

MAX-PLANCK-INSTITUT FÜR GESELLSCHAFTSFORSCHUNG  
MAX PLANCK INSTITUTE FOR THE STUDY OF SOCIETIES



## MPIfG RESEARCH 2023



*MPiFG Research 2023* presents the research program and the research projects of the Max Planck Institute for the Study of Societies. Please go to [www.mpifg.de](http://www.mpifg.de) > *Research* for updates.

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Since its foundation in 1985, the Max Planck Institute for the Study of Societies has gone through four program periods, each concerned with the governance of contemporary societies from a different perspective. Shifts in the program have reflected real-world changes in economic and political organization that led to new research questions, as well as the arrival of new directors with new research interests.

The first program period, from 1986 to 1995, featured historically and internationally comparative studies of the interaction between political-administrative intervention and societal self-organization in selected sectors “close to the state” (*staatsnahe Sektoren*). Special attention was paid to health care systems, organized research and science, and large technical infrastructures, in particular telecommunications. The objective was to develop a realistic, practically useful social science-based theory of the governance of modern societies by an interventionist state in cooperation with an organized society.

The second period, from 1996 to 2005, responded to the growing importance of markets and competition even in sectors that had formerly been protected and controlled by state authority. Telecommunications, for instance, which until the mid-1990s had been a state monopoly, was privatized and deregulated. That markets played a growing role in the 1990s may in part have been due to changes in ideologies and in public perceptions of reality. But it was also a result of new constraints on the regulative capacities of the nation-state caused by internationalization, including European integration, and international regime competition. Subsequently, newly developing forms of multi-level governance and the consequences of economic liberalization for states and governments became main subjects of research at the MPIfG.

The third period, from 2006 to 2016, analyzed the shift from state regulation to market-driven forms of social order, paying attention to the social, cultural, and political preconditions for the operation of markets. Projects explored how markets and business organizations are embedded in historical, institutional, political, and cultural frameworks, as well as the social and political processes that shape economic relations over time. The objective was an empirically based understanding of the social and political foundations, or the “constitution,” of modern economies and of the interrelations between social, political, and economic action. Particular attention was devoted to studying the process of liberalization that various spheres in advanced societies were undergoing, and the resulting “disembedding” of the capitalist economy from the tutelage of politics and the state.

The current program continues to put the economy at the center of the Institute’s research agenda. We are convinced that understanding the operation of the economy is a precondition for understanding other areas of social life, including politics. Rather than applying the tool bag of economics to the analysis of social and political phenomena, the Institute’s approach consists of deploying sociology and political science theories and methods to understand economic phenomena in their relationship to society and politics. The emphasis will be on capitalism as a historically determined sociopolitical order, and specifically on the instability of capitalism as manifested by its growing difficulty to generate the material and ideational resources necessary for its reproduction, and conversely on the multiple challenges that capitalist instability poses for society and democratic politics. It is through investigation of the interrelations between economy, politics, and society that economic dynamics and societal developments writ large become accessible.

In pursuing this broad direction, the Institute will continue to rely on the close integration of economic sociology and political economy. While political economy primarily seeks to explain macro-level phenomena, economic sociology has a distinct strength in its attention to the micro-level of social interactions in the economy. We see bringing these two traditions into close dialogue and using them to inform each other as an important goal for research at the Institute. This implies paying detailed attention to preference formation as it is influenced by cognitive frames, social relations, and institutions. It also entails taking expectations seriously, rejecting any pretense of

rational or even adaptive expectations, and investigating the concrete historical processes of their emergence and diffusion. Additionally, it involves acknowledging the role of collective actors, new digital technologies, and the media, which contribute to shaping preferences and value orientations. Finally, it requires understanding actors' interactions as being embedded in fields of social and political forces, in which some actors have the power not just to come to mutually beneficial exchanges, but also to impose, directly or indirectly, their preferences on others.

—1 The starting point is a disequilibrium approach to the analysis of capitalism, seen as an intrinsically dynamic system, which may sometimes go through extended phases of stability but remains internally conflictual even in these periods of stability, with actors working to alter the terms of the status quo to their advantage. Ultimately, any temporary stability is undone by endogenous forces and externally induced change, which may usher in a new period of apparent stability. For the MPIfG, which has contributed to establishing the academic field of comparative capitalism, the notion that there are different types of capitalism and that these types cannot be rank-ordered in terms of efficiency, nor arrayed in an evolutionary trajectory from less to more mature, is part of the Institute's shared understanding. Past research at the MPIfG has demonstrated that the different "varieties of capitalism" are not to be conceived as institutional equilibria, and are subject to common trends such as liberalization, financialization, and increased social inequality.

The past two decades have vindicated this disequilibrium approach to studying the economy in its relations to society. The global financial crisis of 2007 has demonstrated that the idea of a "great moderation," in which cyclical fluctuations can be controlled by allowing central banks to hit their inflation targets free of political intervention, markets work efficiently with minimal regulation, and unemployment can be durably brought down by flexibilizing labor market institutions, was a pious illusion, and perhaps an ideological veil. Growth turned out to be highly dependent on an oversized financial sector and was highly unequally distributed, with most of the returns going to the now infamous "top 1 percent." In retrospect, the jolt imparted by the financial crisis has turned out to be a partial and temporary one. The massive intervention of central banks, including through unorthodox policies, contributed to temporarily stabilizing the economy, giving the impression that a return to normality could be achieved, but led simultaneously to new risks, inequalities, and instabilities.

