty).

3. **Theoretical Question.** Once you have chosen a topic, you have to specify the problem you want to study. You will have to try to isolate one precise question about the topic to answer in a discrete research project. Precisely what question will your research try to answer? This may

take the form of a relationship between a dependent variable and several independent variables (that is, Why did something happen the way it did? What caused it? Factor A? Factor B? Some combination?). It also may take the form of the relationship between two non-recurring events.

- (a) - What behaviors, event, or outcomes are you trying to explain?
- (b) - What behaviors, events or outcomes can account for (a), above?
- (c) - What is the relationship between (a) and (b)? For example,
 - (1) For (a) to occur, was (a) necessary and / or sufficient?
 - (2) Does (a) occur more frequently when (b) occurs?
 - (3) Does (a) occur more frequently when (b) occurs?
 - (4) Does (b) *determine* (a) (when a happens, b necessarily happens)?
- (d) - What other factors may need to be taken into account?

4. Information. What **information** will you collect to answer the central theoretical question? **Define** 3 (a) and 3 (b) precisely. How do I know them when I see them (are they Congressional votes? If so, precisely which ones? Where can I find them?). Specify why historical information is required to answer the question.

5. Techniques. How will you **analyze** the question? That is, what is your proposed **research strategy** answering the question? How will you decide that a relationship between (a) and (b) is confirmed or refuted by the evidence? Will you statistically assess the relationship between variables? If so, how? If not, what qualitative methods will you use to rigorously assess their relationship? Will you use a mixture of methods? How will you assess the role of other factors (3 d).

6. Validity and Objectivity. How do you know that your conclusions will be **valid**? Are there flaws in your method that could cast doubt on your findings about the relationship of (a) and (b)? How do we know that the numbers and documents offer reasonably reliable measures of what you claim they measure? What explicit steps will you take to assure a reader that you are being fair-minded and objective in each step of the process?

7. What is the projected **outline** of the final written product?

8. What **timetable** will you have for the project? Give a realistic estimate of the time it will take to complete each step above.

9. Provide a **bibliography**.

The Course in Brief

"[MG]" indicates a document in the "My Documents" section of My Gateway

August 23: Introduction: Politics and Markets

- *Read:* Caro, "The Sad Irons" [MG]; Leonhardt, "We're Spent" plus graphic [MG]; "10 Tips for Writing Less Badly" [MG]

August 30: How the Economy is Political -- and Why

- *Read:* Eisner 3-36; Caporaso & Levine, vii-55; Eisner 3-36; North, 3-45; 92-104

September 6: Foundations of American Political Economy

- *Read:* North, 46-69, 118-130; Polanyi, "The Self-Regulating Market and the Fictitious Commodities" [MG]; Robertson, *Federalism*, chapter 2 [MG]; William Cronon, "Rails and Water"[MG]

September 13: Systems in Crisis: Industrialization

Paper Topic Due

- *Read:* Caporaso & Levine, 55-78; North, 73-91, 107-117; Gourevich, 17-123

September 20: Business, Labor, & Progressivism

- *Read:* Caporaso & Levine, 79-99; Eisner, 39-57; Daniel Yergin, "Our Plan" [MG]; Baer, letter [MG]; Robertson, *Federalism*, chapters 5 [MG]

September 27: Systems in Crisis: Depression and New Deal

Short Paper 1 Due

- *Read:* Caporaso & Levine, 100-125; Eisner, 58-79; Keynes, *General Theory*, 128-131 [MG]; Gourevich, 124-180; Schumpeter, "Creative Destruction," 81-86 [MG]

October 4: The Golden Age of Managed Capitalism

- *Read:* Schonfield, "The Signs of Change," 3-17 [MG]; Eisner, 80-99; Harris and Milkis, *The Politics of Regulatory Change*, 22-96 [MG]

October 11: The Welfare State and Varieties of Capitalism

- *Read:* Castles et al, "Introduction" [MG]; Obinger and Wagschal, "Social Expenditures and Revenues" [MG]; Glannerster, the Sustainability of Western Welfare States," [MG]; Hall and Soskice, "Introduction to Varieties of Capitalism" [MG]; Hall and Thelen, "Institutional Change in Varieties of Capitalism" [MG]

October 18: Systems in Crisis: Stagflation and the Economic Approach to Politics

- *Read:* Gourevich, 181-240; Eisner, 100-118; Caporaso & Levine, 126-158; Yandle, "Baptists and Bootleggers" [MG]; SKIM for content: Niskanen, "Bureaucrats and Politicians" [MG]

October 25: The Rise of NeoLiberal Politics in the U.S.

