

**THE POLITICAL ECONOMY OF STATE FINANCE
PPAS 4115 6.0A**

**York University
Faculty of Liberal Arts and Professional Studies
Fall/Winter 2020 - 2021**

**Course Directors: Prof. Kirk Atkinson
Wednesdays: 7:00 pm to 10:00 pm. Online Course
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Course Description and Objectives

This course examines the political economy of state finance in a Canadian and comparative context. In the first term students will be introduced to the major ideas and shifting political-economic forces that have helped shape state finance in Canada and elsewhere. We will look at how particular approaches to state finance, and the state itself, are embedded within historically specific social and political contexts. We will look at the historical forces that led to changes in approach that were part of the introduction of Keynesian ideas following the Great Depression of the 1930's and World War II after 1945, as well as more recent shifts that have occurred with globalization and the adoption of neo-liberal ideas by Canadian and other western governments in the 1990's. These shifts have shaped priorities in state finance, specific spending, taxation and other policies of governments, as well as how state financial issues are related to democracy and citizens. One of the key issues in the ensuing debate over the financial management of state finances has been the extent to which nation states can still pursue an independent macroeconomic policy in a globalized economic and political environment.

The second term will focus more specifically on recent changes in policy and current issues with respect to state finance in Canada. What has happened to Canadian state financial arrangements with the introduction of neo-liberal measures and policies? Have new directions been established in the post-deficit era? To what extent has this involved shifting responsibilities and changing funding arrangements between the federal, provincial and municipal governments? In the final section of the course we will focus on an analysis of the Trudeau budget 2018 (The specific year budget to be determined). Students will prepare

papers and make presentations on specific topics/policy areas as outlined in the syllabus.

The course is an online seminar course. All aspect of the seminar will be conducted on Zoom. Students are expected to attend the seminar lectures, discussions and group presentation and participate and contribute to production of knowledge. You are expected to attend your peers group presentation and contribute to the roundtable Q and A discussion.

Everyone should make sure that they you have a functional mike and all the necessary technical requirements necessary to participate in the Zoom seminar session.

If you miss doing your group presentation on time, there will be no make-up for that and so grade of zero will be allocated. Date.

Technical requirements for taking the course: Students are expected to participate through video conferencing and seminar discussions. In addition to stable, highspeed Internet connection, students will need a computer with webcam and microphone, and/or a smart device with these features. Please see below – Online, Zoom, Moodle. [See also Moodle Zoom@YorkU Best Practices Zoom@YorkU User]

Core Learning Objectives/Outcomes:

- Students will learn how to analytically analyze and evaluate public policy
- Students will acquire solid knowledge about the historical factors that have shaped the fiscal history of Canada
- Students will learn to distinguish between Keynesian public policy and neoliberal public policy and how these two economic paradigms shape Canadian fiscal policy
- Students will acquire the analytical skill to debate intelligently various tax policies presented to voters by political parties and government as solution to economic growth and social problems
- Students will come out of the course with improved analytical skills: how to present complex public policy ideas in seminar settings; how to recognize and apply different theoretical frameworks to public policy problems; and how to read public policy documents such as the federal budget

Required Texts:

T. Lewis, *In the Long Run We're All Dead: The Canadian Turn to Fiscal Restraint*, (UBC Press, 2003) (York book store)

Course Kit (Please note: all readings other than those from the Lewis book are from the course Kit). Course Kit available in the York Book store. Due to COVID-19 you purchase the text and course kit online from the bookstore

Course Requirements

Assignments:

Five forum critical discussion and answer exercise based on weekly readings (this will be done as a group exercise)	20%
Midterm Exam	20%
Formal Group Presentation	20%
Analytical Research Essay	40%

In terms of the research paper student can elect to do the paper as a group paper.

*The midterm exam will be written as an individual exam. Once the exam is posted the exam must be uploaded to Moodle in 4 days.

I will be creating groups arbitrary on Moodle and so students will automatically be assigned to a group in the first day of class.

Note: The instructor reserves the right to make changes to this course outline after consultation with the full class.*

*** Essay topics for the major essay will be posted on Moodle website*

Pay Special attention to the Academic Integrity Rules and Norms:

All students are expected to familiarize themselves with and adhere to the Senate Policy on Academic Honesty – see at: <http://secretariat-policies.info.yorku.ca/policies/academic-honesty-senate-policy-on/>

Additional resources - academic integrity tutorials, writing guide, etc. at:

<http://www.library.yorku.ca/web/research-learn/academic-integrity/>

Presentations format TBA in class

Analytical Essay

The essay should be 8-10 pages in length, typed, double-spaced. Full details of the assignment will be posted on Moodle.

