

AMERICAN POLITICAL ECONOMY

Course Description: Political economy addresses a wide range of issues, including the ways in which public policies and institutions shape economic performance (growth, inflation, unemployment); the impact of public policies on the evolution of economic institutions and relationships over time; and the ways in which economic performance impinges upon governmental decision making and political stability. This course focuses on the American political economy as it has evolved over the course of the past century. After examining competing theoretical perspectives and the key institutions of the political economy, we will survey the way in which the American political economy evolved from the Progressive Era to the present. The last several sessions of the course will be reserved for an examination of the tensions and contradictions inherent in the current policy regime through an exploration of globalization, the entitlement crisis, and the financial crisis.

The goals of the course can be clearly stated:

1. To gain a familiarity with competing perspectives on the state in the economy. Analysts approach the study of political economy with a number of theoretical perspectives, each with its own inherent strengths, weaknesses, and biases. Students in the course will encounter several theoretical approaches ranging from rational choice to class perspectives.
2. To gain an understanding of the key actors in the American political economy, including corporations, labor unions, financial institutions, and government agencies engaged in economic management, and the relationships among them.
3. To gain an understanding of how patterns of state-economy relations evolve over time and the impact that this process has on economic performance.
4. To sharpen one's ability to think critically about how economic policies and institutions and the possible avenues of reform.

Readings: All of the course readings for GOVT 220 are available as electronic documents, through JSTOR, online, or on the Moodle course page. Some of the readings may change over the course of the semester, but all changes will be announced in advance. Since all of the readings are downloads, you should save the syllabus as an electronic document on your computer, so you can use the embedded hyperlinks.

Additionally, there is one text (and yes! It is free):

Marc Allen Eisner, *The American Political Economy: Institutional Evolution of Market and State*. (New York: Routledge, 2012).

The volume has been placed on the Moodle course page under Course Documents. It is in uncorrected page proofs.

Meeting Times: GOVT 220 meets Mondays and Wednesdays from 11:00 a.m. to 12:20 p.m. in Exley 309.

Composition of Grade:

Participation	20%
Analytical Essays	50%
Final Exam	30%

Participation: It is expected that all students will arrive before the beginning of class and remain until the end of class (excessive absences will be noted). If you anticipate that you will not be able to arrive at class as scheduled, you should reconsider your decision to take this course. More importantly, it is expected that students will come to class having read and reflected on the assigned readings. The participation component of the grade will be based on mastery of the course materials as demonstrated in class discussions and postings on the Moodle forum/discussion board.

Analytical Essays: Participants in GOVT 220 will be required to submit a critical essay on four occasions responding to a question on the readings. Questions for the week will be posted on Moodle and will be due by the end of the day (i.e., 11:59 p.m.) on the following Sunday. The essays, not exceed 4 pages (12 pt font, double spaced), must be submitted as email attachments (Word or rtf formats). Grades will be based on exhibited mastery of material and quality of argumentation. *At least one essay must be completed before spring break.*

Final Exam: The final will be a take home exam. The question will be distributed during the final weeks of the semester and will be due on the date assigned for the final exam by the registrar.

Students with Disabilities: It is the policy of Wesleyan University to provide reasonable accommodations to students with documented disabilities. Students, however, are responsible for registering with Disabilities Services, in addition to making requests known to me in a timely manner. If you require accommodations in this class, please make an appointment with me as soon as possible so that appropriate arrangements can be made. The procedures for registering with Disabilities Services can be found at <http://www.wesleyan.edu/deans/disability-students.html>.

Course Policies: Incompletes and extensions will be allowed only in cases of serious emergencies (e.g., serious illness, family emergency, verified through communication by your dean).

It is assumed that all students will familiarize themselves with what constitutes plagiarism under University policy and will abide by the provisions of the Honor Code.

Contacts: My office hours (317 PAC) are 9 a.m.-12 p.m., Tuesday

Meetings outside of these periods must be arranged by appointment. Email is my preferred mode of communication (meisner@wesleyan.edu).

