

**Government 3273
Politics and Markets
Spring 2020**

Professor Thomas Pepinsky
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Class Time and Location

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

Office Hours

M 1 – 3, Th 10:30 – 12, or by appointment
White Hall 322

Sign up: calendly.com/thomas-pepinsky

Discussion Sections

Monday, 9:05 – 9:55, White Hall 106
Wednesday, 12:20 – 110, Rockefeller 104

Teaching Assistant

Shiqi Ma (sm2732@cornell.edu)

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, industrial policy, globalization, migration, and 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.

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. Your TA will hold discussion sections; these, too, are mandatory.

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

Reading check-ins: 10%
Section participation: 10%
Two reading responses: 20% (10% each)
Take home midterm essay: 25%
Final paper: 35%

Your **reading check-ins** will be distributed via Canvas via email before each class meeting. You will receive an email with a link to the check-in, and will submit your short responses through the Canvas interface. These are “easy” points designed to help you to grasp the key points in the readings. The two **reading responses** are each be 4-5 pages long, and will respond to the reading(s) 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 September 29, and the last possible day to turn in the second reading response is December 1. The **take home midterm exam**, distributed on March 19 and due March 23 at noon, will consist of your choice of three essay questions. The **final paper** is an analytical essay of 15-20 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 April 16. The final paper is due when our final examination bloc is scheduled, which will be announced early in semester.

Readings: Our readings will come from a series of online articles/chapters and three 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 (to the Professor, *not* the Teaching Assistant) 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 online resources on plagiarism and academic integrity:

- Overview: [*The Essential Guide to Academic Integrity at Cornell*](#)
- Tutorial: [Recognizing and Avoiding Plagiarism](#)

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. 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: To facilitate student learning and active classroom discussion, laptops, tablets, and other personal electronic devices may not be used during class. In addition, 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 four hours every week, on Monday from 1:00 to 3:00 and Thursday from 10:30 to 12:00, in 322 White Hall. If you wish to speak with me during office hours, please sign up online at <http://calendly.com/thomas-pepinsky>.

Texts

Three 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 at Uris Library.

- 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”)
- 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, 2003). ISBN 0-691-11628-8. (“Sheingate”)
- Mark Blyth. *Austerity: The History of a Dangerous Idea* (New York: Oxford University Press, 2015). ISBN 978-0-19-982830-2. (“Blyth”)

All other readings are book chapters and articles, which I have placed on Canvas. You are enrolled in the Canvas course by virtue of having enrolled in the actual course. You can access readings by clicking “Modules” and then the class title as given below. In the course outline below, you will find the reading assignments listed for a particular class meeting.

Part I: Introduction

January 21: Introduction and Housekeeping

January 23: Politics versus Markets I

- Charles Lindblom. “The Market as Prison.” *Journal of Politics*, Vol. 44, No. 2 (May, 1982), pp. 324-336.

January 28: Politics versus Markets II

- F.A. Hayek, *The Road to Serfdom*. Chicago: University of Chicago Press, 1944. pp. 49-79.
- Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time*. Boston: Beacon Press, 1944, pp. 71-80, 136-157.

January 30: Politics versus Markets III

- Thomas Piketty and Emmanuel Saez. “Inequality in the Long Run.” *Science*, Vol. 344, No. 6186 (May 2014), pp. 838-844.
- Thomas Piketty. “Putting Distribution Back at the Center of Economics: Reflections on *Capital in the Twenty-First Century*.” *Journal of Economic Perspectives*, Vol. 29, No. 1 (Winter 2015), pp. 67-88.

Part II: Forms of Politics and Markets

February 4: Varieties of Capitalism I

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

February 6: Varieties of Capitalism II

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

February 11: Firms

- 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.
- Paul Milgrom and John Roberts. “The Internal Politics of the Firm.” In *The Politics and Economics of Power*, ed. Samuel Bowles, Maurizio Franzini, and Ugo Pagano. New York: Routledge, 1999, pp. 47-62.

February 13: Platforms

- K. Sabeel Rahman and Kathleen Thelen. “The Rise of the Platform Business Model and the Transformation of Twenty-First-Century Capitalism.” *Politics & Society*, Vol. 47, No. 2 (June 2019), pp. 177-204.

February 18: Social Cost

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

February 20: NO CLASS (Early February Break)

February 25: NO CLASS (February Break)

February 27: 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.

Part III: Issues and Topics

March 3: 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.

March 5: Health Care II

- Peter Swenson. "Misrepresented Interests: Business, Medicare, and the Making of the American Health Care State." *Studies in American Political Development*, Vol. 32, No. 1 (April 2018), pp. 1-23.

March 10: Agriculture I

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

March 12: Agriculture II

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

March 17: 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.

March 19: MIDTERM, distributed in class, due March 23 at noon

March 24: Developmental States

- 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.
- Ha-Joon Chang, "The Economic Theory of the Developmental State," in *The Developmental State*, pp. 182-199.

March 26: Industrial Policy

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

March 31: NO CLASS (SPRING BREAK)

April 2: NO CLASS (SPRING BREAK)

April 7: 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.

April 9: Corruption

- Susan Rose-Ackerman. *Corruption and Government: Causes, Consequences, and Reform*. New York: Cambridge University Press, 1999. Chapters 2, 3, and 6, pp. 9-39, 91-110.

April 14: Violence and Order

- Mancur Olson. "Dictatorship, Democracy, and Development." *American Political Science Review*, Vol. 87, No. 3 (September 1993), pp. 567-576.
- Deborah Bräutigam. "Building Leviathan: Revenue, State Capacity, and Governance," in Lise Rakner and Mick Moore, eds. *The New Politics of Taxation and Accountability*, *IDS Bulletin*, Vol. 33, No. 3 (July 2002), pp. 10-20.

April 16: Global Markets I, ABSTRACT DUE IN CLASS

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

April 21: Global Markets II

- Jeffrey Frieden and Stefanie Walter. "Understanding the Political Economy of the Eurozone Crisis." *Annual Review of Political Science*, Vol. 20 (2017), pp. 371-390.
- Erica Owen and Stefanie Walter. "Open economy politics and Brexit: insights, puzzles, and ways forward." *Review of International Political Economy*, Vol. 24, No. 2 (April 2017), 179-202.

April 23: Global Markets III

- Gary P. Freeman and Alan K. Kessler. "Political Economy and Migration Policy." *Journal of Ethnic and Migration Studies*, Vol. 34 No. 4 (March 2008), pp. 655-678.

April 28: Crises and Austerity I

- Blyth, Chapters 1-3, pp. 1-93.

April 30: Crises and Austerity II

- Blyth, Chapters 4 and 5, pp. 97-177.

May 5: Wrap-Up – Markets without Democracy?

Research Paper

Final paper due when our final exam is scheduled

- Hard copy to your TA
- Electronic copies to pepinsky@cornell.edu and sm2732@cornell.edu