The onset of the coronavirus crisis in 2020 – another "black swan" that was anticipated by some but not seriously considered as a possibility by policy-makers – has shown once again the role of uncertain futures and the vulnerability of liberalized capitalism. It has exposed the shortfalls of a regulatory regime that entrusts private markets with the solution to social problems. Reliance on private providers for essential services, the global organization of supply chains, and calls for health and social expenditure cuts, will likely meet with greater resistance in the future. Globalization, already on the defensive before this crisis, may once more be at a historical turning point. This also underlines the main starting point of research at the MPIfG, which is that economic phenomena can only be understood in their interaction with politics and society. To investigate the societal consequences and policy responses to this crisis will be of prime importance for scholars in the field of economic sociology and political economy.

—2 How will these trends affect the governance of advanced societies? Democratic capitalism requires growth. A capitalist economy is subject to a democratic constraint, the need to periodically secure a viable electoral majority. For the past 100 years, social and political integration has been based on the pacification of distributional conflicts through economic growth and the validation of citizens' expectations of material improvements. However, even long before the Great Recession, growth rates in all mature capitalist economies were declining and the living standards of the majority of the population stagnating. As highlighted by the literature on "secular stagnation," only by recurring to stimulants, such as periodically riding asset bubbles, ever looser

monetary policy, or easier access to private debt, could growth be maintained, though at lower levels than during the post-war period.

Institute research on the political economy of growth models takes secular stagnation as a point of departure. Post-war growth was based on a model in which aggregate demand grew in lockstep with aggregate supply thanks to institutions that ensured the transfer of productivity increases to real incomes. This “fordist” or “wage-led” model of growth was undermined by internal and external changes. Due to a distributional shift away from labor income towards capital income, starting in the 1970s, advanced countries were confronted with a problem of excessive savings and demand shortfall, to which they have responded by activating a set of alternative demand drivers. In some cases, growth has been kept up by relying mostly on credit-financed domestic consumption, made possible by easier access to household debt or the wealth effects of asset appreciation (including housing assets). In other cases, growth has relied heavily on external demand, giving rise to export-led growth models. Other countries have been able to combine multiple growth drivers, while still others have been unable to find any alternative to the wage-led growth model. Different growth models rest on distinct key sectors and associated coalitions of “core” producer groups.

Research in the political economy cluster will continue to develop the “growth model perspective,” paying attention to the effects of crises on national-level trajectories, in particular in terms of a conceivably greater role of the state in economic management in the future. A particular emphasis will be put on the politics of growth models. We will try to chart a middle course between the “producer group coalition” and “electoral turn” perspectives in political economy. The former emphasizes the influence that economic actors and interest groups have on key policy decisions. The latter underscores the preferences of voters as ultimate determinants of policy choice. Both have strengths and weaknesses. The producer group coalition perspective is often able to provide persuasive explanations of why certain key policy decisions are adopted, but it takes the problem of building democratic majorities largely for granted. The democratic turn approach has the opposite problem: it neglects that some interests are weightier than others.

Our approach will distinguish between policy formation and consensus mobilization. In line with the producer group approach, key policy decisions are seen as being shaped by “dominant growth coalitions,” which are held together by common interests possibly cutting across class lines. However, borrowing from the democratic turn perspective, consensus mobilization in democratic capitalism cannot be taken for granted or ignored. The dominant growth coalition will have to build an electoral majority willing to support its key policies. This will be easier to achieve if the growth model produces an adequate rate of growth that can be partly used to compensate those who lose from it – something that is only possible if this compensation does not conflict with the structural foundations of the growth model. We also hypothesize, and intend to test, that a dominant growth coalition exerts hegemony, in the sense that it is able to shape the views of a broader coalition than the growth model core. In order to chart the size and composition of supporting coalitions in different countries, various methods will be used, including large surveys.

Future research will investigate not just the comparative political economy dimension of growth models but also the international political economy dimension. Growth models depend on each other and are embedded in a highly structured international financial hierarchy. Furthermore, in the past two decades production has been reorganized in global value chains. Export-led and consumption-led growth models require each other because the export surpluses in one country contribute to financing the credit-based consumption in another. By recycling their export surpluses in dollars, export-led economies buttress the dollar’s role as international currency. An international political economy perspective helps to distinguish between “core” and “peripheral” growth models. Core consumption-led growth models are able to accumulate foreign debt with little need for a correction because the rest of the world is willing to lend to them. In other words, they do not face a binding current account constraint. Instead, peripheral consumption-led growth models are fully exposed to the vagaries of cross-border financial flows. A core export-led growth model has key national firms



at the top of global value chains, while a peripheral export-led growth model is one in which the ownership of export companies is in foreign hands, or, alternatively, domestic companies are suppliers to supply chains with foreign companies at the helm. This may limit the domestic firms' ability to appropriate rents and their opportunities for upgrading, and may force the host state into subservience vis-à-vis foreign capital.

