

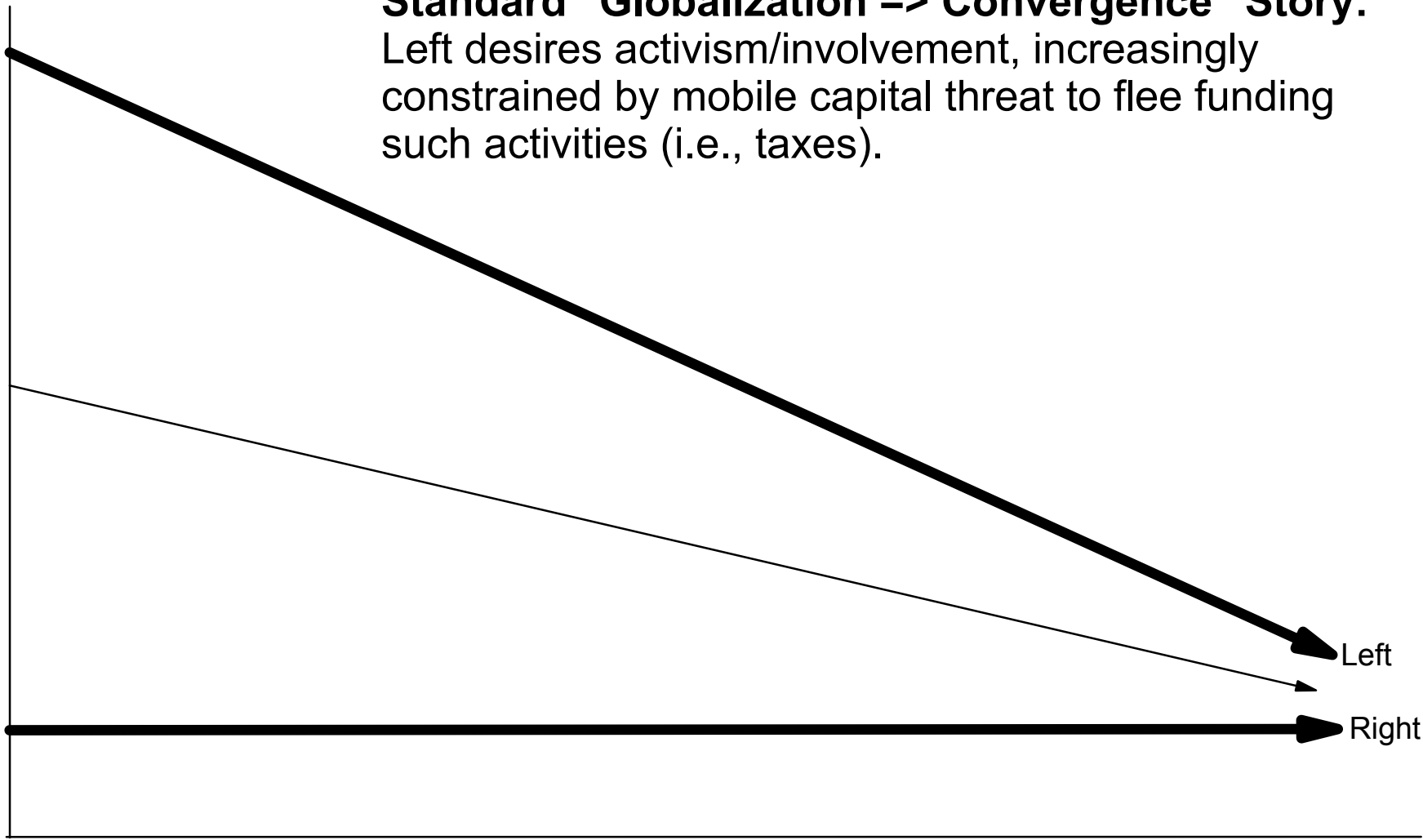
PS343: Political Economy of Developed Democracies

Alternative Expectations Regarding Globalization & Convergence, Electoral Competition & Downsian Convergence, or Privileged Position of Capital and Convergence (Elaborated from Clark, *Capitalism, Not Globalism*)

Degree of Policy Activism /
Govt Involvement in Economy

High

Low



Low

Capital Mobility

High

Standard "Globalization => Convergence" Story:
Left desires activism/involvement, increasingly constrained by mobile capital threat to flee funding such activities (i.e., taxes).

