

P.S. 346. BUSINESS, POLITICS, AND ECONOMIC GROWTH

Spring 2017 (MONDAY-WEDNESDAY 1:25-2:40pm, Gross 111)

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and by appointment

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Capitalist market economies have proved superior compared to a range of fundamentally different economic systems, especially socialist planned economies. Nevertheless, also capitalist systems come in rather different “varieties” that involve political institutions and alignments of political forces (interest groups, parties). The course will include three parts. The first part will situate economic growth in advanced Western postindustrial democracies compared to historical growth trajectories and current political conditions of growth around the globe. The second part will focus on the institutions and political processes governing the economic production and social protection regimes of advanced postindustrial democracies: modes of corporate governance, industrial relations, human capital formation, macro-economic policy-making and various aspects of social policy in contemporary welfare states. The cap of the second part is an examination of the financial crisis of 2007-8, precipitating the Great Recession, and the ongoing crisis of European integration.

The third course will examine three challenges the political economies of postindustrial democracies have started tackling in different ways. The first is technological change affecting occupational structure, labor markets and income inequality. The second concerns the demographic transition, undermining pension and health care protection regimes and possibly triggering inter-generational conflicts. The third is economic globalization, impinging on employment and affecting conflicts of interest between people of different skills and different sectoral economic affiliations.

Required Readings:

There are five books to be purchased from the bookstore or other retailers (see below). In addition, a set of journal articles, book chapters and documents will be deposited in the SAKAI resource folder for the course.

Books:

- Pablo Beramendi, Silja Häusermann, Herbert Kitschelt, and Hanspeter Kriesi. Eds. 2015. *The Politics of Advanced Capitalism*. Cambridge: Cambridge University Press. ISBN 978-1-107-49262-2 (paper)
- John R. Bowman. 2014. *Capitalisms Compared. Welfare, Work, and Business*. Los Angeles: Sage Publications. ISBN 978-1-4522 5902-4 (paperback)
- Branko Milanovic. 2016. *Global Inequality. A New Approach for the Age of Globalization*. Cambridge, Mass.: Belknap Press. ISBN 978-0674737136. (hardback)
- OECD 2015. *Factbook*. Download from Duke Library system:
<http://www.oecd-ilibrary.org.proxy.lib.duke.edu/docserver/download/3015041e.pdf?expires=1479871976&id=id&accname=guest&checksum=DA68FA3B184800B44ABAE1B34CE3922C>
- Kees Van Kersbergen and Barbara Vis. 2014. *Comparative Welfare State Politics. Development, Opportunities, and Reform*. Cambridge: Cambridge University Press. ISBN 978-0-521-18371-0
- Martin Wolf. 2014. *The Shifts and the Shocks. What we've learned—and have still to learn—from the Financial Crisis*. New York: Penguin Press. (paper ISBN: 978-0143127635)

Course Requirements:

1. **take-home midterm I** at the end of the **February 15 session** (due on **Monday, February 20 at 1:25pm**); three essay questions (with 6 to choose from) covering part I of the course.
The mid-term accounts for 20 % of the course grade. Late penalty: -.33 grade points per day.
2. **“Motivated Questions” on the readings:** *You summarize an element of the readings for a course week in order to pose a question you would like to see addressed in class. You will write 100-300 words about how the subject on which you ask a question is treated in the readings of the week. Then you will ask your question. You will write your questions on the readings of four course weeks. Each time you will submit three motivating paragraphs, followed by your questions.*

Question Set	Course subjects on which motivated questions to be written	Dates of course discussion	Due date of questions
#1	2.2. Social Protection Regime	February 20, 22, 27, March 1	Monday, February 27, 9am
#2	2.3. Financial Crisis	March 6 and 8 (2.3.)	March 6, 9am (for 2.3.)
	OR 2.4. European Union Crisis	March 20 and 22 (2.4.)	OR March 20, 9am (for 2.4.)
#3	3.1. Economic Policy Conflicts	March 27 and 29	March 27, 9am (for 3.1.)
	OR 3.2. Investing in Ec. Improvement	April 3, 5, and 10	OR April 3, 9am (for 3.2.)
#4	3.3. Social Consumption	April 12 and 17	April 12 (for 3.3.)
	OR 3.4. Globalization	April 19 and 21	OR April 19 (for 3.4.)

Each set of questions: 5% of the course grade (4 X 5% = 20% total). Penalties are awarded for missing the submission deadline.

3. **research paper:** On one of the following topics in one postindustrial democracy, but you may also compare two countries (a bit harder):
 - ➔ corporate governance institutions;
 - ➔ industrial relations and labor union mobilization;
 - ➔ vocational and tertiary education and changes within that country;
 - ➔ demography and pension systems within that country (and policy reforms in the last 20 years);

Countries available for analysis: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, Netherlands, Norway, Portugal, Sweden, Switzerland, United Kingdom, United States

In order to create diversity of research papers, submit a rank order of several different country/topic combinations you would like to work on and you will get the green light for one that no one else in the course will take (there are close to 80 possible combinations of country X topics).

Paper should not exceed the 3,000 – 4,000 word range and document intelligent use of a minimum of ten academic sources (research journal articles or books), as well as quantitative evidence. The paper accounts for **30% of the course grade** and is **due on April 12**. Late penalty: -.33 grade points per day.

- Schedule a *meeting with instructor or TA* to discuss the paper: February 22-24;
- *Paper abstract and tentative bibliography* due: March 8, 2017;

4. **final exam** (to be determined whether take-home or in class). Officially registrar-scheduled in-class exam time: **Friday, May 5, 9am – noon**. Coverage: part III of the course. The final exam accounts for 20% of the grade.

