

Isabela Mares
Professor of Political Science
Department of Political Science
739 International Affairs Building
Office hours: Wednesdays 4 -6 or by appointment

Political Science W3951
Varieties of Capitalism
Monday 6.10- 8 pm
Room: 711 International Affairs Building

This course provides a theoretical framework for understanding the variation in economic and social institutions among advanced capitalist economies. Can we meaningfully talk of the German or Swedish model and, if so, what are their distinctive characteristics? In what ways do these economies differ from liberal market economies, such as the United States or the United Kingdom? Do these cross-national differences persist in the face of increased economic integration and globalization? We will explore these questions by examining institutional and policy differences in the following areas: (a) training and skill formation; (b) financial institutions and corporate governance, (c) the welfare state, (d) systems of industrial relations. These institutions affect a variety of economic and political outcomes among advanced industrialized societies, including levels of economic inequality, levels of employment.

Prerequisites:

Introduction to Comparative Politics or permission of the instructor.

Requirements:

Students are expected to complete all assigned readings and integrate them into class discussion. Class participation is an important component of the final grade. Students will take turn in preparing summaries of our weekly discussion (which will be posted on the web-site of the course).

There are three additional assignments that will be graded. A mid-term exam will account for 30 percent of your grade. Students are expected to complete a research paper for the course that integrates the analytical tools developed in Weeks 2-6 and applies them to the study of economic and policy reforms undertaken by different economies. The focus of the paper should be comparative, i.e. you should identify and explain some variation in policy or economic outcomes among two (or more) economies. To ensure steady progress in your research, I encourage you to discuss your ideas with me early on during the semester. In weeks 13 and 14, you will be asked to present your results (and serve as discussant of other papers presented by your colleagues).

Grading:

The final grade for the course will be determined as follows:

- (a) In-class participation and summary of in-class discussion 20 percent
- (b) Mid-term exam 30 percent
- (c) In-class final presentation: 20 percent
- (d) Final paper: 30 percent

Materials:

The following books should be ordered from Amazon.com.

Hall, Peter and Soskice, David. 2001. *Varieties of Capitalism*. New York: Oxford University Press.

Esping-Andersen, Gøsta. 1990. *Three Worlds of Welfare Capitalism*. Princeton: Princeton University Press.

Haggard, Stephan and Kaufman, Robert (2009). *Development, democracy and welfare states*. Princeton, Princeton University Press.

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

Esping-Andersen, Gøsta. 2000. *Social Foundations of Postindustrial Economies*. New York; Oxford University Press.

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

Swenson, Peter. 2002. *Capitalists against markets: The Making of labor markets and welfare states in the United States and Sweden*. Oxford: Oxford University Press.

Hauserman, Silja. 2010. *The Politics of welfare state reform in contemporary Europe*. New York: Cambridge University Press.

Electronic copies of the additional readings are available via Courseworks.

TOPICS AND READINGS

Readings marked *** are recommended

Part I: Theoretical Foundations

Week 1 (9/10/2012)

Introduction

Recommended reading:

Albert, Michel. 1993. *Capitalism versus Capitalism*. London: Whurr Publishers, pp. 99- 146.

Week 2 (9/17/2012)

The organization of interest groups in advanced industrialized economies

Schmitter, Philippe. 1979. Still the century of corporatism? In Schmitter, Philippe and Lehbruch, Gerhard. Eds. *Trends towards corporatist intermediation*, Beverly Hills: Sage, [Please skim. Read definitions of corporatism and pluralism]

Cameron, David. 1984. Social Democracy, Corporatism, Labor Quiescence, and the Representation of Economic Interest in Advanced Capitalist Society, In Goldthorpe, John, ed. *Order and Conflict in Contemporary Capitalism*, pp. 143- 178.

Eichengreen, Barry. 1997. Institutions and Economic Growth: Europe after World War II. In Crafts, Nicholas and Toniolo, Gianni, eds., *Economic Growth in Europe since World War II*. Cambridge: Cambridge University Press, pp. 38- 72.

***Calmfors, Lars and Driffill, John. 1988. Bargaining Structure, Corporatism and Macroeconomic Performance. *Economic Policy* 6: 1, 13-61, (skim only)

Soskice, David. 1990. Wage Determination: The Changing Role of Institutions in Advanced Industrialized Countries. *Oxford Review of Economic Policy*, 6:4, 36-61.

Week 3 (9/24/2012)

Varieties of Capitalism

Hall, Peter and Soskice, David. 2001. An Introduction to Varieties of Capitalism, in Hall, Peter and Soskice, David. Eds. 2001. *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*. Oxford: Oxford University Press, Chapter 1.

Hall, Peter and Gingerich, Daniel. 2001. *Varieties of Capitalism and Institutional Complementarities in the Macroeconomy: An Empirical Analysis*, manuscript, Harvard University.

***Kenworthy, Lane. 2001. Wage-setting measures: A survey and assessment, *World Politics* 54: 1, 57-98.

Week 4 (10/1/2012)

Differences in financial systems

Raghuram Rajan and Luigi Zingales. 2003. The Great Reversals: The Politics of Financial Development in the 20th Century. *Journal of Financial Economics* 69 (1): 5-50.

