

Date last changed: 2016-08-25

**Department of Political Science
UNIVERSITY OF TORONTO**

**Political Economy of Germany and the EU
POL 372H 1 F
Fall 2016**

Instructor: Harald Bathelt
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Office Hours: Tuesday, 2:30-3:30 PM and 6:30-7:30 PM
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Lecture Hours: Tuesday, 12:00-2:00 PM
Lecture Room: UC 179 (University College)

Course Description:

The goal of this course is to explore the structure of the German political economy in the context of EU integration and economic globalisation, including an understanding of the economic and political system and its regional manifestations. Drawing upon the varieties-of-capitalism approach, the main themes in the course revolve around the institutional conditions for growth. In a comparative perspective, the course explores topics, such as the role of collective agents, corporate governance and finance, collective bargaining, social security systems, and population structure and immigration. In order to understand the heterogeneous challenges to the “German model”, we explore the conditions under which regional economies and regional networks develop. This includes an analysis of the reunification process and the economic and political situation in the new Länder. Further, the question is raised as to how the “German model” can adapt to the challenges of globalisation.

Course Structure:

Although the course will be based on a lecture format, it will provide opportunities for students to participate in class discussions. Course evaluation will be based on a final exam and a research component, consisting of an annotated research proposal (2 pages double-spaced plus annotated bibliography) and a research paper (10-12 pages double-spaced). In addition, a 2% attendance bonus will be granted to those students attending at least 10 classes.

For the research assignment, students are expected to choose a topic from the context of the course, comparing the political economy of Germany with that of another European country or Canada. For instance, students could compare changes in the financial system or in corporate governance after the global financial crisis between Germany and the UK, the impact of

globalization processes on the German and Canadian labour markets, or the adaptations in the German and Scandinavian welfare states under economic pressure.

The *paper proposal* should provide an introduction to the topic, put forward the main question or problem to be addressed, provide a structure of the argument advanced, and indicate the conceptual basis used to structure the research. An annotated bibliography should be attached to the 2-page proposal that gives an overview of the sources to be used. It is expected that the *research paper* will later be developed from this proposal and the comments received on it. To conserve paper, please print all assignments double-sided.

Assignments are expected to be handed in on the due date. Students should bring them to class (or, if not possible, to the Political Science Main Office, Room 3018). The due dates for the assignments are noted below. For lateness, a penalty of 3% per day will be deducted from the mark for the first 7 days. After this 7-day period, papers will receive a grade of 0%. (Special arrangements can only be made based on proper and timely documentation, such as a doctor's note.) Students are strongly advised to keep all rough and draft work as well as hard copies of their research papers and assignments until the marked assignments have been returned and the grades posted on ROSI.

Blackboard:

The course uses the management system Blackboard which helps to establish efficient communication between instructor, teaching assistant and students. One of its advantages is that students can access their marks at any time on an individual basis. Questions related to the course should normally be directed to the teaching assistant first. An answer will usually be provided within 2-3 days, except for the weekend. In urgent cases, students should discuss issues with the teaching assistant or instructor in person or by telephone.

To access the Blackboard-based course website, go to the UofT portal login page at <http://portal.utoronto.ca> and log in using your UTORid and password. If you need information on how to activate your UTORid and set your password for the first time, please go to <http://www.utorid.utoronto.ca>. The Help Desk at the Information Commons and telephone assistance under 416-978-HELP can also answer other related questions.

Once you have logged into the portal using your UTORid and password, look for the “My Courses” module, where you will find the link to this course website along with links to all your other Blackboard-based courses. At times, the instructor or teaching assistant may decide to send out important course information by e-mail. To that end, all UofT students are required to have a valid UofT e-mail address. You are responsible for ensuring that your UofT e-mail address is set up AND properly entered in the ROSI system.