COURSE SCHEDULE

PART I: MAKING SENSE OF POLITICAL ECONOMY

Introduction and Overview of American Political Economy (1/24)

James M. Buchanan, "Afraid to Be Free: Dependency as Desideratum." *Public Choice*, 124, 1/2 (2005): 19-31. [Download](#)

Marc Allen Eisner, *The American Political Economy*, chapter 1 (Moodle)

The Market (1/26)

Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, Book I, Chapters 1-3. [Download](#)

F.A. Hayek, "The Use of Knowledge in Society." *American Economic Review*, XXXV (1945): 519-30. [Download.](#)

Deirdre McCloskey, "Bourgeois Virtues?" *Cato Policy Report*, 28, 3 (May/June 2006). [Download](#)

Political Economic Institutions (1/31-2/16)

Eisner, *The American Political Economy*, chapter 2

Beyond the Market-State Dichotomy (1/31)

Charles E. Lindblom, "The Market as Prison." *The Journal of Politics*, 44, 2 (1982): 324-336. [Download](#)

Fred Block, "Political Choice and the Multiple 'Logics' of Capital." *Theory and Society*, 15, 1/2 (1986): 175-192. [Download](#)

John L. Campbell and Leon N. Lindberg, "Property Rights and the Organization of Economic Activity by the State." *American Sociological Review*, 55, 5 (1990): 634-647. [Download](#)

Optional:

John Lie, "Sociology of Markets." *Annual Review of Sociology*. 23, (1997): 341-346. [Download](#)

Neil Fligstein, "Markets as Politics: A Political-Cultural Approach to Market Institutions." *American Sociological Review*, 61, 4 (1996): 656-673. [Download](#)

The State (2/2)

Stephen D. Krasner, "Approaches to the State: Alternative Conceptions and Historical Dynamics." *Comparative Politics*, 16 (1984): 223-246. [Download](#)

Pierre Limieux, "The Public Choice Revolution." *Regulation*, 27, 3 (2004): 22-29. [Download](#)

Robert Solo, "The Neo-Marxist Theory of the State." *Journal of Economic Issues*, 12, 4 (1978): 829-842. [Download](#)

James G. March; Johan P. Olsen, "The New Institutionalism: Organizational Factors in Political Life." *The American Political Science Review*, 78, 3 (1984): 734-749. [Download](#)

Optional:

John F. Manley, "Neo-Pluralism: A Class Analysis of Pluralism I and Pluralism II." *The American Political Science Review*, 77, 2 (1983): 368-383. [Download](#)

Jill Quadagno, "Theories of the Welfare State." *Annual Review of Sociology*, 13, (1987): 109-128. [Download](#)

Geoffrey Brennan and James M. Buchanan, *The Reason of Rules: Constitutional Political Economy*, chapter 4. [Download](#)

Karl Dusza, "Max Weber's Conception of the State." *International Journal of Politics, Culture, and Society*, 3, 1 (1989): 71-105. [Download](#)

Corporations (2/7)

Ronald Coase, "The Nature of the Firm." *Economica*, 4, 16 (1937): 386-405. [Download](#)

Alfred D. Chandler, Jr., "The Emergence of Managerial Capitalism." *Business History Review*. 58,4 (1984): 473-507. [Download](#)

Oliver E. Williamson, "The Logic of Economic Organization." *Journal of Law, Economics, & Organization*, 4, 1 (1988): 65-93. [Download](#)

David Vogel, "Why Businessmen Distrust Their State: The Political Consciousness of American Corporate Executives." *British Journal of Political Science*, 8, 1. (1978): 45-78. [Download](#)

Optional:

Oliver Hart, "An Economist's Perspective on the Theory of the Firm," *Columbia Law Review*, 89, 7 (1989), pp. 1757-1774. [Download](#)

Ronald Coase, "The New Institutional Economics." *The American Economic Review*, 88, 2 (1998): 72-74. [Download](#)

William W. Bratton, Jr., "The New Economic Theory of the Firm: Critical Perspectives from History." *Stanford Law Review*, 41, 6 (1989): 1471-1527. [Download](#)

Michael Useem, "The Social Organization of the American Business Elite and Participation of Corporation Directors in the Governance of American Institutions." *American Sociological Review*, 44, 4 (1979): 553-572. [Download](#)

Mark S. Mizruchi, "Berle and Means Revisited: The Governance and Power of Large U.S. Corporations." *Theory and Society*, 33, 5 (2004): 579-617. [Download](#)

Finance (2/9)

Ross Levine, "Financial Development and Economic Growth: Views and Agenda." *Journal of Economic Literature*, 35, 2. (1997): 688-726. [Download](#)

John T. Woolley, "Monetary Policy Instrumentation and the Relationship of Central Banks and Governments." *Annals of the American Academy of Political and Social Science*, 434(1977): 151-173. [Download](#)