Mark Roe, 1994. *Political determinants of corporate governance*. Oxford : Oxford University Press. 1-6, 8, 12, 13.

Gourevitch, Peter and Shinn, James. 2006. *Political Power and Corporate Control: The New Global Politics of Corporate Governance*. Princeton: Princeton University Press, Chapters 1, 2, 6

Week 5 (10/8/2012)

The welfare state

Estevez-Abe, Margarita, Soskice, David and Iversen, Torben. 2001. Social Protection and the formation of skills: a reinterpretation of the welfare state, in Hall, Peter and Soskice, David, eds., 2001, *Varieties of Capitalism*, Chapter 4.

Esping-Andersen, Gøsta. 1990. *Three Worlds of Welfare Capitalism*. Princeton: Princeton University Press, Chapters 2, 3, 5.

Week 6 (10/15/2012)

In-class mid-term

Part II: Explaining the evolution of policies and institutions

Week 7 (10/22/2012)

Political coalitions in the face of economic crises: 2 historical moments

Swenson, Peter. 1991. Bringing Capital Back In or Social Democracy Reconsidered: Employer Power, Cross-class alliances and the Centralization of Industrial Relations in Denmark and Sweden, *World Politics*, 513- 545.

Martin, Andrew. 1984. Trade Unions in Sweden: Strategic responses to change and crisis. In Gourevitch, Peter, Martin, Andrew and Ross, George, eds., *Unions and Economic Crisis: Britain, West Germany and Sweden*, London, George Allen and Unwin, pages 190- 264.

Huber, Evelyn and Stephens, John. 2001. *Development and Crisis of the Welfare State*. Chicago: University of Chicago Press, Chapters 2, 3, 5.

Scharpf, Fritz. 1991. *Crisis and Choice in European Social Democracy*. Ithaca: Cornell University Press, Chapters 1, 2, 4, 5, 6, 8, 9. [exact selection of empirical chapters will be discussed with instructor]

Part III. Recent challenges and political transformations

Week 8 (10/29/2012)

Industrial Relations

Iversen, Torben. 1999. *Contested Economic Institutions*. New York: Cambridge University Press, pp. 93- 109, 119- 165.

Pontusson, Jonas and Swenson, Peter. 1996. Labor Markets, Production Strategies and Wage Bargaining Institutions. The Swedish Employer Offensive in Comparative Perspective, *Comparative Political Studies*, 29: 2, 223- 250

Streeck, Wolfgang. 1996. German Capitalism. Does it exist. Can it survive?, in Crouch, Colin and Streeck, Wolfgang, eds., *Political Economy of Modern Capitalism*. Mapping Convergence and Diversity, London: Sage, pp. 33- 54.

Thelen, Kathy. 2000. Why German Employers cannot bring themselves to dismantle the German model. In Iversen, Torben, Pontusson, Jonas and Soskice, David. Eds. 2000. *Unions, Employers and Central Banks*. New York: Cambridge University Press, pp. 138- 169.

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

Culpepper, Pepper. 2008. The Politics of common knowledge: ideas and institutional change in coordinated Wage Bargaining. *International Organization*. 62: 1, 1- 33.

(11/05/2012) University Holiday – No class

Week 9 (11/12/2012)

Deindustrialization and its consequences

Iversen, Torben and Wren, Anne. 1998. Equality, Employment and Budgetary Restraint: The trilemma of the Service Economy, *World Politics*, 50: 4, pp. 507 – 546.

Esping-Andersen, Gøsta. 1990. *The Three Worlds of Welfare Capitalism*. Princeton: Princeton University Press, Chapter 6, pp. 162- 229.

Esping-Andersen, Gøsta. (1999) *Social Foundations of Postindustrial Economies*. New York: Oxford University Press, pp. 95- 184.

Week 10 (11/19/2012)

Manow, Philip and Seils, Erich. 2000. Adjusting Badly. The German Welfare State in an era of Globalization, in Scharpf, Fritz, et. al. eds., *Welfare and Work in the Open Economy*, pp. 264-307.

Pierson, Paul. 2001. Coping with Permanent Austerity: Welfare State Restructuring in Affluent Democracies. In Pierson, Paul. Ed. *The New Politics of the Welfare State*. 410-456.

Silja Hausermann. 2010. The Post Industrial Politics of Welfare State Reform. PhD Dissertation. University of Zurich. Chapters 1-4, 7.

Mares, Isabela. 2006. *Taxation, wage bargaining and unemployment*. New York: Cambridge University Press, Chapters 1-3, 5.

Rueda, David and Pontusson, Jonas. 2000. Wage Inequality and Varieties of Capitalism. *World Politics*, 55: 2, 350- 383.

Week 12 (11/26/2012)

Social policy and labor market reforms in postcommunist countries

(Guest presentation: Professor Aurelian Muntean, SNSP Bucharest, Fulbright Scholar, Columbia University)

Weeks 13 and 14 (12/3/2012 and 12/12/2012)

In-class presentation of student projects

Final papers are due (via e-mail) on December 14th by 5 pm.
LATE WORK WILL NOT BE ACCEPTED.