This course examines the political economy of the state and its finances and expenditures in a Canadian and comparative context. It looks at these developments historically from the late 19th century to the present, before focusing especially on the current period of neoliberal economic policies and the new age of austerity.

In the first term, students will be introduced to the theory of state economic policy, the history of public spending 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 1930s and World War II after 1945, as well as more recent shifts that have occurred with globalization and the adoption of neoliberal ideas by Canadian and other Western governments in the 1990s. 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 economic 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, with a particular focus on Canada. What has happened to Canadian state financial arrangements with the introduction of neoliberal measures and policies? Have new directions in the economic policy and expenditures in the state been established? To what extent have these 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 most recent period of austerity since the financial crisis of 2008, and subsequent Canadian government budgets. A discussion of alternative budgeting and alternative economic policies will also be taken-up.
Course Objectives:

The course aims to strengthen students’ knowledge and competence in the political economy of the state and public expenditures. This is important as the most important single economic institution we face as citizens, workers and public employees. One purpose is to build a theoretical foundation in a practice of political economy that does not treat economic questions apart from political ones, and that develops analytical competency in understanding different ways public expenditures are constructed and spent. In reading key texts and various interpretative essays of public policy, as well as writing critical essays on them, it is hoped that students learn to utilize the basic analytical concepts of political economy to assess public finances. Students of political science, and indeed economics, often feel limited in forming their own assessments about important economic issues of the day, and developing them in political debate or in research, because they feel they lack adequate knowledge to address complex issues. This course addresses this issue directly by supporting students in the development of their thinking and writing skills in the field of political economy. Finally, the basic skills of writing a research report will be built into the assignment for the course.

Required Texts:

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


Course Requirements:

First Term Exam (Preparation questions will be provided.) 20%

Final Exam (Preparation questions will be provided.) 25%

Fall Seminar Presentations and Participation (and class attendance) 10%

Winter Seminar Presentations and Participation (and class attendance) 10%

Essay Assignment (Due: Last class of first term and April 27) 35%

Graduate students may substitute the exams for essays of 8000 words.

Seminar Presentations:

Students will each choose a seminar topic (two students per topic). A 300 word summary and print-out of the presentation will be handed to the instructor on the day of presentation.
Essay Assignment:

The essay should be 8-10000 words in length for undergraduates and 10-12000 for graduates. An assignment sheet will be provided. A specific area of government policy (at any level of government) should be selected. Part 1 of the essay assignment is due at the last class of the first term and involves providing 750-1000 words summaries of (1) theory and argument about a specific policy area, (2) history of the policy, (3) the way neoliberalism changed the policy area (and expenditures if appropriate), and (4) identifying some of the research and public interest groups. This will be worth 10% of the grade. Part 2 of the assignment will be rewriting the first 4 parts, and adding to them (5) the impact of austerity on the policy area, (6) a specific piece of data relevant to the area and (7) developing an alternative budget and policy for the sector.

Accommodation for Disability:

Students with disabilities who require adaptations or services should discuss their needs with the instructor. Accommodation for disability will be arranged in conjunction with the Office for Persons with Disability.

Plagiarism:

Plagiarism is generally considered to be the most serious academic misconduct that a student can commit. Instances of plagiarism, whether intentional or unintentional, will have serious academic consequences. In order to avoid plagiarism, students are advised to familiarize themselves with York University’s definition of academic dishonesty.

SEMINAR SCHEDULE

Week 1  Introduction


Part I  Theoretical Foundations

Week 2  The Capitalist State and Market


Week 3  The State and Economic Policy


Week 4  The Budgetary Organization of the State


Week 5  Bond Markets and Fiscal Discipline


Part II The Making of Modern Public Finance in Capitalist Societies and Canada

Week 6  The Origins of Modern Public Finance

Lewis, In the Long Run We’re All Dead , Ch. 2

Week 7 The Postwar Order and Keynesianism


Lewis, *In the Long Run We’re All Dead*, Ch. 3.


Week 8 The Monetarist Challenge and the Emergence of Neoliberalism

Lewis, *In the Long Run We’re All Dead*, Chs. 4-5.


Week 9 The Neoliberal State

Lewis, *In the Long Run We’re All Dead*, Chs. 6-7.


Week 10 Fiscal Dividend or Debt State?

Lewis, *In the Long Run We’re All Dead*, Ch. 8.

Streeck, *Buying Time*, Ch. 2.

Part III State Expenditures and Public Policy in the Neoliberal Period

Week 11 Taxes and Fiscal Constraints


A. Jackson, “The Tax System,” in Falling Behind: The State of Working Canada (Ottawa: Canadian Centre for Policy Alternatives, 2000), Ch. 7.

Week 12 Market Led Trade and Industrial Policies


Week 13 From Welfare State to Workfare and Marketization


Week 14 Refinancing Universities: Student-Consumers Pay


**Week 15 Remaking State Pensions as Global Investment Funds**


**Week 16 The New Security-Military Complex**


**Part IV The New Age of Austerity**

**Week 17 The Economic Crisis of 2008 and the New Period**


Bruce Campbell, *The Global Economic Crisis and Its Canadian Dimension* (Ottawa: Canadian Centre For Policy Alternatives 2009).
Week 18 Trajectories of Austerity and Public Finance

Streeck, *Buying Time*, Ch. 3.


Week 19 Neoliberal Authoritarianism


Week 20 Analysis of the Most Recent (2014 or 2015) Federal Budget

Federal Budget Papers to be assigned.

Week 21 Analysis of the Most Recent (2014 or 2015) Provincial Budget

Provincial Budget Papers to be assigned.

Week 22 Analysis of the Most Recent 2014) Toronto Budget

City of Toronto Budget Papers to be assigned.

Part V Alternatives to Austerity

Week 23 Participatory Budgets and Anti-Neoliberal Fiscal Policies


**Week 24 Alternative Economic Strategies**


Streeck, *Buying Time*, Ch. 4