

Political Economy of Industrialized Countries

IPEC4301
Spring 2021
Online Course

Update Feb 16, 2021 due to Snowstorm

Professor: Jonas Bunte
Office: Green Hall 3.520
E-mail: bunte@utdallas.edu
Office Phone: 972-883-3516
Office Hours: via MS Teams by appt.
<http://www.utdallas.edu/~bunte/>

TA: Shreyas Meher
Office: GR 2.816
E-mail: shreyas.meher@utdallas.edu
Office Hours: via MS Teams by appt.

Course Description

How can German carmakers be among the best in the world if they give seven months notice before firing someone and grant three years of maternity leave? Why can the Swedish economy finance free universal health care? Why it is rational for German companies to grant their workers veto rights over management decisions? Economic theory does not differentiate between western, democratic, and capitalist societies such as the United States, Germany, and Sweden. Yet, differences in workers' rights, market regulations, and industrial organization exist. Everything from the electoral system, degree of business coordination, and governmental regulation shapes business strategy. Understanding these differences is essential for managers and policymakers when developing investment strategies. Using case studies, this course offers students opportunities to sharpen their analytical skills with real world applications and expand upon black-and-white theories from business and economics.

Course Objectives and Learning Outcomes

The course objective is to enable students to evaluate under what conditions specific arguments are valid. For example, introducing democracy might be conducive to economic growth under some conditions, but not others. In other words, context matters when making policy recommendations. Therefore, there might not be a 'correct' answer to a specific question, but there might be a 'best' answer given the situation. This course offers students the opportunity to sharpen their analytical skills in this regard. Specifically, students will learn a) how to evaluate the theoretical merit of an argument, and b) how to obtain and understand empirical evidence to judge whether an argument is applicable to a specific situation.

By the end of this course, students will have a solid understanding of the political-economy of industrialized economies. This includes theories of economic voting, political business cycles, and institutional approaches to politics (such as Central Banks and the Electoral System). In addition, students will learn about the differences in the political economic systems of specific countries. In particular, they will gain an understanding of differences regarding the labor market, corporate governance, health policy, pension systems, and family policies. More generally, students should be able to make sense of messy real-world situations by examining competing arguments in a theoretically-informed and evidence-based way. Specifically, they will be able to competently derive

policy recommendations in the context of small case studies. Moreover, students will have learned how to write short memos, imitating situations they might encounter in the workplace. Lastly, students will know how to compare and contrast competing answers and—given specific criteria—determine their relative merit in the form of short essays.

Lastly, this course also aims to familiarize students with the major written formats of the policy-making process including background memos, press releases, and op eds, among others. The intention is to help students to develop writing skills applicable to the private, nonprofit, and government sectors.

Class Modalities

As an online course, this course does not meet synchronously at a set day and time every week. Assignments, additional readings, and most materials associated with the course are available through the eLearning course website in eLearning. In addition, all assignments and the final exam will be submitted through that website; feedback, comments, and grading from the instructor will be communicated in the same fashion. Students are responsible for logging into the course website at least 3 times per week to access course announcements and newly posted material.

Each class includes recorded presentations by the course instructor. These prerecorded presentations are available to students in that week topic, and students are required to watch the presentations. For any given module, there might be more than one presentation, divided into shorter segments. These presentations will be available on the eLearning course website. These are copyrighted by the instructor. You may download them and view these for your personal use in the course, but they are not allowed to post or distribute them elsewhere in any form.

Note, this is NOT a self-paced course in which students complete readings and requirements on their own timetables. Rather there are specific deadlines for course requirements. While readings may be posted ahead of time, recorded lectures and the assignments will generally be posted on a weekly basis of the course website.

Because of the ongoing pandemic, the instructor does not plan to hold face-to-face office hours in his campus office during the semester. Of course, students are encouraged to arrange an individual meeting over MS-Teams with the instructor as desired during the semester; a date and time that is mutually agreeable will be arranged.