Research Bibliography & Outline due

- *Read*: Eisner 119-138; Prasad, vi-98

November 1: The Rise of NeoLiberal Politics Abroad

- *Read*: Prasad, 99-286

November 8: Power, the State, and Contemporary Political Economy

Short Paper 2 Due

- *Read*: Caporaso & Levine, 159-196; *Economist*, "Efficient Market Theory" and "Macroeconomic Theory," [MG]; [Open Secrets Lobbying and Influence site](http://www.opensecrets.org/influence/index.php) <http://www.opensecrets.org/influence/index.php>; Baumgartner et al, "Does Money Buy Public Policy?" [MG]; "Wall Street Mobilizes to Raise Debt Ceiling" [MG]

November 15: Globalization, the Financial Crisis and the Recession

- *Read*: Eisner, 162-203; Eichengreen, "Origins and Regulatory Consequences of the Subprime Crisis" [MG]; Aizenman and Pasricha, "The Net Fiscal Expenditure Stimulus in the US, 2008-9" [MG]: TBA

November 22: Thanksgiving Break

November 29: The Budget Deficit

- *Read*: Brady and Volden, 12-78 [MG]; CBO Budget Options; handout on budget roles [MG]

December 6: Globalization and Justice

- *Read*: North, 131-140; Caporaso & Levine, 197-225; Smeeding, "Public Policy, Economic Inequality, and Poverty: The United States in Comparative Perspective" [MG]; TBA

December 8 (Thursday): ***Paper due*** by 5 pm

December 13 (Tuesday): ***Take Home Exam Due***

Detailed Course Outline

August 23: Introduction: Politics and Markets

Read: Robert Caro, "The Sad Irons," from *The Path to Power* [MG] David Leonhardt, "We're Spent," New York Times, July 16, 2011, + graphic [MG]; Michael C. Munger, "10 Tips for Writing Less Badly," Chronicle of Higher Education September 6, 2010 [MG]

August 30: How the Economy is Political -- and Why

Read: Eisner, *The American Political Economy*, 3-36 Caporaso and Levine, *Theories of Political Economy*, vii-55; North, *Institutions, Institutional Change and Economic Performance*, 3-45; 92-104

Discussion questions:

- 1) What are the three conceptions of the political, according to Caporaso and Levine? How are these applied to explaining politics and economic policy? Illustrate with examples from a policy area with which you are familiar, or contemporary economic issues.
- 2) What are the three conceptions of economics, according to Caporaso and Levine? How are these applied to explaining politics and economic policy? Illustrate with examples from a policy area with which you are familiar, or contemporary economic issues.
- 3) What should be the role of the state in economic policy, according to the classical tradition in economics? Has the state done the economy more good than harm, or more harm than good? Use Eisner in your answer.
- 4) Explain the importance of North's behavioral assumptions. Give real world examples of the problems he identifies on page 24. Why is cooperation a problem?
- 5) Why are transaction costs so important to North? Why are informal constraints so important to North?
- 6) What is path dependence and why is it so important to North? Why is it important to Eisner? What are the implications for understanding the economy and the impact of economic policy?
- 7) Why do people find government an attractive solution to their economic problems? Give specific examples, such as health care.
- 8) Why do people find markets an attractive solution to their economic problems? Give specific examples, such as health care.

September 6:

Foundations of American Political Economy

Read: Douglass North, *Institutions, Institutional Change and Economic Performance* 46-69, 118-130;
Karl Polanyi, "The Self-Regulating Market and the Fictitious Commodities: Land, Labor,
and Capital" [MG]
David Brian Robertson, *Federalism and the Making of America* (Routledge, 2011), ch 2 [MG];
William Cronon, "Rails and Water," from *Nature's Metropolis* (W.W. Norton, 1992) [MG]

