

Political Economy of Europe
POL 2321H1S / POL438H1S Winter 2020
Wednesdays, 4–6pm, Room SS2120

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Office hours: Wednesday, 1–2pm (or by appointment)

Course Description

This course surveys major theoretical and empirical contributions on the political economy of Western Europe. The course explores the political sources of how and why European societies have adopted different economic institutions and policies in the global economy. We analyze theories on the origins, stability, and changes of capitalist structures and the welfare state in Europe, and explore some of these developments in two case studies: Germany and the Nordic countries. We will analyze important areas of political economy, such as the rise of finance and credit, as well as long-term challenges of growing inequality and labor market dualization. The course also examines the deeper processes of European integration that have shaped European economies, with a particular focus on monetary integration. Finally, we discuss contemporary issues that define economies in Western Europe today -- the eurozone crisis, Brexit, and populism.

Learning Objectives

This course is designed to help students:

1. Survey the academic literature on different economic models in Europe.
2. Develop a deeper understanding of different areas of political economy, such as housing, financial, and labor markets in the European context.
3. Improve your ability to critique core arguments and theories in political economy and the European Union.
4. Develop writing skills by composing academic essays and research papers with attention to logical rigor.
5. Understand contemporary debates and current events in European political economy.

Requirements

Class Participation: 25%

This is a seminar course -- not a lecture course -- with a strong emphasis on class discussion.

Attendance: you are expected to attend all classes. If you have to miss class, please inform me of your absence before class and provide appropriate documentation (i.e., doctor's note, etc.). It is also important for you to show up on time, so we can start and finish class in a timely manner.

Weekly Discussion Questions: you are required to submit two discussion questions before the beginning of class (except for the first class of the semester) to the discussion board on Quercus (by 10pm on Tuesday before class). These questions will serve as the foundation of discussion and help you think through the readings. You should identify unifying themes that connect the readings, critically reflect particular readings, and/or provide connections to current events.

Participation: in-class discussion contributions are key for your success in this course. Make sure to do the readings and come well prepared for every class, as we will discuss and analyze the readings and put them into broader perspective. The quality of your responses, which requires you to speak up in class, will be evaluated for your participation grade.

Three Written Assignments: 75%

1. *Assignment (25%): due by February 6*

Response paper (8-10 double-spaced pages): Response papers should critique ALL readings for a given week (including recommended readings). Please don't provide extensive summaries of the readings and instead evaluate specific arguments and positions, strengths and weaknesses of these arguments, methods and evidence, and/or the implications of the readings.

Students can choose the week on which they'd like to write a response paper (NB: you may choose any week from weeks 2-5). Response papers for a given week are due before we discuss the material in class (10pm on Tuesday before class). Students who submit a response paper are expected to help lead discussion.

2. *Assignment (25%): due by March 6*

- a) Write a second response paper (8-10 double-spaced pages) for a given week from weeks 6-9. Due 10pm on Tuesday before class. **OR:**
- b) Research proposal: Students with a research interest in European political economy should feel encouraged to write a research proposal. This is a great opportunity to apply some of the theoretical frameworks we study in class. If you choose this option, please submit a 5-page, double-spaced research proposal (excluding references). The proposal should include the research topic and question, an outline of the argument, intended data sources, a tentative reference list, and how you would like to test your argument. Due March 6 at 4pm.

3. *Assignment (25%): due by April 1*

- a) Write a third response paper (8-10 double-spaced pages) for a given week from weeks 10-13. Due 10pm on Tuesday before class. **OR:**
- b) Final research paper: The final research paper should be around 20-25 pages long (double-spaced, excluding references). Due April 1 at 4pm.

Course Resources

Quercus

This course uses Quercus for announcements, readings, and the discussion board. Please be sure to have access to Quercus and check it regularly.

Class Policies

Communication

Please send emails from your university email account. I will try my best to respond to your emails within 48 hours, excluding weekends. You are very much encouraged to see me during office hours for substantive questions regarding course material and assignments.

Late Work

You are expected to submit assignments on time. To receive special consideration, it is key to communicate with me well before deadlines and provide me with appropriate documentation.