Course readings

Required Textbooks and Materials Considering the cost of most books, I will not require you to purchase a textbook. Instead, the readings will consist of articles in scientific journals or book chapters. Most readings will be available on eLearning, while others can be downloaded via the library's website at <http://www.utdallas.edu/library/>.

Assignments and Academic Calendar

Week of 1/18 - Introduction

No readings

Week of 1/25 - Economic voting

⇒ BACKGROUND MEMO DUE 1/29 AT 11:59PM

Christopher J Anderson. Economic voting and political context: a comparative perspective. *Electoral Studies*, 19(2-3):151–170, June 2000. [p.151-157]

R.C. Fair. *Predicting Presidential Elections and Other Things*. Stanford University Press, 2002. [p.5-13 and p.43-51]

Melody E Valdini and Michael S Lewis-Beck. Economic Voting in Latin America: Rules and Responsibility. *American Journal of Political Science*, 62(2):410–423, April 2018. [p.410-416]

Week of 2/1 - Political Business Cycles

⇒ JOURNAL ENTRY #1 DUE 1/31 AT 11:59:PM

Edward R Tuft. *Political control of the economy*. Princeton Univ Pr, 1980. [Ch.1,2]

D.A. Hibbs Jr. Political parties and macroeconomic policy. *The American Political Science Review*, pages 1467–1487, 1977. [p.1467-1475]

Jeremy L Wallace. Juking the Stats? Authoritarian Information Problems in China. *British Journal of Political Science*, 46(1):11–29, June 2014. [p.11-20]

Week of 2/8 - Independent Central Banks

⇒ JOURNAL ENTRY #2 DUE 2/7 AT 11:59:PM

⇒ PRESS RELEASE DUE 2/12 AT 11:59PM

William Bernhard, J Lawrence Broz, and W.R. Clark. The Political Economy of Monetary Institutions. *International Organization*, 56(04):693–723, 2003. [p.704-707, 710-718]

Cristina Bodea and Masaaki Higashijima. Central Bank Independence and Fiscal Policy: Can the Central Bank Restrain Deficit Spending? *British Journal of Political Science*, 47(1):47–70, July 2015. [p.47-55]

Michael Aklin and Andreas Kern. The Side Effects of Central Bank Independence. *American Journal of Political Science*, pages 1–34, December 2020. [p.1-15]

Week of 2/15 - Class Cancelled due to Snowstorm

Week of 2/22 - Politicians and Electoral System

⇒ JOURNAL ENTRY #3 DUE 2/21 AT 11:59:PM

⇒ OP ED DUE 2/26 AT 11:59PM

⇒ JOURNAL ENTRY #4 CANCELLED DUE TO SNOWSTORM

A. Lijphart. *Patterns of Democracy: Government Forms and Performance in Thirty-Six Countries*. Yale University Press, 1999. [p.9–21 and p.31–41]

J.M. Carey and M.S. Shugart. Incentives to cultivate a personal vote: A rank ordering of electoral formulas. *Electoral Studies*, 14(4):417–439, 1995. [p.417-423]

Week of 3/1 - Midterm

No readings

Week of 3/8 - Varieties of Capitalism

⇒ JOURNAL ENTRY #5 DUE 3/7 AT 11:59:PM

Peter A. Hall and David Soskice. An Introduction to Varieties of Capitalism. In Peter A. Hall and David Soskice, editors, *Varieties of Capitalism*. Oxford University Press, USA, New York, NY, 2001. [p.6-9 and p.21-33]

Gøsta Esping-Andersen. The Three Political Economies of the Welfare State. In *The three worlds of welfare capitalism*. Polity Press Cambridge, UK, 1990. [p.21-33]

Peter A. Hall. Varieties of capitalism in light of the euro crisis . *Journal of European Public Policy*, 25(1):7–30, September 2017. [p.7-16]

Week of 3/15 - Spring Break

No readings

Week of 3/22 - Labor Market

⇒ JOURNAL ENTRY #6 DUE 3/21 AT 11:59:PM

John R Bowman. The Labor Market. In *Capitalisms Compared: Welfare, Work, and Business*. CQ Press, August 2013. [p.170-197]

