

G53.3400
POLITICAL ECONOMY OF ADVANCED INDUSTRIALIZED
COUNTRIES
NYU Department of Politics

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Spring 2008
Friday 2-4pm
19 W 4th Street

Course Description: The aim of the seminar is to investigate institutional change and continuity in advanced political economies. Liberalization has been the main orientation of institutional change for the past three decades. While advanced political economies have experienced institutional convergence toward market-accommodating arrangements, there continues to be significant diversity among them. The seminar will address the following questions: What are the causes of institutional change? What factors shape how political economies adjust? How much institutional convergence has occurred across countries? What are the effects of recent political economic changes on distributional equality and redistribution?

The course has three parts. In part one, we will compare the political economic systems of selected advanced capitalist democracies as they have evolved since the 'golden age' of strong economic performance in the 1950s and 1960s. In the second part, we will sharpen our examination of institutional continuity and change by focusing on specific aspects of modern capitalism: industrial relations, production strategies, financial systems, and corporate governance. The third part focuses on the comparative political economy of inequality, social protection, and unemployment.

Requirements & Grading

1. **Research Paper:** 70%: You are required to write a research paper (between 20-25 pages long) which investigates a topic related to this course. Your project should be theoretically grounded and marshal sufficient empirical evidence to prove your argument.

On week 3, you are required to submit a statement about the issue you plan to investigate. On week 6, you will submit a preliminary bibliography and a brief description of the research materials. On week 10, you are asked to submit a statement that spells out your hypothesis and an outline of your paper. On week 14, you will submit your final paper.

2. **Class participation and Presentation:** 30%: Every week, each student is expected to attend class and to participate actively in class discussions based on the assigned readings. Participation is an essential part of the class. Each student will be asked to give an oral summary of a set of readings that correspond to a weekly topic and submit a 3-4 page discussion paper based on these readings. The summary and discussion paper should convey succinctly the main arguments of the selected readings. Each student will make an oral presentation on their research project during weeks 13 and 14.

Readings

There are several books and many articles required for this course. Below, you will find a list of books available for purchase in the bookstore; these books have also been put on reserve. Readings in the form of book chapters are available in the library reserve reading room. Readings in the form of journal articles are available through Bobst Library Electronic Journals. The book chapters and articles are in a course packet available for purchase. The recommended readings have not been put on reserve.

- Geoffrey Garrett, *Partisan Politics in the Global Economy* (New York: Cambridge University Press, 1999).
- Peter Hall and David Soskice, eds., *Varieties of Capitalism* (Oxford University Press, 2001).
- Jonah Levy, ed., *The State after Statism: New State Activities in the Age of Liberalization* (Cambridge: Harvard University Press, 2006).
- Isabela Mares, *Taxation, Wage Bargaining, and Unemployment* (New York: Cambridge University Press, 2006).
- Nolan McCarty, Keith Poole, and Howard Rosenthal, *Polarized America: The Dance of Ideology and Unequal Riches* (Cambridge, Mass: MIT Press, 2006).
- Wolfgang Streeck and Kathleen Thelen, eds., *Beyond Continuity: Institutional Change in Advanced Political Economies* (Oxford University Press, 2005).

Course Outline

Week 1: Approaches to Institutional and Economic Policy Stability and Change

Wolfgang Streeck and Kathleen Thelen, "Introduction: Institutional Change in Advanced Political Economies," in Streeck and Thelen, eds., *Beyond Continuity: Institutional Change in Advanced Political Economies* (New York: Oxford University Press, 2005): 1-39.

Jonah Levy, "The State Also Rises: The Roots of Contemporary State Activism," Jonah Levy, ed., *The State after Statism: New State Activities in the Age of Liberalization* (Cambridge: Harvard University Press, 2006): 1-26.

Peter Hall and David Soskice, "An Introduction to Varieties of Capitalism" in Peter Hall and David Soskice, eds., *Varieties of Capitalism* (Oxford University Press, 2001): 1-68.