Late assignments will be subject to a late penalty of 10 percent on the first day and 5 percent for each additional day (including weekends) of the total marks for the assignment. Assignments submitted five calendar days beyond the due date will be assigned a grade of zero. Assignments handed in AFTER the work has been returned to the class cannot be marked for credit. Accommodations due to late registration into the course will NOT be approved.

Submission of Assignments

Normally, students will be required to submit their course essays 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 web site. You are also required to submit a hard copy in class on the due date.

Classroom Technology Policy

Please stay away from your cellphones at all times and use laptops/tablets for class purposes only.

Academic Integrity

Academic integrity is essential to the pursuit of learning and scholarship in a university, and to ensuring that a degree from the University of Toronto is a strong signal of each student's individual academic achievement. As a result, the University treats cases of cheating and plagiarism very seriously. The University of Toronto's *Code of Behavior on Academic Matters* (www.governingcouncil.utoronto.ca/policies/behaveac.htm) outlines the behaviors that constitute academic dishonesty and the processes for addressing academic offences. All suspected cases of academic dishonesty will be investigated and dealt with accordingly.

Religious Holidays

Please notify me if you plan on missing class in order to observe a religious holiday. If an assignment falls on that day, we will work together to find an alternative time for you to complete or submit the assignment. It is key to inform me well before your planned absence.

Accessibility

Students with diverse learning styles and needs are welcome in this course. In particular, if you have a disability/health consideration that may require accommodations, please feel free to approach me and/or the AccessAbility Resource Centre as soon as possible.

AccessAbility staff (located at 445 Spadina Ave.) are available by appointment to assess specific needs, provide referrals and arrange appropriate accommodations. Please call 416-978-8060 or email accessibility.services@utoronto.ca. The sooner you let us know your needs the quicker we can assist you in achieving your learning goals in this course.

Notice of Collection

The University of Toronto respects your privacy. The information on medical certificates is collected pursuant to section 2(14) of the University of Toronto Act, 1971. It is collected for the purpose of administering accommodations for academic purposes based on medical grounds. The department will maintain a record of all medical certificates received. At all times it will be protected in accordance with the Freedom of Information and Protection of Privacy Act. If you have questions, please refer to www.utoronto.ca/privacy or contact the University's Freedom of Information and Protection of Privacy Office at 416-946-5835. Address: Room 201, McMurrich Bldg., 12 Queen's Park Crescent, Toronto, ON, M5S 1A1.

COURSE SCHEDULE

1. January 8: Introduction

Hall, Peter. "The Role of Interests, Institutions, and Ideas in the Comparative Political Economy of the Industrialized Nations." In: Lichbach, Mark and Zuckerman, Alan, eds. *Comparative Politics: Rationality, Culture and Structure*. Cambridge University Press, 1997.

Garton Ash, Timothy. "Is Europe Disintegrating?" *New York Review of Books*. January 19, 2017.

2. January 15: Capitalism in Europe

Peter Hall, and David Soskice. *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*. Oxford University Press, 2001. Chapter one.

Martin, Cathie Jo, and Duane Swank. *The Political Construction of Business Interests: Coordination, Growth, and Equality*. Cambridge University Press, 2012. Chapter two.

Baccaro, Lucio, and Jonas Pontusson. "Rethinking Comparative Political Economy: The Growth Model Perspective." *Politics & Society* vol. 44 no. 2 (2016): 175-207.

Streeck, Wolfgang. "How Will Capitalism End?" *New Left Review* vol. 87 no. 3 (2013): 35-64.

Recommended:

Anke Hassel and Bruno Palier, eds., *Growth and Welfare Reforms in Global Capitalism: How Growth Regimes Evolve*. Oxford University Press, forthcoming. Introduction & Conclusion.

3. January 22: European Welfare States

Esping-Andersen, Gøsta. *The Three Worlds of Welfare Capitalism*. Princeton University Press, 1990. Chapters one & two.

Manow, Philip. "Electoral Rules, Class Coalitions and Welfare State Regimes, or How to Explain Esping-Andersen with Stein Rokkan." *Socio-Economic Review* vol. 7 no. 1 (2008): 101-121.

Evelyn Huber, and John Stephens. "Postindustrial Social Policy." In: Beramendi et al., eds. *The Politics of Advanced Capitalism*. Cambridge University Press, 2015.