5. *Course participation* accounts for 10% of the grade.

For unexcused absences from more than two (2) course sessions, points will be taken off the course grade. If you are missing more than seven (7) course sessions without excuse (25% of the course meeting time), you will be ineligible for a passing grade in the course.

0.1. Introductory Session (January 11)

no required readings

no session: January 16 (Martin Luther King Jr. Day)

PART I: LONG-RUN PERSPECTIVES ON POLITICS AND MARKETS

Growth and Politics in Perspective

1.1. The Facts of Economic Growth Across the Millennia and Centuries (January 18)

OBJECTIVE: basic awareness of variance in economic growth across time and space

required reading (64 pages):

1. Charles I. Jones. 2015. *The Facts of Economic Growth*. Version 2.0. pp. 1-7; 25-47;
(retrieve from SAKAI, course materials, or from <http://web.stanford.edu/~chadj/facts.pdf>)
2. Branko Milanovic. 2016. *Global Inequality*. Chapter 1 (10-45)

Lecture will also use recent contributions:

Berthold Herrendorf*, Richard Rogerson† and Ákos Valentinyi. 2014. “Growth and Structural Transformation.” In Philippe Aghion, ed. *Handbook of Economic Growth*. Vol. 2B. Amsterdam: Elsevier. Pp. 855-941.
Ian Morris. 2010. *Why the West Rules—for Now*. New York: Farrar, Strauss, and Giroux.

1.2. Concepts: Economic Income, Wealth and Growth. (January 23, 2017)

OBJECTIVE: we use GDP as the central concept, but it misses a great deal about welfare and life satisfaction

Required reading (71 pages):

1. Commission on the Measurement of Economic Performance and Social Progress. (Joseph E Stiglitz, Amartya Sen, and Jean-Paul Fitoussi). 2010. *Mis-Measuring our Lives. Why GDP Doesn't Add Up*. pp. 21-60.
Download at: http://www.insee.fr/fr/publications-et-services/dossiers_web/stiglitz/doc-commission/RAPPORT_anglais.pdf
2. World Bank. 2006. *Where Is the Wealth of Nations?* Washington. D.C. , pp. 1-32 (Pt I of document)
Download at: <http://siteresources.worldbank.org/INTEEI/214578-1110886258964/20748034/All.pdf>

Also read this article, albeit without the mathematical theory section (pp. 2429-34):

- (3.) Charles I. Jones and Peter J. Klenow. 2016. "Beyond GDP? Welfare across Countries and Time."
American Economic Review. Vol. 106, 9: 2426-57.

1.3. Basic Economic Growth TheoryWithout Politics (January 25)

OBJECTIVE only: What are non- or pre-political factors that economists put front and center to account for economic growth, as well as the stifling of economic growth?

Required reading (33 pages + 31 optional):

1. David N. Weil. 2012. *Economic Growth*. Boston et al.: Pearson. Chapter 2: pp. 31-52. **(Sakai)**
2. Jones, *The Facts of Economic Growth* (see session 1.1.), pp. 7-25.

Optional: David N. Weil. 2012, Chapter 3: pp. 53-82. (capital accumulation)

Lecture will also rely on:

- Carles Boix. 2015. "Prosperity and the Evolving Structure of Advanced Economies." In: Beramendi et al. *The Politics of Advanced Capitalism*. Chapter 2 (pp. 67-88).
- Oded Galor. 2005. "From Stagnation to Growth: Unified Growth Theory." In Philippe Aghion and Steven N. Durlauf. 2005. *Handbook Of Economic Growth. Vol. 1A*. Amsterdam: Elsevier. Pp. 171-294.
- Elhanan Helpman. 2004. *The Mysteries of Economic Growth*. Cambridge, MA: Harvard University Press.
- Ross Levine. 2005. "Finance and Economics." In Philippe Aghion and Steven N. Durlauf. 2005. *Handbook of Economic Growth. Vol. 1A*. Amsterdam: Elsevier. Pp. 865-934.

1.4. Political Institutions and Economic Growth (January 30)

OBJECTIVE: what are *the political institutions and forces* likely to shape long-run development and growth? How do they hold up against rival explanations such as (1) geography and climate and (2) exogenous changes of resources (such as improved education or adoption of new technology)?

Required reading (83 pages, remaining 40 pages optional):

1. Daron Acemoglu, Simon Jonson, and James A. Robinson. 2005. "Institutions as a Fundamental Cause of Long-run Growth." In: Philippe Aghion and Steven N. Durlauf. 2005. *Handbook of Economic Growth. Vol. 1A*. Amsterdam: Elsevier. Pp. 366-474.

Definitely read: 366-428; aspiration (but not required): 428-end.

2. Bo Rothstein. 2011. "Quality of Government. What You Get," chapter 2 in Rothstein, *The Quality of Government. Corruption, Social Trust, and Inequality in International Perspective*. Chicago: The University of Chicago Press. Pp. 34-58.