Recommended:

James Alt, "Comparative Political Economy: Credibility, Accountability, and Institutions," in Ira Katznelson and Helen Milner, *Political Science: The State of the Discipline* (W.W. Norton, 2002).

Peter Hall and Kathleen Thelen, "Institutional Change in Varieties of Capitalism" Paper, Annual Meeting of the American Political Science Association (Washington D.C. September 1, 2005).

Paul Pierson, *Politics in Time: History, Institutions, and Social Analysis* (Princeton: Princeton University Press, 2004).

John Zysman, "How Institutions Create Historically Rooted Trajectories of Growth," *Industrial and Corporate Change* 3 (1994): 243-283.

Advanced Political Economies after the Golden Age Era

Week 2: Corporatist European States

Anton Hemerijck and Mark Vail, "The Forgotten Center: State Activism and Corporatist Adjustment in Holland and Germany," in Jonah Levy, ed., *The State after Statism: New State Activities in the Age of Liberalization* (Cambridge: Harvard University Press, 2006): 31-56.

Jonas Pontusson, "Between Neo-Liberalism and the German Model: Swedish Capitalism in Transition," in Colin Crouch and Wolfgang Streeck, eds., *Political Economy of Modern Capitalism: Mapping Convergence and Diversity* (London: Sage, 1997): 55-70.

Wolfgang Streeck, "German Capitalism: Does it Exist? Can it Survive?" in Colin Crouch and Wolfgang Streeck, eds., *Political Economy of Modern Capitalism: Mapping Convergence and Diversity* (London: Sage, 1997): 33-54.

John Campbell and Ove Pedersen, "The Varieties of Capitalism and Hybrid Success: Denmark in the Global Economy," *Comparative Political Studies* (March 2007): 307-332.

Recommended:

Barry Eichengreen, *The European Economy Since 1945: Coordinated Capitalism and Beyond* (Princeton: Princeton University Press, 2006).

John Campbell, John Hall, Ove Pedersen, eds., *National Identity and the Varieties of Capitalism: The Danish Experience* (Montreal: McGill-Queen's University Press, 2006).

Week 3: Political Economies of France and Japan

Pepper Culpepper, "Capitalism, Coordination, and Economic Change: The French Political Economy since 1985," in P. Culpepper, Peter Hall, and Bruno Palier, eds., *Changing France: The Politics that Markets Change* (New York: Palgrave Macmillan, 2006).

Jonah Levy, Mari Miura, and Gene Park, "Exiting Etatism? New Directions in State Policy in France and Japan," in Jonah Levy, ed., *The State after Statism: New State Activities in the Age of Liberalization* (Cambridge, Mass.: Harvard University Press, 2006): 93-136.

Steven Vogel, "Routine Adjustment and Bounded Innovation: The Changing Political Economy of Japan," in Streeck and Thelen, eds., *Beyond Continuity: Institutional Change in Advanced Political Economies* (New York: Oxford University Press, 2005): 145-168.

Bob Hancke, "Revisiting the French Model: Coordination and Restructuring in French Industry," in Peter Hall and David Soskice, eds., *Varieties of Capitalism* (New York: Oxford University Press, 2001): 307-334.

Recommended:

Steven Vogel, *Japan Remodeled: How Government and Industry are Reforming Japanese Capitalism* (Ithaca: Cornell University Press, 2006).

Wolfgang Streeck and Kozo Yamamura, eds., *The Origins of Nonliberal Capitalism: Germany and Japan in Comparison* (Cornell University Press, 2002).

T.J. Pempel, *Regime Shift: Comparative Dynamics of the Japanese Political Economy* (Ithaca: Cornell University Press, 1998).

Andrew Shonfield, *Modern Capitalism: The Changing Balance of Public and Private Power* (New York: Oxford University Press, 1970).

Week 4: Liberal Market Economies: United States and Britain

Richard Rose, "How Exceptional is the American Political Economy?" *Political Science Quarterly* 104 (1989): 91-115.