Academic integrity

Academic integrity is fundamental to learning and scholarship at the University of Toronto. Participating honestly, respectfully, responsibly, and fairly in this academic community

ensures that the UofT degree that you earn will be valued as a true indication of your individual academic achievement, and will continue to receive the respect and recognition it deserves. For further details and information on academic integrity, see <http://www.artsci.utoronto.ca/osai/students>.

Turnitin.com:

The course also uses Turnitin.com, a web-based program to deter plagiarism and ensure academic integrity. Normally, students will be required to submit their research papers (NOT the paper proposals) to Turnitin.com for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the Turnitin.com reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University's use of the Turnitin.com service are described on the Turnitin.com website. The submitted hardcopy of the research paper and electronic version must be identical.

If, as a student, you object to using Turnitin.com, please see the course instructor to establish appropriate alternative arrangements for submission of your written assignments. This must be done at least 4 weeks before the submission deadline.

Plagiarism is a serious academic offence and will be dealt with accordingly. For further clarification and information on plagiarism, please see the Blackboard-based course website and the University of Toronto's policy on Plagiarism at <http://www.writing.utoronto.ca/advice/using-sources>.

The submission of the final research papers to Turnitin.com is done through the Blackboard-based website, without the need to register separately with Turnitin.com. Students have to select "Course Materials" from the Blackboard course menu and click the "Research Paper" link to upload and submit their research papers. Help regarding this process is available through portal.help@utoronto.ca (see also the information on the Blackboard-based course website).

Accessibility Needs:

The University of Toronto is committed to accessibility. If you require accommodations for a disability, or have any accessibility concerns about the course, the classroom or course materials, please contact Accessibility Services as soon as possible at accessibility.services@utoronto.ca or <http://www.accessibility.utoronto.ca/>.

Further details regarding the course and suggestions from students will be discussed in class.

Required Readings:

Course readings will be accessible online through the Blackboard-based course website (information will be provided in the first week of classes).

Course Evaluation:

The course evaluation will be based on the following aspects:

20%	paper proposal (2 pages plus annotated bibliography) (due class 6: October 18)
40%	research paper (10-12 pages) (due class 11: November 29)
40%	final exam
BONUS:	2% if students attend at least 10 classes

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TOPICS: Fall Term 2016

A. Background and conceptual basis for understanding the German political economy

1. Introduction: Regional political and economic structure of Germany
2. Backwardness and the rise of the semi-sovereign state
3. The West German model of welfare capitalism
4. Fordism, Post-Fordism and varieties of capitalism

B. Collective agents and basic institutional structure of the German political economy

5. German corporatism: Collective bargaining and co-determination
6. Financial system and corporate governance
7. Social security system: Unemployment insurance, health care, and pension funds

C. Regional expressions of and challenges to the German political economy

8. Networking and lock-in: Company networks and structural change in the German Ruhr
9. “Späth capitalism” and economic revival in Baden-Württemberg
10. Germany reunited: Transformation of the East German economy

D. Boundaries of and adjustments to the German political economy

11. Shifts in population structure and immigration
12. Challenges of globalization, global change and crises

Readings by Topic: Fall Term 2016

Readings marked by an asterisk (*) are core readings on each topic which all students are required to read.

1. Introduction: Regional political and economic structure of Germany

- *BBR – Bundesamt für Bauwesen und Städtebau (Federal Office for Building and Regional Planning) (2005): Raumordnungsbericht 2005 (Regional Planning Report 2005). BBR: Bonn. URL: http://www.bbsr.bund.de/BBSR/DE/Raumbeobachtung/raumbeobachtungde_node.html (in German).
- *Dustmann, C., Fitzenberger, B., Schönberg, U. and Spitz-Oener, A. (2014): From sick man of Europe to economic superstar: Germany's resurgent economy. The Journal of Economic Perspectives 28: 167-188.
- *Olive, D. (2012): Why economically troubled nations should emulate Germany. Toronto Star, April 19.
- *Website: Facts About Germany. URL: <http://www.tatsachen-ueber-deutschland.de/en>.