- 1). Why are two kinds of formal constraints -- property rights and contracts -- so important for North's explanation of economic development? What is government's role in these constraints?
- 2). Why does North say that the Riker quote (pages 59-60) "go to the heart of the issue of creating effective institutional constraints"?
- 3). Summarize Polanyi's argument. How does his argument relate to Eisner's observations about markets and the state? What are the political implications for a democracy? Is his analysis still relevant today? Explain and give examples.
- 4). Was the design Constitution driven primarily by the need to promote a market economy? Give both sides, looking at the evidence from Robertson.
- 5). Explain how American federalism has affected the development of the American economy, drawing on the design of the 1787 Constitution and consequences that are evident in American history since then. Does federalism still matter for economic policy?
- 6). Charles Tilly called the state (that is, the national government) a "protection racket" rather than a social contract. Explain. Is it true? Take both sides.
- 7). How did the institutional rules (North) in place in the U.S. (Robertson) affect the developments that Cronon describes?
- 8). Could St. Louis have become Chicago? Be sure to include the importance of capital investment.

September 13: Systems in Crisis: Industrialization

Paper Topic Due

- *Read:* Caporaso & Levine, 55-78; North, 73-91, 107-117; Gourevich, 17-123

Read: Caporaso & Levine, *Theories of Political Economy*, 55-78
North, *Institutions, Institutional Change and Economic Performance*, 73-91
Gourevich, *Politics in Hard Times* 1-123

Discussion questions:

Signup for 1 question in this group

- 1). Is Marxism dead, sleeping, or morphing into something else? Does it have relevance for the post-industrial economy, or is it confined to industrializing nations, Discuss there still exist such things as classes and class conflict in modern capitalism. Give both sides.
- 2). Does North's analysis on page 73-91 fundamentally support or fundamentally oppose Marx? Give both sides.
- 3). Does North's argument in chapter 12 amount to blaming the victim -- that is, blaming poor countries that are actually poor because rich countries enriched themselves at poor countries' expense?

Signup for 1 question in this group and 1 country under question 9

- 4). What is the production profile and what are the strengths and weaknesses of this approach? Give examples from your country (below) and course readings. How would this apply today?
- 5). What is the intermediary explanation, and what are the strengths and weaknesses of this approach? Give examples from your country (below) and course readings. How would this apply today?
- 6). What is the State structure explanation and what are the strengths and weaknesses of this approach? What does he mean by "Rules shape the process of aggregation" (61) Give examples from your country (below) and course readings. How would this apply today?
- 7). What is the economic ideology explanation and what are the strengths and weaknesses of this approach? Give examples from your country (below) and course readings. How would this apply today?
- 8). What is the international system explanation and what are the strengths and weaknesses of this approach? Give examples from your country (below) and course readings. How would this apply today?
- 9). Everyone: Sign up for **one** of these countries:

France _____
Sweden _____
England _____
Germany _____

September 20: Business, Labor, & Progressivism

Read: Caporaso & Levine, *Theories of Political Economy*, 79-99
Daniel Yergin, "Our Plan," from *The Prize* [MG]
George Frederick Baer, letter, July 17, 1902 [MG]
Eisner, *The American Political Economy*, 39-57
David Robertson, *Federalism and the Making of America* (Routledge, 2011),
48-53,74-91 [MG]

Discussion questions: Sign up for 2

- 1). Explain the factors that made neo-classical economic theory so persuasive by the early twentieth century. Be sure to mention public goods, externalities and monopolies. Use examples from Standard Oil. Is neo-classical economics still the dominant perspective of political liberals in the U.S. today?
- 2). In light of question 2, assess this quote by John Maynard Keynes: "The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influence, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back. I am sure that the power of vested interests is vastly exaggerated compared with the gradual encroachment of ideas." Give reasons that it remains right, and give reasons that it is mistaken. Use other authors such as North in your answer.
- 3). What do the methods and the successes of Standard Oil allow us to draw any generalizations about the role of business in the political economy of industrialized nations (not just the U.S.)? What are they? About the role of business in the twenty-first century?
- 4). How did federalism affect the development of interest groups generally in the United States? What are the political and economic policy consequences? Do Robertson, North, and Gourevitch provide compatible or incompatible answers to this question?
- 5). What is the Progressive regime, according to Eisner? Is Progressive regulation "politically efficient," to use North's phrase?
- 6). Counterfactual: Could the United States have pursued a different strategy toward corporations, and if so, under what circumstances? Be sure to discuss the differences of Theodore Roosevelt and William Howard Taft. How would the political history of the U.S. be different if the national government had not enacted anti-trust laws?
- 7). Is the management of economic development the most important issue for understanding the politics of nations in the past century? Give both sides.

