

Globalization, Democracy and Contemporary Capitalism
Spring 2021

Professor Gubad Ibadoghlu

E-mail: gubad.ibadoghlu@rutgers.edu

Phone: +1 (732) 895-3249

Course # PS 01:790:358:01

Class hours: Monday and Thursday, 12:35 PM - 1:55 PM

Office hours: Tuesday and Wednesdays 1 pm – 3 pm and by appointment, at office AB 6109 West

Online course: SR (synchronous delivery)

Learning Management System (LMS): Sakai, asynchronous presentation, reading material in the section of lessons of the Sakai system

Online platform: Zoom

This web-syllabus is designed to be used throughout the semester. Below you will find links to the readings for each of the 28 class sessions. Where possible, reading assignments have been linked to electronic versions available on the Internet. Students visiting this page for the first time should read through the entire syllabus: the course description, the course requirements, and the course outline. If you have any questions or comments about the web page or the course, please contact me.

Course Description:

This course considers globalization and its impact on modern capitalist nations from international and comparative political-economic perspectives. The course first explores how globalization is governed and regulated internationally and regionally in finance, trade, and multinationals, and their impact on jobs, inequality, labor, and welfare. The second, this course is to provide a general introduction to the field of comparative political economy and an in-depth introduction to contemporary capitalism's political economy.

This course will begin by examining the economic principles of and justifications for the self-regulating market and critiques of capitalism and rationalizations for intervention and regulation of free-market economies. As we shall see, democracy and capitalism tend to go hand in hand, but there is a great deal of variation in how democratic

governments are willing to intervene in free markets. We will examine the similarities and differences across advanced democracies and compare how much democracies shape economic outcomes and the degree to which markets and economic factors shape democratic institutions and processes. Finally, we will focus on the welfare state, which plays a critical role in maintaining stability in democratic and capitalist systems.

The aims of this course to create educated citizens capable of organizing information, thinking critically and communicating effectively and analyze essential developments are shaping the contemporary world.

We will examine theories of political economy, globalization, development strategies, democratization, political and economic institutions. Throughout the course, we will strive to understand the interplay between economics and politics.

First, we analyse basic concepts and theories in the study of political economy (weeks 1-2). Second, we examine the structural transformation of democratic capitalism from the post-war period to the present (weeks 3-4). Third, we examine the globalization process and its negative, as well as positive impacts (week 5-6), and wealth inequality (week 7-8). Fourth, we turn to the electoral and producer group politics of advanced capitalist democracies, and examine why inequality differs so much between countries (weeks 9-10). To conclude, we will examine the political and policy response to the globalizations, financial crisis, and ask whether it has exacerbated inequalities, and undermined liberal democracy? (week 11-12). Throughout the module I will make reference to contemporary events, and link these back to what we're studying. Core themes include the impact of globalization, technological change, the problem-solving capacity of democracy, austerity, the changing dynamics of social class, corruption, tax avoidance, nationalism, populism and the political consequences of the global financial crisis.

This class will improve students' substantive knowledge of contemporary capitalist world and will provide the tools to think critically and analytically about global economics and international politics. Using the theories learned in this class, by the end of the class students will gain a broad understanding of the key causes and effects of a wide range of global economic and political issues.

Requirements

1. Each week, students are expected to attend class and to participate in class discussions.

2. You are also required to write three essays (3-5 pages long, double-spaced) based on any three weekly topics. The essays must engage critically and comparatively all of the required readings assigned to a biweekly topic. Consider the following points as you develop your response essay: What is the central theme connecting the selected readings? What are the main arguments developed in the literature under review? What are the main concepts addressed in the assigned readings, and how are they conceptualized and operationalized? What are the main empirical findings, and what methods are used to arrive at such findings? How do the readings under review enhance our understanding of the area of study in question? Indicate how the selected readings complement each other and point out the areas in which they diverge from each other.

Each essay is due the week after we cover the biweekly topic on which your essay is based. Please note the following time limits for the submission of your three essays: your first essay must be submitted no later than February 15; the second essay no later than March 4; and third essay no later than April 05. Your three essays (Word formatted) must be submitted via the Sakai at Rutgers University.

3. Finally, the course requires that you complete a take midterm and final exams at the mid and end of the semester.

Required Textbooks

Piketty, Thomas (2014), *Capital in the 21st Century*, Harvard University Press. Hereafter C21.

Pre-requisites: It is STRONGLY recommended that you have at least one introductory course in political science, sociology, economics, or history" as we will be assuming a basic understanding of the post-WWII international order.