2. Backwardness and the rise of the semi-sovereign state

- *Gerschenkron, A. (1962): Economic backwardness in historical perspective. In: Gerschenkron, A. (Ed.): Economic Backwardness in Historical Perspective. Cambridge, MA: Harvard University Press, pp. 5-30.
- *Green, S. and Paterson, W. E. (2005): Introduction: Semisovereignty challenged. In: Green, S. and Paterson, W. E. (Eds.): Governance in Contemporary Germany: The Semisovereign State Revisited. Cambridge: Cambridge University Press, pp. 1-20.
- Hough, D. (2009): Smaller parties and the 'normalisation' of the German party system. In: Miskimmon, A., Paterson, W. E. and Sloam, J. (Eds.): Germany's Gathering Crisis: The 2005 Federal Election and the Grand Coalition. Houndsmill, Basingstoke, New York: Palgrave Macmillan, pp. 140-157.
- Katzenstein, P. J. (1987): Policy and Politics in West Germany: The Growth of a Semisovereign State. Philadelphia: Temple University Press, Ch. 1.
- Markovits, A. (1982): Introduction: Model Germany – A cursory overview of a complex construct. In: Markovits, A. (Ed.): The Political Economy of West Germany: Modell Deutschland. New York: Praeger, pp. 1-11.

3. The West German model of welfare capitalism

*Esping-Andersen, G. (1990): The Three Worlds of Welfare Capitalism. Cambridge, MA: Polity Press, pp. 9-34.

*Hassel, A. (2010): Twenty years after German unification: The restructuring the German welfare and employment regime. In: Anderson, J. J. and Langenbacher, E. (Eds.): From the Bonn to the Berlin Republic : Germany at the Twentieth Anniversary of Unification. New York: Berghahn Books. Chapter 18.

Berndt, C. (2000): The rescaling of labour regulation in Germany: From national and regional corporatism to intrafirm welfare? Environment and Planning A 32: 1569-1592.

Esping-Andersen, G. (1996): Welfare states without work – The impasse of labour shedding and familiarism in continental European social policy. In: Esping-Andersen (Ed.): Welfare States in Transition: National Adaptations in Global Economies. London: Sage, pp. 66-87.

Kitschelt, H. and Streeck, W. (2003): From stability to stagnation: Germany at the beginning of the twenty-first century. In: West European Politics 26 IV (Oct.), pp. 1-34.

Pierson, P. (2000): Three worlds of welfare state research. Comparative Political Studies 33 (6-7): 791-821.

Streeck, W. (2009): Re-Forming Capitalism: Institutional Change in the German Political Economy. Oxford, New York: Oxford University Press (Chapter 4: Social policy: The rise and fall of welfare corporatism).

4. Fordism, Post-Fordism and varieties of capitalism

*Jessop, B. (1992): Fordism and post-Fordism: A critical reformulation. In: Storper, M. and Scott, A. J. (Eds.): Pathways to Industrialization and Regional Development. London, New York: Routledge, pp. 46-69.

*Hall, P. A. and Soskice, D. (2001): An introduction to varieties of capitalism. In: Hall, P. A. and Soskice, D. (Eds.): Varieties of Capitalism: The Institutional Foundations of Comparative Advantage. Oxford, New York: Oxford University Press, pp. 1-68.

Bathelt, H. and Gertler, M. S. (2005): The German variety of capitalism: Forces and dynamics of evolutionary change. Economic Geography 81: 1-9.

Haddow, R. (2008): How can comparative political economy explain variable change? Lessons for, and from, Canada. In: White, L. A., Simeon, R., Vipond, R. and Wallner, J. (Eds.): The Comparative Turn in Canadian Political Science. Vancouver: UBC

Press, pp. 221-237.

