

Honors Seminar (HSEM)3052H
Democracy and Markets
Spring 2009; 3 credits
MW 1:25-2:40pm
415Blegen Hall

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arrangement—email me!

This course addresses the question of whether democracy and markets are compatible, whether democratic institutions enhance (undermine) the workings of markets institutions and vice versa. Competing theoretical perspectives in the field of political economy are critically evaluated. And the experiences of countries with different forms of democratic market systems are studied. Among the topics singled out for in-depth investigation are the economics of voting, politics of money management, political business cycles, and the politics of trade.

Requirements Students are expected to complete the assigned reading before the indicated class sessions and to participate regularly in seminar discussions.

As regards written work, students have two options:

- I. Write one mid-term examination, the final examination, and a paper of between 15 and 25 pages in length. A prospectus for this paper must be submitted and approved by the instructor no later than February 11. A list of possible paper topics will be distributed in one of the early meetings of the seminar.
- II. Write two mid-term exams, the final examination, and a 5-8 eight page critical evaluation of Dahl's book, *A Preface to Economic Democracy* (Dahl's book is required reading for the seminar; see below)

The following weighting schemes will be used:

	I	II
Class participation	5%	5%
Mid-term examination(s)	20%	20% each
Paper/Book review	40%	20%
Final examination	35%	35%.

Students who wish to satisfy through this seminar the paper requirement for cum or for magna cum laude in political science must choose option I. These students also must submit and have approved by February 11 a paper prospectus. All students will be asked

to declare in writing their choice of option I or II. This declaration will be made in the second week of the semester.¹

Important Dates

February 11 Date for obtaining instructor's approval of paper topic for option 1

February 25 Target date for mid term exam 1

April 13 Target date for mid term exam 2

April 27 Papers due

May 16, 4-6PM Final examination

Texts and Reading

Students are asked to purchase the following three paperback books:

Robert Dahl, *A Preface to Economic Democracy* University of California Press, 1985

Jonas Pontusson, *Inequality and Prosperity: Social Europe vs. Liberal America*
Ithaca, NY: A Century Book/Cornell University Press, 2005.

Kenneth F. Scheve and Matthew J. Slaughter, *Globalization and the Perceptions
Of American Workers* Washington, D.C. : The Institute for International
Economics, 2001.

These books are available in the bookstore in Coffman Union.

Most of the assigned readings are available electronically through JSTOR or the library. In most cases, students can access JSTOR directly. Sometimes it is necessary to use the library's electronic access to journals (Steinmo via Sage, Hallerberg et al via Elsevier, and McNamara via EBSCO). Readings available on JSTOR or via the library are indicated by an asterisk (*).² Seven readings are available in the form of a reading packet. These readings are denoted by a +. The packet may be purchased at the bookstore as well.. A few reading and some of the slides used in class will be available on the class website (webvista).

¹ Students who choose option I may not take both mid-terms. If they declare an intention to take mid-term one they may change to mid-term two but only before February 15.

² One accesses JSTOR directly via the url www.jstor.org. Click on Browse Journals. Select Political Science (or Economics). Then find the required journal and the specific volume and article. To access jstor enter the library portal via the U of Minnesota website. Type in the title of the journal you want. Find the electronic link. Or you can follow these steps: (1), from the library webpage, click on 'e-journals,' (2), enter the full name of the journal you need and click enter; finally, (3), click on the link that comes up and find the issue of the journal you need.

Outline, Reading Assignments and Schedule

A. Introduction and motivation [January 21 & 26]

B. Five questions [January 28, February 2, 4]

+American Political Science Association (2004) “American Democracy in An Age Of Rising Inequality” Perspectives on Politics 2(4), 2004: 651-666.

Pontusson, Chapters 1, 3 (esp. pps. 32-48), 4 (esp.pps. 67-88)

*Steinmo, Sven “Globalization and Taxation: Challenge to the Welfare State” Comparative Political Studies 35(7), 2002: 839-862

+Schumpeter, Joseph A. “The March Into Socialism.” Epilogue to Capitalism, Socialism and Democracy NY. Harper-Perennial, 1975, pps. 415-425.

