A Revolt against Globalization?
How Political Economies Change
Mondays 3 pm to 5 pm in GGIS K-107

This is an undergraduate seminar in comparative political economy about the relationship between economics and politics. We analyze how the economic and political challenges facing the developed democracies have changed since World War II. By considering how societies coped with those challenges, we can better understand how our society might cope with the challenges facing developed democracies today. Since economic challenges are always also political challenges, we examine how changes in electoral politics, the strategies of firms, and producer group politics yield new problems and solutions to them.

Why are contemporary political economies beset by rising levels of income inequality? How have the roles and responsibilities of firms in contemporary economies changed? Does the surge of support for populist causes and candidates of the political right and left reflect a ‘revolt against globalization’ or a ‘cultural reaction’ to post-materialism? How have the management of the economy and the complexion of electoral politics changed since the 1950s? Are we currently witnessing a crisis of capitalism or of democracy?

The course considers these questions via an examination of how the developed political economies and their electoral politics have changed through the broadly Keynesian era of the 1950s and 1960s, the turbulent 1970s, the neoliberal era of the 1980s and 1990s and the knowledge economy of today. We consider explanations for parallel movements over time but also how best to understand variations across types of political economies that affect how well they cope with a succession of challenges. In the later weeks of the course, emphasis will be given to analyzing the sources of support for populist politicians and the dilemmas their popularity poses for capitalism and democracy.

This is a course about how social, economic and political changes take place, designed to help us better understand the changes taking place in our own world. There is some emphasis on European cases as well as on the United States.

Note: For concentrators in Government, admission to this course is through a lottery run by the undergraduate program office of the Government Department. The deadline to enter the lottery is on August 23rd. There may well be a few places for others and those in other concentrations who should contact Prof. Hall if interested.
Requirements:

Class participation (30%). Since this is a seminar, students are expected to attend all class meetings, to come prepared to discuss the readings, and to participate actively in discussion. This grade will be based on the quality of your preparation and participation. Participants will be allowed to miss one class without penalty.

Three short response papers (30%) of 2-3 double-spaced pages in 12-point font which offer a critical assessment of the week’s reading or thoughtfully take up some issues the reading raises that would be appropriate for discussion in class. To be emailed to participants in the course by 5 pm the day before the class meets. Near the beginning of the semester, students will choose the weeks for which they write response papers.

Research paper (40%) of 15-20 pages in length (double-spaced in 12-point font) including notes and bibliography probably due on Wednesday December 15th but subject to FAS rules yet to be determined. The topic for this paper should be agreed with the instructor and a two-page outline for your approach to it submitted by early October. The paper can deal with any issue related to the course and should offer answers to a set of core questions based on secondary reading in at least 20 sources or on original research. Students will make a short presentation of preliminary results for the paper during one of the last class sessions, and part of the grade for the paper will depend on the quality of this presentation.

Collaboration Policy

Students should feel free to discuss the issues raised by their reading or writing for the course with other students. However, all written work for it should be entirely your own and no one other than a member of the teaching staff or a student's official academic or writing advisor should be allowed to see the papers that you submit, the notes made for it, or any previous drafts of the paper. Any material used from primary or secondary sources should be appropriately footnoted and direct quotations identified as such.

Readings

The required readings will all be available on the course website.

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Topics and Readings

1. (Sept 13) Introduction

An introduction to the issues covered by the course and discussion of a strange but very influential work about the relationship between politics and economics. Polanyi discusses how ‘free’ markets were developed during the industrial revolution in 19th century Britain. In his view, where do self-regulating markets come from? What is the ‘double movement’? What roles do the ideas of economists and the actions of states play in the development of markets? Why might this matter for the rise of fascism in the 1930s? Compare Polanyi’s views to Rodrik’s account of the ‘trilemma’ associated with globalization today. Do we really face a trilemma? Are there ways to manage or get around it? What would they require politically?

Before reading Polanyi’s chapters, you will find it useful to read some of the Introduction to his book by Fred Block, notably. pp. 18-29 (i.e. xviii to xxix).