Lecture will refer to recent contributions to the debate about institutions:

- Alesina, Alberto, and Paola Giuliano. 2014. "Kinship Ties." In *Handbook of Economic Growth*. Vol. 2A. , 177-215.
- Barry Clark. 2016. *The Evolution of Economic Systems. Varieties of Capitalism in the Global Economy*. Oxford: Oxford University Press. Chapters 1-4.
- William Easterly and Ross Levine. 2016. "The European Origins of Economic Development." *Journal of Economic Growth*. Vol. 21, 2: 225-57.
- Piergiuseppe Fortunato and Ugo Panizza. 2015. "Democracy, Education, and the Quality of Government." *Journal of Economic Growth*. Vol. 20, 3: 333-63.
- Keun Lee and Byung-Yeon Kim. 2009. "Both Institutions and Policies Matter but Differently for Different Income Groups of Countries: Determinants of Long-Run Economic Growth Revisited." *World Development*. Vol. 37, No. 3: 533-549.
- Samia Nasreen, Sofia Anwar, and Masood Qadir Waqar. 2015. "Institutions, Investment and Economic Growth: A Cross-Country and Panel Data Study." *The Singapore Economic Review*, Vol. 60, No. 4. 19pp.
- Nathan Nunn. 2014. "Economic Development." In *Handbook of Economic Growth*. Vol. 2A. . Boston: Elsevier. Pp. 347-402.
- Sheilagh Ogilvie and A. W. Carus. 2014. "Institutions and Economic Growth in Historical Perspective." In *Handbook of Economic Growth*. Vol. 2A. Boston et al.: Elsevier Scientific Publishers.
- Dani Rodrik. Arvind Subramanian and Francesco Trebbi. 2004. "Institutions Rule: The Primacy Institutions over Geography and Integration into Economic Development." *Journal of Economic Growth*. Vol. 9, 2: 131-65.
- Enrico Spolaore and Romain Wacziarg. 2014. "Long-term Barriers to Economic Development." In *Handbook of Economic Growth*. Vol. 2A. Boston et al.: Elsevier. Pp. 121-77.
- _____. 2013. "How Deep are the Roots of Economic Growth?" *Journal of Economic Literature*. Vol. 51, 2: 325-69.

1.5. Kuznets Curves. Economic Growth and Inequality (February 1)

OBJECTIVE: relationship between inequality and growth

required reading (71pages):

1. Branko Milanovic. 2016. *Global Inequality*. Chapter 2 (pp. 46-117). **Optional:** Chapter 3 (118-54)

Optional, but highly recommended unpublished IMF staff paper:

2. Jonathan D. Ostry, Andrew Berg, Charalambos G. Tsangarides. 2014. ***Redistribution, Inequality, and Growth***. International Monetary Fund (IMF). Research Department. Authorized for distribution by Olivier Blanchard. Washington. DC. (SAKAI) <http://www.imf.org/external/pubs/ft/sdn/2014/sdn1402.pdf>

For the lecture see also:

- Carles Boix. 2015. *Political Order and Inequality. Their Foundations and Their Consequences for Human Welfare*. Cambridge: Cambridge University Press.
- Charles I. Jones. 2015. "Pareto and Piketty: The Macroeconomics of Top Income and Wealth Inequality." *Journal of Economic Perspectives*. Vol. 29, 1: 29-46.
- Thomas Piketty. 2014. *Capital in the Twenty-First Century*. Cambridge, Mass.: Harvard University Press.
- Kenneth Scheve and David Stasavage. 2016. *Taxing the Rich. A History of Fiscal Fairness in the United States and Europe*. Princeton, N.J. and New York: Princeton University Press and Russell Sage Foundation.

PART II: FROM INDUSTRIAL TO POST-INDUSTRIAL CAPITALISM. PRODUCTION AND PROTECTION SYSTEMS

2.1. Production Systems in Advanced Capitalism

(4 sessions: February 6 and 8, February 13 and 15)

OBJECTIVE: Key institutions of modern capitalism that channel incentives to invest in capital and human skills. Diversity of these arrangements across countries ... but do they converge?

Total required reading: 3 topics/4 sessions, 256pp total = 64 pages/session

2.1.1. Corporate Governance and Capital Markets

required reading (total 86 pages):

1. John R. Bowman. 2014. *Capitalisms Compared. Welfare, Work, and Business*. Chapter 6: Corporate Governance and Finance.” (239-300)
2. Gregory Jackson and Kathleen Thelen. 2015. “Stability and Change in CMEs: Corporate Governance and Industrial Relations in Germany and Denmark.” In: Beramendi et al. 2015. *The Politics of Advanced Capitalism*. Pp. 305-331.

Lectures will also draw on:

- Ruth V. Aguilera and Gregory Jackson. “Comparative and International Corporate Governance.” *The Academy of Management Annals* Vol. 4, No. 1, 2010, 485–556
- Franklin Allen and Douglas Gale, *Comparing Financial Systems*. Cambridge, Mass.: MIT Press, 2001, chapter 4, “Corporate Governance.” pp. 79-126. **(Sakai)**
- Rafael La Porta, Florencio Lopez-de-Silanes, and Andrei Shleifer, “Corporate Ownership around the World,” *Journal of Finance*, Vol. 54 (1999) 2: 471-517.)
- Andrew Tylecote. “The Role of Finance and Corporate Governance in National Systems of Innovation.” *Organization Studies*. Vol. 28 (2007) 10: 1461-81. **(e-journal)**

2.1.2. Industrial Relations Systems, Wage Bargaining, Skill Formation

required reading (total 95pp):

1. John R. Bowman. *Capitalisms Compared. Welfare, Work, and Business*. Chapter 5: “The Labor Market.” pp. 170-238.
2. Anke Hassel. 2015. “Trade Unions and the Future of Democratic Capitalism.” In Beramendi et al. 2015. *The Politics of Advanced Capitalism*. Pp. 231-57.

