The Economic System and Interest Group Politics

In the second decade of the 21st century the world economy still rumbles with the impact of the 2008 meltdown and its associated problems across the globe. Market system failures and governmental efforts to resolve economic challenges have reverberated across the developed and developing world. In the United States, interests within the system have used the constitutional right to petition their government to express their views about political intervention into the economic allocation of values, either recommending aid from the democratic political process or opposing aid as antithetical to basic capitalistic values inherent in our mixed system of democratic politics and capitalist economics. Within this contemporary context, this course provides an inter-disciplinary approach to the expression of values in the market place and in public policy.

An advantage of the market system is its emphasis on efficiency in the allocation of scarce resources. However, it is the nature of man to value more than efficiency. In some cases, laws, regulations and governmental programs have been created to modify the market system and its impact. These modifications are not without controversy. We will examine these complex interactions to understand the characteristics of the market system and the politics of interest group activities. There are instances—restrictions on child labor, for example—where there is widespread support for political interference with the market system, even though it is commonly understood that costs are increased as a result. Individuals with shared interests form groups to influence public policy, while others organize to block their designs. The resulting system is complex, producing neither pure capitalism nor pure representative democracy. Some have argued that the very existence of interest group factions makes inevitable delay, stalemate, paralysis and corruption. Others see factions as the utmost expression of a free society.

This course will address the contemporary scene in terms of issues of continuity and change within both the market and political systems. It will use a variety of techniques in order to explore value implications of market economics, the interest group system it spawns and the political arena in which they operate. It will look at conflicts inherent between capitalism and democracy, will consider the means and ends of interest articulation in pluralist America through course materials drawn from political and economic theory, case studies and interest group profiles and techniques. Even after the course is underway, readings in this syllabus will be updated as important new material becomes available. Portrayals of complex interactions within the economic and interest group systems will be illustrated by examples from literature, film and the arts to emphasize the value issues inherent in
real-life case studies. This course will use lecture, discussion, case studies, films and required student papers and presentations.

Course context and goals:

This course fits within Georgetown University’s Graduate Liberal Studies Program that has as its unique focus the study of human values using an interdisciplinary perspective. This course will focus on the values expressed in the interactions between the U.S. capitalist economic system and its democratic political system and will address these issues using a broad interdisciplinary approach. Upon completion of this course the student will understand:

The allocation of values through the market system and controversies surrounding the best ways to address market failures.

The interaction of the U.S. capitalistic economic system with the democratic, pluralist political system and issues of efficiency, effectiveness, equity, transparency and accountability of those systems. Some comparisons to other systems will highlight these value clashes.

The multiplication of interest groups and their extensive influence on the output of the economic and political systems, with special consideration of their ability to enhance or retard government’s ability to engage in useful problem solving and contribute to the wellbeing of the nation.

This syllabus will be adjusted to reflect an appropriate workload relative to the actual student course enrollment.

Course requirements:
This course will meet on Mondays from 6:00 to 9:45 pm, and on two extended Saturday sessions. Lunch will be provided on those days. A final seminar session will afford students the opportunity to present their studies and have extended discussion over dinner.

Regular reading assignments for everyone in the course will be required. In addition, students will have the opportunity for individual and/or team written assignments in keeping with the Liberal Studies Program emphasis on developing written and oral presentation skills.

As a foundational course in the MALS program, the course will emphasize sound analysis and argument, clear writing, and sharp oral presentation. Students will have the opportunity to work individually and/or in teams. There are two types of small written assignments and a final paper addressing some of the major arguments arising from the recent worldwide economic crisis. Specifically:
1) Choice assignments: Over the semester, the syllabus offers the student a choice of individual topical assignments for presentation to the class. When the student elects to cover a choice assignment, he/she will read the assigned materials and write an abstract (two pages single spaced) of the argument(s) of the reading(s), provide an oral report to the class and lead a discussion of the reading relative to the topics of the session.

2) Each session requires everyone in the course to read a “case” for discussion in class. One student or a team will take the lead for the in-class discussion of the case. In preparation for that leadership role, the leader will read a few additional sources listed on the agenda and write an analysis of the case and an argument to respond to the question(s) proposed in the agenda for the day (Maximum three pages, single spaced). This argument will be the “take-off” point for the class discussion of the case.

3) Each student will write a final 15 page paper (double spaced) with proper foot/end notes and bibliography, with oral presentation and discussion at a seminar session on the last night of class. This assignment will require the student to analyze and contrast the arguments of the required text by Alan Blinder with that of another major meltdown scholar/participant and develop his/her own argument on several key elements involved. A list of major, recent books by scholar/participants will be provided, allowing each student to choose one which is most relevant to his/her interests. Once a book is chosen from the list by a student, it will be his/hers exclusively, to allow a rich variety of arguments for seminar discussions. This will be further discussed with guidelines/handouts, on the first night of class. Each student will hand in a two page, single spaced “preview” of this paper at the 4th class and the final paper will be the focus of the last class seminar session.