Grade policy

Grades in the course will be based on the following items:

1. Midterm: 25 point
2. Class Participation: 10 point
3. Homework: 25 point
4. Final: 40 point

Learning Methodology:

The 24 separate lectures for this course are packed over a relatively short time period in your lives. During the semester, you're going to be busy with lots of other courses and activities, and when the semester is over, you're going to move on too many wonderful adventures and accomplishments. You won't remember everything from Globalization, Democracy and Contemporary Capitalism. But hopefully you'll remember some key lessons. My strategy is to teach the course with life-long learning in mind (so you might remember something you learned in this class in 20 years). We will, therefore, use multiple methods to reinforce the main take-away messages of the course.

- Doing the readings prior to class will help the students follow and participate in the class sessions.
- Class sessions will combine a mix of lecture and discussion, with puzzles for the students to grapple with as a group. Class notes will be made available to students after each session. The reason to provide the notes only after class is to keep students engaged in an active learning mode. The notes include puzzles, questions, and answers. It is important for students not to be able to see the answers to puzzles until we have struggled through them as a group.

Important Dates

This course begins on January 21, 2021 and ends on May 3, 2021.

COURSE OUTLINE

Date	Overview of Lectures	Readings
01/21	Course Overview & Introduction to the study of Globalization, Democracy and Contemporary Capitalism	Required reading: <ul style="list-style-type: none"> • The Crisis in Context: Democratic Capitalism and its Contradictions: https://www.econstor.eu/bitstream/10419/51554/1/670480223.pdf • Democracy and capitalism: https://scholar.harvard.edu/files/iversen/files/democracycapitalism.pdf

01/25	<p>Basic concepts and theories in the study of political economy</p>	<ul style="list-style-type: none"> • Adam Smith. <i>The Wealth of Nations</i>. Book I, Ch 1-3; Book IV, Ch 2. • Levine, David. <i>Wealth and Freedom</i>. Ch. 3, "Capitalism." • Milton Friedman. <i>Capitalism and Freedom</i>. Pp. 1-6, 22-36, and 196-202. <p>Recommended: Caporaso, James and David Levine. <i>Theories of Political Economy</i>. Chapter on the classical approach (pp. 33-54). Heilbroner, Robert. <i>The World Philosophers</i>. Ch 1-2, "The Economic Revolution" and "The Wonderful World of Adam Smith."</p>
01/28	<p>The limits of the market Washington Consensus versus Beijing Consensus</p>	<p>https://www.piie.com/publications/papers/williamson0904-2.pdf http://www.chinaelections.org/uploadfile/200909/20090918021638239.pdf</p>
02/01	<p>Globalization In-class debate</p>	<ul style="list-style-type: none"> ⊙ Garrett, Geoffrey. 1998. "Global Markets and National Politics: Collision Course or Virtuous Circle?" <i>International Organization</i>. Vol. 52, No. 4 (Autumn): 787-824. ⊙ Reich, Robert. 2007. "How Capitalism is Killing Democracy." <i>Foreign Policy</i>. (Sept/Oct): 38-42. ⊙ Parker, Ian. "Lost: Letter from Reykjavik." <i>The New Yorker</i>, Mar. 9. 2009.
02/04	<p>Globalization and Regionalization</p>	<ul style="list-style-type: none"> • Tanja A. Börzel and Thomas Risse "Three Cheers for Comparative Regionalism" in T.A.Börzel/T.Risse (eds.), <i>Oxford Handbook for Comparative</i>

		<p><i>Regionalism</i>, Oxford: Oxford University Press, 2016 (find in Oxford online or will email)</p> <ul style="list-style-type: none"> • McNamara, Kathleen (2015) "The Forgotten Problem of Embeddedness: History Lessons for the Euro" in <i>The Future of the Euro</i> eds. Mark Blyth and Matthias Matthijs (Oxford: Oxford University Press)
02/08	Financial Globalization, Neo-Liberalism, Crisis, and Housing Bubbles	<ul style="list-style-type: none"> • Schwartz, Herman (2008) "Housing, Global Finance, and American Hegemony: Building Conservative Politics One Brick at a Time," <i>Comparative European Politics</i>, 6(3): 262-284 • Grossman, Emiliano and Woll, Cornelia (2014) "Saving the Banks: The Political Economy of Bailouts," <i>Comparative Political Studies</i> vol 47, no. 4: 574-600 (ejournals) • Mügge, Daniel (2013) "Neoliberalism in EU Financial Regulation: Whence it came, why it stuck," in <i>Resilient Liberalism: European Political Economy through Boom and Bust</i> eds. Vivien A. Schmidt and Mark Thatcher (Cambridge: Cambridge University Press).
02/11	Globalization of Trade, Firms, Jobs, and Executive Pay	<ul style="list-style-type: none"> • Berger, Suzanne (2005) <i>How We Compete</i> NY: Currency-Doubleday, especially pp. 1-136, 251-298.

