

Housekeeping:

- Welcome back from spring break!
- Next paper will be assigned next week. It will focus on the idea of causality, which we will talk about next section.
- Please make sure to come to lecture – not everyone was there yesterday and it's really important.
- Will be sending out another email soon about setting up our second advising meeting.

Intro:

Today, we turn to the compatibility of democracy and capitalism. We want to be thinking about questions like, “to what extent should we have capitalism in a democracy? To what extent should democracy mitigate some of the effects of capitalism?” These are big questions, and the approach that most scholars take here is a *structural* one – not something we've seen before. So these readings might be a little hard to get your head around, but there's an incredibly rich and deep literature here that we're going to explore.

The topic of redistribution is not new to this class - both Aristotle and Tocqueville mention it.

Plus, the idea of “fairness” – which is at the root of the need for redistribution – has come up many times in our discussions, especially when considering the detached v. dependent conceptions of democracy. For proponents of redistribution, it's all about the dependent conception – they're much more concerned about the equality of outcomes than the equality of inputs.

Start of today with Zoe's article, which helps us to think about what a large welfare state looks like.

<http://www.theatlantic.com/international/archive/2013/07/the-secret-to-finlands-success-with-schools-moms-kids-and-everything/277699/>

What is the rationale for the welfare state?

- What are the various social rights people demand/modern democracies provide?
 - o Education/employment training
 - o Income security/unemployment benefits
 - o Health care – sick leave, parental leave, disability
- What is EA's rationale for these rights?
 - o Decommodification of labor.
 - What does decommodification mean
 - o Protection from the market and freedom to participate or otherwise
 - o What are the three worlds of welfare? Have students talk to each other and explain it to each other.

Why isn't the US like Sweden or Finland? What are some of the things that would have to change societally to get to a larger welfare state?

- What would EA say?
 - different views about markets and capitalism
 - different alliances between classes. Middle classes allied with lower class in Scandinavia and in other places they did not.
- What would VoC say?
 - need to create the types of complementarities to reinforce a large welfare state
 - what are some of the complementarities that are present in Scandinavia? In the US?
 - Have students get together in groups and talk about what LMEs and CMEs are; explain to each other.
 - Anything they're missing?
 - Race – middle and lower classes have other divisions
 - Size
 - Homogeneity – rural/urban might have different needs

[Activity – see below]

Going back to Dworkin, when we played the “build your own democracy game” many of you emphasized a detached conception of democracy – fairness of the inputs. Do you continue to think that equality of inputs is more important than equality of outputs after readings this literature? Why or why not?

If we didn't have the welfare state/before the welfare state, who provided these social services?

- employers/landlords
- guilds
- churches
- extended family relations

Why might a model with a welfare state be better? Why might it be worse?

Thinking about Streeck:

- Have governments had their hands tied by global financial institutions? (Depends on which governments you mean – the US, not so much.) Are you pessimistic about the ability of democratic governments to (a) defend social rights, and even political rights for their citizens, and (b) have some kind of meaningful control over economic policy?
- Is capitalism the right economic model to go with democracy?
 - Does the recent financial crisis show that capitalism and democracy are incompatible?
 - Are economic crises inevitable in democratic capitalism?
- On a more macro-level, how do we think about global capitalism in a context where we have no global governance? Is this model sustainable? Is there a way to reach more equitable outcomes globally without global democracy? [Think about how redistrib. was handled before the welfare state.]

- Why do you think there is such a push for retrenchment in the US but not in Sweden or Finland? Seems counterintuitive.

Following activity is meant to get at the VoC literature.

The class is divided up into 3 groups: Hi skill-General, Lo skill-General and Intermediate Skill-Specific.

I've written up little anecdotes for each category.

Hi/General

You are a recent Harvard grad who concentrated in government. You are currently working at a start-up in San Francisco, and while your job involves some coding, you are also making use of your managerial skills.

Lo/General

You are a recent grad from ABC High School and finished one year of community college, with no plans to return to finish your second year. You are currently working as a secretary in a local real estate office. Turnover of secretaries at this office is relatively high, but there are other secretarial jobs in the local area.

Intermediate/Specific

You graduated from XYZ High School, which had a vocational education option. You elected to specialize in auto mechanics and have worked your way through the ranks to become a quality control person at a Tesla auto factory. Because Tesla primarily manufactures electric cars, you have developed specialized knowledge about electric vehicles. The future of electric vehicles in the U.S. is uncertain, so Tesla is not sure if it will continue to maintain manufacturing facilities in the U.S. going forward.

Each group of students will then get the following information:

“You have 10 points of political capital to do or lobby for any of the following things. Mark down on your sheet what you spend your political capital on. Think carefully about your skills, the type of education you have, your job security and what might happen in the future. Prioritize wisely!”

Disability Insurance	1	2	3	4	5	6	7	8	9	10
Old Age Pensions	1	2	3	4	5	6	7	8	9	10
Create a Union	1	2	3	4	5	6	7	8	9	10
Unemployment Ins.	1	2	3	4	5	6	7	8	9	10
Poverty Assistance	1	2	3	4	5	6	7	8	9	10