Understanding growth models as being embedded in a hierarchically structured international political economy requires engaging with the "knowledge economy" as well. In important strands of social science research, the knowledge economy is being presented as the result of long-term trends taking place on the supply side of the economy: a generalized increase in educational qualifications combined with skill-biased technical change and new forms of complementarity between high skills and capital (colocation). It is argued that this combination causes an attitudinal shift in the electorate and a withering away of the old fordist alliance between skilled and semi-skilled workers. As a consequence, the "decisive" voter moves away from supporting traditional redistributive policies and is more willing to embrace policies of "social investment." Managing the knowledge economy is seen as a matter of competent management of supply-side policies, particularly with regard to human capital development and R&D.

Yet the knowledge economy is one side of a broader shift towards "intellectual monopoly capitalism." There has been a change in the hierarchy of top firms internationally. Capital-intensive firms such as General Motors have been replaced by intangible capital-intensive firms such as Google and Facebook. These firms' key capital is their intellectual property rights, whose economic value depends on an international regulatory regime that protects them. These firms reap a disproportionate share of global profits, which they only partly share with their core workers but, more importantly, use to prevent entry by new challengers, for example through preventive acquisitions. This shift to intangible capital and intellectual property rights has important implications for the demand side and contributes to secular stagnation, since firms relying on intangible capital are much less investment-prone and employment-generating than previous top firms, and more likely to retain their earnings or return them to their shareholders.

— **3** The mostly macro-oriented research perspective on growth models finds a more micro-oriented counterpart in the Institute with the research in the sociology of markets cluster. The endemic instability of capitalism emerges also from capitalists' continuous drive into uncharted territory, a drive institutionalized through the mechanisms of economic and social competition, and the profit orientation of economic decision-making. Furthermore, motivated by social status competition and the marketing efforts of companies, consumers strive for new consumer experiences, thus opening the space and the demand for a seemingly unending stream of new products. The fundamental uncertainty underlying capitalist economies moves increasingly into the focus of research as a driver and underlying condition of destabilization.

In recent years, the MPIfG has contributed to the understanding of the role of perceptions of the future, focusing on the expectations of actors as a crucial driver and coping mechanism of capitalist dynamics. Contrary to the dominant understanding in macroeconomics, expectations are not seen as determined by information from the past, but rather as based on contingent imaginaries of future outcomes. "Fictional expectations" shape capitalist dynamics if actors assign credibility to particular perceptions of the future and base their decisions on these perceptions. Given the uncertainty of the future and its malleability, fictional expectations can at the same time provide orientation for decisions and thus reduce uncertainty, as they can increase uncertainty through the enlargement of the realm of imagined possible outcomes. Looked at from this perspective, the instability of capitalism emerges from its inherent future orientation combined with the indeterminacy of that future.

When investigated in detail, the importance of imagined futures can be detected in any realm of economic decision-making and policy-making. It holds for investments that need to be based on assessments of future profitability, for innovations where R&D departments and investors must envision the technological and market



feasibility of projected new products, and even for the use of fiat money whose value depends on the expectation that it can be used in future purchases to obtain valuable products for it. Decisions on human capital formation depend in part on imaginaries of future career opportunities. The value of financial products – be they bonds, stocks, or derivatives – depends on assessments of future performance, including the assessment of expectations of other market participants. Understanding the processes of formation of expectations and the change in expectations is highly relevant to understanding macroeconomic processes of innovation, economic growth, consumer demand, speculative bubbles, monetary stability, and economic crises. Research on future expectations also connects to studies on technology, since expected technological advances feature prominently among the imagined futures of economic actors.

In addition, technologies of prospection like forecasting, scenario analysis, or capital budgeting are important anchors for the formation of the narratives on which expectations are based. The perspective is equally relevant for the understanding of policy processes, where political decisions find legitimacy in promised outcomes of policy decisions and stumble into crisis if the expectations raised become disappointed. The current political situation can be interpreted as one in which the imagined futures of neoliberal reforms have been exhausted, not least because of the social inequalities they produced. Putting expectations front and center of an analysis of capitalist dynamics contributes to understanding the eternal processes of change that are experienced as instability but also underwrite the great stability of the system itself. Capitalism can incorporate any imaginary that promises future profits. It is in normative and in substantive terms unassuming and thus particularly flexible.

While the cornerstones of this theory of expectations and its relevance for capitalist dynamics have been laid out, future research at the Institute will continue to engage this perspective in the investigation of important empirical phenomena of contemporary capitalism and strive to make further theoretical enhancements. This holds, for instance, for the question of the sources and conditions of credibility of particular expectations, the relationship between expectations and past experiences and between expectations and institutions, as well as the change in expectations in crisis situations. Empirically, research projects investigate, for instance, the role of future expectations in economic policy decisions and the significance of calculative tools designed to create images of the future used in the decision-making of businesses. The Institute will also direct its efforts towards making the work on expectations fruitful for the understanding of dominant growth models and their stability and change.