		<ul style="list-style-type: none"> • Rivoli, Pietra (2009) <i>The Travels of a T-Shirt in the Global Economy</i> 2nd edition Hoboken, NJ: Wiley. Read all (but skim a lot) • *<i>“Apple’s Web of Tax Shelters saved it Billions”</i> <i>New York Times</i> May 21, 2013 http://www.nytimes.com/2013/05/21/business/apple-avoided-billions-in-taxes-congressional-panel-says.html?nl=todaysheadlines&emc=edit th 20130521& r=0
02/15	Democracy and development	<ul style="list-style-type: none"> • Przeworski and Limongi. 1997. “Modernization: Theories and Facts.” <i>World Politics</i>. 49 (2): 155-183. • Boix, Carles. 2003. Democracy and Redistribution. “Introduction” and Ch. 3 “Historical Evidence” pp. 1-18, 110-129. <p>Recommended: Rueschemeyer, Stephens, and Stephens. <i>Capitalist Development and Democracy</i>. Pp. 5- 11, 40-69, skim pp. 75-89.</p>
02/18	Democratic Institutions and Economic Outcomes	<ul style="list-style-type: none"> • Olson, Mancur. 1982. <i>The Rise and Decline of Nations</i>. Ch. 3, “The Implications” and part of Ch. 4 “The Developed Democracies” (pp. 36-98). • Lijphart, Arend. 1999. <i>Patterns of Democracy</i>. Ch. 1 & 15 (pp. 1-8, 258-74) • Steinmo, Sven and Caroline Tolbert. 1998. “Do Institutions Really Matter? Taxation in Industrialized

		Democracies." <i>Comparative Political Studies</i> . Vol. 31, No. 2 (April): 165-87.
02/22	Keynesianism: The Rise of Democratic Capitalism	Piketty, Thomas (2014), <i>Capital in the 21st Century</i> , Harvard University Press. Hereafter C21. pp 141-204
02/25	Monetarism: The Return of Neoliberal Capitalism	Piketty, Thomas (2014), <i>Capital in the 21st Century</i> , Harvard University Press. Hereafter C21. pp 204-297
03/01	The Political Economy of Financial Crises	Frieden, Lake, and Broz, Chapter 15 (Chinn and Frieden).
03/04	The Politics of Global Imbalances	Frieden, Lake, and Broz, Chapter 2 (Frieden). Anne Case and Angus Deaton. (2017), <i>Mortality and Morbidity in the 21st Century</i> . Available at https://www.brookings.edu/wp-content/uploads/2017/03/6_casedeaton.pdf
03/08	Distribution and Inequality	<ul style="list-style-type: none"> • Smeeding, Timothy. "Poor People in Rich Nations: The US in Comparative Perspective." Jan. 2006. • Alesina, Glaeser, and Sacerdote. 2005. "Work and Leisure in the US and Europe: Why So Different?" NBER Working Paper, #11278. (Skim) <p>Recommended:</p> <p>Atkinson, Anthony, Rainwater, Lee, and Timothy Smeeding. 1995. <i>Income Distribution in OECD Countries: Evidence from the Luxembourg Income Study</i>. Paris: Organization for Economic Cooperation and Development.</p> <p>Bradley, David, Evelyne Huber, Stephanie Moller, Francois Nielson, and John Stephens. 2003. "Distribution and</p>