Erica Owen. The Political Power of Organized Labor and the Politics of Foreign Direct Investment in Developed Democracies. 48(13):1746–1780, November 2015. [p.1746-1756]

Week of 3/29 - Corporate Governance

⇒ JOURNAL ENTRY #7 DUE 3/28 AT 11:59:PM

⇒ STUDY RESULTS MEMO DUE 4/2 AT 11:59PM

John R Bowman. Corporate Governance and Finance. In *Capitalisms Compared: Welfare, Work, and Business*. CQ Press, August 2013. [p.239-260]

Sylvia Maxfield, W Kindred Winecoff, and Kevin L Young. An empirical investigation of the financialization convergence hypothesis. *Review of International Political Economy*, 24(6):1004–1029, September 2017. [p.1-6, 19-21]

Week of 4/5 - Health Systems

⇒ JOURNAL ENTRY #8 DUE 4/4 AT 11:59:PM

John R Bowman. Health Policy. In *Capitalisms Compared: Welfare, Work, and Business*. CQ Press, August 2013. [p.36-50]

Amy E Lerman, Meredith L Sadin, and Samuel Trachtman. Policy Uptake as Political Behavior: Evidence from the Affordable Care Act. *The American Political Science Review*, 111(4):755–770, August 2017. [p.755-761, 765-769]

Week of 4/12 - Family Policy

⇒ JOURNAL ENTRY #9 DUE 4/11 AT 11:59:PM

⇒ RECOMMENDATION MEMO DUE 4/16 AT 11:59PM

John R Bowman. Family Policy. In *Capitalisms Compared: Welfare, Work, and Business*. CQ Press, August 2013. [p.137-165]

Pedro Carneiro, Katrine V Loken, and Kjell G Salvanes. A Flying Start? Maternity Leave Benefits and Long-Run Outcomes of Children. *Journal of Political Economy*, 123(2):365–412, 2010. [p.365-374, 405-409]

Week of 4/19 - Pension policy

⇒ JOURNAL ENTRY #10 DUE 4/18 AT 11:59:PM

John R Bowman. Pension Policy. In *Capitalisms Compared: Welfare, Work, and Business*. CQ Press, August 2013. [p.99-111]

Week of 4/26 - Explaining variation

⇒ JOURNAL ENTRY #11 DUE 4/25 AT 11:59:PM

⇒ ANNOTATED BIBLIOGRAPHY DUE 4/30 AT 11:59PM

Fred Block. Introduction to 'The Great Transformation' by Karl Polanyi. pages 1–16. Beacon Press, July 2001. [p.xxiii-xxix]

Isabela Mares. *The Politics of Social Risk: Business and Welfare State Development*. Cambridge University Press, New York, NY, 2003. [p.4-11]

Week of 5/3 - Review

⇒ JOURNAL ENTRY #12 DUE 5/9 AT 11:59:PM

No readings

Grading Policy

Assignments in this course This course will use several types of assignments to assess your learning.

- 11 journal entries, lowest 2 scores will be dropped (11.1 points each = 100 points): Journal entries are short written responses to questions about the readings that you have done for that lecture. Their purpose is to ensure that you have done the readings, and therefore are prepared for the other in-class and team activities. The journals will be administered on eLearning. Administering the Reading Quizzes this way implies that technical or scheduling difficulties are no valid excuse. Also, there will be no make-up quizzes because I am dropping the 2 lowest quiz scores of the semester. There is a word limit of 300 words. The exercise is open-book so that you can use all the notes that you have taken when you did the readings. The journal entries have to be submitted by the beginning of each lecture. Each journal entry is graded with either 'not completed' (0 points), 'check minus' (3 points), 'check' (6 points) or 'check plus' (10 points). No written feedback will be given, but the TA will be available during office hours to offer verbal feedback.
- 6 Short Writing Assignments (25 points each = 150 points): Each writing assignment will ask you to complete one of the major written formats of the policy-making process such background memos, press releases, and op eds, among others. See the 'Power to Choose' Policy below.
- 1 Midterm (50 points): The midterm will be an in-class exam containing multiple-choice questions, short-answer questions, and essay questions. See the 'Power to Choose' Policy below.
- 1 Final (50 points): The final will be an exam containing multiple-choice questions, short-answer questions, and essay questions.

