

BOSTON UNIVERSITY

Departments of International Relations and Political Science

GLOBALIZATION AND CONTEMPORARY CAPITALISM

IN ADVANCED INDUSTRIALIZED NATIONS

IR596/PO538

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Class Hours: Thursdays 2:00-5:00pm

Location: IRC 220

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GLOBALIZATION AND CONTEMPORARY CAPITALISM IN ADVANCED INDUSTRIALIZED NATIONS

Prof. Vivien A. Schmidt

This course begins with the economic crisis and ends with the economic crisis. By the end of the course, it is hoped that most of the questions raised at the beginning will find the beginnings of answers. These questions will focus mainly on the causes of the crisis, on its political and social as well as economic impact, and on how this was generated in the context of growing globalization. The answers will focus on the economic patterns and events as well as the political economic institutions and the political and economic ideas and discourse surrounding globalization.

Globalization is a term that is often left vague and undefined, better to conjure up the large panoply of forces that have seemingly imposed similar imperatives across advanced industrialized nations. These forces may be understood primarily in terms of the economic pressures arising from the internationalization of the financial markets and trade; the institutional rules and rulings emerging from supranational trade organizations and negotiations; and/or the ideas circulating worldwide that present those economic or institutional forces as imperatives for change. But whether seen mainly as a set of economic, institutional, or ideational forces, globalization has served as a major rationale for governments to alter their countries' macroeconomic policies, by focusing on tight monetary policies, budgetary austerity, low inflation, and caps on public debt and government deficits; their microeconomic policies, by liberalizing their markets, deregulating the rules governing business, privatizing public sector firms, and increasing flexibility in labor markets; and their socioeconomic policies, by cutting social spending and rationalizing social services. Although national governments, whether operating alone or in concert through supranational trade organizations, are largely responsible for instituting the liberalizing changes that made globalization possible, they are increasingly subject to the pressures that they have themselves set loose. Moreover, when the forces unleashed by globalization exploded into the economic crisis beginning in 2008, national governments along with regional and international institutions were made responsible for trying to clean up the mess. But they had much less capacity to do so than in the past.

Globalization has diminished both national governments' autonomy, meaning their ability to make decisions independently, without regard to external economic forces and actors, and their control, meaning their effective power to influence economic forces and actors in the national economy. This in many ways represents less an absolute loss of autonomy and control, however, than an alteration in the exclusivity and scope of national governments' competence. Not only does national competence remain to the extent that global processes occur within national territory and, whatever the deregulatory push, continue to depend upon national legal systems in the guaranteeing of contracts and

the enforcement of private property rights. But national governments have also often reasserted control, whether individually, through national means, or collectively, through supranational, global or regional authorities that allow for shared control over the international economy.

For all the common pressures from the forces of globalization, moreover, great divergence persists in national responses. Most importantly, there is tremendous asymmetry in the impact of globalization on nation-states, depending upon the prevailing economic conditions, practices, and preferences of different countries. Countries conform to different ideal-typical varieties of capitalism. Although there are those who argue for convergence to a single neo-liberal model, others maintain that all countries diverge into two varieties, roughly categorized as liberal market economies (e.g., the United States and Britain) and coordinated market economies (e.g., Germany, Sweden, and the Netherlands), while yet others show that there is at least a third variety of capitalism consisting of state-influenced market economies (e.g., France, Italy, South Korea, Taiwan, and Japan). And although countries in all three varieties have been liberalizing in response to global as well as regional (for the European countries) economic and institutional pressures, they have followed parallel rather than convergent paths of adjustment.

This course begins with the economic crisis, focused on video clips, newspaper articles, and a film to set the stage (session 1). It then seeks to look into how we got there, beginning with the history of globalization, the ideas promoting it, and its effects not just on economic practice but also on democracy (session 2). Next we consider the nature of capitalism, asking not only questions about how many varieties of market economies there are but also how to theorize change, whether through massive shock followed by institutional path dependency (historical institutionalism), incremental institutional change involving layering, conversion, drift, or exhaustion (revisionist historical institutionalism), and/or through dynamic processes in which political economic actions and events are influenced by agents' ideas conveyed through discourse in evolving institutional contexts (discursive institutionalism) (session 3). We then go on to examine the relationship between regional integration and globalization, with a focus on the European Union as an example of intensified globalization pushing national economic adjustment as well as, since 2010, EU responses to the sovereign debt crisis (session 4). The following sessions (5 and 6) explore the ways in which regulation makes and brake globalization, both in international settings and at the national level, from the top down through international institutional and/or nation-state leadership and from the bottom up through business or social movement influence. Subsequently, course sessions (7,8, and 9) examine various areas where international and national political economy intersect, including global finance and national housing (via mortgages); the international of trade, the development of multinational firms, the offshoring of jobs, and the rise in executive pay; and the changes in national economic practices in countries in all three varieties of capitalism. We then consider the impact of all such political economic change on national political economies with regard to labor, health, welfare, and the rise of inequality (session 10). The course ends with a reconsideration of the theoretical issues related to the explanation of the transformation of capitalism in light of globalization,