		Redistribution in Postindustrial Democracies." <i>World Politics</i> . Vol. 55, No. 2 (January): 193-228.
03/11	Midterm review	
03/22	Midterm exam	
03/25	Income Inequality in Europe and the USA	Piketty, Thomas (2014), <i>Capital in the 21st Century</i> , Harvard University Press. C21. pp 297-424 https://www.imf.org/external/pubs/ft/sdn/2015/sdn1513.pdf https://wir2018.wid.world/files/download/wir2018-summary-english.pdf
03/29	Explaining the Rise of Top Incomes In-class debate	Piketty, Thomas (2014), <i>Capital in the 21st Century</i> , Harvard University Press. Hereafter C21. pp 297-424, and <i>Varieties of Top Incomes</i> : https://doi.org/10.1093/ser/mwy036 , and <i>Winner Takes All Politics</i> : https://doi.org/10.1177%2F0032329210365042
04/01	Politics of the Welfare State	<ul style="list-style-type: none"> Evelyn Huber, Charles Ragin, and John Stephens. 1993. "Social Democracy, Christian Democracy, Constitutional Structure, and the Welfare State." <i>American Journal of Sociology</i>. 99:711-49. <p>Recommended: Esping-Andersen. 1990. <i>The Three Worlds of Welfare Capitalism</i>. Ch. 2, "Decommodification in Social Policy" and ch.3, "Welfare State as System of Stratification." https://www.chathamhouse.org/sites/default/files/publications/research/20150917WelfareStateEuropeNiblettBeggMushovelFinal.pdf https://www.easped.eu/sites/default/files/sites/default/files/SensAge/d4-</p>

		social_welfare_systems_across_europe.pdf
04/05	Comparative Trajectories of Capitalism: Sweden, Japan, the United States	<p><i>Readings on cross national country comparisons over time</i></p> <ul style="list-style-type: none"> • Steinmo, Sven (2011) <i>The Evolution of Modern States: Sweden, Japan, and the United States</i> pp. 30-205. • Robert Reich, "The Real Price of Congressional Gridlock," <i>New York Times</i>, Aug. 13, 2013 http://www.nytimes.com/2013/08/14/opinion/the-real-price-of-congresss-gridlock.html?pagewanted=print
04/08	Comparative Trajectories of Capitalism: Germany and France	<p><i>Readings on cross national country comparisons and the Euro</i></p> <ul style="list-style-type: none"> • Newman, Abraham (2015) "The Reluctant Leader: Germany's Euro Experience and the Long Shadow of Reunification" in <i>The Future of the Euro</i> eds. Mark Blyth and Matthias Matthijs (Oxford: Oxford University Press) • Jacoby, Wade (2015) "Europe's New German Problem: The Timing of Politics and the Politics of Timing" in <i>The Future of the Euro</i> eds. Mark Blyth and Matthias Matthijs (Oxford: Oxford University Press) • Gualmini, Elisabetta and Schmidt, Vivien (2013) "State transformation in Italy and France: Technocratic versus political leadership on the road from non-liberalism to neo-liberalism" in <i>Resilient Liberalism: European Political Economy through Boom and Bust</i> eds. Vivien A. Schmidt and Mark Thatcher (Cambridge: Cambridge

		<p>University Press)</p> <ul style="list-style-type: none"> • Vail, Mark (2015) "Europe's Middle Child: France's Statist Liberalism and the Conflicted Politics of the Euro" in <i>The Future of the Euro</i> eds. Mark Blyth and Matthias Matthijs (Oxford: Oxford University Press)
04/12	<p>Comparative Trajectories of Capitalism and Diverging Crises: The UK, Ireland, Iceland, Greece</p>	<p><i>Readings on countries' capitalisms before and during the Financial and Euro crisis</i></p> <ul style="list-style-type: none"> • Hay, Colin and Smith, Nicola (2013) "The resilience of Anglo-liberalism in the absence of growth: The UK and Irish cases" in <i>Resilient Liberalism: European Political Economy through Boom and Bust</i> eds. Vivien A. Schmidt and Mark Thatcher (Cambridge: Cambridge University Press) • Jones, Erik (2016) "The Meaning of Britain's Departure" <i>Survival</i> 58 (4): pp. 211-224 • Thorhallsson, Baldur, and Peadar Kirby (2012). 'Financial Crisis in Iceland and Ireland: Does European Union and Euro Membership Matter?' <i>Journal of Common Market Studies</i> 50:5 (September) pp. 801-818. • **Featherstone, Kevin (2011) "The Greek Sovereign Debt Crisis and EMU: A failing state in a skewed regime," <i>Journal of Common Market Studies</i> vol. 49, no. 2: 193-2117. • Featherstone, Kevin (2016) "Conditionality, Democracy, and Institutional Weakness: The Euro-Crisis Trilemma," <i>Journal of Common Market Studies</i> Annual Review 1-17 • Matsaganiz, Manos (2011) "The

