

**DEPARTMENT OF POLITICAL SCIENCE  
AND  
INTERNATIONAL RELATIONS**

**POSC 105  
DILEMMAS OF CAPITALISM**

- I. THIS MORNING:
  - A. Course procedures
  - B. Political economy: the relationship between capitalism and government
  - C. Reading:
    - 1. See below
    - 2. Start *There Are No Children Here*
  
- II. COURSE REQUIREMENTS:
  - A. First, read the syllabus carefully. It answers most of your questions.
    - 1. Copy available at [www.udel.edu/htr/American98](http://www.udel.edu/htr/American98)
      - a. Note the capital "A" in the last term.
  - B. This is mainly an "ideas" and "interpretation" course
  - C. Two tests, clipping file, quizzes
  - D. Independent reading
  - E. *New York Times*
    - 1. A subscription should be available in the Newark Newsstand on Main Street.
    - 2. The clipping file: 4 to 8 articles per week on national politics
  - F. You need to use e-mail and an internet "browser" regularly.
    - 1. Essential information only available via internet.
  - G. Reading:
    - 1. The text, Patterson, *We the People*, 2<sup>nd</sup> edition supplies background information.
      - a. You will be told which parts should be perused and which can be skimmed.
  
- III. THE REQUIREMENTS OF CAPITALISM:
  - A. Major proposition: capitalism is not an automatic or self-sustaining system.
    - 1. It depends for its existence and well being on a host of "socially provided" external factors.
  - B. The "circuit of capitalism"
  - C. External factors:
    - 1. Social peace and harmony
    - 2. \*Legitimacy
    - 3. Law
    - 4. Monetary system
    - 5. Social and economic "capital"

## IV. DILEMMAS OF CAPITALISM:

- A. How are these requirements satisfied?
  - 1. \*The fiscal crisis of the state.
- B. Particular capitals versus capitalism
  - 1. Example: foreign trade divides major segments of corporate America.
- C. The problem of “Fordism”: minimizing labor costs, maximizing demands.
  - 1. How does one maintain supply while keeping labor costs down?
- D. Major proposition: many (not all but many) current controversies can be interpreted as manifestations of these dilemmas.
  - 1. That is, many issues involve efforts to solve problems inherent in capitalist political economy.

## V. GOVERNMENT AND CAPITALISM:

- A. \*These considerations suggest that there is a **structural** relationship between capitalist economies and governments.
  - 1. The notion that business prospers best when state governs least is very misleading, if not totally wrong.
    - a. Capitalism in the late 20<sup>th</sup> century implies an activist government.
    - b. “Socialism for corporations; private enterprise for the people!”
    - c. Or, “corporate welfare.”
  - 2. Although social scientists fiercely debate the exact nature of the relationship, there is little doubt that economic and political systems have a symbiotic relationship.
    - a. In fact, the relationship between corporate capitalism and the state is so strong it’s hard to know where one system begins and the other ends.
- B. Manifestations:
  - 1. The social conditions for capitalism: law and order, etc.
  - 2. Economic (macroeconomic) policy
    - a. Fiscal and monetary policy: price, wage, aggregate demand stability
    - b. Trade policy
    - c. Energy policy
  - 3. \*Government regulation is often necessary for stable capitalism
  - 4. Infrastructure:
    - a. Research and development
    - b. Transportation, communications, etc.
  - 5. Provision of human capital: education, training, health care
  - 6. \*Legitimacy:
    - a. Public acceptance and support of existing economic, social, and political order.
      - \* For examples of lack of legitimacy look at turmoil overseas.
    - b. Incidental consequences of social-welfare programs include the defusion of discontent.
- C. The bottom line:

1. The only real questions are how much and how effective government and who controls it.
2. \*Indeed attacks on “big government” can be interpreted as attempts by one group or another to secure its interests rather than a real concern with political power and freedom.

## VI. TAKING STOCK OF GOVERNMENT - DEMOCRACY AND CAPABILITY:

- A. Democracy: We need a definition that can serve as a "yardstick" against which we can "measure" the performance of our system.
- B. A Minimal definition: democracy as rights
  1. **Individual** freedoms
    - a. Negative: mostly “freedoms from” rather than “entitlements.”
  2. Economic (e.g., right to a job)
    - a. \*Positive versus negative freedoms
    - b. Arguments that economic security is a right creates many of the controversies that animate American politics.
    - c. \***Entitlements**
  3. \* Psychological (e.g., freedom from propaganda, access to information)
    - a. \***Enlightened understanding**
      - \* Minimal conditions: full self-awareness; knowledge of government and party positions on issues, programs, etc.; critical instinct
    - b. Again this is a controversial part of the definition and does not appear in many people's conceptions of democracy.

## VII. NEXT TIME:

- A. Democracy and capacity
- B. What is a right?
- C. Reading:
  1. Patterson, *We the People*, Chapter 1.
    - a. What are the “core principles of American government”?
      - \* We’ll discuss this material in detail later on.
    - b. What is “majoritarianism”? “pluralism”?
  2. As noted last time, “An Argument for Government” on the internet reserve room: [www.udel.edu/htr/American98/](http://www.udel.edu/htr/American98/) then Reserve Room then “An Argument for Government”.
  3. Recommended: the article in the “reserve” room dealing with political power.

Go to notes page

Go to American government page