both in terms of whether capitalism is converging or whether countries are following different liberalizing paths in their adjustment to international economic pressures.

COURSE OUTLINE:

Introduction, Course Organization, Course Themes

1. The Economic Crisis
 - a. The Crises of Banking and the Real Economy 2008-2009
 - b. The Eurozone Sovereign Debt Crisis—2010 and beyond
2. Globalization and Capitalism: History, Ideas, Democracy
3. Capitalism: How many varieties? How to theorize change?
4. Globalization, Regionalization, and the case of the EU
5. Regulating Globalization and Capitalism in International Settings
6. Business Lobbying, Corporate Governance, and State Regulation
7. Globalization of Finance and Housing
 - a. Liberalization of Finance
 - b. Financialization of Housing
8. Globalization of Trade, Firms, Jobs, and Executive Pay
 - a. The Internationalization of Trade and Multinational Firms
 - b. The Offshoring of Jobs
 - c. The Rise in Executive Pay
9. Changes in National Economic Practices
 - a. Britain, France, and Germany
 - b. Sweden, Japan, and the United States
10. The Impact of Globalization on Labor, Health Welfare and Inequality
 - a. Changes in Labor and Welfare Policy
 - b. Changes in Health Policy and Inequality
11. Conclusion: Explaining the Transformation in Capitalisms

REQUIRED BOOKS:

- Abdelal, Rawi, Mark Blyth, and Craig Parsons (2010) *Constructing the International Political Economy* Ithaca: Cornell University Press
- Berger, Suzanne (2005) *How We Compete* NY: Currency-Doubleday.
- Culpepper, Pepper (2011) *Quiet Politics and Business Power* Cambridge: Cambridge University Press.
- Frieden, Jeff R. (2007) *Global Capitalism: Its Fall and Rise in the Twentieth Century* New York: Norton
- Rodrik, Dani (2011) *The Globalization Paradox: Democracy and the Future of the World Economy* New York: Norton
- Schmidt, Vivien A. (2002) *The Futures of European Capitalism* Oxford: Oxford University Press.
- Streeck, Wolfgang and Thelen, Kathleen (2005) *Beyond Continuity* Oxford: Oxford University Press
- Steinmo, Sven (2010) *The Evolution of Modern States: Sweden, Japan, and the United States* New York: Cambridge University Press

The books are all available at Barnes and Noble.

All other readings will be available via ejournals, the internet, at the library on reserve, or emailed by the instructor. Blackboard may be used instead. See the Course Outline for details.

- * Readings denote policy articles and video clips online. These are generally short current events reading that are enlightening and often entertaining as well.
- ** Readings denote scholarly articles and books that are highly recommended readings, but not as essential as those without any asterisk. Graduate students should make a point of reading these as well.

Students are strongly encouraged to get a subscription to the daily Financial Times and the weekly The Economist. Sign-up information will be provided.

Websites to check out on a regular basis:

<http://www.euointelligence.com/Euointelligence%20Home.901.0.html>: A daily wrap-up of European newspapers produced by Wolfgang Munchau (a commentator to follow via his op-eds in the Financial Times) and Susanne Mundschenk with a stellar discussion platform.

<http://www.voxeu.org/>: A policy-oriented forum, hosted by the Center for European Policy Research, a European network of economists and policy analysts

<http://www.telos.fr/> A French policy-oriented forum (with English translations) that often reproduces voxeu pieces and vice-versa

Social Europe Journal (access <http://www.social-europe.eu/>): Has lots of US and EU political scientists, economists, and policy analysts writing interesting pieces.

Breughel (www.bruegel.org/): The top EU economics think-tank which carries lots of in-depth pieces.