Lectures will also draw on:

- Philip Du Caju, Erwan Gautier, Daphne Momferatou, and Melanie Ward-Warmedinger. 2008. Institutional Features of Wage Bargaining in 23 European Countries, the US and Japan. Frankfurt: European Central Bank, Working Paper Series No. 974, December 2008. <http://www.ecb.int/pub/pdf/scpwps/ecbwp974.pdf>
- Detlef Jahn. 2016. “Changing of the guard; trends in corporatist arrangements in 42 highly industrialized societies from 1960 to

- 2010.” *Socio-Economic Review*, Vol. 14, No. 1: 47–71.
- Jonas Pontusson. 2005. *Inequality and Prosperity*. Princeton, N.J.:Princeton University Press.
- Alan Siaroff, “Corporatism in 24 Industrial democracies: Meaning and Measurement,” *European Journal of Political Research*, Vol. 36 (1999) 2: 175-205
- Kathleen Thelen. 2014. *Varieties of Liberalization and the New Politics of Social Solidarity*. Cambridge: Cambridge University Press.
- Todd E. Vachon, Michael Wallace, and Allen Hyde. 2016. “Union Decline in a Neoliberal Age: Globalization, Financialization, European Integration, and Union Density in 18 Affluent Democracies.” *Socius: Sociological Research for a Dynamic World. American Sociological Association*. Vol. 2: 1-22.
- Michael Wallerstein and Bruce Western. 2000. "Unions in Decline? What Has Changed and Why." *Annual Review of Political Science* 3: 355-377.

2.1.3. Production Systems and Macro-Economic Growth Performance?

Required readings, two classics (75 pp):

1. Peter Lange and Geoffrey Garrett, “The Politics of Growth. Strategic Interaction and Economic Performance in the Advanced Industrial Democracies, 1974-1980,” *Journal of Politics*, Vol. 47 (1985) 3: 792-827.
2. Peter A. Hall and Daniel W. Gingerich. 2009. Varieties of Capitalism and Institutional Complementarities in the Political Economy: An Empirical Analysis.” *British Journal of Political Science*. Vol. 39: 449-82.

Lectures will also draw on:

- Lucio Baccaro and Jonas Pontusson. 2016. “Rethinking Comparative Political Economy: The Growth Model Perspective.” *Politics and Society*. Vol. 44, 2: 175-207.
- Barry Clark. 2016. *The Evolution of Economic Systems. Varieties of Capitalism in the Global Economy*. Oxford: Oxford University Press. Chapters 6-10 (country-by-country coverage of varieties of capitalism: USA, UK, FRA, GER, SWE)
- Peter A. Hall and David Soskice. 2001. “An Introduction to Varieties of Capitalism.” In: Hall&Soskice. Eds. *Varieties of Capitalism. The Institutional Foundations of Comparative Advantage*. Oxford: Oxford University Press. Pp. 1-68.
- Peter A. Hall and Kathleen Thelen. 2009. “Institutional Change in Varieties of Capitalism.” *Socio-Economic Review*. Vol. 7: 7-34.
- Torben Iversen and David Soskice. 2010. “Real Exchange Rates and Competitiveness: The Political Economy of Skill Formation, Wage Compression, and Electoral Systems.” *American Political Science Review*. Vol. 104, No. 3: 601-23.
- Dennie Oude Nijhuis. 2015. “Incomes Policies, welfare state development, and the notion of the social wage.” *Socio-Economic Review*. Vol. 13, 4: 771-90.
- Martin R. Schneider and Mihai Paunescu. 2012. “Changing Varieties of Capitalism and Revealed Comparative Advantage from 1990 to 2005: A Test of the Hall and Soskice Claim.” *Socio-Economic Review*. Vol. 10: 731-53
- Lyle Scruggs. 2001. “The Politics of Growth Revisited,” *Journal of Politics*, Vol. 63, No. 1: 120-40.
- Marco Simoni. 2013. “The Left and Organized Labor in Low Inflation Times.” *World Politics*. Vol. 65, 2: 314-45.
- David Soskice, “Divergent Production Regimes. Coordinated and Uncoordinated Market Economies in the 1980s and 1990s,” pp. 101-34 in Herbert Kitschelt, Peter Lange, Gary Marks, John D. Stephens, (eds.), *Continuity and Change in Contemporary Capitalism*. New York: Cambridge University Press, 1999.

***TAKE HOME MIDTERM I WILL BE HANDED OUT FEBRUARY 15, DUE ON
FEBRUARY 20 at 1:25pm***

2.2. Social Protection Regime in Advanced Capitalism

(four sessions: February 20 and 22 and February 27 and March 1)

OBJECTIVE: *understand origins and features of different social protection regimes. How encompassing are their risk pools? How much do they redistribute from affluent participants to the poor?*

Required readings, all four sessions (230 pp/57pp per session):

1. Kees van Kersbergen and Barbara Vis. 2015. *Comparative Welfare State Politics*. Cambridge University Press. Chapters 1-5 (pp. 1-102)
2. John R. Bowman. 2013. *Capitalisms Compared. Welfare, Work, and Business*. Chapters 2-3: pp. 36-136)
Chapter 1: optional, goes over the same materials as Van Kersbergen/Vis, but in a less analytically crisp way
3. Stanford Center on Poverty and Inequality. 2016. *State of the Union. The Poverty and Inequality Report 2016*. Pathways. A Magazine on Poverty, Inequality, and Social Policy. Download the report here: <http://inequality.stanford.edu/sites/default/files/Pathways-SOTU-2016-2.pdf>
read pp. 10-38, on Labor Markets, Poverty, Safety Net, and Income Inequality. (good for comparative data: US versus other OECD countries)

Optional, about outcomes:

- (4.) Christopher J. Anderson and Jason D. Hecht. 2015. "Happiness and the Welfare State: Decommodification and the Political Economy of Subjective Well-Being." In: Pablo Beramendi, et al., *The Politics of Advanced Capitalism*. Pp. 357-80.