Summary of written products over the semester:
One choice report (maximum two pages single spaced)
One case analysis (maximum three pages single spaced)
One final paper preview (maximum two pages single spaced)
One final paper (maximum 15 pages double spaced)

Grading:
Class work, including two small papers and oral presentations/discussion=50%.
Final paper and oral presentation/discussion =50%.

Required texts are:
Harvard case course packet. The course packet access number for Harvard Business Publishing (HBP) will be provided prior to the first class.
Course procedures:

The class is both practical and theoretical. Reading assignments for the day will be used in class that day and in later sessions. Please bring all texts with you to class.

Attendance and other policies:

Given the intense nature of the summer session and the process for accomplishing the goals of the course through a team effort, it is assumed that all students will be present at all classes. Recognition of a rare absence for religious observations or illness/emergencies will be honored. On-time arrival will be expected and significant lateness, as per Liberal Studies Program policy, will be regarded as a cut. **Should you be late for class or have to miss a class for an emergency, it is your responsibility to make arrangements with other classmates to get the missed announcements and materials.**

Laptop use is permitted in class, but use of the laptop for matters not involved in this course will result in the session being counted as a cut. Cell phones should be turned off during class.

Academic Integrity:

Students are responsible for upholding the Georgetown University Honor System and adhering to the academic standards included in the Honor Code Pledge:

*In the pursuit of the high ideals and rigorous standards of academic life, I commit myself to respect and uphold the Georgetown University Honor System: To be honest in any academic endeavor; and to conduct myself honorably, as a responsible member of the Georgetown community, as we live and work together.*

Please note that we will randomly check papers electronically. If we suspect plagiarism, we will check those papers specifically. Also, please note that the stringing together of direct quotes or highly paraphrased sections of another person's words, does not constitute personal authorship of a graduate-level written product and, even if properly cited and included in a bibliography, it is unacceptable and will negatively impact the grade.

Disability Policy:

If you believe you have a disability, you should contact the Academic Resource Center (arc@georgetown.edu) for further information. The Center is located in the Leavey Center, Suite 335. The Academic Resource Center is the campus office responsible for reviewing documentation provided by students with disabilities and for determining reasonable accommodations in accordance with the Americans with Disabilities Act (ADA) and University policy.
Schedule:

<table>
<thead>
<tr>
<th>Class 1</th>
<th>6:00 to 9:45 pm</th>
<th>May 18 Monday Introduction and Overview</th>
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<tr>
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<td>This session will introduce the course through readings, lecture, film, games and discussion. The basic tension between the values undergirding the capitalist market system and the democratic, pluralist political system will be highlighted. In addition to an overview of the syllabus, guidance on projects and papers will be provided.</td>
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<tr>
<td></td>
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<td>All read, prior to class:</td>
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<tr>
<td></td>
<td></td>
<td>Cigler, Introduction (read prior to class)</td>
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<td></td>
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<td>Blinder, ch. 1 (read prior to class)</td>
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<td>Wheelan, ch. 1 (read prior to class)</td>
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<td>Values and the Market System (Short handout in class)</td>
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| May 25 | OFF Memorial Day holiday |
|        | NEXT CLASS IS SATURDAY, MAY 30 |
Class 2  
MAY 30  
Saturday  

9:00 am to 3:30 pm (Lunch will be provided.)

The Market, Public Goods, Public Policy and the Permanent Campaign

Case studies: Defense as a public good; The economic/politics of oil

All read:
Cigler, ch. 4
Wheelan, ch. 3
Blinder, chs. 2,3,4
Eisenhower’s Farewell Address

Choice:


Case #1:
Question: Was Eisenhower right?
All read:
Harvard case: The Boeing Tanker Lease Deal A and B (HBP)

Case leader only read:
Military-Industrial Complex: James Ledbetter, Unwarranted Influence

Case #2:
Question: Permanent Change or Usual Cycle? Does it Matter?
All read:

Case leader only read:
Harvard: Inkpen and Moffett, “The Global Oil and Gas Industry” TBO 321
This session will consider the continuum from the purely private market to the purely public, direct, multilevel government delivery of services and the intermediate linkages along that continuum, including the New Governance of public/private partnerships. The electoral process, the intergovernmental system, and the politics of housing will be addressed, along with the changing pluralism of the social and political system and the challenges of indirect, third party governance.

All reading:
Wheelan, chs. 4 and 7
Cigler and Loomis, ch. 9
Blinder chs. 5,6

Choice:
Cigler and Loomis, ch. 6 (Learning Civic Leadership)

Cigler, ch. 12 (intergovernmental relations)
AND Kevin Kosar, Quasi-Government, 6/22/11 Congressional Research Service

Case
Question: Collaboration in the public interest or goal conflict dysfunction?
All Read:
Harvard case: Buying Property in a Hot Market: New York City HBP

Case leader only read:
Tom Angotti and Sylvia Morse, “Keeping the Public in Public Housing,” Hunter College Center for Community Planning & Development, January 2014 AND
This session will look at systemic corrections to meet the challenges presented by the transformative events of the 20th century and the linked changes in Europe and the U.S., including criticisms of current realities. It will address the history and current practice of antitrust and regulation/deregulation to insure a competitive market system. The proliferation of interest groups, the revolving door of American politics and charges of corruption will be framed in this broader context.