Also consider country newspapers: *Wall Street Journal*, *Le Monde*:

<http://www.lemonde.fr/>, Frankfurter Allgemeine Zeitung:

<http://www.faz.net/s/homepage.html>, Repubblica: <http://www.repubblica.it/>, and El

Pais: <http://www.elpais.com/global/>. Also use websites from national governments

and international institutions: e.g., EU Commission

(http://ec.europa.eu/index_en.htm) and the ECB

(<http://www.ecb.int/home/html/index.en.html>).

COURSE REQUIREMENTS:

This course will be run as a seminar. Students are expected to do all the readings and to be prepared to discuss them.

- Weekly readings of 150-200 pages.
- Participation in class discussions (including discussions of the required readings as well as the current events) (10% of the grade);

- One oral presentation (two for graduate students) on the reading material assigned for the day (10% of grade). The oral presentation will be a report based on readings from the syllabus and presented in class (5-10 minute presentation). You will sign up for the presentations the first week of the course.
- Three brief essays (about 1000 words) responding to the weekly readings, emailed to the instructor the evening before the class. These papers are intended to demonstrate that you have read and analyzed the assigned readings, so please be sure to write your essays with specific reference to relevant readings. Students may select any three topics between the second week of class and Thanksgiving break, subject to the condition that at least two of the papers must be completed during the first eight weeks of the course. Late papers will not be accepted (5% per paper, for 15% of the grade); and
- A research paper on a topic of the student's choice, using primary and secondary research sources, and considering some aspect of globalization and its impact on one or two advanced industrialized countries (two countries mandatory for graduate students). The first part of the paper is expected to show how the readings in class relate to the topic. The second to use original research, citing at least 20 refereed articles/chapters in books/books. This is to be undertaken in three stages:
 - a 3-5 page topic abstract, argument, basic outline, and working bibliography for a research paper on a topic of your choice, due on October 26th (10% of the grade);
 - an oral presentation on your draft research paper beginning with the seventh session of the course, assuming a match between your topic and the session the last three sessions of class (approx 10 minutes including question-and-answer session with fellow students, 10% of the grade);
 - the final draft of the research paper (15-20 pages, 20-25 for graduate students), including citations and bibliography (45% of the grade), due on or before the last class session.

The College of Arts and Sciences (CAS) Dean's Office has requested that you be informed of the following: The last day you may drop the course without a W grade is Tuesday, Oct. 11. The last day you may drop the course with a W grade is Wednesday, Nov. 11. You are responsible for knowing the provisions of the CAS Academic Conduct Code (copies are available in CAS 105). Cases of suspected academic misconduct will be referred to the Deans' Office.

Academic Honesty

Without exception, students are expected to adhere to the Boston University CAS Academic Code. Please read the Boston University Academic Conduct Code. Accordingly, all instances of academic dishonesty will be reported to the CAS Academic Conduct Committee. Please see <http://www.bu.edu/cas/students/undergrad-resources/code/>

COURSE READINGS

9/8

INTRODUCTION, COURSE ORGANIZATION, COURSE THEMES

9/15

1. THE ECONOMIC CRISIS (IN THE PRESS, ON THE INTERNET, ON FILM)**a. The Crises of Banking and the Real Economy 2008-2009**

- *Paul Krugman, “Mr. Keynes and the Moderns” <http://www.social-europe.eu/2011/06/mr-keynes-and-the-moderns/>
- *Robert Reich, “The Truth about the American Economy in 2 minutes and 15 seconds” <http://www.social-europe.eu/2011/06/the-truth-about-the-american-economy-in-2-minutes-and-15-seconds/>
- *Robert Reich, “The Truth about the American Economy II” <http://www.social-europe.eu/2011/06/the-truth-about-the-american-economy-ii/>
- *Jacob Weisburg, “What caused the economic crisis: The fifteen best explanations for the Great Recession” *Slate* <http://www.slate.com/id/2240858/>
- *Bruce Stokes and Corine Hegland, “Running the Rescue” *National Journal* 10/11/08 (will email)
- *“The history of the debt limit” *New York Times* July 27, 2011 <http://video.nytimes.com/video/2011/07/26/business/100000000967340/the-history-of-the-debt-limit.html?nl=todaysheadlines&emc=thab1>
- *Mark Blyth, “Austerity” http://watsoninstitute.org/news_detail.cfm?id=1388
- ***Inside Job* DVD with Matt Damon, William Ackman, Director Charles Ferguson (view via Netflix or buy on Amazon)
- **Nicholas Taleb and Mark Blyth “The Black Swan of Cairo,” *Foreign Affairs* . Volume 90 No. 3 May / June 2011 (access via BU library)