Kitschelt, H., Lange, P., Marks, G. and Stephens, J. D. (1999): Convergence and divergence in advanced capitalist democracies. In: Kitschelt, H., Lange, P., Marks, G. and Stephens, J. D. (Eds.): Continuity and Change in Contemporary Capitalism. Cambridge: Cambridge University Press, pp. 427-460.

5. German corporatism: Collective bargaining and co-determination

*Hassel, A. (1999): The erosion of the German system of industrial relations. British Journal of Industrial Relations 37: 483-505. URL: <http://simplelink.library.utoronto.ca/url.cfm/14721>

*Streeck, W. (2005): Industrial relations: From state weakness as strength to state weakness as weakness. Welfare corporatism and the private use of the public interest. In: Green, S. and Paterson, W. E. (Eds.): Governance in Contemporary Germany: The Semisovereign State Revisited. Cambridge: Cambridge University Press, pp. 138-164.

*Streeck, W. (2009): Re-Forming Capitalism: Institutional Change in the German Political Economy. Oxford, New York: Oxford University Press (Chapter 2: Industry-wide collective bargaining: Shrinking core, expanding fringes).

Streeck, W. (2009): Re-Forming Capitalism: Institutional Change in the German Political Economy. Oxford, New York: Oxford University Press (Chapter 3: Intermediary organization: Declining membership, rising tensions).

Streeck, W. and Hassel, A. (2003): The crumbling pillars of social partnership In: West European Politics 26 IV (Oct.), pp. 101-124.

Thelen, K. and Kume, I. (2003): The future of nationally embedded capitalism: Industrial relations in Germany and Japan. In: Yamamura, K. and Streeck, W. (Eds.): The End of Diversity? Prospects for German and Japanese Capitalism. Ithaca: Cornell University Press, pp. 183-211.

6. Financial system and corporate governance

*Kogut, B. and Walker, G. (2001): The small world of Germany and the durability of national networks. American Sociological Review 66: 317-335. URL: <http://simplelink.library.utoronto.ca/url.cfm/2726>.

*Streeck, W. (2009): Re-Forming Capitalism: Institutional Change in the German Political Economy. Oxford, New York: Oxford University Press (Chapter 6: Corporate governance: The decline of Germany Inc.).

Boyer, R. (2005): How and Why Capitalisms Differ. MPIfG Working Paper 05/4. Köln: MPIfG. URL: http://www.mpifg.de/pu/mpifg_dp/dp05-4.pdf.

Jackson, G. (2003): Corporate governance in Germany and Japan: Liberalization pressures and responses during the 1990s. In: Yamamura, K. and Streeck, W. (Eds.): The End of Diversity? Prospects for German and Japanese Capitalism. Ithaca: Cornell University Press, pp. 261-305.

Kellermann, C. (2005): Disentangling Deutschland AG. In: Beck, S., Klobes, F. and Scherrer, C. (Eds.): Surviving Globalization? Perspectives for the German Economic Model. Dordrecht: Springer, pp. 111-132.

Nunnenkamp, P. (1995): The German Model of Corporate Governance: Basic Features, Critical Issues, and Applicability to Transition Economies. Kiel Working Paper No. 713. Kiel: Kiel Institute of World Economics.

Sadowski, D., Junkes, J. and Lindenthal, S. (2000): The German model of corporate and labor governance. Comparative Labor & Policy Journal 22: 33-66.

Wojcik, D. (2002): The Länder are the building blocks of the German capital market. Regional Studies 36: 877-895.

7. Social security system: Unemployment insurance, health care, and pension funds

*Leibfried, S. and Obinger, H. (2004): The state of the welfare state: German social policy between macroeconomic retrenchment and microeconomic recalibration. In: Kitschelt, H. and Streeck, W. (Eds.): Germany: Beyond the Stable State. London, Portland, OR: Frank Cass, pp. 199-218.

*Mosebach, K. (2005): Transforming the welfare state: Continuity and change in social policy since 1998. In: Beck, S., Klobes, F. and Scherrer, C. (Eds.): Surviving Globalization? Perspectives for the German Economic Model. Dordrecht: Springer, pp. 133-155.

