Discussion Questions on Varieties of Capitalism:
(to be answered in class; please bring your notes on the reading to class)

(1) Duane Swank’s analysis of the politics of welfare state retrenchment underscores the double bind that many of the social democratic states are in: their populations are ageing while the growth rates of these countries cannot sustain the fiscal costs of social protection. One may claim that this is a triple bind because the macroeconomic consequences occur in the face of increasing capital mobility, leaving these economies vulnerable to fluctuations in investment. Swank’s argument is that national configurations of democratic political institutions determine how social democratic states respond. What is his argument? How does he prove it? Do you find the econometric results supportive of his argument? Be prepared to explain your position.

(2) Based on Swank’s results, develop a single hypothesis involving democratic political institutions as the IV and social welfare spending as the DV. How would you measure (operationalize) the variables? What other variables would you include in the study as controls? Be prepared to justify your choices theoretically as well as methodologically.

(3) Reflect on the United States in light of what you know concerning SMEs vs LMEs. In what major ways is capitalism, as it is practiced in the U.S., inferior to that in the other countries you have studied? In what ways is it superior? (You need to agree on a criteria for determining what “superior” and “inferior” are and how such values would be measured).