		<p>Welfare State and the Crisis: The Case of Greece," <i>Journal of European Social Policy</i> vol. 21, no. 5: 501-512</p> <ul style="list-style-type: none"> • *Yanis Varoufakis "On the EU's 'deep state' https://www.socialeurope.eu/adults-room-taking-europes-deep-state
04/15	<p>Comparative Trajectories of Capitalism and Diverging Crises: Southern vs. Eastern Europe</p>	<ul style="list-style-type: none"> • <i>Readings on countries' capitalisms before and during the Euro crisis</i> • Hopkin, Jonathan (2015) "The Troubled Southern Periphery: the Euro experience in Italy and Spain" in <i>The Future of the Euro</i> eds. Mark Blyth and Matthias Matthijs (Oxford: Oxford University Press) • Ban, Cornel (2016) <i>Ruling Ideas</i> (New York: Oxford University Press) Read all but especially chapters 2, 3, 4, 5, 8, 9 and Conclusion • Dorothee Bohle and Bela Greskovits <i>Capitalist Diversity on Europe's Periphery</i> Cornell University Press, 2012, chapters 3, 4, and 6, pp. 96-172, 223-258
04/19	<p>Electoral Competition, Party Politics and Class Voting</p>	<ul style="list-style-type: none"> • Required reading: Electoral competition in Europe's new tripolar space: https://onlinelibrary.wiley.com/doi/abs/10.1111/1475-6765.12259
04/22	<p>Globalization, transformations in democratic capitalism, and challenges to democratic legitimacy</p>	<ul style="list-style-type: none"> • Rodrik, Dani (2011) <i>The Globalization Paradox: Democracy and the Future of the World Economy</i> New York: Norton, pp. 207-284. • Freedon, Michael (2017) "After the Brexit Referendum: Revisiting

		<p>Populism as an Ideology” <i>Journal of Political Ideologies</i>, 22:1, 1-11</p> <ul style="list-style-type: none"> • Schmidt, Vivien A. (2017) “Britain-Out and Trump-In: A Discursive Institutional Analysis of the British Referendum on the EU and the US Presidential Election,” <i>Review of International Political Economy</i> vol 24, no. 2: 248-269 http://dx.doi.org.ezproxy.bu.edu/10.1080/09692290.2017.1304974 • Streeck, Wolfgang (2011) “The Crisis of Democratic Capitalism” <i>New Left Review</i> (Sept/Oct) • *Martin Wolf, “Capitalism and Democracy,” <i>Financial Times</i> Aug. 30, 2016 http://www.ft.com/cms/s/0/e46e8c00-6b72-11e6-ae5b-a7cc5dd5a28c.html#axzz4IuRIHvoH • *Wolfgang Streeck, “Trump and the Trumpists” <i>Inference</i> 2017 http://inference-review.com/article/trump-and-the-trumpists
04/26	<p>“Can capitalism survive?” In-class debate</p>	<ul style="list-style-type: none"> • Lekachman, Robert. 1966. <i>The Age of Keynes</i>. Ch 3, “The Road to The General Theory” (skim) and Ch. 4, “The General Theory.” • Schumpeter, Joseph A. 1942. <i>Capitalism, Socialism and Democracy</i>. Part II: Can Capitalism Survive? Prologue (pp. 61-2), Ch. 7, “The Process of Creative Destruction,” Ch 12, “Crumbling Walls;” Part III: Can Socialism Work? Ch. 16, “The Socialist Blueprint.” <p>Recommended: Caporaso and Levine. <i>Theories of Political</i></p>

		<i>Economy</i> . Ch. 5: "Keynesian Political Economy." Hansen, Bent. "Unemployment, Keynes, and the Stockholm School." <i>History of Political Economy</i> . 13. (Summer 1981): 256-77
04/29	Final Review	
05/06	Final examination	

Exams: The midterm exam (03/22/2021) and a cumulative final exam at the time scheduled by the Registrar (05/06/ 2021 at 8-11 am). Please check to be sure that you can attend all the exams before deciding to take the class. Except in cases of documented medical necessity or family emergency, there will be no alternative exam dates. The exams will be based on the lectures, text, readings, and problem sets. The lecture and readings will not always cover the same material: you are responsible for the material in both. The exams will be on multiple choice.

Grading policy: Course grades will be based on class participation (10 point), homework (25 point), midterms (25 point), and final (40 point). All course grades will be curved.

Attendance: Students are expected to attend all classes. If you expect to miss one or two classes because of illness or a family emergency, please use the university absence reporting website <https://sims.rutgers.edu/ssra/> to indicate the date and reason for your absence. An email is automatically sent to me. Reporting an absence through this system does not excuse missed exams and problem sets (see policies above).

Academic Integrity: Students must follow the Rutgers academic integrity policy. All suspected violations will be referred to external authorities.