

Clicker quiz: Do you support Farm subsidies and the Food Stamp Program?

- A. I support Food Stamps and Farm subsidies: The Government provide social safety nets and help farmers compete in global trade
- B. I support Farm subsidies, but not food stamps: Subsidies support our farmers in international trade
- C. I support food stamps but not farm subsidies: Govt. should redistribute income from the richest to the poorest, but govt. should not inhibit free trade
- D. I do not support either one: The government should refrain from supporting anyone. The free market is the most just and fair way to distribute resources

Review: Two kinds of Liberalism

- Economic Liberalism: (classical liberalism)
property rights,
individual rights=
individual freedom
 - International expression
 - Free trade
 - Domestic expression
 - Small states
- Political Liberalism: social rights in addition to the other two
 - Distributive justice (Rawls)
 - International expression
 - embedded liberalism
 - Hegemonic stability
 - Domestic expression
 - Keynesian macroeconomics
 - Welfare states –degrees of de-commodification
 - Liberal
 - Social democratic
 - conservative

Review: Why was the US now willing to play the role of liberal hegemon in the international economy?



- It possessed the capabilities but why was it now willing?

Marxist explanations

- Overproduction and capitalist class control of the economy
- Need for U.S. export markets to relieve overproduction
- Bankers pushed U.S. leadership of the world economy

"After the war, our economic policy will be aimed at full employment and full utilization of a greatly enlarged industrial plant. These objectives, however, cannot be realized unless we find new outlets for products of farm and factory--outlets that will be steady and profitable after war demands have dropped off."

-- U.S. Treasury

Department report to President Roosevelt in 1944:

Economic Nationalist explanations

- Wealth is a source of POWER
- Hegemony is a source of wealth
 - Control over raw materials
 - Control over sources of capital
 - Control over markets
 - Competitive advantage in the production of highly valued goods: control over high technology

Liberal explanations: Free Trade leads to Peace and American Prosperity

- "peace is only possible if countries work together and prosper together. That is why the economic aspects are no less important than the political aspects of the peace."

The Post-War Welfare State

What should the purpose be?
Freedom, Equality, or Community?

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The case of U.S. Farm subsidies and food stamps?

If the purpose is fairness, when should the government step in?

- From the Freedom Perspective (The Economic Liberal)
- Fairness is.....
 - Non-coerced exchange (reciprocity) “The one who does not work shall not eat”
- From the Equality/Community Perspective (The Political Liberal)
- Fairness is.....
 - Redistribution “Food is a human/citizenship right”



De-commodification of labor and the welfare state

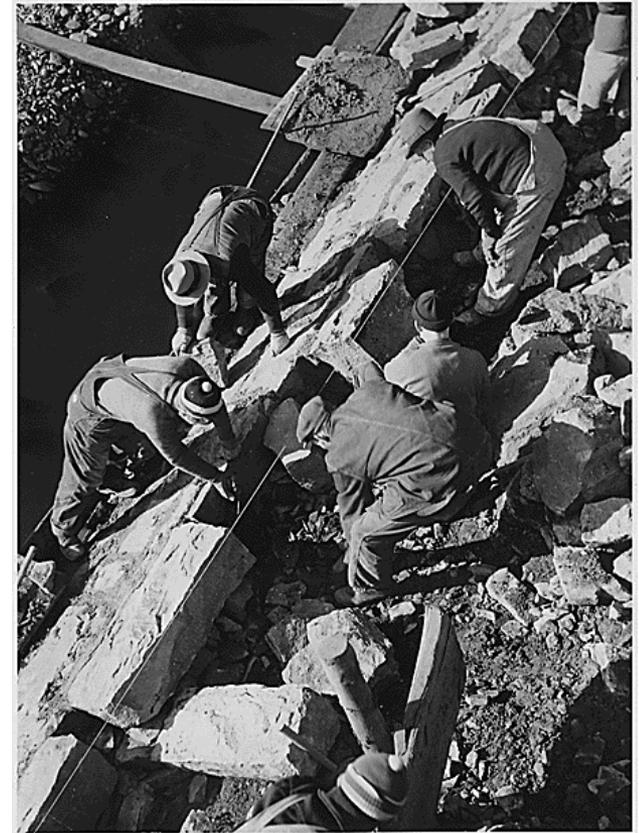
- Human labor can't be separated from who we are as human beings
- Commodification of labor means that we make people more like things and less like human beings
- Marx, Polanyi assert that labor is part of who we are and we are not objects to be bought and sold. Our existence should not be dependent on our labor in the market.
- Human beings have rights that must not be dependent on market forces
- De-commodification protects those rights from the market
- Welfare states ensure decommodification
- All industrialized countries wanted happy workers and formed or built up welfare states.