September 27 Systems in Crisis: Depression and New Deal

Short Paper 1 Due

Read: Caporaso & Levine, *Theories of Political Economy*, 100-125;
Eisner, *The American Political Economy*, 58-79;
John Maynard Keynes, *The General Theory ...* 128-131 [MG];
Gourevich, *Politics in Hard Times*, 124-180;
Joseph Schumpeter, *Capitalism, Socialism, and Democracy*, 81-86 [MG]

- 1). Why was Keynesianism so attractive to policy-makers in the mid-20th century? Did it become irrelevant before the financial crisis? Has it now come back from the dead?
- 2) Has globalization and the decline of manufacturing made Keynesianism irrelevant in the industrialized nations?
- 3). Must democracy and capitalism always go hand in hand, as North suggests? If not, what are the consequences?
- 4). Did the New Deal "save capitalism from itself"? Was it "politically efficient"? Be sure to give good reasons for both sides.
- 5). Everyone should pick one of these nations to examine more closely and answer this question:

Choose one of the countries (France, Sweden, England, Germany) and explain what happened and why. To what degree were these nations path dependent? How does that country's experience compare to the U.S.?

- o Britain
- o France
- o Sweden
- o Germany

October 4 The Golden Age of Managed Capitalism

Read: Schonfield, "The Signs of Change" 3-17 [MG];
Eisner, 80-99;
Harris and Milkis, *The Politics of Regulatory Change*, 22-96 [MG]

Discussion questions: Sign up for one of these:

- 1). What international economic policies did the U.S. champion after World War II? Is free trade still an appropriate policy for the U.S. to support – or is it a tragic example of path dependence?

- 2). If Andrew Schonfield could update his analysis, what would he say about American economic policy?
- 3). How much influence does a president have over the economy? Can a new president contribute significantly to economic growth in his first year? Define “significantly.” Use the case of the Obama administration to illustrate both sides.

Discussion questions: Sign up for one of these:

- 4). Would North welcome or condemn the inertial forces that Harris and Milkis identify (p. 31 ff). Give both sides.
- 5). Why do “Environmentalism and other forms of new social regulation appear more threatening to capitalism than the New Deal ever did” (Harris and Milkis, p. 65). Is this perception accurate, and is it still accurate now?
- 6). How should the United States government decide what risks should be regulated by government and what risks should not? Be sure to include “new left” ideas, and be specific about environmental, consumer, and workplace protection.
- 7). Is the United States capable of effectively addressing the problem of global warming? Give both sides.

October 11 The Welfare State and Varieties of Capitalism

- *Read:* Castles et al, "Introduction" [MG];
- Obinger and Wagschal, "Social Expenditures and Revenues" [MG];
- Glannerster, the Sustainability of Western Welfare States," [MG];
- Hall and Soskice, "Introduction to Varieties of Capitalism" [MG];
- Hall and Thelen, "Institutional Change in Varieties of Capitalism" [MG]
-

Discussion questions: Sign up for one of these:

- 1). Why is it worthwhile to study “varieties of capitalism” (Hall and Soskice, Hall and Thelen)? What new research questions does it generate? How can these questions be made relevant to capitalism in the wake of the 2008 financial crisis and its ongoing effects?
- 2). Why is the politics of institutional stability (Hall and Thelen) important? Illustrate from your area of policy research.
- 3). Why is institutional change so important (Hall and Thelen)? What causes institutional change, in general and in your policy area? Explain the three routes of institutional change. What difference does any of this make?

Sign up for one of these:

- 4). What is the welfare state – what is included in the concept? How did welfare states develop? What are the challenges mentioned by Castles et al in their "Introduction," and are these challenges evident in the US?
- 5). What are the families of welfare states, according to Obinger and Wagschal? How do these nations compare to other families and each other? Have welfare state expenditures declined since 1980?
- 6). How do government revenues differ across welfare states and who cares?
- 7). Are the older welfare states in the OECD sustainable? Is the US welfare state sustainable? Give both sides, and be sure to define sustainable.

