

The Political Economy of Southern European Capitalism

Module: SM Seminar Politikwissenschaft II (Bachelor)

9 ECTS

Course Number: 14335.0404

Monday 14-15.30

103 Seminar Room S94

Module Convenors: Dr. Fabio Bulfone and Mr. Donato Di Carlo (Max Planck Institute for the Study of Societies)

General Information

Aim of the seminar

The aim of the module is to provide a thorough introduction to the political economy of Southern European countries (Greece, Italy, Portugal and Spain). The module has three main objectives: 1) familiarize the students with the field of comparative political economy (CPE), 2) identify what specific features characterize the Southern European model of capitalism focusing in particular on the labor market, corporate governance and the welfare state 3) assess the impact of the Eurozone crisis on the institutional features of Southern European economies.

Conceptual questions that the students will discuss include: What is comparative political economy? What distinguishes it from economics and sociology? How can different models of capitalism be classified? Does it make sense to talk about a Southern European model of capitalism? What are its main features? What are the origins of the Eurozone crisis? Why was the impact of the crisis so dramatic in Southern Europe? Did the crisis have the same impact on all the economies of Southern Europe? By reviewing CPE classics and more recent contributions students will ask themselves puzzling question that might stir in them the desire to deepen their knowledge of CPE.

Course Requirements: All students will be asked to read up to two articles/book chapters per session and send short written responses to 2-3 questions about the readings. Students are expected to send written responses to the questions by Friday 5pm. All readings, questions and additional materials will be made available through [Google Classroom](#). The course concept relies on active and regular participation and in-class discussions. Therefore, we expect students to complete all the mandatory readings prior to every session and to come to class prepared and ready to contribute.

At the end of the seminar, students will hand a written term paper (in English language). The final grade is based on the term paper. Term paper requirements: 3.500 words, $\pm 10\%$ (Word count without title page, content page, and references!)

Please submit an electronic version of your paper (PDF) no later than Thursday, August 15, 2019, 11:59p.m.(CET) (deadline) to both our email addresses (bulfone@mpifg.de, ddc@mpifg.de). This version will be checked for plagiarism. Late submissions will not be accepted resulting in a fail unless prior arrangement for exceptional cases has been made. You will also have to hand in a printed version of the signed non-plagiarism statement („Hiermit versichere ich, dass ich die vorliegende Arbeit selbstständig und ohne die Benutzung anderer als der angegebenen Hilfsmittel angefertigt habe. Alle Stellen, die wörtlich oder sinngemäß aus veröffentlichten und nicht veröffentlichten Schriften entnommen wurden, sind als solche kenntlich gemacht.“) at the CCCP secretariat (IBW-Building, room1.09, please be aware of the opening hours!) or send it via mail to: Cyril Gläser, Universität zu Köln, Cologne Center for Comparative Politics, Postfach 411020, 50870 Köln. Please note that this declaration must be given in German although the rest of the paper is in English.

Students are highly recommended to consult with us on their plans for the term paper (please arrange an appointment via email).

Information on how to write a term paper can be retrieved from the guidelines (see http://www.cccp.uni-koeln.de/sites/cccp/Lehre/Information_on_how_to_write_a_term_paper_or_thesis.pdf).

General assessment criteria for term papers are laid out under this link: http://www.cccp.uni-koeln.de/sites/cccp/Lehre/Assessment_criteria_for_research_papers_and_final_thesis.pdf

The general course language will be English. Perfection is not required – you should merely be ready to understand and make yourself understood, thus be able to participate actively.

Provisional Schedule¹

Block 1: Introduction to Comparative Political Economy

01.04.2019: Introduction: What is Comparative Political Economy?

Compulsory Readings

Hall, P. (1997) “The Role of Interests, Institutions and Ideas in the Political Economy of Industrialized Nations”. In Lichbach and Zuckerman (ed.), *Comparative Politics: Rationality, Culture and Structure*.

Suggested reading

Caporaso, J. A., & Levine, D. P. (1992). *Theories of political economy*. Cambridge University Press. CH 1: “Politics and economics”.

08.04.2019: Varieties of Capitalism

We will analyze the highly influential, and equally controversial, Varieties of Capitalism (VoC) framework by David Soskice and Peter Hall. We will focus in particular on the dichotomy between Liberal Market Economies (LMEs e.g. the United States and the United Kingdom) and Coordinated Market Economies (CMEs e.g. Germany), and on the different institutional spheres constituting an ideal-typical model of capitalism.

Compulsory Reading

Hall, P. and Soskice, D. (2001) ‘An introduction to Varieties of Capitalism’. In Hall, P. and Soskice, D. (eds.) *Varieties of Capitalism: The institutional foundations of comparative advantage*, Oxford, Oxford University Press.

Suggested reading

Streeck, W. (2010). *E Pluribus Unum? Varieties and Commonalities of Capitalism* (MPIfG Discussion Paper No. No. 10/12).

15.04.2019: State-led capitalism: A third model?

In this section we will get familiar with a third model of capitalism along with CMEs and LMEs: State-led market economies. This new category is particularly useful to describe “hybrid” models sharing features of both LMEs and CMEs like France and the Southern European countries. We will engage as well with a critical view on the Varieties of Capitalism Literature.

¹ Sessions and readings are provisional and might be subject to change.

Compulsory Reading

Schmidt, V. (2002) 'The Futures of European Capitalism', Oxford, New York, Oxford University Press, Chapter 3.

Crouch, C. (2005) 'Models of capitalism', *New Political Economy*, 10:4, 439-456.

29.04.2019: Mixed-market Economies: Yet another model?