Lectures will also draw on:

- Alberto Alesina, Edward Glaeser, and Bruce Sacerdote. 2001. "Why Doesn't the United States have a European-style Welfare State?" *Brookings Papers on Economic Activity*. Vol 2: 187-277.
- Jon Erik Dølvik and Andrew Martin. Eds. 2015. *European Social Models from Crisis to Crisis. Employment and Inequality in the Era of Monetary Integration*. Oxford: Oxford University Press.
- Gøsta Esping-Andersen. 1990. *The Three Worlds of Welfare Capitalism*. Cambridge: University of Cambridge Press.
- Peter Flora and Arnold Heidenheimer, eds. 1981. *The Development of Welfare States in Europe and America*. New Brunswick: Transaction Books.
- John F. Helliwell, Haifang Huang, Shawn Grover and Shun Wang. 2014. *Empirical Linkages Between Good Government and National Well-Being*. National Bureau of Economic Research (NBER) Working paper # 20686.
- Torben Iversen and David Soskice. 2009. "Distribution and Redistribution: The Shadow of the Nineteenth Century." *World Politics* Vol. 61, 3: 438-86.
- Torben Iversen and John D. Stephens. 2008. "Partisan Politics, the Welfare State, and Three Worlds of Human Capital Formation." *Comparative Political Studies*. Vol. 41, 4/5: 600-37.
- Jacob Funk Kierkegaard. 2015. "The True Levels of Government and Social Expenditures in Advanced Economies." *Petersen Institute for International Economics*. March 2015. Number PB 15-4.
Download <https://piie.com/publications/pb/pb15-4.pdf>
- Shigehiro Oishi and Selin Kesebir. 2015. "Income Inequality Explains Why Economic Growth Does Not Always Translate to an Increase in Happiness." *Psychological Science*. Vol. 26, No. 10: 1630-8.

2.3. The Threat of Market Liberalism: The Financial Crisis 2007-9

(two sessions: March 6 and 8)

Objective: *financial crises are the spontaneous offspring of liberal market capitalism and are reinforced by the interaction of democracy and market capitalism*

Required readings (142 pp/71 pp/session):

1. Martin Wolf. 2014. *The Shifts and the Shocks. What we've learned—and have still to learn—from the Financial Crisis*. New York: Penguin Press. Chapter 1 (17-44), chapter 4 (117-48) and chapter 7 (223-56) 91 pages
2. Alan Blinder. 2013. *After the Music Stopped. The Financial Crisis, the Response, and the Work Ahead*. New York: Penguin Books. Chapter 3: “The House of Cards.” Pp. 56-86.
3. Raghuram G. Rajan. 2010. *Fault Lines. How Hidden Fractures Still Threaten the World Economy*. Princeton, N.J.: Princeton University Press. Introduction (1-19) and chapter 5 (“From Bubble to Bubble,” 101-19).
4. Carmen M. Reinhart and Kenneth S. Rogoff. 2014. “Recovery from Financial Crises: Evidence from 100+ Episodes.” *American Economic Review. Papers and Proceedings*. Vol. 104, No. 5: 50-55.

Lectures will also draw on:

- Charles W. Calomiris and Stephen H. Haber. 2014. *Fragile By Design. The Political Origins of Banking Crises and Scarce Credit*. Princeton, N.J.: Princeton University Press.
- Barry Eichengreen. 2016. *Hall of Mirrors. The Great Depression, the Great Recession, and Uses and Mis-Uses of History*. Oxford: Oxford University Press.
- Michael Kumhof, Romain Rancière, and Pablo Winant. 2015. “Inequality, Leverage, and Crises.” *American Economic Review*. Vol. 105, 3: 1217-45.
- Frederic S. Mishkin. 2011. “Over the Cliff: From the Subprime to the Global Financial Crisis.” *Journal of Economic Perspectives*. Vol. 25, 1: 49-70.
- Carmen M. Reinhart and Kenneth S. Rogoff. 2009. *This Time is Different. Eight Centuries of Financial Folly*. Princeton, N.J.: Princeton University Press.
- Nouriel Roubini and Stephen Mihm. *Crisis Economics. A Crash Course in the Future of Finance*. New York: Penguin Books, 2011
- Joseph E. Stiglitz. *Freefall. America, Free Markets, and the Sinking of the World Economy*. New York: Norton, 2010.

2.4. Forcing Together Disparate Varieties of Capitalism: The Crisis of the European Union (two sessions: March 20 and 22)

Objective: the crisis of the European Union is one of forcing diverging capitalisms into a single non-optimal currency area, the EURO

Required readings (156 pp/78 pp/session):

1. Martin Wolf. 2014. *The Shifts and the Shocks*. Chapter 2 (45-88), chapter 5 (149-88) and chapter 9 (289-316).
2. Peter Hall. 2014. “Varieties of Capitalism and the Euro Crisis.” *West European Politics*. Vol. 37, No. 6: 1223-43.
3. Geoffrey Evans, Noah Carl, and James Dennison. 2016. BREXIT: The Causes and Consequences of the UK’S Decision to Leave the EU. Ms. Nuffield College, Oxford University. Ms. 26 pp.

