This course asks 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 in class discussions.

As regards written work, students taking POL4481 for 3 credits must write the two mid-term examinations and a final exam.

Students taking POL4481 for 4 credits must write the two mid-term examinations, the final examination, and a review essay. The review essay is an 6-8 page paper critically evaluating 5-6 assigned readings from a pair of (or, if the student desires, three) sections D-I on the syllabus. At least two readings must come from each of the selected sections. An example would be the Fair and Mughan readings from section D and the three Busch and Reinhardt articles from section H. Another example would be Iversen and Wren and the Pontusson readings from section E, the Iversen and Jackman readings from section G, and the Freeman article (2002) from section I. More will be said about this paper in class.

A 15-20 page term paper and all three examinations must be written by students taking POL5481. These students should make up an appointment with the instructor to discuss this option. This appointment should be made in the first week of class.

Penalty for late submission. Papers submitted after the due date but before the final exam will not be penalized. But these papers will receive no comments from the instructor. Unless some agreement is made with the instructor in writing, papers submitted after the final exam will be penalized one letter grade.
The following weighting schemes will be used:

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<tr>
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<th>POL4481/3Credits</th>
<th>POL4481/4Credits-POL5481</th>
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<tbody>
<tr>
<td>Mid-term examination(s)</td>
<td>30% each</td>
<td>20% each</td>
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<tr>
<td>Paper</td>
<td>None</td>
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<tr>
<td>Final examination</td>
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**Important Dates**

October 9, Friday: Target date for mid-term exam 1  
November 16, Monday: Target date for mid-term exam 2  
December 7, Monday: Papers due  
December 18, Friday: 1:30-3:30pm Final examination

**Texts and Reading**

Students are asked to purchase the following two paperback books:

Jonas Pontusson, *Inequality and Prosperity: Social Europe vs. Liberal America*  

Kenneth F. Scheve and Matthew J. Slaughter, *Globalization and the Perceptions Of American Workers*  

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 the journal (Steinmo via Sage, Hallerberg et al via Elsevier, and McNamara via EBSCO). Readings available electronically on JSTOR or through the library are indicated by an asterisk (*).¹ Eight readings are available in the form of a reading packet. These readings are denoted by a +. This packet also is available for purchase at the bookstore. A few readings and some of the slides used in class will be available on the class website (webvista).

¹ 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. Alternatively, you can access jstor via the library portal at the U of Minnesota website. Type in the title of the journal you want. Find the electronic link. Still another option is: (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 [September 9]

B. Five questions [September 11, 14, 16, 18, 21, 23, 25]


  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

  Scheve and Slaughter, Chapters 1, 2, and 5 (pps. 1-46, 87-98)

C. Competing theoretical perspectives [September 28, 30; October 2, 5, 7]


  +Friedman, Milton, Capitalism and Freedom Chapters 1, 2 (pps. 7-36)


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


  October 9 (Friday): Target Date for Mid-term exam one (in class)

D. Mass bases of political economy; the economics of voting [Oct 12, 14, 16, 21; no class October 19]


E. Producer group politics [October 23, 26, 28, 30]


Pontusson, Chapters 2, 5, and 6

F. Administrative bases of political economy; the politics of money and fiscal policies [November 4, 6, 9, 11; no class November 2 and 13]


**November 16 (Monday): Target Date for Mid-term exam two (in class)**

G. Institutions and performance; political business cycles; the idea of decentralized monetarism [November 18, 20, 23, 25; November 27—University Holiday]


+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 [November 30, December 2, 4, 7, 9, 11]


**December 7, Monday: Papers due for students registered for POL4481/4credits and for POL5481**

I. Review and retrospectives [December 14 16]