Left

Right

Degree of Policy Activism /
Govt Involvement in Economy

High

Low

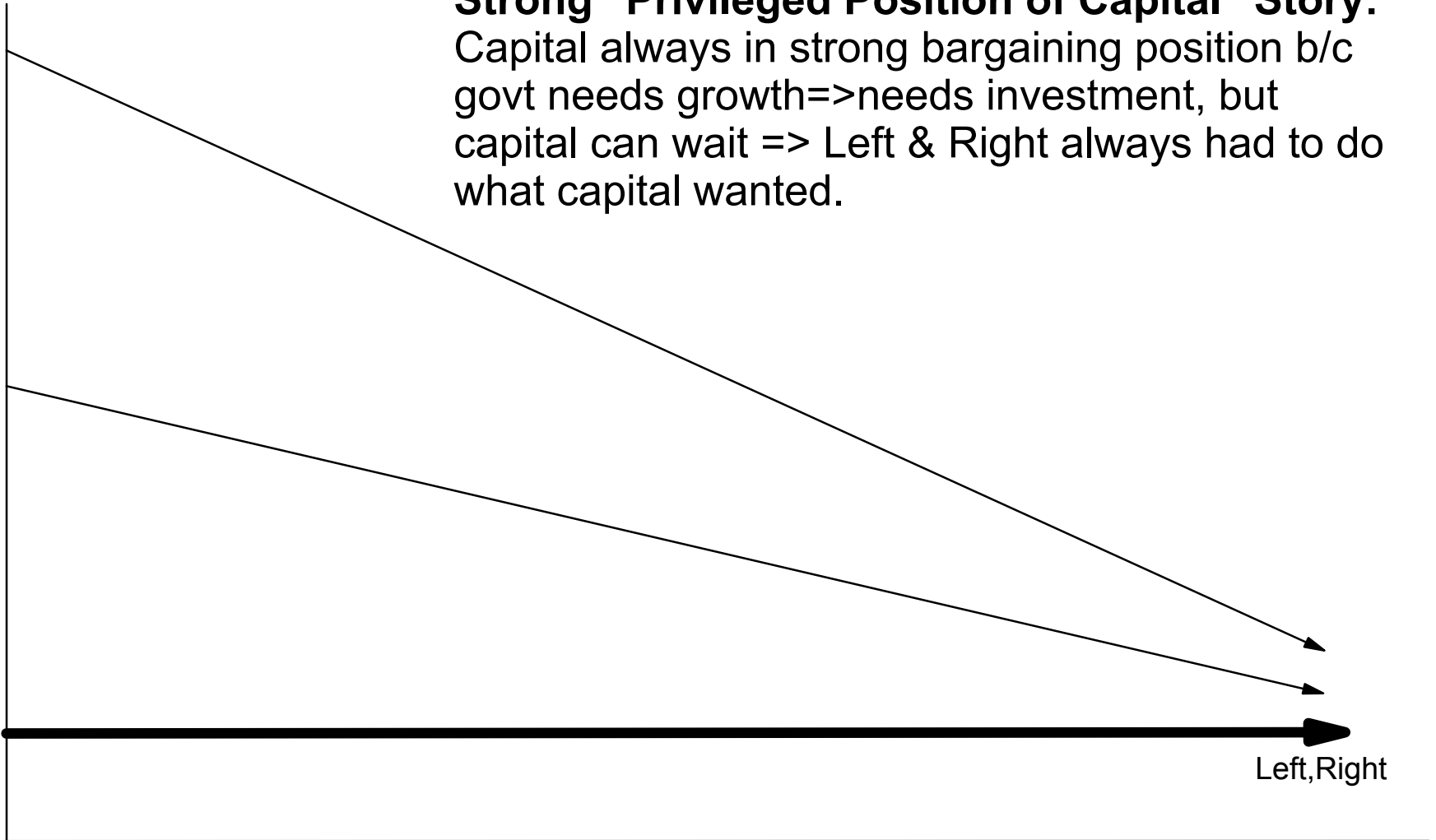
Strong "Privileged Position of Capital" Story:
Capital always in strong bargaining position b/c
govt needs growth=>needs investment, but
capital can wait => Left & Right always had to do
what capital wanted.

Left, Right

Low

Capital Mobility

High



Downsian Convergence Story: Electoral competition (b/w 2 parties, on 1 dimension, w/ no uncertainty & full credibility) => convergence on median-voter's preferred policy. Median-voter's preferred policy may drift toward that of capital as capital becomes more mobile, but both parties will track median all along.

Degree of Policy Activism /
Govt Involvement in Economy