Busch, A. (2009): Schröder's agenda 2010: From 'plan B' to lasting legacy? In: Miskimmon, A., Paterson, W. E. and Sloam, J. (Eds.): Germany's Gathering Crisis: The 2005 Federal Election and the Grand Coalition. Houndsmill, Basingstoke, New York: Palgrave Macmillan, pp. 64-79.

Czada, R. (2003): Social policy: Crisis and transformation. In: Green, S. and Paterson, W. E. (Eds.): Governance in Contemporary Germany: The Semisovereign State Revisited. Cambridge: Cambridge University Press, pp. 165-189.

8. Networking and lock-in: Company networks and structural change in the German Ruhr

*Grabher, G. (1993): The weakness of strong ties: The lock-in of regional development in the Ruhr area. In: Grabher, G. (Ed.): The Embedded Firm: On the Socioeconomics of Industrial Networks. London, New York: Routledge, pp. 255-277.

*Höpner, M. and Kremel, L. (2003): The Politics of the German Company Network. MPIfG Working Paper 03/9. Köln: MPIfG. URL: <http://www.mpi-fg-koeln.mpg.de/pu/workpap/wp03-9/wp03-9.html>.

*Hospers, G.-J. (2010): Breaking out from lock-in: Regional innovation strategies in the German Ruhrgebiet. International Journal of E-Entrepreneurship and Innovation 1 (4): 55-67.

Heinze, R. G., Hilbert, J., Norhause-Jan, J. and Rehfeld, D. (2004): Industrial clusters and the governance of change: Lessons from North Rhine–Westphalia (NRW). In: Braczyk, H.-J., Cooke, P. and Heidenreich, M. (Eds.): Regional Innovation Systems. London: UCL Press, pp. 263-283.

Leboutte, R. (2009): A space of European de-industrialisation in the late twentieth century: Nord/Pas-de-Calais, Wallonia and the Ruhrgebiet. European Review of History 16 (5): 755-770.

9. “Späth capitalism” and economic revival in Baden-Württemberg

*Fuchs, G. and Wassermann, S. (2005): Path dependency in Baden-Württemberg: Lock-in or breakthrough? In: Fuchs, G. and Shapira, P. (Eds.): Rethinking Regional Innovation and Change: Path Dependency or Regional Breakthrough? New York: Springer, pp. 223-248. URL: <http://simplelink.library.utoronto.ca/url.cfm/23423>.

*Grotz, R. and Braun, B. (1993): Networks, milieux and individual firm strategies: Empirical evidence of an innovative SME environment. Geografiska Annaler 75 B: 149-162. URL: <http://simplelink.library.utoronto.ca/url.cfm/1719>.

Heidenreich, M. and Krauss, G. (2004): The Baden-Württemberg production and innovation regime: Past successes and new challenges. In: Braczyk, H.-J., Cooke, P. and Heidenreich, M. (Eds.): Regional Innovation Systems. London: UCL Press, pp. 186-213.

10. Germany reunited: Transformation of the East German economy

*Bathelt, H. (2013): Post-reunification restructuring and corporate re-bundling in the Bitterfeld-Wolfen chemical industry, East Germany. International Journal of Urban

and Regional Research 37: 1456-1485.

*Wolf, H. (2010): German economic unification twenty years later. In: Anderson, J. J. and Langenbacher, E. (Eds.): From the Bonn to the Berlin Republic : Germany at the Twentieth Anniversary of Unification. New York: Berghahn Books. Chapter 16.

Lange, T. and Shackelton, J. R. (1998): The labour market in post-unification Eastern Germany. In: Lange, T. and Shackelton, J. R. (Eds.): The Political Economy of German Unification. Providence: Berghahn Books, pp. 89-104.