Adam Harmes, "Institutional Investors and the Reproduction of Neoliberalism." *Review of International Political Economy*, 5, no. 1 (1998): 92-121. [Download](#)

Optional:

Greta R. Krippner, "The Financialization of the American Economy." *Socioeconomic Review*, 3, 2 (2005): 173-208. [Download](#)

Labor (2/14)

Christopher L. Tomlins, "The New Deal, Collective Bargaining, and the Triumph of Industrial Pluralism." *Industrial and Labor Relations Review*, 39, 1. (1985): 19-34. [Download](#)

Jack Barbash "Trade Unionism from Roosevelt to Reagan." *Annals of the American Academy of Political and Social Science*, 473 (1984): 11-22. [Download](#)

Allan G. Gruchy, "Organized Labor and Institutional Economics." *Journal of Economic Issues*, 15, 2 (1981): 311-324. [Download](#)

Optional:

James B. Rebitzer, "Radical Political Economy and the Economics of Labor Markets." *Journal of Economic Literature*, 31, 3 (1993): 1394-1434. [Download](#)

Making Sense of Institutional Change (2/16)

Robert Higgs, "Crisis, Bigger Government, and Ideological Change: Two Hypotheses on the Ratchet Phenomenon." [Download](#).

Frank R. Baumgartner and Bryan D. Jones, "Agenda Dynamics and Policy Subsystems." *The Journal of Politics*, 53, 4 (1991): 1044-1074. [Download](#)

Stephen Skowronek, "Order and Change." *Polity*, 28, 1 (Autumn, 1995): 91-96. [Download](#)

Mark Blyth, "Structures Do Not Come with an Instruction Sheet: Interests, Ideas, and Progress in Political Science." *Perspectives on Politics*, 1, 4 (2003): 695-706. [Download](#)

Optional:

B. Guy Peters, Jon Pierre and Desmond S. King, "The Politics of Path Dependency: Political Conflict in Historical Institutionalism." *The Journal of Politics*, 67, 4 (2005): 1275-1300. [Download](#)

PART II: THE EVOLUTION OF THE AMERICAN POLITICAL ECONOMY

The Progressive Regime and the Regulatory State (2/21-23)

Eisner, *The American Political Economy*, chapter 3

John Patrick Diggins, "Republicanism and Progressivism." *American Quarterly*, 37, 4 (1985):572-598. [Download](#)

Robert H. Wiebe, "Business Disunity and the Progressive Movement, 1901-1914." *The Mississippi Valley Historical Review*, 44, 4. (1958): 664-685.
[Download](#)

Martin Shefter, "Regional Receptivity to Reform: The Legacy of the Progressive Era." *Political Science Quarterly*, 98, 3. (1983): 459-483. [Download](#)

Alan L. Seltzer, "Woodrow Wilson as "Corporate-Liberal": Toward a Reconsideration of Left Revisionist Historiography." *The Western Political Quarterly*, 30, 2 (1977): 183-212. [Download](#)

Optional:

Thomas C. Leonard, "Retrospectives: Eugenics and Economics in the Progressive Era." *The Journal of Economic Perspectives*, 19, 4 (2005), pp. 207-224.
[Download](#)

George Bittlingmayer, "Antitrust and Business Activity: The First Quarter Century." *The Business History Review*, 70, 3 (1996): 363-401. [Download](#)

Robert D. Cuff, "Woodrow Wilson and Business-Government Relations during World War I." *The Review of Politics*, 31, 3 (1969): 385-407. [Download](#)

Robert R. Keller, "The Role of the State in the U.S. Economy during the 1920s." *Journal of Economic Issues*, 21, 2 (1987): 877-884. [Download](#)

The Rise of the New Deal Regime (2/28-3/2)

Eisner, *The American Political Economy*, chapter 4

Theda Skocpol, and Ken Finegold, "State Capacity and Economic Intervention in the Early New Deal." *Political Science Quarterly*, 97(1982): 255-278. [Download](#)

Theda Skocpol; Kenneth Finegold; Michael Goldfield, "Explaining New Deal Labor Policy." *American Political Science Review*, 84(1990): 1297-1315.