Karl Polanyi. 1944. The Great Transformation: The Political and Economic Origins of our Time. Boston: Beacon Press. Chapters 6, 11, 12 and 20 [available on the website or online from Hollis]


2. (Sept 20) The Postwar Settlement and the Construction of the Postwar Political Economy

We look at how countries managed the tensions between capitalism and democracy after World War II. What roles did the institutions discussed by Eichengreen play in reviving postwar growth? Why were they important? How did Keynesian policies address political as well as economic challenges? What are the key features that distinguish national ‘varieties of capitalism’? How do they affect public policymaking as well as economic outcomes? What criticisms might we have of this approach?

Sheri Berman. 2021 “The Social Democratic Order and the Rise and Decay of Democracy.” Ms. for Peter Katzenstein and Jonathan Kirschner, eds. The End of Liberalism?


3. (Sept27) **The Politics of the Keynesian Welfare State**

Given different theories to explain why social spending grows, how can we best explain the expansion of the postwar welfare state? What are the key differences between types of welfare states as Esping-Andersen sees them? Why might those differences matter? How do these differences arise? Do national differences in varieties of capitalism contribute to national differences in welfare states? Why? What do we learn here about what kinds of politics or political forces lie behind the development of social policy?


4. (Oct 4) **The Crisis of the 1970s: What Went Wrong?**

How is the collapse of post-war prosperity into rising inflation and economic stagnation during the 1970s to be explained? Is inflation a purely ‘monetary’ phenomenon? To what extent were the sources of these problems economic or political and domestic or international? What political consequences followed from the prosperity of the 1960s and the crisis of the 1970s? Were governments overloaded?


5. (Oct 18) **The Move to the Market of the 1980s and 1990s**

How did the role of the state in the economy change in the 1980s and 1990s? What forces drove this neoliberal move to the market? Were they based primarily on ideas, economic or politics? How did corporate strategy change in this era? What factors drove those changes? What should the responsibilities of firms be under democratic capitalism? And why?


6. (Oct 25) **The Sources of Inequality in the Neoliberal Era**

What explains increasing income inequality since the 1980s? Is this primarily the result of economic, technological or political developments? Which developments matter most to various types of inequality and why? Why do governments’ responses to such challenges vary? How might we explain why inequality has risen more in some countries than in others?


7. (Nov 1) **The Movement to a Knowledge Economy**

Should we be optimistic or pessimistic about what the new technological revolution brings? What kinds of factors lie behind its development? And what kinds of policies will keep advancing this technological revolution that is turning the developed democracies into knowledge economies? Do states or markets play the principal roles? How have the strategies of firms changed in the context of this revolution? What kinds of challenges for states, firms and individuals does movement to a knowledge economy entail? Where might solutions to these problems lie?


8. (Nov 8) **The Challenges of Policy and Politics in a Knowledge Economy**

How does movement to a knowledge economy change the politics of the welfare state? Does it reinforce solidarity or create new political conflicts? What is the politics through which nations manage the challenges of transition to a knowledge economy? What explains why those transitions differ? How well-equipped is the US political system to cope with the challenges of a knowledge economy?


9. (Nov 15) **Populism: What is it and where does it come from?**

What distinguishes populist politicians from other kinds of politicians? Is the rise of populism an indication of the revival of democracy or a threat to it? Is it a revolt against globalization or a cultural revolt? How might we know? Do the sources of right and left populism differ? Is the US different?


10. (Nov 22) **The Politics of Populism: What Now?**

How has the rise of populism changed the nature of political competition? In the face of this challenge, what are the best strategies for political progressives or social democratic parties to pursue? Is the politics of populism different in the U.S.? If so, why? What kind of politics would be necessary to overcome the right populist challenge? Does it involve abandoning ‘identity politics’ or a new identity politics?


11. (Nov 29) **A Crisis of Capitalism or Democracy?**

Have contemporary developments created a crisis of capitalism? A crisis of democracy? If so, what are their main causes of crisis? What roles do democratic governments play and what determines that role? Is Streeck too pessimistic or Iversen/Soskice too optimistic? Compare the images of politics offered by these three readings. What drives politics? What are your predictions about the future of capitalism and democracy?


12. (Dec 6) **Presentation of Student Projects**