In addition, the Institute will develop a new research field on wealth and wealth inequality that connects to work already done on bequests and estate taxation. The flip side of the demand deficit due to the distributional shift away from labor income towards capital income is a condition of capital abundance. This finds expression in the large increases in investable savings at the top of the wealth distribution and swelling levels of wealth inequality. The accumulation of wealth and the growing disconnect between saving (which increases) and investment (which becomes rarer) is one of the determinants of secular stagnation and of the instability of growth.

One way to look at this development is through the lens of the owners of private wealth. The expanding capital stock is highly concentrated in the hands of a very small group of wealth owners at the top of the distribution. While capitalism is dynamic and instable, ownership of wealth often shows long-term continuities, with wealth being passed on dynastically within families over generations. This raises questions of social mobility and social inequality, topics that stand at the center of much current research in the social sciences. Research at the Institute on this topic will empirically and historically investigate the continuities of large fortunes as well as their ruptures due to external shocks or intrinsic failures. Research will foreground the family, rather than the corporation, as the entity ensuring continuity, not only of nineteenth-century family capitalism but also of today's asset management capitalism. We will investigate wealth owners rather than their managers as the dominant economic actors in society. Our interest relates to the mechanisms used for the perpetuation of great fortunes, including the employment of legal devices to secure wealth from the state or to curb family conflict, wealth preservation through asset management, inducing

economically beneficial legal stipulations through lobbying, or the creation of societal goodwill through philanthropic engagement. How are privileged positions preserved in practice? What causes ruptures in these positions? Research projects will also address the question of how super-wealthy individuals think about society and their position in it, thus contributing to the understanding of the ideational configuration of the economic elite. In terms of social theory, projects will contribute to the understanding of the central features of contemporary societies. While mid-twentieth-century social theory emphasized the pluralistic character of democratic capitalism, the shifts in wealth and power distribution over recent decades led to the surfacing of notions like re-feudalization or oligarchic capitalism, notions that indicate a profound shift but seem to be hampered by their terminological reliance on former social formations.

— 4 Another area of research the Institute intends to strengthen is the study of social transformations brought about by technological change. This area will be an additional pillar of investigating the instability of capitalism, since disruption through technological development is a chief source of this instability. New digital technologies change the distribution of labor market risks. This trend will affect preferences for social programs, taxation, redistribution, and partisan choice. Technological change and the enhancement of the ability to monitor work performance ever more precisely may turn labor markets into markets for labor services, which, in the absence of regulatory change, may have enormous consequences for worker protection and economic inequality.

In the sphere of politics and democracy, technological change generates contrasting expectations about future developments. On the one hand, digital technology removes the “scale” constraint, making direct democracy a concrete possibility. On the other, digitalization enables governments (including foreign ones) and special interest groups to manipulate the democratic process, thus potentially destabilizing the political order. It is crucial to understand how these contradictory trends shape the evolution of democracy.

Another implication of new digital technologies is a complete loss of privacy, with data-collecting companies and the state being able to observe the behavior of citizens in great detail. Technologies for predicting future behavior allow for new levels of consumer manipulation, but also for predictive policing and the tailoring of credit decisions and insurance contracts to ever more refined scoring systems. As existing research shows, this can easily lead to new forms of inequality and discrimination. In addition, digital platforms like Facebook, YouTube, or dating sites profoundly shape the structure of social interactions in society. Finally, urban landscapes too may shift dramatically with the development of the “smart city,” a city in which every interaction with the social and physical environment is a source of data that can be recorded and stored. This allows for more efficient coordination, but it also offers ample opportunities for surveillance and nudging, with negative consequences for individual freedom and privacy.

The role of technological change for social dynamics is to some extent already reflected in research at the Institute. New technologies develop from expectations, i. e., projections, of technological trajectories. Such processes are currently investigated in projects that are informed by a science and technology perspective. From a political economy viewpoint, new technologies affect the organization of production, the distribution of risks, and the level and composition of aggregate demand.

— 5 Connected with the theme of capitalist instability, the study of the eurozone has historically been a key axis of research at the Institute. Researchers analyzed early on the problems of a monetary union that brought together countries with very different institutional capacities, and they anticipated the competitiveness and current account imbalances that led to the sovereign debt crisis that started in 2010. Later, they criticized the governance measures that were introduced to stem the emergency (enhanced fiscal supervision and strong conditionality for access to bailout funds) for reducing both output and input legitimacy.

Other research on the European Union at the Institute investigates the social and cultural processes underlying support for or disapproval of European integration. With the coronavirus, the European crisis may enter a new phase. The crisis response will produce further public deficits and debt, which may lead to renewed tensions in international financial markets and between European governments. Research on the European Union at the Institute will closely follow these developments. Will the mandate of the ECB be further extended, will there be moves towards collectivizing sovereign debt in Eurobonds or similar financial products, will there be further austerity measures, and will political forces that demand to exit from the common currency become stronger? Whichever direction European integration takes, it is clear that the European Union is facing a period of unprecedented instability and uncertainty to be investigated by economic sociologists and political economists alike.

