

# **Political Science 409 / Economics 409**

## **Political Economy of the Great Recession and its Aftermath**

Spring Quarter 2019  
University of Washington

**Christopher Adolph**

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### **Class Meets**

TTh 10:30–12:20 pm  
Smith Hall 107

### **Office**

Gowen Hall 145  
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**Overview.** We consider contemporary comparative political economy and macroeconomics through the lens of the past decade and a half, in which advanced industrial economies experienced massive technological change, speculative bubbles, financial crises, prolonged recessions, and widening inequality, as well as renewed debate on the appropriate role of government in managing the business cycle. Emerging from this period, these countries face deep questions about the future of work in an era of automation, globalism in a time of xenophobia, and democracy under the rise of populism. Through discussion and papers on a mixture of popular and academic readings, we tackle three key questions: What happened during the financial crisis, what political economic changes followed in its wake, and what's next?

**Prerequisites.** No specific courses are required, but some exposure to American politics, comparative politics, and/or macroeconomics is helpful.

**Office Hours.** Tuesdays 1:00 PM – 2:30 PM and by appointment.

**Course Website.** Consult <http://faculty.washington.edu/cadolph/409> for assignments, notes, and announcements.

**Academic Accommodations.** To request academic accommodations due to disability, please contact Disabled Student Services, 448 Schmitz Hall, (206) 543-8924 (V/TTY). If you have a letter from Disabled Student Services indicating you have a disability that requires an academic accommodation, please present the letter to your instructor, and a suitable accommodation will be provided.

**Academic Honesty.** While each student is encouraged to seek help with challenging concepts or assignments, all assignments are each student's responsibility, and should ultimately reflect each student's own work. Any student caught cheating or plagiarizing by the instructor on any assignment will receive a grade of **X** for the course and will be reported to the Dean's office in the College of Arts and Sciences.

## Course Requirements

**Participation (25%)** Students are expected to read required readings before class and participate in class discussions. Active participation based on careful reading is given substantial weight in the determination of final grades. On occasion, I may ask students to submit a discussion question by email for the next class, for participation credit. In addition, students submitting reaction papers at a given class meeting are required to meaningfully participate at least once during discussion at that meeting.

**Reaction Papers (30%)** For three pre-arranged class meetings, students will turn in a 2–3 page “reaction paper” addressing that day's readings. While this paper should show understanding of the assigned selections, to receive full credit, students must do more than simply summarize arguments from the readings. A good reaction paper can take several forms: you might choose to (1) critique one or more readings closely; (2) highlight questions raised by the readings or puzzles unresolved by them, (3) compare and contrast the arguments and findings of several readings, or (4) place the readings in a

broader context, including earlier readings in the course. Reaction papers are due at the beginning of class; late papers will not be accepted.

Students may choose to re-write one reaction paper to improve their score. Rewrites should (1) substantially expand the original paper to a minimum of 5 pages, (2) go beyond the in-class discussion on the same topic, (3) incorporate improvements suggested by instructor feedback, and (4) are due within 3 weeks of the initial paper due date or by 6 June 2019 (whichever is sooner).

**Final Paper (40%)** Students will write a longer (approximately 10–12 page) paper drawing on the course readings to answer an assigned question. Papers that clearly develop an argument and support that argument with well-sourced and explained evidence will receive the highest marks. Papers that fail to make a clear argument, that provide only weak, poorly explained, or poorly sourced evidence, or that suffer from serious deficits in writing will be marked down accordingly. **The final paper is due Tuesday, 11 June 2019 at 3 PM in the instructor's box in the Department of Political Science main office (101 Gowen Hall).**

**Quiz (5%)** On the second day of class, students will take a short quiz to assess background knowledge of political economy and to gauge pre-course views on the Great Recession. This will help calibrate our discussions and may provide some interesting comparative data by the end of the course. Every student who takes the quiz seriously will receive full credit.

## Course texts

*Books recommended for purchase marked with a ★.*

**Christopher Adolph. 2013.** *Bankers, Bureaucrats, and Central Bank Politics: The myth of neutrality.* Cambridge: Cambridge University Press.

**Heather Boushey, J. Bradford DeLong, and Marshall Steinbaum. 2017.** *After Piketty: The agenda for economics and inequality.* Cambridge, MA: Harvard University Press.

