

Doctoral Seminar
**The Political Economy of European Integration:
The New Euro Regime**

Dr. Fabio Bulfone and Prof. Martin Höpner
Thursdays, 9.30-11.00

Location: Max-Planck-Institut für Gesellschaftsforschung, Paulstr. 3, Conference Room

Subject

This course will explore how the political-economic heterogeneity of the European Union shaped the euro, its crisis, and the emergence of the post-crisis euro regime. We will read and discuss current research literature. Core areas will be: The comparative political economy perspective; institutional and ideational crisis explanations; austerity and wage bargaining liberalization; the nature of the new euro regime; democracy and legitimacy; the Covid pandemic as a possible game changer. We will assume that all participants have some basic knowledge of the political system of the EU. Further special knowledge is not required for participation. Participants from different disciplines such as political science, sociology, and economics are welcome.

Language

Oral presentations and written materials are in English, but occasional use of German language is possible and recommended when it deserves clarity.

Note on Covid-19

We plan this course as a presence event. It will take place in the large conference room of the Max Planck Institute, in which, under conditions of Covid-19, up to 20 persons can meet. All participants are required to wear masks at the institute and to only take them off after being seated.

Suggested Preparatory Readings

Martin Höpner, Armin Schäfer, 2012: Integration among Unequals. How the Heterogeneity of European Varieties of Capitalism Shapes the Social and Democratic Potential of the EU. *MPIfG Discussion Paper 2012/5*. Cologne: Max Planck Institute for the Study of Societies.

Andreas Nölke, 2016: Economic Causes of the Eurozone Crisis: The Analytical Contribution of Comparative Capitalism. In: *Socio-Economic Review* 14, 1, 141-161.

Participation and Grading

Discussion of the readings will make up the core of the seminar sessions. To get credit, you are expected to:

1. Do all assigned mandatory readings.
2. Fill in a reading report (one page) for all sessions.
3. Act as *rapporteur* twice. We will discuss the details in the planning session.

Reading Reports

The readings can be downloaded here: https://www.mpifg.de/people/mh/teach_de.asp.

For each session, please fill in the following standardized note sheet on the assigned mandatory reading and send it around the course participants not later than by Tuesday evening (the Tuesday before the respective session).

Name of student:

Name of author of assigned reading:

1. Write 5-8 sentences: What is the main finding of the author? (Note that it is not sufficient to reformulate the abstract. Abstracts are mostly on the research question and the methods, not on the findings.)
2. Write another 5-8 sentences: Please reflect on what you have learnt. Does the author provide general insights on the political economy of European (monetary) integration? To which controversy is the author speaking? Is there a practical relevance? Who precisely should be surprised by the author's finding?
3. Which are the key concepts of the assigned reading? List around three and provide a brief definition of each.
4. List two or three aspects which you found to be particularly fascinating and which you would like to discuss in class.

COURSE PLAN

5 November 2020

Introduction: Course Organization

Part I: Foundations

12 November 2020

The Heterogeneity of the EU and the Eurozone: Varieties of Capitalism

Mandatory Reading:

Peter A. Hall, David Soskice, 2001: An Introduction to Varieties of Capitalism. In: Peter A. Hall, David Soskice (Eds.), *Varieties of Capitalism. Institutional Foundations of Comparative Advantage*. Oxford: Oxford University Press, 1-68. Therein: 6-33.

Suggested Readings:

- Peter A. Hall, David Soskice, 2001: An Introduction to Varieties of Capitalism. In: Peter A. Hall, David Soskice (Eds.), *Varieties of Capitalism. Institutional Foundations of Comparative Advantage*. Oxford: Oxford University Press, 1-68. Therein: 33-68.
- Georg Menz, 2017: *Comparative Political Economy. Contours of a Subfield*. Oxford: Oxford University Press. Therein: Varieties of Capitalism and the Next Steps Beyond, 66-99.
- Wolfgang Streeck, 2011: E Pluribus Unum? Varieties and Commonalities of Capitalism. In: Mark Granovetter, Richard Swedberg (Eds.), *The Sociology of Economic Life*. Boulder: Westview, 419-455.

19 November 2020

The Heterogeneity of the EU and the Eurozone: Growth Regimes

Mandatory Reading:

- Lucio Baccaro, Jonas Pontusson, 2016: Rethinking Comparative Political Economy: The Growth Model Perspective. In: *Politics & Society* 44, 2, 175–207.