All Read: Brief handouts: antitrust; regulation
Cigler and Loomis, ch. 16 (Stalemate Meets Uncertainty)
Blinder, chs. 7,8,9 and 16
Wheelan, ch. 8

Choice:
La Pira and Thomas, ‘Revolving Door Lobbyists and Interest Representation,” Interest Groups & Advocacy, Vol 3, #1, pp. 4-8 AND


Case: Question 1: Can 20th century antitrust or regulatory tools meet the challenges of 21st century technology/innovation? (Europe/US)
Question 2: Can the door of public service revolve ethically, i.e., can we attract quality skills to public service without the reality or the appearance of corruption? What is corruption? Remedies?

All Read:

Case leader only read:
“The net neutrality debate and underlying dynamics: Research Perspectives (internet, most recent update)

Possible topics to be considered after February FCC ruling:
FCC reclassify Internet Service Providers to Title II?
FCC regulate within current authorities after 2014 court decision?
House/Senate bills re FCC authorities on net neutrality?
U.S. FTC and European efforts to control anti-competition?
This session will address big social insurance programs, especially the Affordable Care Act, Social Security and Medicare, including attention to their contribution to the deficit and expanding debt of the US. Proposals for entitlement reform will be considered.

All Reading:
Wheelan, ch. 2

Each student will choose to read ONE of the following:
- Cigler and Loomis, Ch. 5 (AMA in Health Care Reform)
  - Ch. 10 (Issue advertising and Legislative Advocacy in Health Politics)
  - Ch. 15 (The Allure of Reform: The Increasing Demand for Health Care Lobbying...)
- Blinder, chs. 10, 11, 12

Choice:

Case: Question: Is ACA redistributive? If so, how? If not, why not?
All read:
- Henry Aaron and Gary Burtless, “Potential Effects of the Affordable Care Act on Income Inequality, Brookings, 2014

Case leader only read:
- Stan Dorn, Bowen Garrett and John Holahan, “Redistribution Under the ACA is Modest in Scope,” Urban Institute, 2014
This session will serve as a link to the final seminar session on July 28th by providing a conceptual, methodological, and practical overview of the meltdown of 2008 and the Dodd-Frank legislation that followed, giving focused attention to the Consumer Financial Protection Bureau. It will address the debt challenge and some of the proposed remedies. This session will also consider theories of executive leadership and examples of presidential expansion of power in the recent decades.

All reading:
Wheelan, ch. 10
Blinder, chs. 13, 14, and Afterward (brief ch. 18 in paperback)
F. M. Scherer, “A Perplexed Economist Confronts ‘Too Big To Fail,’”

Choice:
Jeffrey Crouch, Mark Rozell, Mitchel Sollenberger, “President Obama’s Signing Statements and the Expansion of Executive Power,
Presidential Studies Quarterly, Vol. 43, no. 4, December, 2013, pp. 883-897

Charles Wheelan, Naked Statistics, ch. 6 and Nate Silver, The Signal and the Noise: why so many predictions fail—but others don’t, ch. 1

Case: Question 1) Can we achieve a dynamic balance between Wall Street/Main Street?
Question 2) Can we produce the public interest in the face of “silos” of agencies and executive-legislative stalemate?

All read:

Case Leader only read:
Note on Lobbying and the Dodd-Frank Financial Reforms, HBP 9/311-094
This session will set the issues of the American economy within a
global context, with special emphasis on trade issues. It will address
the reality that the conceptual division between domestic and foreign
policy was never a true reflection of reality and today is totally
misleading.

All Reading:
Wheelan, ch. 12
Cigler and Loomis, chs. 13 and 14
Blinder, chs. 15, 17

Choice:
M. Angelles Villarreal and Ian F, Fergusson, “NAFTA at Twenty:
Overview and Trade Effects,” The Congressional Research Service,
April 28, 2014

Dean Baker, Issues in Trade and Protectionism, Center for Economic
and Policy Research

Case: Question: Pursuit of the national interest through foreign
policy and trade: Free trade or protectionism?
All read:
Harvard case: Standing Up For Steel, pp. 1-7 and 21-31, HBP

Case leader only read:
Bruce Blonign, et. al., “Are All Trade Protection Policies Created
2 and 5 (total three pages)

Christina Davis, et. al., “Cooperation in Hard Times: Self-Restraint of
Trade Protection,” Journal of Conflict Resolution, 2015 (forthcoming),
p. 1-5; 11-18 and 41-43.
Class 8  
June 28  
Sunday

4:00 pm to 9:45 pm (Dinner will be provided.)
Seminar: Student reports and discussion

This session will be conducted in small group seminar style, addressing the cross-cutting issues involved in and flowing from the meltdown of 2008 and various analyzes of its cause, consequences and possible long-term cures. Final papers, including proper footnotes and bibliography, will be the focus of the session and will be handed in at the end of the evening seminar.