

**Government 3273  
Politics and Markets  
Fall 2013**

**Professor Thomas Pepinsky**  
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*Class Time and Location*

Tuesday and Thursday, 2:55 – 4:10  
McGraw Hall 165

*Office Hours*

Monday 1:00 – 3:00, or by appointment  
White Hall 322  
Sign up at [meetme.so/PepinskyOfficeHours](https://meetme.so/PepinskyOfficeHours)

*Teaching Assistants and Office Hours*

Hoa Duong ([hhd27@cornell.edu](mailto:hhd27@cornell.edu)), Friday 4:00 – 5:00, B12 White Hall  
Dustin Page ([djp279@cornell.edu](mailto:djp279@cornell.edu)), Monday 1:00 – 2:00, B12 White Hall  
Mariano Sanchez Talanquer ([ms2728@cornell.edu](mailto:ms2728@cornell.edu)), Tuesday 1:30 – 2:30, B12 White Hall

*Discussion Sections*

Monday 2:30 – 3:20, Goldwin Smith 181	Friday 11:15 – 12:05, Sibley Hall 318
Tuesday 10:10 – 11:00, White Hall 104	Friday 12:20 – 1:10, Sibley Hall 318
Tuesday 12:20 – 1:10, White Hall B14	Friday 2:30 – 3:20, McGraw Hall 145

Overview

This course explores the relationship between political power and economic exchange in contemporary market economies. The course has two main themes: the functional relationships between different forms of economic and political organization, and the political and economic constraints that underlie the broadest contours of economic policymaking in capitalist economies. Within these themes, the course's substantive topics will include health care, agriculture, property rights, economic reform, development and industrial policy, globalization, and politics in the wake of economic crises. The course is explicitly comparative, and will draw on the histories and national experiences of countries around the world.

Course Goals

By the end of the course, students should be able to understand the different logics of political and economic organization in capitalist economies. They should also be able to think theoretically about the feasibility and desirability of different responses to the policy challenges in contemporary capitalism, and derive comparative insights on the political economy of the United States as one particular instance of advanced capitalist democracy.

## Requirements

*Prerequisites:* At least one introductory course in the Government Department (GOVT 1111, GOVT 1313, GOVT 1615, or GOVT 1817). Other students must obtain permission from the instructor to register. The course also assumes basic knowledge of world history.

*Class Format:* The class is a lecture meeting twice a week. Attendance is mandatory. Students should arrive to each class already having done the readings for that class, and afterwards, review the readings in the context of the class discussion. Class attendance and readings are not substitutes. I will not post lecture notes online.

*Assignments and Grading:* Your course grade is composed of the following:

Section participation: 20%

Two reading responses: 10% each

Take home midterm essay: 25%

Final paper: 35%

The two **reading responses** are each be 3-4 pages long, and will respond to the readings for a particular class period. I will provide a handout on the response paper format early in the semester. The last possible day to turn in the first reading response is October 3, and the last possible day to turn in the second reading response is December 3. The **in class midterm exam** (closed book) on October 24 will consist of your choice of three essay questions. The **final paper** is an analytical essay of 10-15 pages. Library research is required; I will provide a handout on the paper topic early in the semester. A 1-page abstract is due in class on November 21. The final paper is due December 17 at noon.

*Readings:* Our readings will come from a series of online articles/chapters and four books. The reading load is substantial: on average, you can expect 50 pages of reading per class meeting.

## Course Policies

*Late Assignments:* Please consult the syllabus for information about the due dates for your assignments. These dates are firm: extensions will only be given in the case of sickness (requiring a doctor's note), family emergency (requiring a Dean's note), or religious observance (requiring prior approval from the instructor). Late papers will lose one full letter grade. Papers later than 24 hours will receive a grade of 0/100. There are no exceptions.

*Grade Appeals:* Any student who believes that a grade does not reflect his or her performance can always dispute his or her grade. All grade appeals should be made in writing. A student disputing a grade must write a brief memo explaining why he or she should have received a higher grade on that assignment. This must be done in a week after the grade is announced, and submitted after class or in office hours. I will respond in writing.

*Cheating and Plagiarism:* Each student in this course is expected to abide by the Cornell University Code of Academic Integrity. Any work submitted by a student in this course for academic credit will be the student's own work. Students are strictly forbidden from buying or selling course materials. Cheating and plagiarism will be treated according to Cornell University regulations, which I will strictly observe. The penalty for violating the Code of Academic Integrity is an F for the assignment.

Some resources on plagiarism and academic integrity at Cornell:

- An overview: <http://digitalliteracy.cornell.edu/tutorial/dpl3320.html>
- Tutorial: <http://plagiarism.arts.cornell.edu/tutorial/index.cfm> for a tutorial on plagiarism.
- The Code of Academic Integrity: <http://newstudentprograms.cornell.edu/dos/cms/nsp/Initiatives/upload/AcademicIntegrityPamphlet.pdf>

For further information on how to cite materials properly, please consult Joseph Gibaldi, *MLA Handbook for Writers of Research Papers* (New York: MLA).