Recommended:

Orloff, Ann. "Gendered States Made and Remade: Gendered Labor Policies in the United States and Sweden, 1960–2010." In: Kimberly Morgan and Ann Orloff, eds., *The Many Hands of the State*. Cambridge University Press, 2017.

4. January 29: Postwar Economic Development in Europe

Eichengreen, Barry. *The European Economy Since 1945: Coordinated Capitalism and Beyond*. Princeton University Press, 2008. Chapter two.

Hall, Peter. "How Growth Regimes Evolve in the Developed Democracies." In: Anke Hassel and Bruno Palier, eds., *Growth and Welfare Reforms in Global Capitalism: How Growth Regimes Evolve*. Oxford University Press, forthcoming.

Berman, Sheri. *The Primacy of Politics: Social Democracy and the Making of Europe's Twentieth Century*. Chapter 8.

Kalyvas, Stathis and Kees van Kersbergen, "Christian Democracy." *Annual Review of Political Science* vol. 13, 2010, pp 183-209.

Recommended:

Ruggie, John. "International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order." *International Organization* vol. 36 no. 2 (1982): 379-415.

5. February 5: Stability and Change in European Political Economies

Streeck, Wolfgang, and Kathleen Thelen, eds. *Beyond Continuity: Institutional Change in Advanced Political Economies*. Oxford University Press, 2005. Introduction.

Thelen, Kathleen. *Varieties of Liberalization and the New Politics of Social Solidarity*. Cambridge University Press, 2014. Chapter one.

Pierson, Paul. "The New Politics of the Welfare State." *World Politics* vol. 48 no. 2 (1996): 143-79.

Morgan, Kimberly. "Path Shifting of the Welfare State: Electoral Competition and the Expansion of Work-family Policies in Western Europe." *World Politics* vol. 65 no. 1 (2013): 73-115.

Recommended:

Thelen, Kathleen. "Transitions to the Knowledge Economy in Germany, Sweden, and the Netherlands." *Comparative Politics* vol. 51 no. 2 (2019): 295-315.

6. February 12: Case study I: The Nordic States

Katzenstein, Peter. *Small States in World Markets: Industrial Policy in Europe*. Cornell University Press, 1985. Chapter three.

Ornston, Darius. *Good Governance Gone Bad: When Adaptability Leads to Excess*. Cornell University Press, 2018. Chapters one, two, AND one country chapter.

Ibsen, Christian Lyhne, and Kathleen Thelen. "Diverging Solidarity: Labor Strategies in the New Knowledge Economy." *World Politics* 69.3 (2017): 409-447.

Recommended:

Ornston, Darius. "Creative Corporatism: The Politics of High-Technology Competition in Nordic Europe." *Comparative Political Studies* vol. 46 no. 6 (2013): 702-729.

7. February 19: NO CLASS (READING WEEK)

8. February 26: Case Study II: The German Model

Streeck, Wolfgang. "German Capitalism: Does It Exist? Can it Survive?" *New Political Economy* vol. 2 no. 2 (1997): 237-256.

Manow Philip, and Seils, Eric. "Adjusting Badly: The German Welfare State, Structural Change, and the Open Economy." In: Scharpf, Fritz, and Schmidt, Vivien, eds., *Welfare and Work in the Open Economy Volume II: Diverse Responses to Common Challenges in Twelve Countries*. Oxford University Press, 2000.

Reisenbichler, Alexander, and Kimberly Morgan. "From 'Sick Man' to 'Miracle: Explaining the Robustness of the German Labor Market During and After the Financial Crisis 2008-09." *Politics & Society* vol. 40 no. 4 (2012): 549-579.

Recommended:

Hassel, Anke. "The Paradox of Liberalization: Understanding Dualism and the Recovery of the German Political Economy." *British Journal of Industrial Relations* vol. 52 no. 1 (2014): 57-81.

9. March 4: The Role of Credit, Finance, and Housing in European Economies

Crouch, Colin. "Privatised Keynesianism: An Unacknowledged Policy Regime." *British Journal of Politics & International Relations* vol. 11 no. 3 (2009): 382-399.

Ansell, Ben. "The Political Economy of Ownership: Housing Markets and the Welfare State." *American Political Science Review* vol. 108 no. 2 (2014): 383-402.

Ahlquist, John, and Ben Ansell. "Taking Credit: Redistribution and Borrowing in an Age of Economic Polarization." *World Politics* vol. 69 no. 4 (2017): 640-675.