b. The Eurozone Sovereign Debt Crisis – 2010 and beyond

- *Tony Barber, FT Oct 21, 2010, on the day the euro nearly collapsed <http://video.ft.com/v/631247549001/The-day-the-euro-nearly-collapsed>
- **Tony Barber, FT, Oct 10, 2010, on dinner at the time of the crisis <http://www.ft.com/cms/s/0/190b32ae-d49a-11df-b230-00144feabdc0.html#axzz16fj75uwR>
- *“The Future of the Euro” <http://www.foreignaffairs.com/articles/66509/lorenzo-binismaghi/the-future-of-the-euro?page=show>
- *<http://www.ft.com/indepth/euro-in-crisis> read range of articles on crisis
- *“Who is rescuing whom and why? The Euro, the banks, the debt crisis.” Bertelsmann <http://www.fortunatelyunified.eu/>
- *Martin Wolf, FT on austerity vs. stimulus <http://video.ft.com/v/129159354001/The-stimulus-vs-austerity-debate>
- *Philip Stephens, “Spasm or Spiral” *Financial Times* July 21, 2011 <http://www.ft.com/intl/cms/s/0/52ca17f6-b3cb-11e0-855b->

00144feabdc0.html#axzz1SqxBEDe2

**“The EuroCrisis Song” July 14, 2011:

<http://www.guardian.co.uk/business/video/2011/jul/14/euro-crisis-song-video>

Main questions:

What caused the economic meltdown of 2008? Can we blame any one set of individuals, groups, or any one country? Who benefited? Who suffered the most?

What was the role of the state in 2008/2009? Did it do the right thing, the wrong thing, or the only thing possible?

What was the battle of ideas about? Between austerity and stimulus, where should one come down?

For the Eurozone sovereign debt crisis, what happened and why?

9/22 (reschedule 9/19?)

2. Globalization and Capitalism: History, Ideas, and Democracy

*Hans Rosling’s 200 years of history in 5 minutes

http://news.yahoo.com/s/yblog_thelookout/watch-200-years-of-history-in-5-minutes

http://www.youtube.com/watch?gl=US&feature=player_embedded&v=jbkSRLYSojo

Dani Rodrik, *The Globalization Paradox: Democracy and the Future of the World Economy*, entire book

Frieden, Jeff R. (2007) *Global Capitalism: Its Fall and Rise in the Twentieth Century*, entire book but especially chapters 11, 12, 15, 16, 17, 18, 20.

Main questions:

What is globalization? Does the globalization of the late 20th century represent a difference in kind from that of the late 19th, or simply a difference in degree? How many different forms of globalization are there?

What is the economic impact of globalization? Is it a good or a bad thing for advanced industrialized democracies?

What are the ideas behind globalization historically, and today?

Does globalization have a positive or negative effect on democracy?

9/29 (reschedule 10/3?)

3. Capitalism: How many varieties? How to theorize change?

Schmidt, Vivien A. (2002) “Still Three Models of Capitalism?” in *The Futures of European Capitalism*, Chapter 3, pp. 107-146.

Streeck, Wolfgang and Thelen, Kathleen (2005), “Introduction: Institutional Change in Advanced Political Economies” in *Beyond Continuity* pp. 1-39

Steinmo, Sven (2010) “Evolutionary Narratives” *The Evolution of Modern States*, pp. 1-29.

**Schmidt, Vivien A. (2002) “Discourse as Framework for Analysis,” in *The Futures of European Capitalism*, Chapter 5, pp. 207-256.

**Hall, Peter and Soskice, David (2001). 'Introduction', in Peter A. Hall and David Soskice (eds), *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*. Oxford: Oxford University Press, pp. 1-70. (on reserve)

Main questions:

How many varieties of capitalism are there? One, two, three, or more?

What does capitalist coordination consist of? What does it require?

How does change occur in capitalism? With a big bang followed by path dependency? Through incremental change via layering, conversion, drift, and exhaustion? Or through agents' ideas and discourse 'in action' in institutional context?