Suggested Readings:

- Lucio Baccaro, Jonas Pontusson, 2019: Social Blocs and Growth Models: An Analytical Framework with Germany and Sweden as Illustrative Cases. *Unequal Democracies Working Paper No. 7*. Genève: University de Genève.
- David Hope, David Soskice, 2016: Growth Models, Varieties of Capitalism, and Macroeconomics. In: *Politics & Society* 44, 2, 209-226.
- Herman Mark Schwartz, Bent Sofus Tranoy, 2019: Thinking about Comparative Political Economy: From Macro to Micro and Back. In: *Politics & Society* 47, 1, 23-54.

26 November 2020

The Euro

Mandatory Reading:

- Paul De Grauwe, 2013: The Political Economy of the Euro. In: *Annual Review of Political Science* 16, 2, 153-170.

Suggested Readings:

- Kenneth Dyson, Kevin Featherstone, 1999: *The Road to Maastricht. Negotiating Economic and Monetary Union*. Oxford: Oxford University Press. Therein: Ch. 17: Conclusion and Reflections, 746-801.
- Ashoka Mody, 2018: *Euro Tragedy. A Drama in Nine Acts*. Oxford: Oxford University Press. Therein: Ch. 2: Kohl's Euro, 1982-1998, 65-123.
- Tal Sadeh, Amy Verdun, 2009: Explaining Europe's Monetary Union: A Survey of the Literature. In: *International Studies Review* 11, 2, 277–301.

Part II: The Causes of the Euro Crisis

3 December 2020

An Institutional Explanation

Mandatory Readings:

Alison Johnston, Aidan Regan, 2016: European Monetary Integration and the Incompatibility of National Varieties of Capitalism. In: *Journal of Common Market Studies* 54, 2, 318-336.

Suggested Readings:

Peter A. Hall, 2017: Varieties of Capitalism in Light of the Euro Crisis. In: *Journal of European Public Policy* 25, 7-30.

Torben Iversen, David Soskice, David Hope, 2016: The Eurozone and Political Economic Institutions. In: *Annual Review of Political Science* 19, 163-185.

Fritz W. Scharpf, 2011: Monetary Union, Fiscal Crisis and the Preemption of Democracy. *MPIfG Discussion Paper 2011/11*. Cologne: Max Planck Institute for the Study of Societies.

10 December 2020

No session today

17 December 2020

An Ideational Explanation

Mandatory Readings:

Matthias Matthijs, 2016: Powerful Rules Governing the Euro: The Perverse Logic of German Ideas. In: *Journal of European Public Policy* 23, 375-391.

Suggested Readings:

Mark Blyth, 2016: The New Ideas Scholarship in the Mirror of Historical Institutionalism: A Case of Old Whines in New Bottles? In: *Journal of European Public Policy* 23, 464-471.

Mark Blyth, Oddny Helgadóttir, William Kring, 2016: Ideas and Historical Institutionalism. In: Orfeo Fioretos, Tulia G. Falleti, Adam Sheingate (Eds.), *The Oxford Handbook of Historical Institutionalism*. Oxford: Oxford University Press, 142-162.

Paul James Cardwell, Holly Snaith, 2018: “There’s a Brand New Talk, but it’s Not Very Clear”: Can the Contemporary EU Really be Characterized as Ordoliberal? In: *Journal of Common Market Studies* 56, 1053-1069.

Part III: Countermeasures – Towards a Better Equipped Eurozone?

7 January 2021

Does Austerity Work? Lessons from Eastern (and Southern) Europe

Mandatory Reading:

Stefanie Walter, 2016: Crisis Politics in Europe: Why Austerity is Easier to Implement in Some Countries than in Others. In: *Comparative Political Studies* 49, 7, 841-873.

Suggested Readings:

Klaus Armingeon, Lucio Baccaro, 2012: Political Economy of the Sovereign Debt Crisis: The Limits of Internal Devaluation. In: *Industrial Law Journal* 41, 3, 254-275.

Mark Blyth, 2013: *Austerity. The History of a Bad Idea*. Oxford: Oxford University Press. Therein: Ch. 1: A Primer on Austerity, Debt, and Morality Plays, 1-18.