— **6** Given the dominant role of financial markets in contemporary capitalism and its instability, the realm of finance will continue to play an important part in the Institute's research agenda. Research at the MPIfG on financial markets and the monetary system has many facets but finds two focus areas in the investigation of public finances and debt regimes, and the monetary policy of central banks. One of the central shifts in the relationship between state, economy, and polity during the last forty years is that states have tended to step back from their role in mitigating inequality through their tax system and public spending policies. States have also renounced addressing the instabilities emerging from excessive financialization. Why this is the case is a vital question for political economy and economic sociology. A further important development to be observed is the increasingly important role of central banks in the steering of private and public investments and debt. In the course of this development, the shaping of expectations of financial market actors, investors, and consumers has become a dominant tool of monetary policy. Research at the MPIfG addresses the transformation of central bank policy and investigates closely the instruments central banks use and how they legitimate their actions vis-à-vis politics and the public.

— **7** The Institute's research will continue to investigate formal and informal institutions in a historical and comparative perspective. Institutions play a crucial role in ensuring the integration, stability, and functionality of any social order. Furthermore, a comparative historical perspective allows a privileged viewpoint for understanding how societies change. At the same time, the study of institutions will be part of a broader focus that also includes key policies – both macroeconomic and structural – and the social coalitions underpinning them, as well as the role of ideas, cognitive frames, and expectations. Institutions, politics, and cognitive frames stand in a mutual relationship where any one supports or undermines the others, thus contributing to the dynamics of the social order. Institutions are important in shaping policies (an example is the relationship between central bank independence and monetary policy), but so too are electoral politics and the culturally specific understanding of situations as perceived by the actors.

Methodologically, the Institute's research will combine historical, ethnographic, qualitative, and quantitative methods. The Institute continues to understand methods as a tool whose application depends on the research question and not vice versa. Research will span the micro-, meso-, and macro-levels of analysis. More than in the past, large surveys will be used to study attitudes vis-à-vis various aspects of macroeconomic and other policies. Other methods may be used if the research questions require them, such as survey experiments. In studying public opinion, the intent is not to reify it, or pretend that individuals are fully informed or rational or consistent, but to understand how individual and group preferences and expectations change in response to new information or new discursive frames. The focus on preference and expectation formation should also enable fruitful exchanges between the different research clusters of the MPIfG.

*Cologne, October 2021*



## ECONOMIC SOCIOLOGY

### Sociology of Markets

How Are Markets Possible?  
 Competition as a Global Socio-Legal Norm  
 Absorbing Uncertainty across the Global  
 Apparel Value Chain

### The Moral Economy of Migration

The Moral Economy of Coming to Europe

### The Future in Economic Action

Fictional Expectations and Capitalist Dynamics  
 What Makes an Imaginary Credible?  
 The Greek Sovereign Debt Crisis  
 Central Banking beyond Inflation  
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 The Top 1 Percent?  
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## BUSINESS, OWNERSHIP, AND FAMILY WEALTH

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## POLITICAL ECONOMY

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Operationalizing Growth Models

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## POLITICAL ECONOMY OF EUROPEAN INTEGRATION

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## SOCIOLOGY OF PUBLIC FINANCES AND DEBT

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## EMERITI PROJECTS

Changes in the Relationship between Politics  
 and Economics  
 The Crisis of Contemporary Capitalism

## FURTHER PROJECTS

Migration Crisis Caused by the War in Ukraine





## Economic Sociology

### Introduction

*Jens Beckert*

The Economic Sociology Research Area is concerned with the study of economic phenomena from a sociological perspective. The research area has three main areas of focus. The focus of the “Sociology of Markets” research strand is on markets as a central institution of capitalist economies. The overall goal is developing an understanding of the functioning of markets with the help of the theoretical and methodological tools of sociology. Following Max Weber, markets are regarded as “arenas of social action” in which actors confront each other under conditions of competition. What social, cultural, and political conditions are required for the development of the social order of markets? The uncertainty that market actors face in making decisions is an overarching theme across the projects. The problems of coordination that arise out of this for market participants can be identified as problems of value, competition, or cooperation. The factor of uncertainty opens up broader theoretical possibilities to explain the embeddedness of economic action.

A second focus is on research into the role of future expectations for decision-making in the economy and the explanation of economic processes. Here, too, the problem of uncertainty constitutes the theoretical starting point. How can expectations be understood under conditions of uncertainty? How do economic actors form expectations when future developments cannot be predicted? Empirical projects deal, for instance, with expectations directed at deindustrialization processes, changing time horizons in financial markets, the Brexit decision, and the Greek sovereign debt crisis.

The third area of focus is on large private wealth and wealthy families, investigating the institutional, familial, and cultural preconditions for long-term wealth preservation. The focus is on the role of the family as the holders of property rights, including across generations. Contrary to the widespread understanding of the increasing insignificance of family structures in modern economic processes, the importance of the family in political economy and for long-term social inequality is considered.

## Sociology of Markets

### How Are Markets Possible?

*Jens Beckert*

The articles arising out of this project aim to develop the conceptional foundations within the sociology of markets. They start from the problem of uncertainty in market exchange and then systematically analyze the preconditions of order in markets. The articles focus on the constitution of economic value, the structuring of competition,



and solutions to cooperation problems in market exchange. These issues are developed from the perspective of action theory and are discussed in relation to the existing literature in economics and sociology.