What are the drivers of change in capitalism? Through institutional dynamics or through political agency via interests and/or ideas and discursive interactions?

10/6

4. Globalization, Regionalization, and the Case of the EU

Duina, Francesco (2010) "Frames, Scripts, and the Making of Regional Trade Areas" in *Constructing International Political Economy* p. 93-113

**Rawi Abdelal and Sophie Meunier (2010) "Managed globalization: doctrine, practice and promise," *Journal of European Public Policy* 17:3, pp. 350-367

Schmidt, Vivien A. (2002) "The Challenges of Globalization and Europeanization" and "The Dynamics and Mechanics of Policy Adjustment" in *The Futures of European Capitalism* (Oxford: Oxford University Press), Chapters 1 and 2, pp. 11-106.

Schmidt, Vivien A. (2010) "The European Union's Eurozone Crisis and What (not) to do about it" *Brown Journal of World Affairs* vol. XVII, issue I (Fall/Winter 2010), pp. 199-214.

**Armingeon, Klaus and Baccaro, Lucio (2011) "The Sorrows of Young Euro: Policy Responses to the Sovereign Debt Crisis." Mss. (will email)

**Scharpf, Fritz (2011) "Monetary Union, Fiscal Crisis and the Preemption of Democracy." MPIfG Discussion Paper 11/11 (July 2011)
http://www.mpifg.de/pu/mpifg_dp/dp11-11.pdf

**Completing the Eurozone Rescue: What more needs to be done?* Eds. Richard Baldwin, Daniel Gros, and Luc Laeven VOXEU
<http://www.voxeu.org/index.php?q=node/5194>

*Check out Dani Rodrik's video clip on the future of globalization, especially Q&A on the Eurozone crisis: http://2011.festivaleconomia.tv/festival-2011/-/asset_publisher/Vn0b/videoEntry/id/17531?redirect=http%3A%2F%2F2011.festivaleconomia.tv%2Ffestival-2011%3Fp_p_id%3D101_INSTANCE_Vn0b%26p_p_lifecycle%3D0%26p_p_state%3Dnormal%26p_p_mode%3Dview%26p_p_col_id%3Dcolumn-2%26p_p_col_count%3D1%26p_r_p_564233524_categoryId%3D11054

Main questions:

What is regionalization? How does it interface with globalization? How does Europeanization specifically interface with globalization?

How do regionalization and globalization affect national autonomy and control? How does Europeanization affect its member-states with regard to autonomy and control? Why is the EU suffering from the Eurozone sovereign debt crisis? What are alternative scenarios for solving the problem?

10/13

5. Regulating Globalization and Capitalism in International Settings

Abdelal, Rawi, Blyth, Mark, and Parsons, Craig (2010) "Introduction: Constructing the International Economy" in *Constructing the International Economy*, pp. 1-19.

Pauly, Louis (2009) "The Old and New Politics of International Financial Stability," *Journal of Common Market Studies* vol. 47, no. 5, pp. 955-975 (ejournals)

Best, Jacqueline (2010) "Bringing Power Back In: The IMF's Constructivist Strategy in Critical Perspective" in *Constructing International Political Economy*, pp. 194-210

**Bukovansky, Mlada (2010) "Institutionalized Hypocrisy and the Politics of Agricultural Trade" in *Constructing International Political Economy*, pp. 68-90

**Epstein, Charlotte (2010) "Moby Dick or Moby Doll? Discourse, or How to Study the 'Social Construction of' All the Way Down" in *Constructing International Political Economy*, pp. 175-193.

Main questions:

What are the various ways in which to understand the construction and development of international institutions, actors, ideas, and actions in the international political economy?

How have international institutions been constructed? Who are that major players?

What are the main impediments to reaching agreements? How do national and/or business interests affect such agreements?

How do international institutions and policies change? What is the role of new ideas and how do new ideas get adopted? From above by country leadership or from below by social movements?

10/20 (reschedule to 10/24?)

6. Business Lobbying, Corporate Governance, and State Regulation

Woll, Cornelia (2010) "Firm Interests in Uncertain Times: Business Lobbying in Multilateral Service Liberalization" in *Constructing International Political Economy*, pp. 137-154

Culpepper, Pepper (2011) *Quiet Politics and Business Power*, Chapters 1-5, pp. 1-144

**Callaghan, Helen "Beyond methodological nationalism: how multilevel governance affects the clash of capitalisms," *Journal of European Public Policy*, 17/4, pp. 564-580

Main questions:

How do firms exert influence in global trade? How do they influence rule-setting?