All grades on assignments will be *letter grades* that correspond to the following (standard York) ranges: A+= 90-100, A= 80-90, B+= 75-79, B= 70-74, C+= 65-69, C= 60-64, D+= 55-59, D= 50-54, E= 40-49, F= 0-39. The rationale for letter grades will be explained in the first class.

There will be a *LATE PENALTY of 2% per day* for overdue assignments.

Students who encounter extenuating circumstances during the term which may interfere with the successful completion of exams or other course assignments should discuss the matter with their tutorial leader or course instructor as soon as possible. The deferral of an assignment for medical reasons **MUST** be supported by a completed “Attending Physician’s Statement”, using the form at: http://www.registrar.yorku.ca/pdf/petitions/attending_physician_statement.pdf

Students with physical, psychiatric or learning disabilities may request reasonable accommodations in teaching style or evaluation methods, as outlined in Appendix A the *York University Senate Policy on Students with Special Needs* (see also the Disability Services and Resources web page at <http://www.studentaffairs.yorku.ca/able/> for more information and links to these and related services). Students with special needs should advise the Instructor at the earliest opportunity, so that appropriate arrangements may be made with the assistance of the Office for Persons with Disabilities, the Counseling Development Centre or the Learning Disabilities Program.

Useful Websites:

When studying public policy/politics you should follow the media closely. All of Canada’s leading newspapers are available free on the Internet. For starters, check out <http://www.globeandmail.com> (The Globe and Mail); <http://www.thestar.com> (The Toronto Star); and <http://www.canada.com> (The National Post). Another online magazine offering critical commentary on Ontario (and Canadian) politics is Straight Goods (<http://www.straightgoods.com>).

The electronic media, TVOntario in particular pays close attention to both provincial (Ontario) politics and international issues. The national t.v. networks include the CBC (Newsworld), CTV, Global and the CPAC.

The federal government's website is at <http://www.gc.ca>. The Ontario provincial government's website is at <http://www.gov.on.ca>. Policy think tanks also maintain websites, among them the CCPA (Canadian Centre for Policy Alternatives), the C.D. Howe Institute, the Fraser Institute, Canadian Institute for Public Policy, IPAC, and others.

Content: Readings Schedule:

SEMINAR SCHEDULE

Fall Term

Sept. 09 **Course Introduction and Requirements**

Sept. 16 **The State and Finance in Canada:**

Readings: M. Howlett, A. Netherton, M. Ramesh, *“The Macro-Political Economy: Monetary and Fiscal Management”*, *The Political Economy of Canada: An Introduction*, (Toronto: Oxford, 1999)

Lewis, Timothy, *In the Long Run we all Dead*, UBC Press, Vancouver, 2003. Chapter 2. *“Deficit Finance in Historical Perspective”*. pp. 22-27

Sept. 23 **The Great Depression: Paradigm Shift in Economics and State Finance**

Readings: R. M. Campbell, *“Precarious Circumstances: The Depression and World War II and The Keynesian Synthesis in Canada”*, in *Grand Illusion: The Politics of the Keynesian Experience in Canada, 1945-1975”*.

N. Bradford, *“The Policy Influence of Economic Ideas”*, *Studies in Political Economy*, 59, summer, 1999, pp. 17-34,

Sep. 30

Keynesianism and Social Citizenship: The Expansion of the Modern Fiscal State

- Readings:** Lewis, Timothy, *In the Long Run we all Dead*, UBC Press, Vancouver, 2003. Chapter 2. “*Deficit Finance in Historical Perspective*”. From, pp. 27-44
- A. Finkle, *Paradise Postponed, 1939-1950: The Second World War and its Aftermath, Social Policy and Practice in Canada: A History* (Waterloo: Wilfred Laurier University Press, 2006)
- A. Porter, *Gender and the Construction of the Postwar Welfare State, Gendered States* (Toronto: University of Toronto Press, 2003)

Oct. 07

Keynesianism Under Attack: The Monetarist Challenge

- Readings:** M. Beard and G. Dostaler, *The Liberal Resurgence*, Ch. 7, M. Beard and G. Dostaler, *Economic Thought Since Keynes* (New York: Edwin Elgar, 1995)
- M. and R. Friedman, *Cradle to Grave, Free to Choose*.
- J. Cronin and T. Radtke, *The old and new politics of taxation: Thatcher and Reagan in Historical Perspective*, in R. Miliband, L. Panitch, J. Saville, eds. *Socialist Register*, 1987.