United States— decommodification and the Four Freedom



The New Deal in the United States: Domestic Embedded Liberalism

- De-commodification in action
 - Social Security
 - Minimum Wage
 - WPA
 - built up the Bay area



WPA employed Artists!—artists often depicted decommmodification



WPA Art at UC Berkeley



Three Worlds of Welfare

- What is a welfare state?
- What do they do to political economy?
- Class divisions and parliamentary democracy (remember Guerovitch?—relationship between markets and democracy?)
- What determines the kind of welfare state you get?
 - Nature of Class Mobilization
 - Class and Political coalition structures
 - Regime-institutional structures
- Three kinds of coalitions and three kinds of welfare

The Liberal World of Welfare

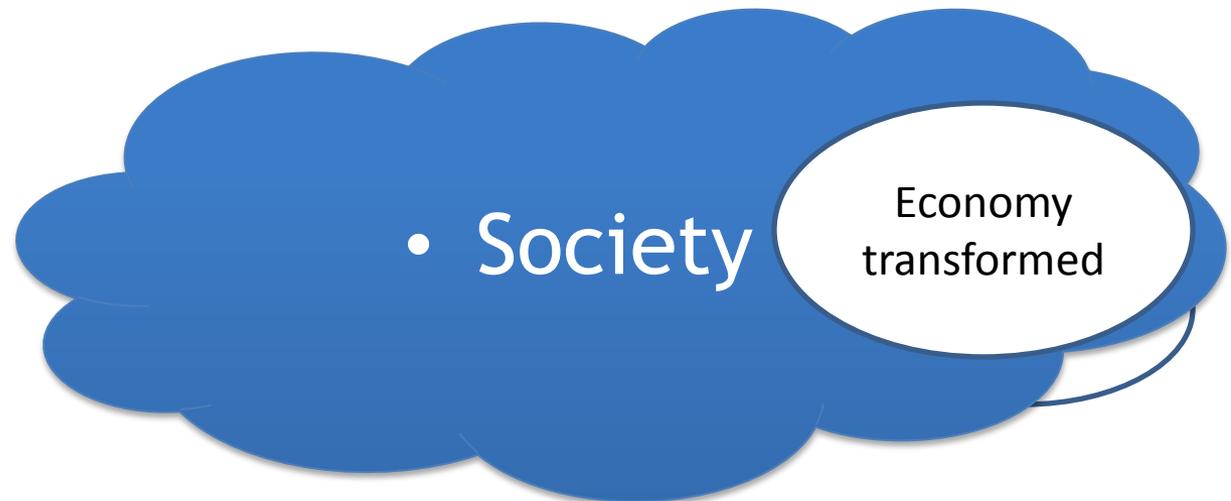
Workers/ small farmers at first blocked by the South = low levels of decommodification

- **Low benefits:** Relatively meager unemployment and retirement benefits
- **Unequal benefits:** Poor rely on (low) public benefits, middle-class rely on (higher) private benefits
- **Private sector priority:** Pension, health care supplied by employer, requires participation in the market



The Social Democratic World of Welfare

- **High benefits:** Generous unemployment insurance, retirement pensions
- **Equal benefits:** Both lower and middle classes rely on the same social policies
- **Public sector administration:** Many benefits (child care, health care) are administered by the state