'Power to Choose' Policy You are allowed to drop one of the following: the midterm or two short writing assignment. In other words, you can choose either to write all six writing assignments and drop the midterm, or to write the midterm and only complete four writing assignments. However, you are also allowed to take the midterm and six writing assignments. In this case I will drop your lowest grade of one

of the following: the midterm or the two lowest points scored on the six writing assignments. The final, the journal entries and the peer reviews are required.

The rationale for this policy is two-fold. First, some students are good test takers, others are better writers. This policy therefore allows students to choose the assessment method that they feel most comfortable with. Second, in return for granting this option to students I do not allow for no make-up exams or extra credit. If you miss an exam or a deadline for an assignment this will count as your 'one off'. Similarly, if you want to improve on your present performance in the course you can always do all three assignments to have only the two highest grades count.

Final course grade calculation In sum, the assessment of your learning will be based on both your individual performance and quality of your group's output. The individual components will be weighted in the following manner:

- 10 journal entries: 100 points
- 6 writing assignments OR 4 writing assignments + 1 midterm: 150 points
- 1 final: 50 points
- **Total: 300 points**

Your final letter grade will be determined by the percentage of points that you achieve relative to the maximum number of points possible. The following scale will be used:

- 97% - 100% = A+
- 94% - 96% = A
- 90% - 93% = A-
- 87% = 89% = B+
- 83% - 86% = B
- 80% - 82% = B-
- 77% - 79% = C+
- 73% - 76% = C
- 70% - 72% = C-
- 67% - 69% = D+
- 63% - 66% = D
- 60% - 62% = D-
- 0% - 59% = F

Note: Please consider the course policies on late work, missed exams, and grade disputes at the end of this document.

Expectations

What I expect of my students

- Willingness to work: As a general rule, one credit represents three hours of academic work per week (including lectures, laboratories, recitations, discussion groups, field work, study, and so on), averaged over the semester. In other words, you will need to invest time into this course, otherwise the benefits and the grades you will get might not be what you want.
- Classroom etiquette: You are expected to complete the assigned readings prior to the class session for which they are scheduled. Lectures and discussions will not duplicate, but instead will build on, and hence will assume prior familiarity with, assigned readings. Your active, informed and civil participation in discussion and class activities is expected. You are responsible for remaining attentive in class, arriving prepared to discuss course materials, and respecting other members of the class as you and they participate.
- Course policies: Please read the course policies that are stated at the end of this syllabus. They are important in several ways. First, they facilitate a learning experience that is as efficient and effective as possible. Further, they represent the professional code of conduct in the real world. Therefore, familiarizing yourself with them will prepare you for your later work careers.

What you can expect from the instructor

- I offer a learning environment that challenges you in order to provide opportunities for growth. I will be prepared to the best of my abilities.
- I encourage you to explore your own ideas in response to the assigned tasks. I will be open-minded in responding to your ideas and suggestions. I will offer constructive feedback.
- I am open to constructive feedback from you on my performance. If you have ideas or suggestions, please do not hesitate to discuss them with me. I am committed to make this the best possible classroom experience.

Course Policies

We are jointly responsible for maintaining a constructive learning environment in the classroom. Students whose behavior is disruptive either to me or to other students will be asked to refrain from such behavior or, in severe cases, to leave the classroom. Mutual respect is expected of everyone in the classroom, and personal attacks will not be tolerated. Please contact me if you have any concerns in this regard.

Late work and missed exams

- Missed Journal Entries: Only a subset of all journal entries will count towards your final grade. It is therefore not possible to make up a missed journal entry.
- Late Memos: With regard to memos, my late-policy is two-fold. First, due dates are due dates. Late work will be subjected to a penalty in the form of points deducted. This deduction will increase exponentially with lateness. More specifically, I will deduct 20% of the points achieved for a 12 hours delay, 50% for 24 hours, and 100% for more than 48 hours. This policy is justified as all deadlines are announced at the beginning of the semester in the syllabus (and the fact that your future boss will not be impressed if you cannot finish work assignments on time). Please note that it is always possible to hand in an assignment early.