How do regional trade organizations work with regard to the market for corporate control? What role do national differences with regard to corporate control play in the regional arena?

How does corporate governance get the rules it has? How much and in what ways do national institutional legacies matter? How much power does business have to get its way? How does it wield that power? Through position or persuasion?

Can the nation-state control firms? Or do firms control nation-states? What are the consequences of business power?

10/27 (*Guest Speaker: John L. Campbell on 'Knowledge Regimes' 4-6pm*)

John L. Campbell and Ove K. Pedersen, "Knowledge Regimes and Comparative Political Economy" in Daniel Beland and Robert Cox, eds. (2011) *Ideas and Politics in Social Science Research* (NY: Oxford University Press) (will email)
(see also reading for session 9)

7. Globalization of Finance and Housing (2-4pm)

a. Liberalization of Finance

Mary O'Sullivan (2007) "Acting out institutional change: understanding the recent transformation of the French financial system, *Socio-Economic Review* 5, pp. 389–436 (ejournals)

Hardie, Iain and Howarth, David. 2009. 'Die Krise but not La Crise', *Journal of Common Market Studies* 47, 5, pp. 1019-1039.

**Deeg, Richard, "Change from Within: German and Italian Finance in the 1990s" in *Beyond Continuity*, pp. 169-202.

b. Financialization of Housing

Schwartz, Herman (2008) "Housing, Global Finance, and American Hegemony: Building Conservative Politics One Brick at a Time," *Comparative European Politics*, 6(3): 262-284

Blyth, Mark (2008) "The Politics of Compounding Bubbles: The Global Housing Bubble in Comparative Perspective," *Comparative European Politics*, 6(3): 387-406.

**Watson, Matthew (2008) "Constituting Monetary Conservatives via the 'Savings Habit': New Labour and the British Housing Market Bubble," *Comparative European Politics*, 6(3): 285–304

Main questions:

How are the rules of the national financial markets constructed? Who constructs them? Who affects their development? How do they change over time and why?

What are the linkages between the liberalization of finance and the financialization of housing? What have been the effects, both economic and political?

8. Globalization of Trade, Firms, Jobs, and Executive Pay

a. The Internationalization of Trade and Multinational Firms

Berger, Suzanne (2005) *How We Compete* NY: Currency-Doubleday

b. The Offshoring of Jobs

Schmidt, Vivien (2007) "Social Contracts under Siege: National Responses to Globalized and Europeanized Production in Europe" in *Global Capitalism Unbound: Winners and Losers of Offshore Outsourcing* Ed. Eva Paus, pp. 113-129 (Basingstoke: Palgrave Macmillan) (will email)

*[Daniel W. Drezner](#) "The Outsourcing Bogyman" *Foreign Affairs*, [May/June 2004](#) (ejournals)

*John Gapper, "America's Turbulent Jobs Flight" *Financial Times* July 27, 2011 (online edition) <http://www.ft.com/cms/s/0/1d467a7c-b883-11e0-8206-00144feabdc0.html#axzz1TDWEbruv>

*Stokes, Bruce (2011) "Public Support for Trade Policy" *Transatlantic Task Force on Trade* Working Paper, German Marshall Fund, (July) (will email)

c. The Rise in Executive Pay

Culpepper, Pepper (2011) "The Noisy Politics of Executive Pay" in *Quiet Politics and Business Power* Chapter 6.

*Groom, Brian, "Executive Pay: The Trickle-Up Effect" *Financial Times* July 27, 2011 (online edition) <http://www.ft.com/cms/s/0/0a752f2e-b883-11e0-8206-00144feabdc0.html#axzz1TDWEbruv>

Main questions:

How does the internationalization of trade work? How has it affected the development of multinational firms and their ability to compete in the global economy? To what extent do local, national, and regional markets affect the way they operate?

What makes for a truly multinational firm? Are multinationals really 'footloose and fancy-free'?

What is outsourcing and how does it affect workers in advanced industrialized countries? In developing countries? Is it a good or a bad thing?

How much should CEOs earn? How much is this related to the internationalization of trade and the multinationalization of firms?