In this course, we will be using Turnitin.com software. Your TA and I will submit electronic versions of your essays to Turnitin.com, which in turn produces an "originality report." This report shows the writer and teacher the results of Turnitin.com's comparison of the essay to content on the Web, to Turnitin.com's database of student writing, and to some databases of common full-text journals.

By registering for the course, students agree that all required papers may be subject to submission for textual similarity review to Turnitin.com for the detection of plagiarism. All submitted papers will be included as source documents in the Turnitin.com reference database solely for the purpose of detecting plagiarism of such papers. Use of the Turnitin.com service is subject to the Usage Policy posted on the Turnitin.com site. Please note: all writing assignments (including the final paper abstract and final paper drafts, should you choose to submit them) are held to the University's Code of Student Rights, Responsibilities, and Conduct and to the department's policies on plagiarism.

*University Policies:* I respect and uphold Cornell University policies and regulations pertaining to the observation of religious holidays; assistance available to the physically handicapped, visually and/or hearing impaired student; sexual harassment; and racial or ethnic discrimination.

- *Students with Disabilities:* In compliance with the Cornell University policy and equal access laws, I am available to discuss appropriate academic accommodations that may be required for student with disabilities. Students are encouraged to register with Student Disability Services to verify their eligibility for appropriate accommodations. Students seeking accommodations should submit to me an accommodation letter from Student Disability Services within the first two weeks of the semester.
- *Religious Observances:* Students may ask for reasonable and timely accommodations for sincerely held religious beliefs. Please review the syllabus closely to determine if your religion will present any scheduling conflicts with

any of the assignments. You must inform me of any conflicts within the first two weeks of the semester.

- *Classroom Behavior:* Students and faculty each have responsibility for maintaining an appropriate learning environment. Students will treat one another with respect and courtesy. I will ask disruptive students to leave the class.

*Other Policies:* Students will turn off cell phones in class. This includes text messaging. The penalty for visible text messaging or audible cell phone rings is one percentage point per offense. If this remains a problem, I reserve the right to change the policy to one percentage point per offense for the entire class.

*Office Hours:* I encourage students to see me during office hours with any questions or comments. I hold office hours for two hours every week, on Monday from 1:00 to 3:00 in 322 White Hall. If you wish to speak with me during office hours, please sign up online at <http://meetme.so/PepinskyOfficeHours>. Your TAs will also hold office hours.

### Texts

Four books are available for purchase at the Cornell bookstore. You may also buy them somewhere else (but make sure you get the right ISBN). Additionally, they are available on reserve in Olin Library, Room 405.

- Robert A. Dahl. *A Preface to Economic Democracy*. Berkeley: University of California Press, 1985. ISBN 978-0-050-05877-4. (“Preface”)
- Peter A. Hall and David Soskice, eds. *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*. New York: Oxford University Press, 2001. ISBN 978-0-19-924775-2. (“Hall and Soskice”)
- Armin Schäfer and Wolfgang Streeck. *Politics in the Age of Austerity*. Cambridge: Polity Press, 2013. ISBN 978-0-7456-6168-1. (“Schäfer and Streeck”)
- Adam D. Sheingate. *The Rise of the Agricultural Welfare State: Institutions and Interest Group Power in the United States, France, and Japan*. Princeton: Princeton University Press, 2001. ISBN 0-691-11628-8. (“Sheingate”)

All other readings are book chapters and articles, which I have placed on Blackboard. You are enrolled in the Blackboard course by virtue of having enrolled in the actual course. You can access readings by clicking the “Readings” tab from our course homepage. In the course outline below, you will find the reading assignments listed for a particular class meeting.

## Course Outline

### **Important dates**

October 3: Last day to turn in first reading response  
October 24: In class midterm  
November 21: Final paper abstract due  
December 3: Last day to turn in second reading response  
December 17: Final paper due at noon

### **Part I: Introduction**

August 29: Introduction and Housekeeping

September 3: Politics versus Markets I

- Charles Lindblom. "The Market as Prison." *Journal of Politics*, Vol. 44, No. 2 (May, 1982), pp. 324-336.
- *Preface*, chapters 2 and 3, pp. 52-110.

September 5: Politics versus Markets II

- Jeffrey A. Winters and Benjamin I. Page, "Oligarchy in the United States?" *Perspectives on Politics*, Vol. 7, No. 4 (December 2009), pp. 731-751.

### **Part II: Forms of Politics and Markets**

September 10: Varieties of Capitalism I

- Hall and Soskice, chapter 1, pp. 1-68.