Sven Steinmo, "American Exceptionalism Reconsidered: Culture or Institutions," in Lawrence Dodd and Calvin Jillson, eds., *The Dynamics of American Politics: Approaches & Interpretations* (Boulder: Westview Press, 1994).

Desmond King and Stewart Wood, "The Political Economy of Neoliberalism: Britain and the United States in the 1980s," in Herbert Kitschelt, Peter Lange, Gary Marks, and John Stephens, eds., *Continuity and Change in Contemporary Capitalism* (New York: Cambridge University Press, 1999).

Michael Moran, "The Transformation of the British State: From Club Government to State-Administered High Modernism," in Jonah Levy, ed., *The State after Statism: New State Activities in the Age of Liberalization* (Cambridge: Harvard University Press, 2006): 31-56.

Recommended:

Richard Lehne, *Government and Business: American Political Economy in Comparative Perspective* (Washington, D.C.: CQ Press, 2006).

Andrew Shonfield, *Modern Capitalism: The Changing Balance of Public and Private Power* (New York: Oxford University Press, 1970).

Varieties of Capitalism: Performance & Adjustment

Week 5: Industrial Relations: New Challenges, New Practices

Gregory Jackson, "Contested Boundaries: Ambiguity and Creativity in the Evolution of German Codetermination," in Streeck and Thelen, eds., *Beyond Continuity: Institutional Change in Advanced Political Economies* (New York: Oxford University Press, 2005): 229-254.

Kathleen Thelen, "Varieties of Labor Politics in the Developed Democracies," in Peter Hall and David Soskice, eds., *Varieties of Capitalism* (New York: Oxford University Press, 2001): 71-103.

Chris Howell, "The State and the Reconstruction of Industrial Relations Institutions after Fordism: Britain and France Compared," in Jonah Levy, ed., *The State after Statism: New State Activities in the Age of Liberalization* (Cambridge: Harvard University Press, 2006): 139-184.

Stewart Wood, "Business, Government, and Patterns of Labor Market Policy in Britain and the Federal Republic of Germany," Peter Hall and David Soskice, eds., *Varieties of Capitalism* (New York: Oxford University Press, 2001): 247-274.

Recommended:

Jonas Pontusson, *Inequality and Prosperity: Social Europe vs. Liberal America* (Ithaca: Cornell University Press, 2005). [Chapters 5 & 6]

Kathleen Thelen and Ikuo Kume, "The Future of Nationally Embedded Capitalism: Industrial Relations in Germany and Japan" in Kozo Yamamura and Wolfgang Streeck, eds., *The End of Diversity?: Prospects for German and Japanese Capitalism* (Cornell University Press, 2003).

Peter Hall, "Organized Market Economies and Unemployment in Europe: Is It Finally Time to Accept Liberal Orthodox?" in Nancy Bermeo, ed., *Unemployment in the New Europe* (New York: Cambridge University Press, 2001).

Frances Fox Piven, ed., *Labor Politics in Postindustrial Societies* (New York: Oxford University Press, 1991).

Week 6: Production Regimes and Skills Formation

David Soskice, "Divergent Production Regimes: Coordinated and Uncoordinated Market Economies in the 1980s and 1990s" in Herbert Kitschelt, Peter Lange, Gary Marks, and John Stephens, eds., *Continuity and Change in Contemporary Capitalism* (New York: Cambridge University Press, 1999): 101-134.

Bob Hancke and Andrea Herrmann, “Wage Bargaining and Comparative Advantage in EMU,” in Bob Hancke, Martin Rhodes, and Mark Thatcher, eds., *Beyond Varieties of Capitalism: Conflict, Contradictions, and Complementarities in The European Economy* (London: Oxford University Press, 2007): 122-143.

Margarita Estevez-Abe, Torben Iversen, and David Soskice, “Social Protection and the Formation of Skills: A Reinterpretation of the Welfare State,” in Peter Hall and David Soskice, eds., *Varieties of Capitalism* (New York: Oxford University Press, 2001): 145-183.

