**WOODROW WILSON SCHOOL**

**RESEARCH SEMINARS**

**Fall 2018**

**WWS 403(1) – Democratic Capitalism at a Crossroads?**

**Monday, 1:30-4:20 PM**

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Nineteenth-century thinkers, from Karl Marx to British conservative politicians and publicists, thought that democracy and universal suffrage were incompatible with capitalism and private property. By the middle of the twentieth century, however, the advanced industrial world witnessed the political triumph of democratic capitalism – the almost generalized popular support for both free markets and representative elections, underpinned by the construction of a generous welfare state. Today, globalization, fast technological change, and growing inequality seem to be threatening the social compact of what some authors call the golden age of (twentieth-century) capitalism.

This seminar will explore the conditions that made (make) possible the conciliation of democracy (and its emphasis on equality) and capitalism (and its potential role in generating economic inequalities). More specifically, it will look at the nature of production (i.e, the relationship between machines and labor), employment and wages under three phases of capitalism: nineteenth-century Manchester capitalism; twentieth-century Detroit capitalism; and twenty-first-century Silicon-Valley capitalism.

In particular, we will devote a substantial fraction of the seminar to examine the technological innovations (the creation of true machine intelligence and the connection of all humans via a common digital network) that have taken place since the 1970s and their economic consequences in terms of employment change, wage stagnation and inequality. We will then discuss their actual and potential political implications: higher ideological polarization; populism; the unravelling of democracy.

The seminar will combine academic research with normative think-pieces and a discussion of (a diverse set of) policy strategies to deal with those changes.

The purpose of this course is to introduce students to methods of assessing different ways to think about technological change, its economic, social and political implications, and the role of policy-makers in response to them. The seminar will require students to actively participate in class and will culminate in student presentations of a proposed research project that could potentially become the basis for a senior thesis.

**Course Procedures and Evaluation**

* Reading: You will be expected to read ALL of the readings on the syllabus for each week.
* Participation: You must attend every class meeting; be prepared to discuss the readings; and participate actively in class discussions.
* Response Papers: You will complete three short papers (around 3 pages) answering one of the week’s discussion questions. You are free to choose the weeks in which to write these short papers. The paper (with the answer to the questions of that week’s session) will be due by 6 pm the day before class and should be placed in a box outside the instructor’s office. No exceptions will be made and no extensions will be granted. The answers should not just summarize readings, but show reflection on how the readings address important issues, are flawed in particular dimensions, or can be developed or improved in specific directions.
* Junior Paper. As stated in the Research Seminar Manual, students have to select a research question (by week 2) and develop a research proposal (by week 4) that clearly states the research question, and empirical strategy (quantitative or qualitative). The proposal should include a preliminary bibliography and identify data sources and/or officials/experts who might be interviewed. By the tenth week, each student should produce a rough draft of their research paper. Papers should not exceed 24 pages (including appendices and footnotes, but excluding the title, table of contents, briefing paper, and bibliography.) After receiving comments from the seminar leader, students should revise their papers appropriately and submit the final paper on January 8th.

The evaluation of students in the ROB Seminar will be based on their active participation in class (20%), the three short papers (20%) and on the research seminar paper (60%)

**Readings**

Books marked with (B) have been ordered at the Labyrinth and put on reserve. All other readings have been put on electronic reserve.

E-reserve readings will be accessible on Blackboard.

They can also be accessed at:  <http://libweb5.princeton.edu/ereserves/logon.asp>.

**Week 1. Manchester and the Political Dilemma of Industrial Capitalism. (September 17)**

Required readings

Przeworski, Adam. 2010. *Democracy and the Limits of Self-Government*. Cambridge University Press. Pages 80-93.

Mokyr, Joel, ed. 2009. *The British Industrial Revolution: An Economic Perspective.* Pages 18-28 (“What Was the Industrial Revolution?”), 81-95 (“Inputs”), 103-113 (“The Factory and the Modern Industrial Firm”), 113-126 (“The Consequences”).

Marx, Karl. *Capital*. Book I. Read pages 368-404 (chapter 14), 405-422 (chapter 15, section 1), 457-78 (chapter 5, sections 4 and 5) and 502-526 (chapter 15, section 8).

Katz, Lawrence F. and Robert A. Margo. 2014. “Technical Change and the Relative Demand for Skilled Labor: The United States in Historical Perspective.” In Leah P. Boustan et al. eds, Human Capital in History. The American Record. Chicago: The University of Chicago Press. Only pages 15-43.

**Week 2. Detroit. (September 24)**

Required readings

Nye, David E.. 2013. *America's Assembly Line*. The MIT Press. Chapters 2 and 3. Pages 13-65

Claudia Goldin & Lawrence F. Katz. 2008. *The race between education and technology*. Cambridge, Mass.: Belknap Press of Harvard University Press. Pages 53-85, 102-119.

