

Assignment I  
Due Monday, January 20  
Submitted Through the Blackboard "Homework Drop Box"

**Rules of the Game**



1. Do not use outside sources. The purpose of this assignment is to extract the ideas and arguments from the assigned authors
2. Signal to me that you have read the assigned work by **citing the pages from which you drew your information.** Simply use this notation: (Milanovic, p. x)
3. Try to stay within the recommended word limit, but err on the side of writing more rather than less. REMEMBER: the only way that I can discern whether you have understood the material is from what I read of your writing.
4. Assignments lose 10 points for every 24 hour period that they are late. After 5 days, the assignment will be marked as zero.

Instructions: Answer every question using the recommended word limit. Limit your total words to 1500 words (= 6 pages, double spaced)

1. Define capitalism in general. In other words, what makes classical capitalism, social democratic capitalism, liberal meritocratic capitalism, and political capitalism **all capitalist** systems? What are the features that all of these variants of capitalism have in common? (150 words)
2. What are the salient differences among the 4 types of capitalism that Milanovic discusses? Compare and contrast each, being very careful to explain your criteria for differentiating among them. (For example, if you choose "rising share of capital income in net product" or "intergenerational transmission of wealth," be very careful to explain *in your own words* what they mean). (250 words)
3. Why does Milanovic focus his attention so much on the rising share of capital in GDP?
  - a. What does the term mean?
  - b. Why is it considered key to understanding how and why capitalism has evolved from 20<sup>th</sup> century social democratic capitalism to 21<sup>st</sup> century meritocratic?
  - c. How is a rising share of capital and increased concentration of capital ownership tied to the rise of income inequality? Explain the cause and effect. (150 words)
4. In Section 2.3a, Milanovic asks why 20<sup>th</sup> century policy tools can't be used to address 21<sup>st</sup> century income inequality.
  - a. What were the 20<sup>th</sup> century policies that he cites?
  - b. Why, in the face of globalization and the rising share of capital in GDP, is the 20<sup>th</sup> century welfare state difficult to maintain?
  - c. What does "deconcentration of capital ownership" mean? Why is this considered to be key in addressing perniciously increasing income inequality? What would be some of the policies that would need to be enacted? (200 words)
5. Americans want to believe in the American Dream, even though the educational achievement gap has been growing steadily since the 1970s. Americans want to believe that all citizens can

access homeownership and that successful people are successful because they are deserving or God-chosen, not because they inherited huge amounts of money, wealth that was often built from exploitation and oppression. The ideology of the American dream gives Americans a solid framework on which to hang flimsy lies. (250-300 words)

- a. What evidence does Milanovic present to support this view?
  - b. What is the American Dream?
  - c. Define the following terms and explain how Milanovic uses them to challenge the notion that the US is a meritocratic society
    - i. Homogamy
    - ii. Homoploutia
    - iii. Intergenerational mobility
  - d. How is it that the upper class perpetuates itself? Discuss the role of political campaign contributions, higher education costs, etc.
  - e. What case does Milanovic make that a ruling class exists in the United States?
6. What is Milanovic's primary argument about the impact of globalization on the welfare state? Be sure to define welfare state and its beneficiaries. Explain how income polarization can undermine the support needed to maintain the welfare state. (200 words)