The Consequences of the Social Democratic Welfare State

- **A source of solidarity:** Workers (and the middle class) rely on the same welfare state
- **Labor power resources:** The welfare state creates jobs (health care, child care) and a solid voting bloc
- **Contesting corporate control?:** Pension funds as significant actors in Scandinavian financial markets



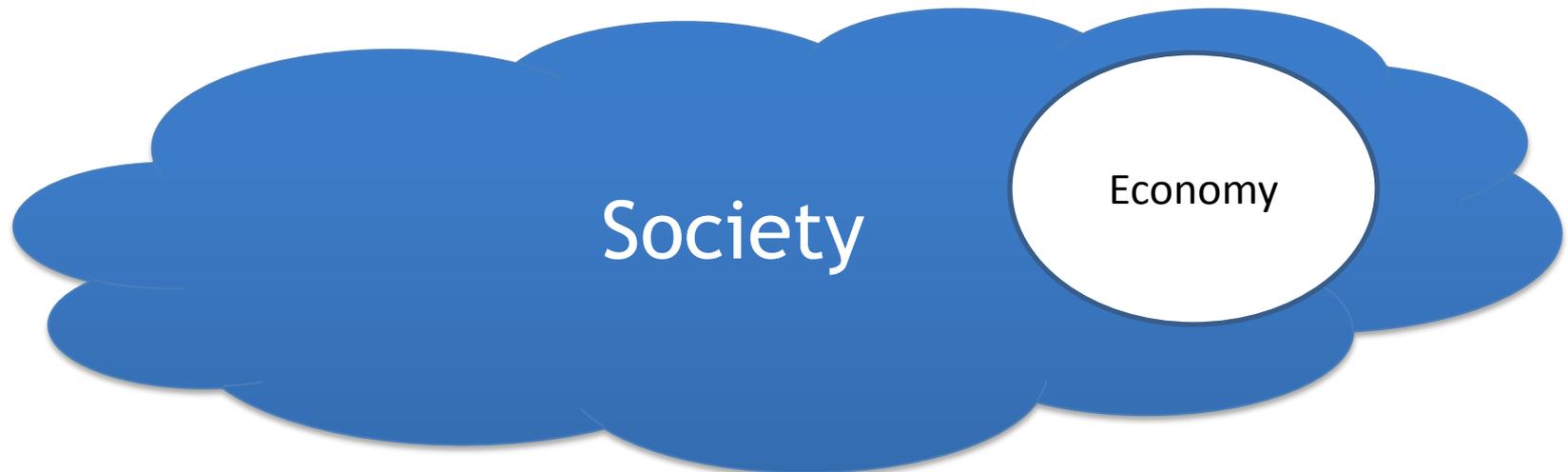
• Solidarity

The Dark Side of the Socialist Welfare State



The Conservative (Communitarian) World of Welfare

- **High benefits:** Generous unemployment insurance, retirement pensions
- **Unequal benefits:** Unequally distributed depending on occupation and contributions
- **Corporatist administration:** Delegated to new or traditional social organizations (trade unions, industry associations)



The Consequences of the Conservative (Communitarian) Welfare State

- **Reinforces traditional gender roles:** Emphasis on contribution history punishes labor market exit
- **Reinforces occupational distinctions:** More generous benefits for some occupations, civil servants

Consequences of the Conservative Welfare State

- Reinforces Traditional Gender Roles
 - Preserves a traditional image of the family
 - Generous benefits for the man of the family
 - Keeps women out of the labor force (penalizes those who are out of the market)
 - Joint taxation, no child care support, limited shopping hours, long lunch hours so men can go home
- Makes social distinctions
 - Civil servants have the highest benefits

What determines what kind of welfare state you get

- Nature of Class Mobilization
- Class and Political coalition structures
- Regime-institutional structures

Has globalization changed this?

- What is the role of comparative advantage?
- Aging populations?
- Need for competitive investment

The End