[Download](#)

Alan Sweezy, "The Keynesians and Government Policy, 1933-1939." *The American Economic Review*, 62, 1/2 (1972): 116-124. [Download](#)

William F. Shughart II, "Bending before the Storm: The U.S. Supreme Court in Economic Crisis, 1935-1937." *The Independent Review*, 9, 1, (2004): 55-83. [Download](#)

Robert Higgs, "Regime Uncertainty: Why the Great Depression Lasted So Long and Why Prosperity Resumed after the War." *The Independent Review*, 1, 4 (1997): 561-590. [Download](#)

Brian Waddell, "Corporate Influence and World War II: Resolving the New Deal Political Stalemate." *Journal of Policy History*, 11,3 (1999): 223-256. [Download](#)

Optional:

Theda Skocpol, "A Society without a 'State'? Political Organization, Social Conflict, and Welfare Provision in the United States." *Journal of Public Policy*, 7, 4 (1987): 349-371. [Download](#)

John W. Jeffries, "The 'New' New Deal: FDR and American Liberalism, 1937-1945." *Political Science Quarterly*, 105, 3 (1990): 397-418. [Download](#)

The Postwar Consolidation of the New Deal Regime (3/21-23)

Eisner, *The American Political Economy*, chapter 5

Robert Higgs, "From Central Planning to the Market: The American Transition, 1945-1947." *The Journal of Economic History*, 59, 3 (1999): 600-623. [Download](#)

J. Bradford De Long, "Keynesianism, Pennsylvania Avenue Style: Some Economic Consequences of the Employment Act of 1946." *The Journal of Economic Perspectives*, 10, 3. (1996): 41-53. [Download](#)

Margaret Weir, "Innovation and Boundaries in American Employment Policy." *Political Science Quarterly*, 107, 2 (1992): 249-269. [Download](#)

The Rise and Pause of the Keynesian Welfare State (3/28-30)

Eisner, *The American Political Economy*, chapter 6

Carl M. Brauer, “Kennedy, Johnson, and the War on Poverty.” *The Journal of American History*, 69, 1 (1982): 98-119. [Download](#)

Leon N. Lindberg, “The Problems of Economic Theory in Explaining Economic Performance.” *Annals of the American Academy of Political and Social Science*, Vol. 459, (1982): 14-27. [Download](#)

David Vogel, “The Power of Business in America: A Re-Appraisal.” *British Journal of Political Science*, 13, 1 (1983): 19-43. [Download](#)

Kay Lehman Schlozman, “What Accent the Heavenly Chorus? Political Equality and the American Pressure System.” *The Journal of Politics*, 46, 4 (1984): 1006-1032. [Download](#)

The Neoliberal Regime and the Return of the Market (4/4-6)

Eisner, *The American Political Economy*, chapter 7

Stephanie Lee Mudge, “What is Neo-Liberalism?” *Socio-Economic Review*, 6, 4 (2008): 703-731. [Download](#)

Mancur Olson, “Stagflation and the Political Economy of the Decline in Productivity.” *The American Economic Review*, 72, 2 (May, 1982): 143-148. [Download](#)

Kenneth R. Hoover, “The Rise of Conservative Capitalism: Ideological Tensions within the Reagan and Thatcher Governments.” *Comparative Studies in Society and History*, 29, 2 (1987): 245-268. [Download](#)

James Tobin, “The Conservative Counter-Revolution in Economic Policy.” *The Journal of Economic Education*, 14, 1. (1983):30-39. [Download](#)

Optional:

William A. Niskanen, “Reaganomics.” *The Concise Encyclopedia of Economics*. [Download](#)

Arthur B. Laffer, “The Laffer Curve: Past, Present, and Future.” Heritage Foundation Backgrounder #1765 (2004). [Download](#)

PART III: NEOLIBERALISM AND ITS DISCONTENTS

The Global Economy and the Persistence of the State (4/11-13)

Eisner, *The American Political Economy*, chapter 9

Martin Wolf, "Will the Nation-State Survive Globalization?" *Foreign Affairs*, 80, 1 (2001): 178-190. [Download](#)

Douglas Kellner, "Theorizing Globalization." *Sociological Theory*, 20, 3 (2002): 285-305. [Download](#)

Aseem Prakash, "The East Asian Crisis and the Globalization Discourse." *Review of International Political Economy*, 8, 1 (2001): 119-146. [Download](#)

Joseph E. Stiglitz, "Capital Market Liberalization and Exchange Rate Regimes: Risk without Reward." *Annals of the American Academy of Political and Social Science*, 579, (2002): 219-248. [Download](#)