**★Mark Blyth. 2013.** *Austerity: The history of a dangerous idea.* Oxford: Oxford University Press.

- Charles W. Calomiris and Stephen H. Haber. 2014.** *Fragile By Design: The Political Origins of Banking Crises and Scarce Credit*. Princeton: Princeton University Press.
- \***Colin Crouch. 2004.** *Post-Democracy*. Cambridge: Polity.
- \***Barry Eichengreen. 2015.** *Hall of Mirrors: The Great Depression, the Great Recession, and the uses – and misuses – of history*. Oxford: Oxford University Press.
- Peter Frase. 2016.** *Four Futures: Life After Capitalism*. London: Verso.
- James K. Galbraith. 2014.** *The End of Normal: The Great Crisis and the future of growth*. New York: Simon & Schuster.
- Justin Gest. 2016.** *The New Minority: White working class politics in an age of immigration and inequality*. Oxford: Oxford University Press.
- Claudia Goldin and Lawrence F. Katz. 2008.** *The Race Between Education and Technology*. Cambridge, MA: Harvard University Press.
- \***Torben Iversen and David Soskice. 2019.** *Democracy and Prosperity: Reinventing Capitalism through a Turbulent Century*. Princeton: Princeton University Press.
- Lawrence R. Jacobs and Desmond King. 2016.** *Fed Power: How Finance Wins*. New York: Oxford University Press.
- Nolan McCarty, Keith Poole, and Howard Rosenthal. 2013.** *Political Bubbles: Financial crises and the failure of American democracy*. Princeton: Princeton University Press.
- Jan-Werner Müller. 2016.** *What is Populism?* Philadelphia: University of Pennsylvania Press.
- \***Thomas Piketty. 2014.** *Capital in the Twenty-First Century*. Cambridge, MA: Harvard University Press.
- John Quiggin. 2010.** *Zombie Economics: How dead ideas still walk among us*. Princeton: Princeton University Press.
- Raghuram G. Rajan. 2010.** *Fault Lines: How hidden fractures still threaten the world economy*. Princeton: Princeton University Press.

**Carmen M. Reinhart and Kenneth S. Rogoff. 2009.** *This Time is Different: Eight centuries of financial folly.* Princeton: Princeton University Press.

**Martin Wolf. 2014.** *The Shifts and the Shocks: What we've learned – and still have to learn – from the financial crisis.* New York: Penguin Press.

#### Other useful books for further reading

**Anat Admati and Martin Hellwig. 2013.** *The Bankers' New Clothes: What's wrong with banking and what to do about it.* Princeton: Princeton University Press.

**Karen Ho. 2009.** *Liquidated: An ethnography of Wall Street.* Durham: Duke University Press.

**Simon Johnson and James Kwak. 2010.** *13 Bankers.* New York: Vintage.

**Paul Krugman. 2013.** *End this Depression Now!* New York: Norton.

**Atif Mian and Amir Sufi. 2014.** *House of Debt: How they (and you) caused the Great Recession, and how we can prevent it from happening again.* Chicago: University of Chicago Press.

**Nick Srnicek and Alex Williams. 2016.** *Inventing the Future: Postcapitalism and a world without work.* Revised edition. London: Verso.

**Joseph Stiglitz. 2010.** *Freefall: America, free markets, and the sinking of the world economy.* New York: Norton.

**Adam Tooze. 2018.** *Crashed: How a decade of financial crises changed the world.* New York: Viking.

## Course Outline

This is a reading and discussion intensive course. It is vital that all students – not just those writing reaction papers – come to each session having read the required material for that day. To help focus your reading, discussion questions will be posted in advance.

### Part I: Introduction & background

Tuesday, 2 April 2019 · Course Introduction

Thursday, 4 April 2019 · Contours of Change

- Required:* Eichengreen, Introduction.  
Galbraith, Prologue.  
Quiggin, Ch. 1.  
*Optional:* Eichengreen, Ch. 1, 2, 3.

### Part II: What was the crisis, and why did it happen?

Tuesday, 9 April 2019 · The economics of the financial crisis (1)

- Required:* Eichengreen, Ch. 4, 5, 11, 12, 13.  
Wolf, Ch. 4.  
*Optional:* Eichengreen, Ch. 7, 8, 9, 10.

Thursday, 11 April 2019 · The economics of the financial crisis (2)

- Required:* Blyth, Ch. 2.  
Rajan, Ch. 1.  
Reinhart & Rogoff, Ch. 13, 14, 15, 16, 17.  
*Optional:* Ho, Ch. 1, 2, 5, 6.  
Quiggin, Ch. 2.

Tuesday, 16 April 2019 · The politics of the financial crisis (1)

- Required:* Eichengreen, Ch. 19, 21, 22.  
McCarty, Poole & Rosenthal, Introduction & Ch. 1, 2, 3, 4, 5.

Thursday, 18 April 2019 · The politics of the financial crisis (2)

*Required:* Calomiris & Haber, Ch. 1, 2, 7, 8.

Galbraith, Ch. 9.

McCarty, Poole & Rosenthal, Ch. 6, 7.