We will analyze the category of Mixed-Market economies, developed to describe the specificities of Southern European capitalism.

Compulsory Readings

Molina, O. and Rhodes, M. (2007) 'The Political Economy of Adjustment in Mixed-Market Economies: A Study of Spain and Italy'. In Hancké, B. Rhodes, M. and Thatcher, M. (eds.) *Beyond Varieties of Capitalism: Conflict, Contradiction, and Complementarities in the European Economy*, Oxford, Oxford University Press.

Della Sala, V. (2004). The Italian model of capitalism: on the road between globalization and Europeanization?. *Journal of European Public Policy*, 11(6), 1041-1057.

Block II

The institutional features of Southern European Capitalism

In the second block of seminars we will highlight the main distinctive features of the Southern European model of capitalism. This will be done by looking at three of the core institutional domains identified by the VoC literature: labor market (and industrial relations), corporate governance and the welfare state. A fourth session will be devoted to the analysis of clientelism as a peculiar feature of Southern Europe.

06.05.2019 Labour Market

Compulsory Readings

TBD

13.05.2019 Corporate Governance and privatizations

Compulsory Readings

Deeg, R. and Perez, S. (2000) 'International Capital Mobility and Domestic Institutions: Corporate Finance and Governance in Four European Countries', *Governance*, 13:2, 119-153.

Bulfone, F. (2017) 'Insider Job: corporate reforms and power relations in France, Italy and Spain', *Socio-Economic Review*, 15:2, 435-459.

20.05.2019 Welfare State

Compulsory Readings

Ferrera, M. (1996) 'The Southern Model of Welfare in social Europe', *Journal of European Social Policy*, 6:1, 17-37.

27.05.2019 Clientelism

Hopkin, J. and Mastropaolo, A. (2001) 'From Patronage to Clientelism: Comparing the Italian and Spanish experiences'.

Pappas, T. (2013) 'Why Greece Failed', *Journal of Democracy*, 24:2, 31-45.

Bloc III

The European Monetary Union (EMU): Features, Crisis and Impact on Southern Europe

03.06.2019 The Political Economy of the EMU

This section familiarizes students with the architecture of the European Monetary Union, its history, origins and political economy implications.

Compulsory Readings

TBD

17.06.2019 The bumpy road to Maastricht: Southern Europe's accession to the EMU

Compulsory Readings

Radaelli, C.M. (2002). 'The Italian State and the Euro', in K. Dyson (ed.), *The European State and the Euro*. Oxford: Oxford University Press, 212–37.

Hancke, B. and Rhodes, M. (2005) 'EMU and Labor Market Institutions in Europe: The Rise and Fall of National Social Pacts', *Work and Occupations*.

24.06. 2019 Explaining the Eurozone crisis: A political economy approach

We will analyze the Euro's first decade focusing in particular on the growing imbalances between the Northern core (Germany, Austria, Benelux and Finland) and the periphery (Southern Europe and Ireland).

Mandatory Readings

Scharpf, F. W. (2011). Monetary union, fiscal crisis and the pre-emption of democracy. *Zeitschrift für Staats-und Europawissenschaften (ZSE)/Journal for Comparative Government and European Policy*, 163-198.

Hall, Peter A. "Varieties of capitalism in light of the euro crisis." *Journal of European Public Policy* 25.1 (2018): 7-30.

Suggested Readings

Nolke, A. (2016) 'Economic causes of the Eurozone crisis: the analytical contribution of Comparative Capitalism', *Socio-Economic Review*, 14:1, 141-161.

01.07.2019 A bitter pill to swallow: Austerity in the European South

How was austerity implemented in the different Southern European countries? Did Southern European governments retain some room of maneuver in implementing austerity measures, or were they reduced to the status of 'democracies without choice'?

Mandatory Readings²

Armingeon, K. and Baccaro, L. (2012) 'Political economy of the Sovereign Debt Crisis: The Limits of Internal Devaluation', *Industrial Law Journal*, 41:3, 254-275.

Additional Readings

Mair, P. (2011) "Bini Smaghi vs. the parties: representative government and institutional constraints."

Streeck, W. (2014). The politics of public debt: Neoliberalism, capitalist development and the restructuring of the state. *German Economic Review*, 15(1), 143-165.

Sacchi, S. (2015). Conditionality by other means: EU involvement in Italy's structural reforms in the sovereign debt crisis. *Comparative European Politics*, 13(1), 77-92.

Scharpf, F. W. (2016). Forced structural convergence in the eurozone: Or a differentiated European monetary community (No. 16/15). MPIfG Discussion Paper.

08.07.2019 The long-term impact of the crisis on Southern Europe: Does it still make sense to talk about a Southern model?

Despite the strong exogenous pressure to implement measures leading to internal devaluation there is growing heterogeneity among Southern European countries. Given this observation, does it still make sense to talk about a Southern European model of capitalism?

Mandatory Readings

Moury, C. and Standing, A. (2017) "'Going beyond the Troika': Power and discourse in Portuguese austerity politics', *European Journal of Political Research*, 56, 660-679.

Picot, G., & Tassinari, A. (2017). All of one kind? Labour market reforms under austerity in Italy and Spain. *Socio-Economic Review*, 15(2), 461-482.

Additional Readings

² For this session students will have to read the mandatory reading plus one of the additional readings that they will then present in class.

Afonso, A., Zartaloudis, S., & Papadopoulos, Y. (2015). How party linkages shape austerity politics: clientelism and fiscal adjustment in Greece and Portugal during the eurozone crisis. *Journal of European Public Policy*, 22(3), 315-334.