

Politics of Capitalism - Final Review

Structure:

- Multiple choice (approximately 10 questions)
- Short answers: 3-4 sentences, 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