

Political Science 409 / Economics 409

Political Economy from Great Recession to Pandemic

Spring Quarter 2021
University of Washington

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Class Meets

TTh 10:30–12:20 pm

Taught via Zoom

Office

All meetings via Zoom

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Overview. We consider contemporary comparative political economy and macroeconomics of advanced industrial economies through the lens of the past decade and a half, bookended by the long recession kicked off by speculative bubbles and financial crisis, and the sharp, still evolving recession created by the COVID-19 pandemic. Throughout the period, massive technological change and widening inequality renewed debate on the appropriate role of government in managing the business cycle and addressing systemic disparities. In the shadow of a once-in-a-century public health crisis, the rich economies of the US and Europe 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. We tackle three key questions through discussion of a mixture of popular and academic readings: What happened during the Great Recession, what political economic changes followed in its wake, and how will the experience and aftermath of the COVID-19 pandemic reshape these trends?

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

Office Hours. Due to the pandemic, this quarter all office hours appointments will be held over Zoom. Rather than setting aside a specific time for these appointments, please email to arrange a time and receive a Zoom link.

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.

Notice Required by State Law. *Washington state law requires that UW develop a policy for accommodation of student absences or significant hardship due to reasons of faith or conscience, or for organized religious activities. The UW's policy, including more information about how to request an accommodation, is available at Religious Accommodations Policy (<https://registrar.washington.edu/staffandfaculty/religious-accommodations-policy>). Accommodations must be requested within the first two weeks of this course using the Religious Accommodations Request form (<https://registrar.washington.edu/students/religious-accommodations-request>).*

Other relevant university policies. See this website:

<https://registrar.washington.edu/staffandfaculty/syllabi-guidelines>

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 for 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 must be submitted via Canvas by 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 by email within 3 weeks of the initial paper due date or by 3 June 2021 (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 must be submitted by email to your instructor by Tuesday, 8 June 2021 at 3 PM.**

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. 2020.** *Post-Democracy After the Crises.* 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.

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.

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.

Colin Crouch. 2004. *Post-Democracy*. Cambridge: Polity.

Peter Frase. 2016. *Four Futures: Life After Capitalism*. London: Verso.

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

Torben Iversen and David Soskice. 2019. *Democracy and Prosperity: Reinventing Capitalism through a Turbulent Century*. Princeton: Princeton 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, 30 March 2021 · Course Introduction

Thursday, 1 April 2021 · Contours of Change

Required: Eichengreen, Introduction.
Galbraith, Prologue.
Quiggin, Ch. 1.

Optional: Eichengreen, Ch. 1, 2, 3.

Part II: What was the Great Financial Crisis, and why did it happen?

Tuesday, 6 April 2021 · 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, 8 April 2021 · 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, 13 April 2021 · The politics of the financial crisis (1)

Required: Eichengreen, Ch. 19, 21, 22.

McCarty, Poole & Rosenthal, Introduction & Ch. 1, 2, 3, 4, 5.

Thursday, 15 April 2021 · 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 was the 2010s economic recovery so slow & uneven?

Tuesday, 20 April 2021 · 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, 22 April 2021 · The euro, austerity, and crisis in Europe (1)

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

Galbraith, Ch. 13.

Optional: Adolph, Ch. 2, 3.

Tuesday, 27 April 2021 · 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, 29 April 2021 · 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,

<https://tinyurl.com/57d82bpf>

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, 4 May 2021 · 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.

Thursday, 6 May 2021 · Capital’s Return (2)

Required: Piketty, Ch. 7, 8, 9.

Optional: Daveshe Raval, “What’s Wrong with *Capital in the Twenty-First Century’s* Model” in Boushey, DeLong & Steinbaum

Tuesday, 11 May 2021 · Capital’s Return (3)

Required: Piketty, Ch. 10, 11, 12.

Optional: Elisabeth Jacobs, “Everywhere and Nowhere: Politics in *Capital in the Twenty-First Century*,” in Boushey, DeLong & Steinbaum

Thursday, 13 May 2021 · Democratic Responsiveness and Economic Change (1)

Required: Henry Farrell, 2013, “There is no alternative,” *aeon*, 25 April,
<http://aeon.co/magazine/society/henry-farrell-post-democracy>
Crouch, pp. ix–xiv, 1–40, 56–63, 78–90, 118–166.

