

## Politics of Capitalism - Final Review

### Structure:

- Identifications: 1-2 sentences, definition and significance of concept
- Short answers: 1 paragraph, structure of key arguments
- Longer essay (3-4 paragraphs): Fukuyama argues in *The End of History* that the combination of democracy and capitalism is the best answer we have to the problem of social order. Is he right? Consider the following issues: (1) Are democracy and capitalism compatible or do they tend to undermine each other? And how exactly? (2) How has the relationship between democracy and capitalism evolved over the last century or so in the developed world and what are the main forces behind this evolution? (3) What are the prospects for democratic capitalist systems today? Are they resilient or are they breaking down? And how?

Key terms: postwar bargain/embedded liberalism/politics of productivity, catch-all/mass party, les trente glorieuses, end of history, postmaterial values, decommodification, policy feedback, collective action problem, iron triangle, rational ignorance, doctrine of sufficiency, Kuznets curve, assortative mating

### Main topics:

19th c. doubts about compatibility of democracy & capitalism  
Ways that democracy can undermine capitalism and vice versa  
Reasons that majority doesn't expropriate: incentives, ideology, politics, other concerns  
Problems of integrating working class into democracy  
Attractions of extremes in interwar Europe  
Reasons for postwar bargain - ideology, economics, parties  
Mass versus catch-all party and reasons for emergence  
Challenges to postwar bargain  
Liberal/social democratic/conservative welfare states  
Causes of welfare state: logic of industrialism, left power, institutions  
How retrenchment of welfare state differs from expansion & policy feedback  
Public choice theory and main assumptions  
Collective action problem  
Bureaucratic capture/iron triangle  
Rational ignorance and voter irrationality  
Ethics of inequality: doctrine of sufficiency, arguments for equality  
Evolution of inequality in 20th and 21st centuries: U-shaped curve, Kuznets curve, belle époque vs convergence capitalism vs globalization capitalism  
Causes of inequality: war, public policy, unions, technology, globalization  
Arguments for and against big business: corruption, CEO pay, monopolies, BS jobs  
Lobbying as quid pro quo, information, subsidy, consumption