Lectures will also draw on:

- Alexandre Afonso, Sotirios Zartaloudis, and Yannis Papadopoulos. 2015. “How party linkages shape Austerity Politics: clientelism and fiscal adjustment in Greece and Portugal during the Eurozone crisis.” *Journal of European Public Policy*. Vol. 22, No. 3: 315-34.
- Klaus Armingeon, Kai Guthmann, and Davis Weisstanner. 2016. “How the Euro divides the union: the effect of economic

- adjustment on support for democracy in Europe.” *Socio-Economic Review*. Vol. 14, No. 1: 1-26.
- Markus K. Brunnermeier, Harold James, and Jean-Pierre Landau. 2016. *The Euro and the Battle of Ideas*. Princeton, N.J.: Princeton University Press.
- De Grauwe Paul. 2013. The political economy of the euro. *Annual Review of Political Science*. Vol. 16:153–70.
- _____. 2016. *Economics of Monetary Union*. Eleventh edition. Oxford: Oxford University Press.
- Torben Iversen, David Soskice and David Hope. 2016. “The Eurozone and Political Economic Institutions.” *Annual Review of Political Science*. Vol. 19: 23pp.
- Andreas Nölke. 2016. “Economic causes of the Eurozone crisis: the analytical contribution of Comparative Capitalism.” *Socio-Economic Review*, 2016, Vol. 14, No. 1, 141–161.
- Enrico Spolaore. 2015. *The Political Economy of European Integration*. National Bureau of Economic Research Working Paper 21250. <http://www.nber.org/papers/w21250>
- Joseph E. Stiglitz. 2016. *The EURO. How a Common Currency Threatens the Future of Europe*. New York: Norton.
- Christian Thimann. 2015. “The Microeconomic Dimensions of the Eurozone Crisis and Why European Politics Cannot Solve Them.” *Journal of Economic Perspectives*. Vol. 29, No. 3: 141-164.

PART III: POLITICAL-ECONOMIC CHALLENGES OF THE TWENTY-FIRST CENTURY

3.1. A Simpleton’s Guide to Economic Policy Conflicts in Advanced Capitalist Democracies: Diverging Preferences over Productive Investment and Social Protection (two sessions: March 27 and 29)

OBJECTIVE: *develop a simple theory to depict differences in group interests and ideas about preferred ways to reform advanced capitalist democracies*

required readings (139pp/70 pages/session):

Pablo Beramendi, Silja Häusermann, Herbert Kitschelt, and Hanspeter Kriesi. Eds. 2015. *The Politics of Advanced Capitalism*. Cambridge: Cambridge University Press.

Read chapters in this book in the following (somewhat backwards) sequence:

1. Daniel Oesch. “Occupational Structure and Labor Market Change in Western Europe since 1990.” Pp. 112-32.
2. Silja Häusermann and Hanspeter Kriesi. “What Do Voters Want? Dimensions and Configurations in Individual-Level Preferences and Party Choice.” Pp. 202-30.
3. Herbert Kitschelt and Philipp Rehm. “Party Alignments: Change and Continuity.” Pp. 179-201.
4. Pablo Beramendi, Silja Häusermann, Herbert Kitschelt, and Hanspeter Kriesi. “Introduction: The Politics of Advanced Capitalism.” Pp. 1-65.

Ideas, not just interests:

Van Kersbergen & Vis. 2014. *Comparative Welfare State Politics*. chapter 6 (103-22)

Lectures will also draw on:

Jane Gingerich and Silja Häusermann. 2015. The decline of the working-class vote, the reconfiguration of the welfare support coalition and consequences for the welfare state. *Journal of European Social Policy*. Vol. 25(1) 50–75.

3.2. Investing in Economic Improvement: Technological Change and Skill Formation (three session: April 3, 5 and 10)

Objective: *There is big variance in how polities are tackling the challenges of technology and occupational change, although they may not be entirely congruous with the inherited diversity of capitalism that had evolved in the 20th century. Postindustrial political economy must recognize the close relationship between institutions of education and family life (material endowment, socialization of children) in the politics of social investment.*

required readings (239pp/80 pages per session):

A. General introduction

Van Kersbergen and Vis. 2014. *Comparative Welfare State Politics*. Chapter 8 “Why Do We Need to Reform the Welfare State? Part II (137-59) ... also in part overlapping with theme 3.3.

B. Technological possibilities of occupational change:

(1) *Restrained versus exuberant assessment:*

1. Autor, David. 2015. “Why Are There Still So Many Jobs? The History and Future of Workplace Automation.” *Journal of Economic Perspectives*. Vol. 29, 3: 3-30.
2. Gill A. Pratt. 2015. “Is a Cambrian Explosion Coming for Robotics?” *Journal of Economic Perspectives*. Vol. 29, No. 3: 51-60.

(1a) (recommended, not required): *The “classic” exuberant study about AI job displacement (Frey et al. 2013) and a critique (Arntz et al. 2016):*

- 1a. Carl Benedikt Frey and Michael A. Osborne. 2013. The Future of Employment: How Susceptible Are Jobs to Computerization? Oxford Martin School and Oxford University Department of Engineering Sciences, September 17, 2013. http://www.oxfordmartin.ox.ac.uk/downloads/academic/The_Future_of_Employment.pdf
- 2a. Melanie Arntz, Terry Gregory and Ulrich Zierahn. 2016. The Risk of Automation for Jobs in OECD Countries. A Comparative Analysis. *OECD Social, Employment and Migration Working Papers No. 189*. Paris: OECD.

C. Skill formation:

1. Jane Gingerich and Ben W. Ansell. 2015. “The Dynamics of Social Investment: Human Capital, Activation, and Care.” Pp. 282-304 in Beramendi et al. *The Politics of Advanced Capitalism*.
2. Marius Busemeyer. 2015. *Skills and Inequality. Partisan Politics and the Political Economy of Education Reforms in Western Welfare States*. Cambridge: Cambridge University Press. Introduction (1-25) and chapter 4, “Educational institutions and socioeconomic inequality.” (177-214). **(SAKAI)**
3. Stanford Center on Poverty and Inequality. 2016. *State of the Union. The Poverty and Inequality Report 2016. Pathways. A Magazine on Poverty, Inequality, and Social Policy*. Download the report here: <http://inequality.stanford.edu/sites/default/files/Pathways-SOTU-2016-2.pdf>
read pp. 45-57 on education and social mobility. (comparative data)

D. Family Structure and Policy:

1. John R. Bowman. 2014. *Capitalisms Compared*. Chapter 4: "Family Policy," pp. 137-169.
2. Gøsta Esping-Andersen. 2015. "The Return of the Family." In Beramendi et al. *The Politics of Advanced Capitalism*. Pp. 157-77.
3. Kimberly Morgan. 2013. "Path Shifting of the Welfare State. Electoral Competition and the Expansion of Work-Family Policies in Western Europe. *World Politics*. Vol. 65. No. 1: 73-115.