## **Competition as a Global Socio-Legal Norm**

*Melike Arslan*

Market competition is not an ontological reality with a fixed meaning and objectively observable components. Instead, it is a “norm,” akin to other norms, such as “democracy” or “human rights,” continuously contested and recreated. The project analyzes this norm using the case of antitrust (competition) laws and policies and looks at its development at the international, national, and subnational levels. At the international level, it evaluates how authoritative definitions of competition are created by the international organizations that aim to harmonize national antitrust policies. At the national level, it inquires how the law enforcement and advocacy functions of national antitrust authorities shape the national norms on market competition. At the subnational level, it investigates how competition law professionals translate the abstract orders of the law into day-to-day corporate practices through consulting and compliance programs. Together, these different layers of research offer a transnational and historical account of how authoritative standards on market competition have emerged, diffused, diverged, and shaped liberal market economies in the last four decades. The project seeks to contribute to sociological theories on markets, laws, professions, and organizations.

## **Absorbing Uncertainty across the Global Apparel Value Chain**

*Alexander D. Hoppe*

Cultural industries depend on both creative and organizational achievements. Because meaning is at the center of cultural consumption, product designers depend on the mysteries of inspiration. At the same time, support staff like product managers or industrial engineers are not mere “surplus baggage.” They can have a powerful impact on the final shape of goods. So where does inspiration come from and how, across a complex division of labor, do ideas become objects? With support from a Fulbright-Nehru Fellowship, the project includes data from 11 months of ethnographic observation in export-oriented Indian garment factories. It mobilizes global value chains, organizational theory, and social psychology to connect the demands of management with the actual workflow of staff. The analytical centerpiece is the progressive absorption of uncertainty. Diminishing parameters of time and attention become apparent as the workflow moves through design and product management to the technical core of assembly lines. These processes are transnational, including the unexpected outsourcing of services like fashion design. The expected outcome of the research is a book publication.

## **The Moral Economy of Migration**

### **Doing the Game: The Moral Economy of Coming to Europe**

*Hannah Pool*

For more than four decades, war and insecurity forced people from Afghanistan to move within the country or to neighboring Iran and Pakistan. Since 2014, however, there has been a sharp rise in the number of Afghans expanding their migration trajectories to the EU to seek asylum. This dangerous and expensive undertaking is referred to as “Doing the Game.” How is undocumented migration across international borders facilitated, enacted, and impeded? This research project is based on the findings of a multi-sited ethnography from Iran to Germany, which examines how social relations and economic transactions mutually enable, shape, and reinforce each other in undocumented migration, and was submitted as a dissertation in 2021. Tracing

migrants' trajectories in Iran, Turkey, Greece, the so-called Balkan route, and Germany, the study develops a dynamic and emic explanation of how migrants' relationships facilitate economic interactions necessary for exerting mobility. It draws on the concept of moral economy and introduces the concept of a moral economy of coming to Europe. It analyzes how mobility emerged and was maintained through informal loans from families, smuggling services, and financial exchanges with fellow migrants, and explains periods of externally imposed immobility. The findings from the dissertation project are being prepared for publication in a book.

## **The Future in Economic Action**

### **Fictional Expectations and Capitalist Dynamics**

*Jens Beckert*

This research project starts out from the hypothesis that decisions made by intentionally rational actors under conditions of uncertainty are based on “fictions.” Fictions are images of a future state of the world and the causal mechanisms that lead to this state. Actors are motivated by this imagined future and organize their current actions accordingly. Since these mental images are not tethered to reality, fictionality is also a source of creativity. The concept of fictionality can lead to a better understanding of the microfoundations of economic dynamics. From the beginning, there have been publications based on this project, including a monograph published in 2016. Future publications will focus on conceptualizing particular aspects of fictionality and elaborating on its theoretical possibilities by looking at the historical development of fictional expectations, their origins, their social embeddedness, and the conditions under which a given fiction can gain credibility.

### **What Makes an Imaginary Credible?**

*Jens Beckert*

In capitalist economies actors base their decisions on imaginaries of future outcomes. Decisions are anchored in projections of the future that provide rationales for decisions in the present. At the same time, fundamental uncertainty stemming from genuine novelty and the complexity of situations prevents the expectations of actors in the economy from being understood as probabilistic foreknowledge of the future. The future is open and uncertain, and in part it is made through the imaginaries on which actors base their decisions. To provoke decisions, images of the future need not be true (in the sense that they portray the future present), but they do need to be credible. Actors must believe that it is at least sufficiently likely that events will indeed play out in the way portrayed by the narrative. The research question in this project is: Where does this credibility come from?

### **The Greek Tragedy: Narratives and Fictional Expectations in the Greek Sovereign Debt Crisis**

*Jens Beckert with H. Lukas R. Arndt*

Financial crises strike societies at a fundamental level but often seem like unforeseeable events. Explaining the causes and the development of financial crises is of great scientific and political importance. The project examines the Greek sovereign debt crisis after 2009 and the convergence of Greek debt before 2001 from an innovative perspective. The investigation centers around the narratives and future expectations dominating the financial markets at different times and their influence on changing risk assessments of Greek sovereign debt.