Boix, Carles. 2019. *Democratic Capitalism at a Crossroads?* Forthcoming in Princeton University Press. Pages 46-78.

**Week 3. Today’s Technological Change. (October 1)**

Required readings

Erik Brynjolfsson and Andrew McAffee. 2014. *The Second Machine Age*. Norton. Chapters 1-6. Pages 1-96. (B)

Joel Mokyr. 2013. “Is technological progress a thing of the past?” Post in VOX.

Gordon, Robert J. 2014. “The Demise of U. S. Economic Growth: Restatement, Rebuttal, and Reflections,” *NBER Working Paper* no. 19.895.

**Week 4. A New Employment Landscape (October 8)**

Required readings

Erik Brynjolfsson and Andrew McAffee. 2014. *The Second Machine Age*. Norton. Chapters 7-8. Pages 97-124. (B)

Autor, D. 2010. The polarization of job opportunities in the US labor market: Implications for employment and earnings. Center for American Progress and The Hamilton Project.

Steven Kaplan and Joshua Rauh. 2013. “It’s the Market: The Broad-Based Rise in the Return to Top Talent.” *Journal of Economic Perspectives* 27(3):35-55.

**Week 5. Globalization 2.0 (October 15)**

Required readings

Baldwin, Richard. 2016. *The great convergence*. Harvard University Press, 2016. Introduction (pages 1-14) and chapters 4 and 5 (pages 113-176).

Rodrik, Dani. 2011. *The Globalization Paradox*. New York: W. W. Norton & Co. Pages 24-76, 95-101. (B)

**Week 6. Global Competition (October 22)**

Required readings

Rodrik, Dani. 2011. *The Globalization Paradox*. New York: W. W. Norton & Co. Pages 184-229.

Jeffrey G. Williamson. 1998. “Globalization and the labor market: using history to inform policy.” In Philippe Aghion and Jeffrey G. Williamson. *Growth, Inequality and Globalization*. New York: Cambridge University Press. Pages 105-200. (\*)

Milanovic, Branko. *Global inequality: a new approach for the age of globalization*. Cambridge, MA: Harvard UP, 2016. Chapter 1 and 3 (B).

**Week 7. Inequality (November 5)**

Required readings

Piketty, Thomas. 2014. *Capital in the Twenty-First Century*. Harvard/Belknap. Pages 39-59, 113-125, 140-163, 164-198, 199-265, 271-335.

Milanovic, Branko. *Global inequality: a new approach for the age of globalization*. Cambridge, MA: Harvard UP, 2016. Chapter 2 (B).

Paul Krugman. 2015. “Challenging the Oligarchy.” Review of Robert B. Reich’s *Saving Capitalism: For the Many, Not the Few*. New York Review of Books. December 17. <http://www.nybooks.com/articles/2015/12/17/robert-reich-challenging-oligarchy/>

**Week 8. Dire Straits. (November 12)**

Robert Ford & Matthew J Goodwin. 2014. *Revolt on the Right: Explaining Support for the Radical Right in Britain (Extremism and Democracy)*. London: Routledge. Pages 107-142 (“Origins: a long time coming”).

Dancygier, Rafaela. 2017. *Dilemmas of Inclusion.* Princeton University Press. Chapters 2 & 3.

Boix, Carles. 2019. *Democratic Capitalism at a Crossroads?* Forthcoming in Princeton University Press. Chapter “Dire Straits”.

**Week 9. The Politics of the Future? (November 19)**

Required readings

Levitsky, Steven, and Daniel Ziblatt. 2018. *How Democracies Die*. Crown. Chapters TBA (B)

Treisman, Daniel. 2018. “Is Democracy in Danger? A Quick Look at the Data.” UCLA. Unpublished manuscrit.

Gilens, M. and Page, B.I., 2014. Testing theories of American politics: Elites, interest groups, and average citizens. *Perspectives on politics*, *12*(3), pp.564-581.

**Week 10. Searching for Policy Responses. (November 26)**

Required readings

Karl Marx. *Capital: A Critique of Political Economy*. New York: Modern Library (1906). Pages 708-709.

Van Parijs, P. (2004). Basic Income: A simple and powerful idea for the twenty-first century. *Politics & Society*, 32(1), 7-39.

Erik Brynjolfsson and Andrew McAffee. 2014. *The Second Machine Age*. Norton. Chap. 13-14. (\*)

Piketty, Thomas. 2014. *Capital in the Twenty-First Century*. Harvard/Belknap. Pages 471-492, 515-539.

N. G. Mankiw. 2013. “Defending the One Percent.” *Journal of Economic Perspectives*, 27 (3) 21-34.

**Weeks 11-12. Discussion of Research Projects. (December 3, 10)**

Student presentations of junior papers. Seminar leader provides written feedback on draft papers.