11/10 (reschedule)

9. Changes in National Economic Practices

Schmidt, Vivien A. (2009) "Putting the Political Back into Political Economy by Bringing the State Back In Yet Again." *World Politics* vol. 61, no. 3 (2009): 516-548.

a. Britain, France, and Germany

Schmidt, Vivien A. (2002) “The Dynamics of Adjustment in Economic Practices in Britain, France, and Germany,” and “The Role of Discourse in the Political Dynamics of Adjustment in Britain, France, and Germany” in *Futures of European Capitalism*, Chapter 4, pp. 107-205 and Chapter 6, pp. 257-302.

*John L. Campbell and Ove K. Pedersen, “The French Knowledge Regime,” Manuscript. (will email)

11/17 (*Guest speaker: Jeff Frieden, on his latest book on the financial crisis, 3-4:30pm*)

b. Sweden, Japan and the United States

Steinmo, *The Evolution of Modern States: Sweden, Japan, and the United States* pp. 30-205.

*Vogel, Steven K. “Routine Adjustment and bounded Innovation: The Changing Political Economy of Japan” in *Beyond Continuity* pp. 145-168.

Main questions:

What are the different components of ‘state action’? Is it a useful concept for the explanation of change? What are the differing features of government action in differing varieties of capitalism?

How do national economic practices change? What are the factors conditioning economic adjustment? How to theorize the state?

How can we compare and contrast the adjustment patterns of Britain, France, and Germany? Sweden and the US? Japan and France? Britain and the United States?

Which country would you prefer to do business in? If you are in finance? If you are in high value-added manufacturing? If you are in railroads?

12/1

10. The Impact of Globalization on Labor, Health, Welfare, and Inequality

a. Changes in Labor and Welfare Policy

Hacker, Jacob S. “Policy Drift: The Hidden Politics of US Welfare State Retrenchment,” in *Beyond Continuity*, pp. 40-82.

Palier, Bruno “Ambiguous Agreement, Cumulative Change: French Social Policy in the 1990s” in *Beyond Continuity*, pp. 127-144.

**Jackson, Gregory “Contested Boundaries: Ambiguity and Creativity in the Evolution of German Codetermination” in *Beyond Continuity*, pp. 229-254.

**Levy, Jonah “Redeploying the State: Liberalization and Social Policy in France” in *Beyond Continuity*, pp. 103-126.

b. Changes in Health Policy and Inequality

Hacker, Jacob (2009) “Yes We Can? The New Push for American Health Security” *Politics and Society*, 37/1, pp. 3-32.

Hacker, Jacob and Pierson, Paul (2010) “Winner take all Politics: Public Policy, Political Organization, and the Rise of Top Incomes in the United States,” *Politics and Society* vol 38, no. 2, pp. 152-204 (ejournals)

*US health care reform: See <http://healthreform.kff.org/the-animation.aspx>

*Greenberg, Stanley “Why Voters Tune out Democrats” *New York Times* July 30, 2011
http://www.nytimes.com/2011/07/31/opinion/sunday/tuning-out-the-democrats.html?_r=1&nl=todaysheadlines&emc=thab1

Main questions:

How is labor affected by the adjustments in economic practices? What influence does labor have over the changes? How does this differ across countries?

How have welfare states changed since the ‘Golden Age’ of the 1970s? Have the adjustments in the welfare state led to more social inequality? Can and/or is social justice still operative regardless of increases in inequality?

What are the differences among countries with regard to welfare state adjustment and the rise of inequality? In which country would you prefer to receive a pension or social assistance?

12/8

11. Conclusions: Explaining the Transformation in Capitalisms

Abdelal, Rawi, Blyth, Mark, and Parsons, Craig, (2010) “Reconstructing IPE: Some Conclusions Drawn from a Crisis” in *Constructing the International Economy*, pp. 227-239.

Schmidt, Vivien (2002) “Conclusion: The Futures of European Capitalism” in *The Futures of European Capitalism*, pp. 303-310.

Steinmo, Sven (2010) “And Yet it Moves” in *The Evolution of Modern States*, pp. 206-233

Culpepper, Pepper (2011) “Business Power and Democratic Politics” in *Quiet Politics and Business Power*, pp. 277-198.

(PAPERS DUE)

- * Readings denote policy articles and video clips online. These are generally short current events reading that are enlightening and often entertaining as well.
- ** Readings denote scholarly articles and books that are highly recommended readings, but not as essential as those without any asterisk. Graduate students should make a point of reading these as well.