- Missed Exams: Make-up exams will not be permitted. However, see the detailed description of the ‘Power to Choose’ policy above. Thus, if you miss an exam or an assignment deadline this will count as your ‘one off.’

The only exception is if you have an excused absence. This requires that you notify me **before** the assignment is administered. Coming to me several days after the test with a doctor’s note does not constitute sufficient grounds to let you complete your missed exam. Further, I expect you to present written documentation of the circumstances (e.g. a doctor’s note). I will accept the following as legitimate circumstances justifying lateness or taking a makeup exam: religious holidays, verifiable illness, serious family emergencies, subpoenas, jury duty, military service, and participation in group activities sponsored by the University. However, in all cases, you must speak to me directly, and not via email, and ahead of the exam date or assignment deadline.

Further, please note that if you arrive late to an exam you will not be given extra time to complete it. You will have to finish by end of the examination period.

If you have a serious problem affecting your studies (e.g. a major illness, family problems, or a death in the family) you must speak to me personally, not via email, and ahead of the exam or assignment deadline about any adjustments needed to complete the course. Telling me after the course has ended that your work suffered because of xyzleaves me with no options to help you. Do come and speak with me in such a situation as soon as possible.

- Incomplete coursework: Incompletes will be granted only in the case of documented long-term illness, and if you and I jointly complete the required paperwork with the Undergraduate Associate Dean of EPPS, which is available here:
<http://catalog.utdallas.edu/2019/undergraduate/policies/academicincomplete-grades>
- Extra credit: Extra credit activities or coursework resubmission will not be permitted. See the ‘Power to Choose’-policy above that allows you to improve on the previously received grades if you are dissatisfied with your current standing.

Grade disputes It is understandable that, at times, you have questions or concerns with regard to a grade you received on one of your assignments or exams. However, in order to turn questions about your grade into a learning experience, your grade dispute will be received in the following way:

1. Cooling off period: Neither I nor my TA will consider any grade related inquiries for 48 hours after the grades have been handed out. This ‘Cooling off’-period provides the opportunity to let the initial emotions subside and think more clearly about the issue at hand.
2. Written memo: Write a short memo explaining why you believe that your answer is correct, and why you therefore should have received full points. It is expected that you address the comments that the grader has given you. Email this note to me or the TA at least 24 hours prior to meeting me or the TA during my office hours. Bring your exam with you to the office hours. This step serves the purpose of encouraging you to critically re-evaluate the answer you gave on the exam. Looking through your notes and developing a case for your answer is an additional learning opportunity.
3. First TA, then instructor: If this course has a TA, contact her or him first with your dispute (using the two steps described above). After all, she or he has graded your assignment and therefore knows best how your performance compares to the one of your classmates. However, if your meeting with the TA has not resolved the issue, then you may contact me.

Academic Misconduct Students are expected to do their own assigned work. If it is determined that a student has engaged in any form of Academic Dishonesty, he or she may be given an *F* or an *N* for the course, and may face additional sanctions from the University. Academic dishonesty in any portion of the academic work for a course shall be grounds for awarding a grade of *F* or *N* for the entire course.

Sexual Harassment University policy prohibits sexual harassment as defined in the University Policy Statement (<http://www.utdallas.edu/legal/title9/contactharass.html> and <http://www.utdallas.edu/hrm/er/complaints/harassment.php5>). This is a serious offense, and I feel strongly about addressing it. Complaints about sexual harassment should be reported to the Dean of Students, Office of Student Life, Student Union Room 1, phone 972-883-6391 or email gene.fitch@utdallas.edu. However, I also want you to know that you can also talk to me as well about any issues that come up.