## **Central Banking beyond Inflation**

*Benjamin Braun*

Until recently, best practice in central banking was firmly anchored in the “holy trinity” of inflation targeting: price stability as the primary goal, central bank independence as the institutional arrangement, and the short-term interest rate as the instrument of monetary policy. The common thread that runs through this project is an interest in the political economy of central banking in a post-holy trinity world. What instruments do central banks actually use, and how do they justify their use of those instruments? Do central banks engage in strategic, legitimacy-seeking behavior, even though independence should shield them from political pressure? In light of the megachallenges of global warming and inequality, how can we rethink – and redepoly – the power of central banking?

## **The Politics of Deindustrialization and Expectations**

*Timur Ergen*

All rich capitalist democracies have experienced processes of deindustrialization over the past forty years. Structural change towards a declining importance of manufacturing for employment and economic output is generally explained as the result of forces beyond the control of societies, such as productivity growth differentials between sectors, shifts in the structure of expenditures with increasing incomes, or technological change. Yet different countries and regions show numerous differences along their pathways to sectoral change which cannot be explained by theories on a secular shift towards a service economy. This project systematizes these differences – in scale, scope, timing, and type – and uses in-depth historical case studies of selected regions and sectors in Germany and the United States to try to understand the causes of divergent development. How did different collectives cope with, manage, foster, impede, and shape deindustrialization? How did they come up with new models of economic growth, specialization, and social compromise? As a process of large-scale societal change, deindustrialization offers insights into how economic actors develop expectations, how approaches to economic modernization come into being, and how social conflicts structure pathways of economic change. Conceptually, the project contributes to questions of the formation of expectations in the economy.

## **Futures Drifting Apart: Brexit, the Crisis of the European Project, and the Power of Exhausted Promises**

*Lisa Suckert*

The case of Brexit exemplifies a growing rejection of “the European project” among broad sections of the population. While explanations of this development often point to the EU’s lack of input and output legitimacy, the present study considers the role of exhausted promises as a key to understand the diminishing appeal of the EU. Taking the example of Brexit, it adopts a perspective that is geared toward actors’ perceptions of the future. It explores how the promises and expectations associated with the EU have changed since 1975 and how this change is patterned. Drawing on theories on the exhaustion of modernity, it identifies four features that it assumes undermine the “promissory appeal” of the European institutions: the individualization of imagined futures; the loss of perceived agency over the future; the perception of the future as a return to the past; and the increasing stratification of future expectations. The development of these features is explored for the United Kingdom using a mixed-methods approach that integrates historical campaign material and longitudinal survey data. A comparative analysis of further EU countries shows to what extent these features are uniquely British or also indicative of the wider EU crisis.

## **Imagining the Future in the Face of Crisis: The European Union and Its Struggle to Make Sense of an Uncertain Economic Future**

*Lisa Suckert*

Images of a common and therefore bright economic future have been one of the major drivers of European integration. However, with the current crisis and its devastating consequences, this future is increasingly disputed. Based on a quantitative discourse analysis (lexicometry) of National Reform Programs, the project maps how the future is addressed by the member states in their communications with the EU. It analyzes whether the economic crisis has substantially changed the way Europe views its economic future, whether time horizons, topics, or sentiments towards the future have been impacted. Comparing imaginaries of the future originating from different countries and different points in time, the analysis shows whether the crisis has led the way for divergence or convergence within the EU. It clarifies whether the situation of crisis has fostered new alternative scenarios or perpetuated a hegemonic consensus. The project is located at the intersection of economic sociology and political economy. It helps to explain the current state of the European Union and assess the potential for alternative economic futures. Based on a field theoretical perspective, the analysis provides conceptual insights into how imaginaries of the future are contested and how discursive arenas are affected in the face of crisis. The project is associated with the DFG-financed research network “Political Sociology of Transnational Fields.”



## Research Focus on Wealth and Social Inequality

### Introduction

*Jens Beckert*

This research focus is conducting a number of projects exploring the development of wealth distribution, the influence of great wealth on politics and society, the role of foundations, processes of inheritance, the mechanisms of wealth preservation (and destruction), and the expectations and attitudes of high net worth individuals. Research on the role played by the family in the reproduction of great wealth as well as in our understanding of the development of today's capitalist economic and social orders is central to the projects. The research focus of the projects lies in sociology as well as political science, with a particular emphasis on historical lines of development. The projects embrace quantitative or qualitative research designs and include comparative studies of different countries.

### The Political Economy of Asset Manager Capitalism

*Benjamin Braun*

Global capitalism has shifted from capital scarcity to capital abundance. Other things being equal, the logic of supply and demand would suggest that in a world in which the resource they control is abundant, the structural power of wealth owners should decline. Paradoxically, the ultimate gauge of that power – the gap between the rate of return on capital ( $r$ ) and the rate of economic growth ( $g$ ) – has proven remarkably resilient since the 1980s. Why did this gap not shrink? The guiding hypothesis of this project is that the power of wealth owners is partly a function of the organization of finance. The accumulation of wealth has changed both the function and the form of the financial sector. While finance always does both, its primary function has shifted from financing to asset management, that is, the preservation of wealth over time. This functional shift has gone hand in hand with the rise to dominance of a new form of financial intermediary: asset management firms that pool and manage “other people's money.” This project studies the history and evolution of these firms, and their impact on the economic and political determinants of the rate of return on capital.