October 18

Systems in Crisis: Stagflation and the Economic Approach to Politics

- *Read:* Gourevich, 181-240; Eisner, 100-118; Caporaso & Levine, 126-158; Yandle, "Baptists and Bootleggers" [MG]; SKIM for content: Niskanen, "Bureaucrats and Politicians" [MG]

Discussion questions: Sign up for 2

Discussion question: Sign up for one of these countries:

- 1) Which of these five explanations for economic policy -- production profile, intermediate institutions, state structure, economic ideology, or the international system -- explain more of the variance in economic policy among developed nations than the others? Do different explanations work better for different countries?
ROBERT, STEVE, DONGWOOK
- 2) Everyone should pick one of these nations to examine more closely. Explain what happened and why. Specifically, how well did this nation cope with economic stagnation compared to the U.S.?
 - Britain
 - France
 - Sweden
 - Germany

Sign up for one of these:

- 3) Explain how rationality and efficiency figure into the economic approach to politics. What is good about this approach? What is limited?
- 4) Explain the public choice approach to economics, using Caporaso and Levine. What is good about this approach? What is limited?
- 5) What diagnosis of the problems of political economy is suggested by "Bootleggers and Baptists" and by Niskanen? What remedy do these analyses imply? Did the U.S. try that remedy?
- 6) Has the financial crisis of the last few years fatally damaged economic approaches to politics? Give both sides.

October 25

The Rise of NeoLiberal Politics in the U.S.

Research Bibliography & Outline due

Read: Eisner 119-138; Prasad, vi-98

Sign Up for Two

1. Did “Reaganomics” succeed. Define “success,” and distinguish between policy outcomes, policy effects, and political effects. Could Bill Clinton done more to break with Reaganomics? Give both sides.
2. Given the history of the American political economy that we’ve read so far, is it a surprise that the U.S. developed adversarial policies after World War II, according to Prasad? Explain, and refer to previous readings.
3. What is Prasad’s argument about American exceptionalism in taxation and industrial policy? Were these features evident in America’s response to previous and the current economic crises?
4. What is Prasad’s argument about American exceptionalism in social welfare policy? Were these features evident in America’s response to previous and the current economic crises? How does the debate on Affordable Health Care Act illustrate and/or contradict this argument?
5. What is Prasad’s argument about taxation in the Reagan years? What are its strengths and weaknesses? Was the Reagan administration’s tax policy “politically efficient,” to use North’s phrase?
6. What is Prasad’s argument about industrial policy in the Reagan years? Is this policy a continuation of the argument made by Harris and Milkis? What are its strengths and weaknesses? Does regulatory policy imply steadily growing presidential dominance in national economic policy?
7. What is Prasad’s argument about welfare policy in the Reagan years? How does it relate to other things you know about welfare policy in the last 30 years? What are its strengths and weaknesses? Does Prasad prove or disprove that federalism is necessary for explaining the American welfare state?

November 1 **The Rise of NeoLiberal Politics Abroad**

- *Read:* Prasad, *The Politics of Free Markets*, 99-286

Discussion questions:

- 1). Explain how Britain implemented neo-liberal policy. How and why was the British version of neo-liberal policy similar to and different from the American version? How much of the variation between the British and American cases can be explained by the two leaders (Thatcher and Reagan)? How much by path dependence? Support your answers with evidence)
2. Explain how Germany implemented neo-liberal policy. How and why was the German version different from the American version? How much of the variation between the British and American cases can be explained by the two leaders (Kohl and Reagan)? How much by path dependence? Support your answers with evidence.
3. Explain how France implemented neo-liberal policy. How and why was the French version different from the American version? How much of the variation between the British and American cases can be explained by the two leaders (Mitterand and Reagan)? How much by path dependence? Support your answers with evidence.

Discussion questions: Sign up for one of these three:

- 4). Is the United States more “progressive” in economic policy than these three European nations? Give both sides.
- 5). Should American liberals accept more regressive taxes and deregulation in order to achieve other goals? Give both sides.
- 6). What three specific changes in American political structure would make the biggest difference in economic management (broadly defined). How and why? Explain thoroughly.