Fabio Bulfone, Arianna Tassinari, 2020: Under Pressure. Economic Constraints, Electoral Politics and Labour Market Reforms in Southern Europe in the Decade of the Great Recession. In: *European Journal of Political Research* (online first).

14 January 2021

Disempowering Trade Unions: An Endless Circle?

Today in Seminar Room 1!

Mandatory Readings:

Lucio Baccaro, Chiara Benassi, 2017: Throwing Out the Ballast: Growth Models and the Liberalization of German Industrial Relations. In: *Socio-Economic Review* 15, 1, 85-115

Philip Rathgeb, Arianna Tassinari, 2020: How the Eurozone Disempowers Trade Unions: The Political Economy of Competitive Internal Devaluation. In: *Socio-Economic Review* (online first).

Suggested Readings:

Martin Höpner, Martin Seeliger, 2020: Neither Existing nor Emerging: Euro Stabilization by Means of European Wage Coordination. In: *Journal of Economic Policy Reform* (online first).

Martin Höpner, Mark Lutter, 2018: One Currency and Many Modes of Wage Formation: Why the Eurozone is too Heterogeneous for the Euro. In: *European Political Science Review* 10, 71-96.

Fabian Ochsenfeld, 2020: Mercantilist Dualization: The Introduction of the Euro, Redistribution of Industry Rents, and Wage Inequality in Germany, 1993-2008. In: *Socio-Economic Review* 16, 3, 499-522.

21 January 2021

Has the Euro Regime Become more Intergovernmental or more Supranational?

Mandatory Reading:

Daniel Seikel, 2019: Patterns of Pooling and Delegation After the Crisis: Old and New Asymmetries. In: *Journal of European Integration* 41, 6, 693-709.

Suggested Readings:

Michael W. Bauer, Stefan Becker, 2014: The Unexpected Winner of the Crisis: The European Commission's Strengthened Role in Economic Governance. In: *Journal of European Integration* 36, 3, 213-229.

Christopher J. Bickerton, Dermot Hodson, Uwe Puetter, 2015: The New Intergovernmentalism: European Integration in the Post-Maastricht Era. In: *Journal of Common Market Studies* 53, 4, 703-722.

Benjamin Braun, Marina Hübner, 2019: *Vanishing Act: The Eurogroup's Accountability. Transparency International report*. Brussels: Transparency International.

Part IV: Legitimacy

28 January 2021

Does the Euro Regime Overstretch its Legitimacy?

Mandatory Reading:

Fritz W. Scharpf, 2012: Legitimacy Intermediation in the Multilevel European Polity and Its Collapse in the Euro Crisis. *MPIfG Discussion Paper 2012/6*. Cologne: Max Planck Institute for the Study of Societies.

Suggested Readings:

Ben Crum, 2013: Saving the Euro at the Cost of Democracy? In: *Journal of Common Market Studies* 51, 614-630.

Andrew Moravcsik, 2002: In Defense of the “Democratic Deficit”: Reassessing Legitimacy in the European Union. In: *Journal of Common Market Studies* 40, 603–624.

Thomas Risse, 2014: No Demos? Identities and Public Spheres in the Euro Crisis. In: *Journal of Common Market Studies* 52, 1207-1215.

4 February 2021

How the Euro Crisis Affects the Trust in Institutions

Mandatory Reading:

Klaus Armingeon, Kai Gunthmann, David Weisstanner, 2016: How the Euro Divides the Union: The Effect of Economic Adjustment on Support for Democracy in Europe. In: *Socio-Economic Review* 14, 1, 1-26.

Suggested Readings:

Hanspeter Kriesi, 2018: The Implications of the Euro Crisis for Democracy. In: *Journal of European Public Policy* 25, 1, 59-82.

Alina Polyakova, Neil Fligstein, 2016: Is European Integration Causing Europe to Become More Nationalist? Evidence from the 2007-9 Financial Crisis. In: *Journal of European Public Policy* 23, 1, 60-83.

Frank Schimmelfennig, Dominik Schraff, 2020: Light at the End of the Tunnel: Eurozone Bailouts and Satisfaction with Democracy. In: Romana Careja, Patrick Emmenegger, Nathalie Giger (Eds.), *The European Social Model under Pressure*. Wiesbaden: Springer VS, 555-581.

11 February 2021

The Covid Crisis: A Game Changer?

Readings will be announced!