C. Competing theoretical perspectives [February 11, 18, 23; no class Feb. 9, 16]

Dahl, Chapters 2, 3 and 4 (pps, 52-135)

Freeman, John R. and Peter Nardulli (2005) “The Free Enterprise Economy and Social Welfare.” Center for the Study of Democratic Governance. University of Illinois. (on class website)

*Olson, Mancur “Dictatorship, Democracy and Development” The American Political Review 87(3), 1993: 567-576.

+Przeworski, Adam, Capitalism and Social Democracy NY Cambridge University Press, 1985 Chapters 1, 4 (pps. 7-46, 133-170)

+Schumpeter, Joseph A. Capitalism, Socialism and Democracy op. cit. Part II: Can Capitalism Survive? (pps. 72-106, 111-155).

February 11: Long paper prospectus must have been submitted and approved (option I)

February 25: Target Date for Mid-term exam one (in class)

D. Mass bases of political economy; the economics of voting [March 2, 4, 9, 11]

+Fair, Ray C. Predicting Presidential Elections and Other Things Stanford, CA: Stanford University Press, 2002. Chapters 1 and 3 (pps. 1-15, 43-58).

*Greenberg, Edward S. "Industrial Self-Management and Political Attitudes" American Political Science Review 75(1), 1981: 29-42.

*Lane, Robert "Market Justice Political Justice" American Political Science Review 80(2), 1986: 383-402.

*Mughan, Anthony and Dean Lacey "Economic Performance, Job Security and Electoral Choice" British Journal of Political Science 32(3), 2002: 513-534.

+Wright, Erik Olin Class Counts NY Cambridge University Press, 1997
Chapters 1, 10, and 11 (especially pps. 1-39; also pps. 185-248).

E. Producer group politics [March 23, 25, 30]³

*Iversen, Torben and Anne Wren "Equality, Employment, and Budgetary Restraint: The Trilemma of the Service Economy" World Politics 50(4), 1998: 507-547

Pontusson, Chapters 2, 5, and 6

F. Administrative bases of political economy; the politics of money and fiscal policies [April 1, 6, 8]

*Bernhard, William et. al "The Political Economy of Monetary Institutions" International Organization 56(4), 2002: 693-724.

*Goodman, John "The Politics of Central Bank Independence" Comparative Politics 1991: 329-349.

*Hallerberg, Mark et al "The Design of Fiscal Rules and Forms of Governance In European Union Countries" European Journal of Political Economy 23, 2007: 338-359.

*McNamara, Kathleen R. "Rational Fictions: Central Bank Independence And the Social Logic of Delegation" West European Politics 25(1), 2002: 47-76.

³ Spring break is the week of March 16-20.

April 13: Target Date for Mid-term exam two (in class)

G. Institutions and performance; political business cycles; the idea of decentralized monetarism [April 15, 20, 22]

*Alesina, Alberto and Jeffrey Sachs, "Political Parties and the Business Cycle in the U.S., 1948-1984" Journal of Money, Credit and Banking 20, 1988: 63-82.

+Iversen, Contested Economic Institutions NY Cambridge University Press, 1999, Chapters 1, 2 and 6 (pps. 1-46)

*Jackman, Robert "Elections and the Democratic Class Struggle" World Politics 39(1), 1986: 123-146.

H. Politics in open economies; democracy and globalization [April 27, 29; May 4]

*Busch, Marc L. and Eric Reinhardt "Geography, International Trade and Political Mobilization in U.S. Industries" American Journal of Political Science 44(4), 2000: 707-719.

*Busch, Marc L. and Eric Reinhardt, "Industrial Location and Protection: The Political and Economic Geography of U.S. Nontariff Barriers" American Journal of Political Science 43(4), 1999: 1028-1050.

Scheve, Kenneth and Matthew Slaughter Chapters 1, 2 and 5 (1-46, 87-98)

April 27: Papers due (under both writing options)

I. Review and retrospectives [May 6]

*Freeman, John R. "Competing Commitments: Technocracy and Democracy in the Design of Monetary Institutions" International Organization 56(4), 2002: 889-910.

+Freeman, John R. "Democracy and Markets in the 21st Century." In International Perspectives on Contemporary Democracy Peter Nardulli editor. Champaign, Illinois, University of Illinois Press, 2008, pps. 183-220.