### Part III: Why has recovery been slow & uneven?

Tuesday, 23 April 2019 · Stimulus, austerity, and recovery in the US

*Required:* *Pick at least three of the following authors*

Blyth, Ch. 1.

Eichengreen, Ch. 20, 23.

Galbraith, Ch. 10, 11.

Quiggin, Ch. 6.

Wolf, Ch. 1.

*Optional:* Eichengreen, Ch. 15, 16, 17, 18.

Thursday, 25 April 2019 · The euro, austerity, and crisis in Europe (1)

*Required:* Blyth, Ch. 3, 4, 5, 6.

Galbraith, Ch. 13.

*Optional:* Adolph, Ch. 2, 3.

Tuesday, 30 April 2019 · The euro, austerity, and crisis in Europe (2)

*Required:* Adolph, Ch. 10.

Eichengreen, Ch. 6, 14, 24, 25, 26, Conclusion.

## Part IV: Undercurrents of change: technology, capital, and democracy

Thursday, 2 May 2019 · Automation, Skills, & Inequality

- Required:* (skim) David Autor, Frank Levy, and Richard Murnane, 2003, “The skill content of recent technological change: An empirical exploration,” *Quarterly Journal of Economics*, 1279–1333.  
Michael Boehm, 2014, “Job polarisation and the decline of middle-class workers’ wages”, *VOXEU*, February 8, <http://www.voxeu.org/article/job-polarisation-and-decline-middle-class-workers-wages>  
Galbraith, Ch. 8.  
Goldin & Katz, Ch. 8, 9.
- Watch:* C.G.P. Grey, “Humans Need Not Apply,” <https://www.youtube.com/watch?v=7Pq-S557XQU>

Tuesday, 7 May 2019 · Capital’s Return (1)

- Required:* Piketty, Introduction & Ch. 1, 2, 5, 6;  
also read pp. 116–120 from Ch. 3 and pp. 146–155 from Ch. 4.
- Optional:* Boushey, DeLong & Steinbaum, TBD

Thursday, 9 May 2019 · Capital’s Return (2)

- Required:* Piketty, Ch. 7, 8, 9.
- Optional:* Boushey, DeLong & Steinbaum, TBD

Tuesday, 14 May 2019 · Capital’s Return (3)

- Required:* Piketty, Ch. 10, 11, 12.
- Optional:* Boushey, DeLong & Steinbaum, TBD

Thursday, 16 May 2019 · Democratic Responsiveness and Economic Change (1)

- Required:* Crouch, all.  
Henry Farrell, 2013, “There is no alternative,” *aeon*, 25 April, <http://aeon.co/magazine/society/henry-farrell-post-democracy/>



Tuesday, 21 May 2019 · Democratic Responsiveness and Economic Change (2)

*Required:* Martin Gilens & Benjamin I. Page (2014), “Testing Theories of American Politics: Elites, interest groups, and average citizens”, *Perspectives on Politics* 12(3): 564–581.  
McCarty, Poole & Rosenthal, Ch. 8.  
Calomiris & Haber, pp. 500–506.  
Jacobs & King, Ch. 1.

Thursday, 23 May 2019 · Democracy, Capitalism, and Skills

*Required:* Iversen & Soskice, selections TBD

Tuesday, 28 May 2019 · Economic Change and Populism

*Required:* Müller, p. 1–60, 75–103.  
Gest, Ch. 3.  
Joshua Rothman (2016), “The Lives of Poor White People,” *The New Yorker*, <https://tinyurl.com/jzj6p4g>  
Heather Long (2019), “From \$22 an hour to \$11: GM job cuts in Ohio show a hot economy is still leaving parts of America behind,” *Washington Post*, March 5, <http://tinyurl.com/y4l8gzht>

## Part V: Brave New World?

Thursday, 30 May 2019 · Searching for solutions to 21st century problems (1)

*Required:* Frase, p. 1–63, 144–150, and at least one of Ch 3, 4, or 5.  
Gest, Ch. 9.

Tuesday, 4 June 2019 · Searching for solutions to 21st century problems (2)

*Required:* Christopher Adolph (2018) “The Missing Politics of Central Banks,” *PS: Political Science & Politics*  
Blyth, Ch. 7.  
Galbraith, Ch. 14.  
Jacobs & King, Ch. 5.  
Piketty, Ch. 14, 15.  
*Optional:* Rajan, Ch. 8, 9.  
Wolf, Ch. 6, 7, 8, 9, and Conclusion.

Thursday, 6 June 2019 · Searching for solutions to 21st century problems (3)

*Required:* Robert J. Shiller (2017), “Understanding today’s stagnation,”  
*Project Syndicate*, 23 May, <https://tinyurl.com/y8p3pztj>