George Ross, "Labor versus Globalization." *Annals of the American Academy of Political and Social Science*, 570 (2000): 78-91. [Download](#)

Tim Bartley, "Institutional Emergence in an Era of Globalization: The Rise of Transnational Private Regulation of Labor and Environmental Conditions." *The American Journal of Sociology*, 113, 2 (Sep., 2007), pp. 297-351. [Download](#)

Daniel W. Drezner, "Globalization and Policy Convergence." *International Studies Review*, 3, 1 (2001): 53-78. [Download](#)

Matthew Potoski and Aseem Prakash, "Regulatory Convergence in Nongovernmental Regimes? Cross-National Adoption of ISO 14001 Certifications." *The Journal of Politics*, 66, 3 (2004): 885-905. [Download](#)

Optional:

Theodore J. Lowi, "Our Millennium: Political Science Confronts the Global Corporate Economy." *International Political Science Review / Revue internationale de science politique*, 22, 2 (2001): 131-150. [Download](#)

Dani Rodrik, "Sense and Nonsense in the Globalization Debate." *Foreign Policy*, 107 (1997): 19-37. [Download](#)

The Two Welfare States and the Coming Entitlement Crisis (4/18-20)

Eisner, *The American Political Economy*, chapter 8

Jacob S. Hacker, "Privatizing Risk without Privatizing the Welfare State: The Hidden Politics of Social Policy Retrenchment in the United States." *The American Political Science Review*, 98, 2 (2004): 243-260. [Download](#)

Christopher Howard, "The Hidden Side of the American Welfare State." *Political Science Quarterly*, 108, 3 (Autumn, 1993): 403-436. [Download](#)

Christopher Howard, "Is the American Welfare State Unusually Small?" *PS: Political Science and Politics*, 36, 3 (2003): 411-416. [Download](#)

David M. Walker, "Long-Term Budget Outlook: Saving Our Future Requires Tough Choices Today." Testimony before the Committee on the Budget, U.S. Senate (January 11, 2007). [Download](#)

"Ben S. Bernanke on Long-Term Fiscal Challenges Facing the United States." *Population and Development Review*, 33, 1 (2007): 201-205. [Download](#)

Optional:

Margaret R. Somers and Fred Block, "From Poverty to Perversity: Ideas, Markets, and Institutions over 200 Years of Welfare Debate." *American Sociological Review*, 70, 2 (2005): 260-287. [Download](#)

Jill S. Quadagno and Debra Street, "Ideology and Public Policy: Antistatism in American Welfare State Transformation." *The Journal of Policy History*, 17, 1 (2005): 52-71. [Download](#)

Paul Pierson, "Coping with Permanent Austerity: Welfare State Restructuring in Affluent Democracies." *Revue française de sociologie*, 43, 2 (2002): 369-406. [Download](#)

Alasdair Roberts, "In the Eye of the Storm? Societal Aging and the Future of Public-Service Reform." *Public Administration Review*, 63, 6 (2003): 720-733. [Download](#)

Douglas W. Elmendorf and Louise M. Sheiner, "Should America Save for Its Old Age? Fiscal Policy, Population Aging, and National Saving." *The Journal of Economic Perspectives*, 14, 3 (Summer, 2000): 57-74. [Download](#)

John F. Cogan and Olivia S. Mitchell, "Perspectives from the President's Commission on Social Security Reform." *The Journal of Economic Perspectives*,

17, 2 (2003): 149-172. [Download](#)

The Financial Crisis and the Great Recession (4/25-27)

Eisner, *The American Political Economy*, chapter 10

Roger D. Congleton, “On the Political Economy of the Financial Crisis and Bailout of 2008.” *Public Choice*, 140 (2009): 287-317. [Download](#)

Thomas H. Hammond and Jack H. Knott, “The Deregulatory Snowball: Explaining Deregulation in the Financial Industry.” *The Journal of Politics*, 50, 1 (1988): 3-30. [Download](#)

Gary Gorton, “Slapped in the Face by the Invisible Hand: Banking and the Panic of 2007.” Paper prepared for the Federal Reserve Bank of Atlanta’s 2009 Financial Markets Conference: Financial Innovation and Crisis, May 11-13, 2009. [Download](#)

Fred Block, “Crisis and Renewal: The Outlines of a Twenty-First Century New Deal.” *Socio-Economic Review*, 9 (2011): 31–57. [Download](#)

Conclusion: Continuity and Change in the American Political Economy (5/2-4)