This course addresses the question of whether democracy and markets are compatible, whether democratic institutions enhance (undermine) the workings of markets institutions and vice versa. Competing theoretical perspectives in the field of political economy are critically evaluated. And the experiences of countries with different forms of democratic market systems are studied. Among the topics singled out for in-depth investigation are the economics of voting, politics of money management, political business cycles, and the politics of trade.

Requirements  Students are expected to complete the assigned reading before the indicated class sessions and to participate regularly in seminar discussions.

As regards written work, students have two options:

I. Write one mid-term examination, the final examination, and a paper of between 15 and 25 pages in length. A prospectus for this paper must be submitted and approved by the instructor no later than February 11. A list of possible paper topics will be distributed in one of the early meetings of the seminar.

II. Write two mid-term exams, the final examination, and a 5-8 eight page critical evaluation of Dahl’s book, *A Preface to Economic Democracy* (Dahl’s book is required reading for the seminar; see below)

The following weighting schemes will be used:

<table>
<thead>
<tr>
<th></th>
<th>I</th>
<th>II</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class participation</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Mid-term examination(s)</td>
<td>20%</td>
<td>20% each</td>
</tr>
<tr>
<td>Paper/Book review</td>
<td>40%</td>
<td>20%</td>
</tr>
<tr>
<td>Final examination</td>
<td>35%</td>
<td>35%</td>
</tr>
</tbody>
</table>

Students who wish to satisfy through this seminar the paper requirement for cum or for magna cum laude in political science must choose option I. These students also must submit and have approved by February 11 a paper prospectus. All students will be asked
to declare in writing their choice of option I or II. This declaration will be made in the second week of the semester.¹

**Important Dates**

February 11  Date for obtaining instructor’s approval of paper topic for option I
February 25  Target date for mid term exam 1
April 13  Target date for mid term exam 2
April 27  Papers due
May 16, 4-6PM  Final examination

**Texts and Reading**

Students are asked to purchase the following three paperback books:


These books are available in the bookstore in Coffman Union.

Most of the assigned readings are available electronically through JSTOR or the library. In most cases, students can access JSTOR directly. Sometimes it is necessary to use the library’s electronic access to journals (Steinmo via Sage, Hallerberg et al via Elsevier, and McNamara via EBSCO). Readings available on JSTOR or via the library are indicated by an asterisk (*).² Seven readings are available in the form of a reading packet. These readings are denoted by a +. The packet may be purchased at the bookstore as well. A few reading and some of the slides used in class will be available on the class website (webvista).

¹ Students who choose option I may not take both mid-terms. If they declare an intention to take mid-term one they may change to mid-term two but only before February 15.

² One accesses JSTOR directly via the url [www.jstor.org](http://www.jstor.org). Click on Browse Journals. Select Political Science (or Economics). Then find the required journal and the specific volume and article. To access jstor enter the library portal via the U of Minnesota website. Type in the title of the journal you want. Find the electronic link. Or you can follow these steps: (1), from the library webpage, click on ‘e-journals,’ (2), enter the full name of the journal you need and click enter; finally, (3), click on the link that comes up and find the issue of the journal you need.
Outline, Reading Assignments and Schedule

A. Introduction and motivation [January 21 & 26]

B. Five questions [January 28, February 2, 4]


Pontusson, Chapters 1, 3 (esp. pps. 32-48), 4 (esp. pps. 67-88)

*Steinmo, Sven “Globalization and Taxation: Challenge to the Welfare State” Comparative Political Studies 35(7), 2002: 839-862


C. Competing theoretical perspectives [February 11, 18, 23; no class Feb. 9, 16]

Dahl, Chapters 2, 3 and 4 (pps, 52-135)


+Przeworski, Adam, Capitalism and Social Democracy NY Cambridge University Press, 1985 Chapters 1, 4 (pps. 7-46, 133-170)


February 11: Long paper prospectus must have been submitted and approved (option I)

February 25: Target Date for Mid-term exam one (in class)
D. Mass bases of political economy; the economics of voting [March 2, 4, 9, 11]


+Wright, Erik Olin Class Counts NY Cambridge University Press, 1997 Chapters 1, 10, and 11 (especially pps. 1-39; also pps. 185-248).

E. Producer group politics [March 23, 25, 30]³


Pontusson, Chapters 2, 5, and 6

F. Administrative bases of political economy; the politics of money and fiscal policies [April 1, 6, 8]


³ Spring break is the week of March 16-20.
April 13: Target Date for Mid-term exam two (in class)

G. Institutions and performance; political business cycles; the idea of decentralized monetarism [April 15, 20, 22]


*Iversen, Contested Economic Institutions NY Cambridge University Press, 1999, Chapters 1, 2 and 6 (pps. 1-46)


H. Politics in open economies; democracy and globalization [April 27, 29; May 4]


Scheve, Kenneth and Matthew Slaughter Chapters 1, 2 and 5 (1-46, 87-98)

April 27: Papers due (under both writing options)

I. Review and retrospectives [May 6]