Oct. 14

The Shift to Neo-Liberalism and Fiscal Restraint in Canada

- Readings:** Lewis, Timothy, *In the Long Run we all Dead*, UBC Press, Vancouver, 2003. Ch.’s 3, 4, and Ch. 5, From, pp. 90-96.
- J. Stanford, *The Economics of Debt and the Remaking of Canada, Studies in Political Economy*, v. 48, autumn, 1995
- B.M. Evans, S. McBride, J. Shields, *Globalization and the Challenge to Canadian Democracy, Restructuring and Resistance: Canadian Public Policy in the Age of Global Capitalism* (Halifax: Fernwood, 1999).

Oct. 21 **The Changing Structures of Global Finance**

Readings: E. Helleiner, Explaining the Globalization of Financial Markets: Bringing States Back In

Lewis, Timothy, In the Long Run we all Dead, UBC Press , Vancouver, 2003. Ch. 5, From pp. 96-112.

T. Porter and W. Coleman. 2003. Playin' Along: Canada and Global Finance. In W. Clement and L. Vosko, eds. *Changing Canada: Political Economy as Transformation*. Montreal and Kingston: McGill-Queens University Press

A. Glyn, Austerity, Privatization and Deregulation: finance and Ownership in Capitalism Unleashed: Finance, Globalization and Welfare (Oxford UP, 2006)

Oct. 28 **Globalization and the Neoliberal State**

Readings: D. Harvey, The Neoliberal state, in *A Brief History of Neoliberalism* (New York: Oxford University Press, 2005)

Lewis, Timothy, In the Long Run we all Dead, UBC Press , Vancouver, 2003. Ch. 6

E. Atvater, What happens when public goods are privatized, *Studies in Political Economy*, v. 74, 2004

Nov. 04 **Neoliberal Tax Reform I**

Readings: P. Genschel, Globalization, Tax Competition and the Welfare State, *Politics and Society*, v. 30, n. 2, 2002

S. Steinmo, The End of Redistribution? International Pressures and Domestic Tax Policy Choice, *Challenge*, Dec. 1994, pp. 9-17

A. Jackson, The Tax System, *Falling Behind*, Ch. 7, (CCPA, 2000)

Nov. 11 **Neoliberal Tax Reform II: Social Policy**

Readings: R. Shillington, The Tax System and Social Policy Reform, Pulkingham and Ternowestsky, *Remaking Canadian Social Policy*, eds. J. Pulkingham, G. Ternowestsky, (Halifax: Fernwood, 1996)

L. Phillips, Tax Law and Social Reproduction: The Gender of Fiscal Policy in an Age of Privatization, in . Fudge and B. Cossman, eds. *Privatization, Law and the Challenge to Feminism*, (University of Toronto Press, 2002)

Nov. 18 **Restructuring Social Spending**

Readings: J. Myles and Pierson, “Friedman’s Revenge: The Reform of Liberal Welfare states in Canada and the U.S”., *Politics and Society*, v. 25n. 4, 1997

R. Jackson and R. Mahon, “NAFTA, the Redesign and rescaling of Canada’s Welfare State”, *Studies in Political Economy*, v. 76, autumn, 2005

A. Porter, Consolidating Neoliberal Reforms: Globalization, Multi-Earner Families and the Erosion of State Support for the Unemployed, *Gendered States*, (University of Toronto Press, 2003)

Nov. 25 **The Fiscal Dividend?**

Readings: J. Stanford, Over the Rainbow: The Balanced Budget, How We Got It, and How to Hang Onto It, *Alternative Budget Papers* (Ottawa: CCPA, 1998)

G. Hale, Managing the Fiscal Dividend: The Politics of Selective Activism, *How Ottawa Spends 2000-2001* (Toronto: Oxford University Press, 2000)

Dec. 02 Midterm Exam 20%

Jan. 06 **Neoliberalism and Pension Reform: The Drive to Privatize Insecurity**

Readings: Daniel Beland, “The Politics of Social Learning: Finance, Institutions, and Pension Reform in the United States and Canada, : Governance, (2006), 19(4)