Wiesenthal, H. (2004): German unification and ‘model Germany’: An adventure in institutional conservatism. In: Kitschelt, H. and Streeck, W. (Eds.): Germany: Beyond the Stable State. London, Portland, OR: Frank Cass, pp. 37-58. URL: <http://simplelink.library.utoronto.ca/url.cfm/23388>.

11. Shifts in population structure and immigration

*Kohli, M. (2005): Generational changes and generational equity. In: Johnson, M., Bengtson, V. L., Coleman, P. and Kirkwood, T. (Eds.): The Cambridge Handbook of Age and Ageing. Cambridge: Cambridge University Press, pp. 518-526.

*Martin, P. L. (2004): Germany: Managing migration in the twenty-first century (with commentaries by William M. Chandler and Uwe Hunger). In: Cornelius, W. A., Tsuda, T., Martin, P. L. and Hollifield, J. F. (Eds.): Controlling Immigration: A Global Perspective. 2nd Edition, Palo Alto: Stanford University Press, pp. 221-253.

*Schönwälder, K. and Triadafilopoulos, T. (2012): A Bridge or barrier to incorporation? Germany's 1999 citizenship reform in critical perspective. German Politics and Society 30 (1): 52-70.

Mayer, K. U. and Hillmert, S. (2004): New ways of life or old rigidities? Changes in social structures and life courses and their political impact. In: Kitschelt, H. and Streeck, W. (Eds.): Germany: Beyond the Stable State. London, Portland, OR: Frank Cass, pp. 79-100.

Sainsbury, D. (2006): Immigrants' social rights in comparative perspective: Welfare regimes, forms of immigration and immigration policy regimes. Journal of European Social Policy 16 (3): 229–244.

Triadafilopoulos, T. (2012): Becoming Multicultural: Immigration and the Politics of Membership in Canada and Germany. Vancouver: UBC Press (Chapter 3: Between two worlds).

12. Challenges of globalization, global change and crises

- *Dietrich, D. and Vollmer, U. (2012): Are universal banks bad for financial stability? Germany during the world financial crisis. The Quarterly Review of Economics and Finance 52: 123-134.
- *Dustmann, C., Fitzenberger, B., Schönberg, U. and Spitz-Oener, A. (2014): From sick man of Europe to economic superstar: Germany's resurgent economy. The Journal of Economic Perspectives 28: 167-188.
- *Hatch, M. T. (2007): The politics of climate change in Germany: Domestic sources of environmental foreign policy. In: Haris, P. G. (Ed.): Europe and Global Climate Change: Politics, Foreign Policy and Regional Cooperation. Cheltenham: Edward Elgar, pp. 41-62.
- *Olive, D. (2012): Eurozone crisis: Seven reasons to ignore doomsday predictions. Toronto Star, June 1.
- Çağlar, G. (2005): European integration: Consequences for the German model. In: Beck, S., Klobes, F. and Scherrer, C. (Eds.): Surviving Globalization? Perspectives for the German Economic Model. Dordrecht: Springer, pp. 179-200.
- Falke, A. (2009): The internationalization of Germany: Adapting to Europeanisation and globalization. In: Miskimmon, A., Paterson, W. E. and Sloam, J. (Eds.): Germany's Gathering Crisis: The 2005 Federal Election and the Grand Coalition. Houndsmill, Basingstoke, New York: Palgrave Macmillan, pp. 202-219.
- Grote, J. R. and Schneider, V. (2006): Organizations and networks in a globalizing economy: British and German chemical interest associations. In: Streeck, W., Grote, J. R., Schneider, V. and Visser, J. (Eds.): Governing Interests: Business Associations Facing Internationalization. Abingdon: Routledge, pp. 117-148.
- Streeck, W. (2009): Re-Forming Capitalism: Institutional Change in the German Political Economy. Oxford, New York: Oxford University Press (Chapter 14: Internationalization).
- Young, B. and Semmler, W. (2011): The European sovereign debt crisis: Is Germany to blame? German Politics and Society 29 (1): 1-24.