November 8: Power, the State, and Contemporary Political Economy

Short Paper 2 Due

- *Read:* Caporaso & Levine, 159-196; *Economist*, "Efficient Market Theory" and "Macroeconomic Theory," [MG]; [Open Secrets Lobbying and Influence site](#); [MG]; Baumgartner et al, "Does Money Buy Public Policy?" [MG]; "Wall Street Mobilizes to Raise Debt Ceiling" [MG]

Discussion questions; Sign up for one in each group

Sign up for one:

- 1) How does business exercise power in markets? Give current examples. Do businesses have too much power in markets in the United States? Give both sides.
- 2) What are "conditioned power" and "false needs"? Give examples from the St. Louis region and the United States. Why are they important? How would you go about studying them?
- 3) Is owner-occupied housing a "false need"? Give both sides. Inventory the political interests of the citizen-voters in owner-occupied housing, and explain how these interests affect policy makers and elections.
- 4) Have the emergence of multinational corporations and global markets fundamentally changed the play of power in the American political economy? Define "fundamentally." Under what conditions can American companies be expected to serve American interests?
- 5). Is the U.S. state not autonomous enough, or too autonomous? Identify what it should be autonomous *for*. Give both sides.

Sign up for one:

- 6) Political parties were useful for managing development and democracy in the 19th century U.S., and for dealing with economic crisis in the 1930s. Right now, partisan divisions between the parties is very strong. Is that because parties play such a critical role in balancing democracy and development now, or because they have become useless in managing economic development? Give both sides.
- 7) In light of all the other readings, detail what chapters Caparaso and Levine have to modify (or add) in the wake of the global financial crisis of the early twenty-first century.
- 8). Is it impossible for government to prevent or to substantially reduce the impact of crises like the S&L and subprime mortgage crisis?

November 15: Globalization, the Financial Crisis and the Recession

- *Read:* Eisner, 162-203; Eichengreen, "Origins and Regulatory Consequences of the Subprime Crisis" [MG]; CBO, The Impact of the Stimulus, mid-2011 [MG]; CBO, Effect of Govt Spending on Economic Growth [MG]; Aizenman and Pasricha, "The Net Fiscal Expenditure Stimulus in the US, 2008-9" [MG]; TBA

Discussion question 1; Sign up for one in each group

- 1) Describe the origins and development of the subprime crisis
- 2) Describe the diagnosis and prescription of this approach:
 - a. Neoclassical
 - b. Marxist
 - c. Public choice
 - d. Power
 - e. State
- 3). How would Gourevich analyze the financial crisis and the American response?
- 4). Was the stimulus package of 2009 an effective response?
- 5). Will the crisis and aftermath permanently affect American and world politics?
- 6). How will the crisis change the analysis of political economy in the future?

November 29: The Budget Deficit

- *Read:* Brady and Volden, 12-78 [MG]; CBO Budget Options; handout on budget roles [MG]

See handout on the Budget balancing exercise for this class.

December 6: Inequality

Read: Timothy Smeeding, "Public Policy, Economic Inequality, and Poverty: The United States in Comparative Perspective" [MG]
North, *Institutions, Institutional Change and Economic Performance*, 131-140;
Caporaso & Levine, *Theories of Political Economy*, 197-225

Discussion question: Everyone answers this question:

- 1) Imagine that it is the year 2017. Describe the current situation of American political economy and specify the ways in which it logically developed from the path established by the end of 2011. Be sure to identify the most important indicators of the American political economy, and how they have changed.

Discussion questions: Sign up for one of these two

- 2) Is the level of economic inequality in the U.S. unjust? How do you know "just" when you see it? Give both sides. What one thing, if anything, should the U.S. government do about it, and why?
- 3) Is the level of economy inequality among nations of the world unjust? How do you know "just" when you see it? Give both sides. What one thing, if anything, should the U.S. government do about it, and why?

Discussion questions: Sign up for one of these three

- 4) In retrospect, list the ways in which the two parts of Polanyi's "double movement" generate conflicting political demands. In theory, what principles should government use when it decides where to draw between capitalist development and demands to protect people against economic harm and risk?
- 5) In practice, what 3 specific policy areas where we can make specific decisions about leaving some things to play of market forces, and other things to government provision, regulation, or incentives.
- 6) Is American democracy structured in a way that makes it as likely as possible to balance democracy and economic growth to make appropriate decisions. What one structural reform would insist on to make it better?