Kristina Babich and Daniel Beland, “Policy Change and the Politics of Ideas: The Emergence of the Canada/Quebec Pension Plans”, Canadian Review of Sociology (2009), 46(3)

Jan. 13 **Labour Market Restructuring and Contingency Work**

Readings: Fudge, Fudge and Vasko, Leah F. “*Gender Paradoxes and the Rise of Contingent Work: Towards a Transformative Political Economy of the Labour Market*”, in Wallace, Clement and Leah F. Vosko (ed), *Chaning Canada: Political Economy of Transformation*. McGill-Queen University Press 2003

Paul Fenton, Irene Ip and Geoff Wright, “Employment Effects of Restructuring in the Public Sector in North America.” Bank of Canada Working Paper 2001

*One additional article will be assigned to this section.

Jan. 20 **The political Economy of Childcare Policy in Canada**

Readings: Jenson, Jane, Rianne, Mahon, and Phillips, Susan D. “*No Minor Matter: The Political Economy of Childcare in Canada*”, in Wallace, Clement and Leah F. Vosko (ed), *Chaning Canada: Political Economy of Transformation*. McGill-Queen University Press 2003

Cheryl Collier and Rianne Mahon, “One Step Forward, Two Steps Back: Child Care Policy from Martin to Harper”, in Allan M. Maslove (ed.): *How Ottawa Spends 2008-2009*, McGill-Queens 2008.

A. Dobrowolsky, “Shifting Representations of Citizenships: Canadian Politics of Woman and Children.” *Social Policy* (2004) 11(2)

Jan. 27 **Readings: Post-Secondary Education and the Social Economy**

E. Jackson, *How Ottawa Doesn't Spend: The Rapid Appearance and Disappearance – and Possible Reappearance – of the Social Economy Initiative*

C. Morgan, *Federal Higher Education Policies and the Vanishing Public University – both readings from A. Maslowe, ed. *How Ottawa Spends, 2008-09*, (McGill-Queens University Press, 2008)*

Feb. 03 **Bond Markets and Fiscal Discipline**

Readings: T. Lewis, Ch. 8

T. Sinclair. 2003. Global Monitor: Bond Rating Agencies. *New Political Economy* 8, no. 3: pp. 147-61.

L. Mosley. 2005. Globalization and the State: Still Room to Move? *New Political Economy* 10, no. 3: pp. 355-62.

I. Hardie. 2011. How Much Can Governments Borrow? Financialization and Emerging Markets Government Borrowing Capacity. *Review of International Political Economy* 18, no. 2: pp. 197-227.

Feb. 10 **The Current Global and Financial Crisis Impact on Fiscal Finance and Fiscal Policy**

Readings: Armine Yalnizyan, “Exposed: Revealing Truths About Canada’s Recession”. Canadian Centre For Policy Alternatives (2009)

Bruce Campbell, “The Global Economic Crisis and its Canadian Dimension” The Canadian Centre For Policy Alternative, (2009)

Feb. 24 **The Crisis and the New Politics of Austerity**

Readings: T. Lewis, Ch. 9
Understanding the Second Great Contraction: An Interview With Kenneth Rogoff

R. Wade. 2008. The First-World Debt Crisis of 2007–2010. *Challenge* 51, no. 4

R. Wade 2009. The Global Slump: Deeper Causes and Harder Lessons. *Challenge* 52, no.

Mar. 03 **Analysis of the 2019 Federal Budget how to describe this Budget. Budget Theme: Investment in the Middle Class**

Chapter 1: Investing in the Middle Class

Mar. 10 **Is the Federal Budget 2019 adequate to building a better Canada?**

Chapter 2: Building a better Canada

Mar. 17 **Federal Budget 2019 Commitment to Equity and Social Justice**

Chapter: 3 Advancing Reconciliation

Is the budget pronouncement on reconciliation adequate to the policy needs of the aboriginal community?

Mar. 24 **Federal Budget 2019 Delivering Real Change**

Chapter: 4 - Part 1, 2, 3 4 and 5

SWOT analysis of these sections

Mar. 31 **Federal Budget 2019 Delivering Real Change**

Chapter: 4 - Part 6 and 7 including the gender equality statement

SWOT analysis of these sections

Apr. 07 **Monetary, Fiscal Policy and Public Policy in the Age of COVID-19.**

What fundamental lessons have we learned so far from the COVID-19 Crisis in terms of neoliberal policy status quo and the state's capacity to maintain legitimacy and shore-up the accumulation process.

Readings to be assigned.