Tuesday, 18 May 2021 · 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, 20 May 2021 · Economic Change and Populism

Required: Müller, p. 1–60, 75–103.
Gest, Ch. 3, 9.
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>
Sabrina Tavernise (2019), “With his job gone, an autoworker wonders,
‘What am I as a man?’”, *New York Times*, May 27,
<https://tinyurl.com/yyzztel4>
Optional: Crouch, Ch. 5.

Part V: The pandemic recession and beyond

Because these topics are so current, the available readings are especially technical, specific, and provisional. You do not need to finish these “required” readings: read as much as you can on topics that interest you, and skim difficult material for key ideas.

Tuesday, 25 May 2021 · The COVID-19 pandemic: immediate responses & economic effects

Required: Sergio Correia, Stephan Luck, and Emil Verner. 2020. “Pandemics Depress the Economy, Public Health Interventions Do Not: Evidence from the 1918 Flu.”

Christopher Adolph, Kenya Amano, Bree Bang-Jensen, Nancy Fullman, and John Wilkerson. 2021. “Pandemic Politics: Timing State-Level Social Distancing Responses to COVID-19.” *Journal of Health Politics, Policy and Law*.

Raj Chetty et al (2020) “The Economic Impacts of COVID-19: Evidence from a New Public Database Built Using Private Sector Data” NBER Working Paper 27431

Daniel Susskind and David Vines. 2020. “The economics of the COVID-19 pandemic: an assessment.” *Oxford Review of Economic Policy*.

Skim: Alexander Arnon, John Ricco, and Kent Smetters (2020) “Epidemiological and Economic Effects of Lockdown.” *Brookings Papers on Economic Activity*

Thursday, 27 May 2021 · The COVID-19 pandemic: economic relief & political consequences

Required: Sarita Santoshini, Ana Ionova, Sara Miller Llana (2021)

“Global populism: Big promises, poor pandemic results.” *Christian Science Monitor* <https://tinyurl.com/2rw88be6>

Alexander Monge-Naranjo (2021) “Are We Really in This Together? The Divided Nature of the COVID-19 Crisis.” St. Louis Fed *On the Economy Blog*. <https://tinyurl.com/tab6v6jw>

Carmen Reinhart & Vincent Reinhart (2020) “The Pandemic Depression: The Global Economy Will Never Be the Same.” *Foreign Affairs*
Angus Deaton (2021) “COVID-19 and Global Income Inequality,” NBER Working Paper No. 28392.

Christopher Adolph *et al* (2021) “The Pandemic Policy U-Turn: Partisanship, Public Health, and Race in Decisions to Ease COVID-19 Social Distancing Policies in the U.S.” *Draft. Please do not circulate.*

Listen: Stephanie Aaronson and Adrianna Pita (2021) “Why did US jobs growth slow in April?” *The Current: Brookings*. <https://tinyurl.com/36jbed46>

Helpful: “Tracking the COVID-19 Recession’s Effects on Food, Housing, and Employment Hardships” (2021) Center on Budget and Policy Priorities <https://tinyurl.com/3u547fhw>

Tuesday, 1 June 2021 · Politics and economics in the post COVID-19 world

Required: Heather Long (2021) “It’s not a ‘labor shortage.’ It’s a great reassessment of work in America.” *Washington Post*. 7 May.
<https://tinyurl.com/3rkcnwbm>

Chris Bickerton (2021) “Europe failed miserably with vaccines. Of course it did,” *New York Times*, 17 May,
<https://tinyurl.com/56hu6xkw>

Mariana Mazzucato (2020) “Capitalism After the Pandemic: Getting the Recovery Right.” *Foreign Affairs*

Alex W. Chernoff & Casey Warman (2020) “COVID-19 and Implications for Automation,” NBER Working Paper 27249.

Daron Acemoglu (2021) “Remaking the Post-COVID World,” *Finance & Development*

Brea L. Perry, Brian Aronson, and Bernice A. Pescosolido (2021) “Pandemic precarity: COVID-19 is exposing and exacerbating inequalities in the American heartland.” *Proceedings of the National Academy of Sciences*

Optional: Christopher Adolph (2018) “The Missing Politics of Central Banks,” *PS: Political Science & Politics*

Thursday, 3 June 2021 · Searching for solutions to 21st century problems

Required: No readings