September 12: Varieties of Capitalism II

- Hall and Soskice, chapters 4 and 5, pp. 145-212.

September 17: Firms I

- Oliver E. Williamson. "The Theory of the Firm as Governance Structure: From Choice to Contract." *Journal of Economic Perspectives*, Vol. 16, No. 3 (Summer, 2002), pp. 171-195.

September 19: Firms II

- *Preface*, chapters 4 and 5, pp. 111-160.

September 24: Social Cost

- Ronald H. Coase, "The Problem of Social Cost." *Journal of Law and Economics*, Vol. 3 (Oct., 1960), pp. 1-44.

#### September 26: The Commons

- Elinor Ostrom. *Governing the Commons: The Evolution of Institutions for Collective Action*. New York: Cambridge University Press, 1990. Chapters 1 and 2, pp. 1-57.

#### October 1: Developmental States I

- T.J. Pempel, "The Developmental Regime in a Changing World Economy," in *The Developmental State*, ed. Meredith Woo-Cumings. Ithaca: Cornell University Press, 1999, pp. 137-181.

#### October 3: Developmental States II

- Ha-Joon Chang, "The Economic Theory of the Developmental State," in *The Developmental State*, pp. 182-199.
- Fred Block. "Swimming Against the Current: The Rise of a Hidden Developmental State in the United States." *Politics and Society*, Vol. 36 No. 2 (June, 2008), pp. 169-206.

### **Part III: Issues and Topics**

#### October 8: Health Care I

- Kenneth J. Arrow. "Uncertainty and the Welfare Economics of Medical Care." *American Economic Review*, Vol. 53, No. 5 (Dec. 1963), 941-973.

#### October 10: Health Care II

- Peter Swenson and Scott Greer. "Foul Weather Friends: Big Business and Health Care Reform in the 1990s in Historical Perspective." *Journal of Health Politics, Policy and Law*, Vol. 27, No. 4 (August 2002), pp. 605-638.

#### October 15: FALL BREAK, NO CLASS

#### October 17: Agriculture I

- Sheingate, chapters 1 and 2, pp. 14-75.

#### October 22: Agriculture II

- Sheingate, chapters 3 and 4, pp. 76-180.

#### October 24: MIDTERM

#### October 29: Property Rights

- Hernando de Soto. 2000. *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*. New York: Basic Books. Chapters 1-3, pp. 1-67.

## October 31: Violence and Order

- Robert Bates. *Prosperity and Violence: The Political Economy of Development*. New York: W.W. Norton & Company, 2001. Chapters 3-5, pp. 50-100.
- Robert Bates. *When Things Fell Apart: State Failure in Late-Century Africa*. New York: Cambridge University Press, 2008. Chapter 2, pp. 15-29.

## November 5: Industrial Policy

- Dani Rodrik. "Normalizing Industrial Policy." Commission on Growth and Development Working Paper 3, 2008.

## November 7: Reform

- Joel S. Hellman. "Winners Take All: The Politics of Partial Reform in Postcommunist Transitions." *World Politics*, Vol. 50, No. 2 (Jan., 1998), pp. 203-234.

## November 12: Global Markets I

- Jeffrey A. Frieden. "Invested Interests: The Politics of National Economic Policies in a World of Global Finance." *International Organization*, Vol. 45, No. 4 (Autumn, 1991), pp. 425-451.

## November 14: Global Markets II

- Dani Rodrik. "Feasible Globalizations." National Bureau of Economic Research Working Paper 9129, September 2002.

## November 19: Crises and Austerity I

- Klaus Armingeon and Luccio Baccaro. "The Sorrows of Young Euro: The Sovereign Debt Crises of Ireland and Southern Europe," in *Coping with Crisis: Government Reactions to the Great Recession*, ed. Nancy Bermeo and Jonas Pontusson. New York: The Russell Sage Foundation, 2012, pp. 162-197.
- Schäfer and Streeck, chapter 5, pp. 108-142.

## November 21: Crises and Austerity II

- Schäfer and Streeck, chapters 2, 8, and 9, pp. 26-58 and 196-238.

## November 26: Crises and Austerity III

- Schäfer and Streeck, chapters 4 and 6, pp. 84-107 and 143-168.

## November 28: THANKSGIVING, NO CLASS

## December 3: Markets without Democracy?

- Mary E. Gallagher. “‘Reform and Openness’: Why China’s Economic Reforms Have Delayed Democracy,” *World Politics*, Vol. 54, No. 3 (April 2002), pp. 338-372.
- Bruce J. Dickson. *Wealth into Power: The Communist Party's Embrace of China's Private Sector*. New York: Cambridge University Press, 2008, pp. 1-27.

December 5: Wrap-up and final thoughts

### Research Paper

December 17: Final paper due at 12:00 noon

- Hard copy to your TA
- Electronic copies to **pepinsky@cornell.edu** and to your TA