Recommended:

Kathleen Thelen, *How Institutions Evolve: The Political Economy of Skills in Germany, Britain, the United States, and Japan* (New York: Cambridge University Press, 2005).

Week 7: Financial Systems and Corporate Governance

John Cioffi, “Building Finance Capitalism: The Regulatory Politics of Corporate Governance Reform in the United States and Germany,” in Jonah Levy, ed., *The State after Statism: New State Activities in the Age of Liberalization* (Cambridge: Harvard University Press, 2006): 185-229.

Richard Deeg, “Change from Within: German and Italian Finance in the 1990s,” in Streeck and Thelen, eds., *Beyond Continuity: Institutional Change in Advanced Political Economies* (New York: Oxford University Press, 2005): 169-202.

Michel Boyer, “Capital Mobility, Varieties of Institutional Investors, and the Transforming Stability of Corporate Governance in France and Germany,” in Bob Hancke, Martin Rhodes, and Mark Thatcher, eds., *Beyond Varieties of Capitalism: Conflict, Contradictions, and Complementarities in The European Economy* (London: Oxford University Press, 2007): 195-219.

Sigurt Vitols, “Varieties of Corporate Governance: Comparing Germany and the UK,” Peter Hall and David Soskice, eds., *Varieties of Capitalism* (New York: Oxford University Press, 2001): 337-360.

Recommended:

Sigurt Vitols, “The Origins of Bank-Based and Market-Based Financial Systems: Germany, Japan, and the United States,” Wolfgang Streeck and Kozo Yamamura, eds., *The Origins of Nonliberal Capitalism: Germany and Japan in Comparison* (Cornell University Press, 2002).

Peter Gourevitch & James Shinn, *Political Power & Corporate Control: The New Global Politics of Corporate Governance* (Princeton University Press, 2005).

John Zysman, *Governments, Markets, and Growth: Financial Systems and the Politics of Industrial Change* (Ithaca: Cornell University Press, 1984).

Inequality, Social Protection & Unemployment

Week 8: Inequality and Polarization

Nolan McCarty, Keith Poole, and Howard Rosenthal, *Polarized America: The Dance of Ideology and Unequal Riches* (Cambridge, Mass: The MIT Press, 2006).

Recommended:

Gosta Esping-Andersen, *The Three Worlds of Welfare Capitalism* (Princeton University Press, 1993).

Robert Gooding, Bruce Headey, Ruud Muffels, and Henk-Jan Dirven, *The Real Worlds of Welfare Capitalism* (New York: Cambridge University Press, 1999).

Alberto Alesina and Edward Glaeser, *Fighting Poverty in the US and Europe: A World of Difference* (New York: Oxford University Press, 2004).

Christopher Howard, "Is the American Welfare State Unusually Small?," *PS: Political Science & Politics* (July 2003).

Jacob Hacker, *The Divided Welfare State: The Battle over Public and Private Social Benefits in the United States* (New York: Cambridge University Press 2002).

Week 9: Job Insecurity and Social Protection

Christopher Andersen and Jonas Pontusson, "Workers, Worries, and Welfare States: Social Protection and Job Insecurity in 15 OECD Countries," *European Journal of Political Research* 46 (2007): 211-235.

Thomas Cusack, Torben Iversen, and Philipp Rehm, "Risks at Work: The Demand and Supply Sides of Government Redistribution," *Oxford Review of Economic Policy* 22 (2006): 365-389.

David Rueda, "Social Democracy and Active Labor-Market Policies: Insiders, Outsiders and the Politics of Employment Promotion," *British Journal of Political Science* 36 (2006): 385-406.

Kenneth Scheve and Matthew Slaughter, "A New Deal for Globalization," *Foreign Affairs* 86 (July/August 2007): 34-48.

Recommended:

Torben Iversen, *Capitalism, Democracy, and Welfare* (New York: Cambridge University Press, 2005).

Paul Pierson, ed., *The New Politics of the Welfare State* (New York: Oxford University Press, 2001).

Gosta Esping-Andersen, *The Three Worlds of Welfare Capitalism* (Princeton University Press, 1993).