Mertens, Daniel. "Borrowing for Social Security? Credit, Asset-Based Welfare and the Decline of the German Savings Regime." *Journal of European Social Policy* vol. 27 no. 5 (2017): 474-490.

Recommended:

Reisenbichler, Alexander. "Housing Finance Markets Between Social Welfare and Growth Strategies." In: Anke Hassel and Bruno Palier, eds., *Growth and Welfare Reforms in Global Capitalism: How Growth Regimes Evolve*. Oxford University Press, forthcoming.

10. March 11: Insider-Outsider Politics and Inequality

Palier, Bruno, and Kathleen Thelen. "Institutionalizing Dualism: Complementarities and Change in France and Germany." *Politics & Society* vol. 38 no. 1 (2010): 119-148.

Emmenegger, Patrick and Romana Careja. "From Dilemma to Dualization: Social and Migration Policies in the 'Reluctant Countries of Immigration.'" In: Patrick Emmenegger et al., eds. *The Age of Dualization: The Changing Face of Inequality in Deindustrializing Societies*. Oxford University Press, 2012.

Hopkin, Jonathan, and Kate Alexander Shaw. "Organized Combat or Structural Advantage? The Politics of Inequality and the Winner-Take-All Economy in the United Kingdom." *Politics & Society* vol. 44 no. 3 (2016): 345-371.

Recommended:

Meyer, Brett. "Learning to Love the Government: Trade Unions and Late Adoption of the Minimum Wage." *World Politics* vol. 68 no. 3 (2016): 538-575.

11. March 18: The Euro and Its Crisis

Dinan, Desmond. "The Internal Market and Monetary Union." In: *Ever Closer Union*, 4th edition, Palgrave, 2010. [background reading]

Frieden, Jeffrey, and Stefanie Walter. "Understanding the Political Economy of the Eurozone Crisis." *Annual Review of Political Science* vol. 20 (2017): 371-90.

Johnston, Alison, and Aidan Regan. "European Monetary Integration and the Incompatibility of National Varieties of Capitalism." *Journal of Common Market Studies* vol. 54 no. 2 (2016): 318-336.

Jones, Erik, Daniel Kelemen, and Sophie Meunier. "Failing Forward? The Euro Crisis and the Incomplete Nature of European Integration." *Comparative Political Studies* vol. 49 no. 7 (2016): 1010-1034.

12. March 25: Policy Responses to the Financial and Euro Crises

Mandelkern, Ronen. "Explaining the Striking Similarity in Macroeconomic Policy Responses to the Great Recession: The Institutional Power of Macroeconomic Governance." *Comparative Political Studies* vol. 49 no. 2 (2016): 219-252.

Reisenbichler, Alexander. "The Politics of Quantitative Easing and Housing Stimulus by the Federal Reserve and European Central Bank, 2008–2018." *West European Politics* (2019): 1-21.

Perez, Sofia, and Manos Matsaganis. "The Political Economy of Austerity in Southern Europe." *New Political Economy* vol. 23 no. 2 (2018): 192-207.

Matthijs, Matthias, and Mark Blyth. "When Is It Rational to Learn the Wrong Lessons? Technocratic Authority, Social Learning, and Euro Fragility." *Perspectives on Politics* vol. 16 no. 1 (2018): 110-126.

Recommended:

Pontusson, Jonas, and Damian Raess. "How (and Why) Is This Time Different? The Politics of Economic Crisis in Western Europe and the United States." *Annual Review of Political Science* vol. 15 (2012): 13-33.

13. April 1: Brexit, Populism, and Immigration

Hobolt, Sara. "The Brexit Vote: A Divided Nation, a Divided Continent." *Journal of European Public Policy* vol. 23 no. 9 (2016): 1259-1277.

Inglehart, Ronald, and Pippa Norris. "Trump and the Populist Authoritarian Parties: The Silent Revolution in Reverse." *Perspectives on Politics* vol. 15 no. 2 (2017): 443-454.

Rodrik, Dani. "Populism and the Economics of Globalization." *Journal of International Business Policy* (2018): 1-22.

Recommended:

Dustmann et al., "On the Economics and Politics of Refugee Migration." *Economic Policy* vol. 32 no. 91 (2017): 497-550.