Lectures will also draw on:

- Philippe Aghion et al. 2007. *Why Reform Europe's Universities?* "Bruegel Policy Brief"
http://bruegel.org/wp-content/uploads/imported/publications/pbf_040907_universities.pdf
- Ben Ansell, "University Challenges Explaining Institutional Change in Higher Education." *World Politics*. Vol. 60 (January 2008) 2: 189-230.
- David Autor. 2014. Polanyi's Paradox and the Shape of Employment Growth NBER Working Paper No. 20485. September 2014
- June Carbone and Naomi Cahn. 2014. *Marriage Markets. How Inequality Is Remaking the American Family*. Oxford: Oxford University Press.
- Anthony P. Carnevale, Tamara Jayasundera, Artem Gulish. 2016. *America's Divided Recovery. College Haves and Have-Nots 2016*. Center on Education and the Workforce. McCourt School of Public Policy. Georgetown University.
<https://cew.georgetown.edu/wp-content/uploads/Americas-Divided-Recovery-web.pdf>
- Andrew J. Cherlin. 2014. *Labor's Love Lost: The Rise and Fall of the Working-Class Family in America*. New York: Russell Sage Foundation.
- Patrick Emmenegger, Silja Häusermann, Bruno Palier, and Martin Seeleib-Kaiser. Eds. 2012. *The Age of Dualization. The Changing Face of Inequality in Deindustrializing Countries*. Oxford: Oxford University Press.
- Carl Benedikt Frey, Craig Holmes, and Michael A. Osborne. 2016. *Technology at Work v2.0. The Future Is Not What It Used To Be*. Oxford Martin School. Citi GPS: Global Perspectives & Solutions. January 2016.
http://www.oxfordmartin.ox.ac.uk/downloads/reports/Citi_GPS_Technology_Work_2.pdf
- Maarten Goos, Alan Manning, and Anna Salomons. 2014. "Explaining Job Polarization: Routine-Biased Technological Change and Offshoring." *American Economic Review*. Vol. 104, No. 8: 2509-26.
- Anton Hemerijk. 2013. *Changing Welfare States*. Oxford: Oxford University Press.
- Jingjing Huo. 2009. *Third Way Reforms. Social Democracy after the Golden Age*. Cambridge: Cambridge University Press.
- Nahalie Morel, Bruno Palier and Joakim Palme. 2012. *Towards a Social Investment Welfare State? Ideas, Policies and Challenges*. Bristol: Policy Press.
- Robert Putnam. 2015. *Our Kids. The American Dream in Crisis*. New York: Simon & Schuster.
- Heike Solga. 2014. "Education, economic inequality and the promises of the social investment state." *Socio-Economic Review*. Vol. 12, No. 3: 269-97.
- Joseph E. Stiglitz and Bruce C. Greenwald. 2014. *Creating a Learning Society: A New Approach to Growth, Development, and Social Progress*. New York: Columbia University Press.

3.3. Social Consumption: Maintaining Social Protection in the New Economy in Face of the Demographic Transition (two sessions: April 12 and April 17)

Objective: *Different demographic crisis patterns evolve from different varieties of contemporary capitalism, including different patterns of fertility and life expectancy. But once again the pre-existing pathways are not necessarily adequate predictors of current political problem-solving strategies,*

required readings (73 pp/37 pages per session):

1. Evelyne Huber and John Stephens. 2015. "Postindustrial Social Policy." In In Beramendi, Häusermann, Kitschelt and Kriesi, eds. *The Politics of Advanced Capitalism*, pp. 259-81.
2. Silja Häusermann. 2012. "The Politics of Old and New Social Policies." In Giulano Bonoli and David Natali. Eds., *The Politics of the New Welfare State*. Oxford: Oxford University Press. Pp. 111-33.
3. Van Kersbergen and Vis. 2014. *Comparative Welfare State Politics*. Chapter 8 (see above, session 3.2.)

- and Chapter 9, “Why and How Do Politicians and Governments Pursue Risky Reforms?” (160-184)
4. Anne Case and Angus Deaton. 2015. “Rising morbidity and mortality in midlife among white non-Hispanic Americans in the 21st century.” *Proceedings of the National Academy of Sciences*. Vol. 112, No. 49: pp.15078-83. <http://www.pnas.org/content/112/49/15078>

Lectures will also draw on:

- Giuliano Bonoli and David Natali. Eds. 2012. *The Politics of the New Welfare State*. Oxford: Oxford University Press.
- Raj Chetty, Michael Stepner, Sarah Abraham, Shelby Lin, Benjamin Scuderi, Nicholas Turner, Augustin Bergeron, David Cutler. 2015. “The Association Between Income and Life Expectancy in the United States, 2001-2014.” *Journal of the American Medical Association*. 315(16):1750-1766. Online <http://jamanetwork.com/journals/jama/article-abstract/2513561>
- Gagnon, Etienne, Benjamin K. Johannsen, and David Lopez-Salido (2016). “Understanding the New Normal: The Role of Demographics,” Finance and Economics Discussion Series 2016-080. Washington: Board of Governors of the Federal Reserve System, <http://dx.doi.org/10.17016/FEDS.2016.080> .
- Valentina Gallo et al. 2012. “Social Inequalities and Mortality in Europe—Results from a Large Multi-National Cohort.” *PLOS-ONE*. Volume 7 | Issue 7 | e39013. <http://journals.plos.org/plosone/article?id=10.1371/journal.pone.0039013>
- Jacob Hacker and Paul Pierson. 2010. *Winner-Takes-All Politics. How Washington Made the Rich Richer – and Turned its Back on the Middle Class*. New York: Simon & Schuster.
- Silja Häusermann. 2010. *The Politics of Welfare State Reform in Continental Europe. Modernization in Hard Times*. Cambridge: Cambridge University Press.
- Ingela Naumann. 2013. “Childcare Politics in the ‘New’ Welfare State. Class, Religion, and gender in the Shaping of Political Agendas.” In: Giuliano Bonoli and David Natali. Eds. 2012. *The Politics of the New Welfare State*. Oxford: Oxford University Press. Pp. 159-81.
- Bruno Palier. 2012. “Turning Vice into Vice. How Bismarckian Welfare States Have Gone from Unsustainability to Dualization.” In: Giuliano Bonoli and David Natali. Eds. *The Politics of the New Welfare State*. Oxford: Oxford University Press. Pp. 233-55.
- Philipp Rehm. 2016. *Risk Inequality and Welfare States. Social Policy Preferences, Development, and Dynamics*. Cambridge: Cambridge University Press.
- David Rueda, Erik Wibbels, and Melina Altamirano. 2015. “The Origins of Dualism.” In Beramendi, Häusermann, Kitschelt and Kriesi, eds. *The Politics of Advanced Capitalism*, pp. 89-111.
- Kenneth Scheve and David Stasavage. *Taxing the Rich. A History of Fiscal Fairness in the United States and Europe*. Princeton, N.J.: Princeton University Press, and New York: Russell Sage Foundation.

3.4. The Challenge of Globalization: Winners, Losers, and Populist Movements? (two Sessions: April 19 and 24)

Objective: Global flows of goods, labor, capital and people makes everyone better off, but clearly hurt distinctive pockets of job holders. Yet the conflicts about globalization tend to be about more than economics. What is “populism?”

Required readings (172pp/86 pages/session):

A. Political economy of globalization, inequality and growth:

1. Dani Rodrik. 2016. Brexit and the Globalization Trilemma. Rodrik blog. (4 pp.) http://rodrik.typepad.com/dani_rodriks_weblog/2016/06/brexit-and-the-globalization-trilemma.html
2. Van Kersbergen and Vis. 2014. *Comparative Welfare State Politics*. Chapter 7, “Why Do We Need to Reform the Welfare State? Part I: Globalization...” pp. 123-36.
3. Branco Milanovic. 2016. *Global Inequality. A New Approach for the Age of Globalization*. Cambridge, MA: Cambridge University Press. Chapter 4: “Global Inequality in This Century and the Next.” (pp. 155-211).

B. The Politics of Globalization:

1. Rafaela Dancygier and Stefanie Walter. 2015. "Globalization, Labor Market Risks, and Class Cleavages." In Beramendi/Häusermann/Kitschelt/Kriesi, eds. *The Politics of Advanced Capitalism*. Pp. 133-56.
2. Jens Hainmüller and Daniel J. Hopkins. 2014. "Attitudes Toward Immigration." *Annual Review of Political Science*. Vol. 17: 225-49.
3. Ronald F. Inglehart and Pippa Norris. 2016. Trump, Brexit, and the Rise of Populism: Economic Have-Nots and Cultural Backlash. *Faculty Research Working Paper Series RWP16-026*. Harvard Kennedy School. Ms. 52pp. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2818659

Lectures will also rely on:

- Alicia Adsera and Carles Boix, "Trade, Democracy, and the Size of the Public Sector: The Political Underpinnings of Openness," *International Organization*, Vol. 56 (Spring 2002) 2: 229-62.
- Francis Castles. 2004. *The Future of the Welfare State. Crisis Myths and Crisis Realities*. Oxford: Oxford University Press.
- Barry Clark. 2016. *The Evolution of Economic Systems. Varieties of Capitalism in the Global Economy*. Oxford: Oxford University Press. Chapter 15.
- Cas Mudde. Ed. 2017. *The Populist Radical Right. A Reader*. Abingdon and New York: Routledge.
- Stuart Soroka, Keith Banting and Richard Johnston, "Immigration and Redistribution in the Global Era." pp. 261-288 in Pranab Bardhan, Samuel Bowles and Michael Wallerstein, eds., *Globalization and Egalitarian Redistribution*. Princeton, N.J.: Princeton University Press, 2006.)

3.5. Concluding Session (April 26)

Required readings (76pp):

1. Bowman. 2014. *Capitalisms Compared*. Chapter 7, "The Viability of Alternative Forms of Capitalism." Pp. 301-30.
2. Milanovic, *Global Inequality*. Chapter 5. "What Next?" 212-39.
3. Van Kersbergen and Vis. 2014. *Comparative Welfare State Politics*. Chapter 10, "Can and Will the Welfare State Survive the Great Recession?", pp. 185-205.

Optional:

- Beramendi, Häusermann, Kitschelt and Kriesi, "Conclusion: Advanced Capitalism in Crisis," in *ibid.*, eds. *The Politics of Advanced Capitalism*, pp. 381-403.

FINAL EXAM: FRIDAY, MAY 5, 9am – 12noon
OR: TAKE HOME (circulated May 1, 9am; due: May 5, 12noon)
(format of final to be determined in early April)