Week 10: Welfare State Adaptation

Ann Shola Orloff, "From Maternalism to 'Employment for All': State Policies to Promote Women's Employment across the Affluent Democracies," Jonah Levy, ed., *The State after Statism: New State Activities in the Age of Liberalization* (Cambridge: Harvard University Press, 2006): 230-268.

Giuliano Bonoli, "Time Matters: Postindustrialization, New Social Risks, and Welfare State Adaptation in Advanced Industrial Democracies," *Comparative Political Studies* 40 (May 2007): 495-520.

Jacob Hacker, "Policy Drift: The Hidden Politics of US Welfare State Retrenchment," in Streeck and Thelen, eds., *Beyond Continuity: Institutional Change in Advanced Political Economies* (New York: Oxford University Press, 2005): 40-82.

Jonah Levy, "Redeploying the State: Liberalization and Social Policy in France," in Streeck and Thelen, eds., *Beyond Continuity: Institutional Change in Advanced Political Economies* (New York: Oxford University Press, 2005): 103-126.

Recommended:

Jonas Pontusson, *Inequality and Prosperity: Social Europe vs. Liberal America* (Ithaca: Cornell University Press, 2005). [Chapter 8]

Torben Iversen and Anne Wren, "Equality, Employment, and Budgetary Restraint: The Trilemma of the Service Economy," *World Politics* (1998).

Paul Pierson, ed., *The New Politics of the Welfare State* (Oxford University Press, 2001).

Duane Swank, *Global Capital, Political Institutions, and Policy Change in Developed Welfare States* (New York: Cambridge University Press, 2002).

Week 11: Constraints and Challenges Facing Social Democracy

Herbert Kitschelt, "European Social Democracy between Political Economy and Electoral Competition," in Kitschelt, Lange, Marks and Stephens, eds., *Continuity and Change in Contemporary Capitalism* (Cambridge University Press, 1999).

Pablo Beramendi and David Rueda, "Social Democracy Constrained: Indirect Taxation in Industrialized Democracies," *British Journal of Political Science* 37 (2007): 619-64.

Geoffrey Garrett, *Partisan Politics in the Global Economy* (New York: Cambridge University Press, 1999) [chapters 4-6].

Recommended:

Duane Swank, *Global Capital, Political Institutions, and Policy Change in Developed Welfare States* (New York: Cambridge University Press, 2002).

Michael Alvarez, Geoffrey Garrett, and Peter Lange, "Government Partisanship, Labor Organization, and Macroeconomic Performance," *American Political Science Review* 85 (2) 1991.

Carles Boix, *Political Parties, Growth, and Equality: Conservative and Social Democratic Economic Strategies in the World Economy* (New York: Cambridge University Press, 2002).

Jonas Pontusson, *The Limits of Social Democracy: Investment Politics in Sweden* (Ithaca: Cornell University Press, 1992).

Herbert Kitschelt, *The Transformation of European Social Democracy* (New York: Cambridge University Press, 1994).

Geoffrey Garrett and Peter Lange, "Political responses to interdependence: what's "left" for the left?" *International Organization* 45 (Autumn 1991): 539-564.

Week 12: Political Economy of Unemployment

Isabela Mares, *Taxation, Wage Bargaining, and Unemployment* (New York: Cambridge University Press, 2006).

Recommended

Peter Hall, "Organized Market Economies and Unemployment in Europe: Is It Finally Time to Accept Liberal Orthodox?" in Nancy Bermeo, ed., *Unemployment in the New Europe* (New York: Cambridge University Press, 2001).

Lars Calmfors and John Driffill, "Bargaining structure, corporatism, and macroeconomic performance," *Economic Policy* (April 1998): 13-61.

Torben Iversen, *Contested Economic Institutions* (New York: Cambridge University Press, 1999)

Robert Franzese, *Macroeconomic Policies of Developed Democracies* (New York: Cambridge University Press, 2002).

Week 13: Student Presentations

Week 14: Student Presentations