Accommodations for Students with Disabilities Participants with special needs are strongly encouraged to talk to me as soon as possible to gain maximum access to course information. It is important to me that everyone who wants to take this class is not prevented from doing so due to special needs. University policy is to provide, on a flexible and individualized basis, reasonable accommodations to students who have documented disability conditions (e.g., physical, learning, psychiatric, vision, hearing, or systemic) that may affect their ability to participate in course activities or to meet course requirements. Students with disabilities are encouraged to contact the Office of Student AccessAbility and their instructors to discuss their individual needs for accommodations. The Office of Student AccessAbility is located in SSB 3.200. Staff can be reached at studentaccess@utdallas.edu or by calling 972-883-2098. For more information see <http://www.utdallas.edu/studentaccess/> Please note, however, that if you have any concerns regarding how special needs might affect the assessment of your performance, you have to talk to me *prior* to the date of the assessment. I cannot make grade adjustments after the fact.

Statement regarding diversity I strongly believe that diversity is an asset rather than a liability. For one, in a globalized world you will be exposed to people who are different from you. Therefore, it is necessary to recognize that people who are different in almost all cases bring something valuable to the table: Experiences that you can learn from, insights that were not apparent to you, skills that you do not have, or knowledge that you can benefit from. It is my intention to create a learning environment in this class that allows everyone to share their unique strengths. This is not only my personal belief. After all, research shows that the best work is usually produced by groups that combine the different comparative advantages of their group members.

I therefore emphasize that I will welcome anyone to my class, regardless of your sexual orientation, religious observances, political orientation, physical characteristics, cultural background, nationality, or any other characteristic. I recognize that I myself am not perfect, but I promise you to make every effort. If you have any concerns with respect to your acceptance in the classroom I strongly encourage you to talk with me.

Communication

- **E-mail:** E-mail is the most reliable way to get in touch with me outside of class and office hours. While I may sometimes be able to return e-mail more quickly, in general you should expect a response within 48 hours.

On a more general note, here are some tips for e-mail success (and requirements for success on the job later on):

- Provide a useful and descriptive subject line (ex: “Question about my thesis for Essay 1”)
- Begin with a greeting (ex: “Dear Prof. Bunte”) and end with a signature (ex: “Sincerely, Student”). Launching straight into the message is bad, but “Hi!” is poor form and “Hey Prof!” is an unmitigated disaster. “Dear” and “Hi” are fine, so long as you follow both by a name or title: “Hi Professor” or “Hi Mr. Bunte”.
- Be clear and concise. Write short messages, make clear requests, get to your point rapidly, and offer to provide more information rather than launch into your life story.

- Check to see whether your question is already answered in the syllabus or other course materials before sending an e-mail. Also, don't ask for information before you've looked on Google. "Can you send me paper X?" is annoying.
- Use your official school email address. The email address from high school like "hotmuffin92@hotmail.com" and "mikeyg@gmail.com" are just not appropriate.
- Form: Capitalize and punctuate.

Statement on classroom conduct / general etiquette guidelines The following suggestions embody some general guidelines of courtesy that I strongly recommend.

- Do not carry on side discussions while someone else is speaking.
- Do not begin gathering or packing your belongings until class is dismissed.
- Learn my name and the Teaching Assistants' names. I have met students who after a term in my class could not name me. As Shania Twain states, that does not impress me much. You should want to know your professors, and you should want them to know you, especially if you will require reference letters from them to go on to graduate school, a professional college, or to get a job.
- The Teaching Assistants and I are happy to help you. But remember that we are not your servants. You are my student, not my client.
- Please do not tell me that you need an *A* in my class to get into law school/teacher's college or to remain in the dorms or on a University sports team. As I have laid out above, such things are not part of my formal evaluation process. I can grade only the quality of work that you give to me.
- Please do not tell me that you are getting *As* in your other classes if you are not doing as well in my class as you would like. I do not grade your other course work.

UT Dallas Syllabus Policies and Procedures

The information contained in the following link constitutes the University's policies and procedures segment of the course syllabus. Please go to <http://go.utdallas.edu/syllabus-policies> for these policies.

The descriptions and timelines contained in this syllabus are subject to change at the discretion of the Professor.