### The Top 1 Percent? A Cultural History of Wealth and “the Rich” in the Long Twentieth Century in Germany

*Eva Maria Gajek*

The second half of the nineteenth century saw a significant increase in and structural changes to asset ownership. At the same time, during this period of transformation, society began to take a close look at the group of property owners: through scientific studies, statistics, listings, journalistic texts, photographs, or political speeches, various actors came to an understanding of the social order and increasingly tried to answer the question of who “the rich” were. The project takes these attempts as a starting point to trace the changes in the answers and techniques used by contemporaries

during the long twentieth century in Germany. Using exemplary case studies, it asks what boundaries and definitions of wealth were established and by what categories the social group of the “rich” was ultimately produced, measured, and legitimized. The aim is to tell a story of wealth and the “rich” as a cultural history in order to sensitize the reader to the historical complexity of the subject and to draw attention to the fact that statistics collected about wealth and the “rich” were in an intensive interrelationship with social imaginary worlds.

## **Schooling Choices of Wealthy Families in Germany**

*Karen Lillie*

Which schooling choices are made by wealthy families and how do these choices fit into broader mechanisms of social reproduction? In the US and the UK, education has been proven to act in the (re-)production of status. How education functions in the German context, however, remains unclear. Germany appears to have an egalitarian educational system, yet it still has low levels of social mobility and high levels of inequality. The project therefore aims to explore how education and inequality intersect in this context. Contributing to the fields of elite studies and sociology of education, this research sheds light more broadly on processes of social reproduction in Germany, particularly in comparison to the US and the UK. Data for the project will come both from interviews with families and ethnographic work in schools.

## **Plural Meanings of Property in Wealthy Families**

*Isabell Stamm*

At the upper end of the wealth distribution in Germany, very large fortunes are concentrated in the hands of a few individuals and families. These fortunes have grown historically and represent individual and dynamic configurations of property, with firm ownership usually playing a prominent role. But how do very wealthy families relate to their property and, in particular, to firm ownership? Research on family capitalism assumes a long-term interest in the firm, which is passed down through generations and usually directly controlled. In parallel, research on financial market capitalism describes an increasing assetization and exit orientation, focusing on short-term returns and diversified portfolios. In very wealthy owner families, these different orientations of family entrepreneurs, rentiers, or serial entrepreneurs come together and challenge families to balance the meaning of firm ownership for themselves. Following a sociology of ownership and based on narrative interviews with family members, the research project traces the ownership histories of families at the upper end of the wealth distribution. The goal is to elaborate upon the plural meanings of property within these families and with regard to the temporal outlooks, stakeholders, and influence they ascribe to their property.

## **Wealth in Germany: Structures, Continuities, and Fractures**

*Daria Tisch*

A small group of families or individuals, with fortunes amounting to at least hundreds of millions of euros, sit at the top end of the wealth distribution in Germany. Relatively little is known about this small group and this project uses rich lists to take a look at the so-called superrich in Germany. It examines various characteristics of the individuals, their families, and their associated companies or sources of wealth. For this purpose, the list of the 1001 wealthiest Germans published by the *Manager Magazin* in 2019 is augmented with socio-demographic information about individuals and families from encyclopedias and other publicly accessible sources. Alongside describing the social composition of the wealthiest German families, this study will examine the origins of today’s largest fortunes to study the long-term perpetuation of wealth. To this end, today’s superrich will be compared with rich lists from the late German Empire. Thereby, families are identified who could perpetuate their fortunes over more

than a century. Overall, this project will provide rich quantitative insights into the very top of the German wealth distribution.

## **Linking Wealth and Power: Capitalist Classes in the Twenty-First Century**

*H. Lukas R. Arndt (doctoral project)*

The exceptional concentration of wealth in Western democracies during the past five decades has become common knowledge in the study of social stratification. One concern about wealth concentration is that its beneficiaries might be a threat to democracy. More precisely, concern surrounds the potential concentration of their structural and instrumental power. From the perspective of class analysis these would be individuals who concentrate control over capital in capitalist democracies: wealthy individuals and families, and powerful managers of the large corporations and financial institutions. This closely relates to a long-standing question: To what extent can the rich be understood as part of a capitalist class in itself and for itself? This dissertation project aims to develop a framework for an analysis of capitalist classes in the twenty-first century. To test this framework empirically, a large sample of the largest corporations is combined with data on super-rich individuals and families, as well as firm lobbying in the EU and the US. The following research questions are pursued: Should the capitalist class be understood as a community of economic or even ruling elites, or as a structural class? Are individual class positions of members of the capitalist class related to (class) political action of their firms?





## Research Group on Business, Ownership, and Family Wealth

### Introduction

*Isabell Stamm*

Current research on wealth in Germany shows that wealth is concentrated in the hands of a few families. These fortunes are often based on the success of one or more businesses owned and controlled by these families. These wealthy entrepreneurial families are the product and driver of the specific form of family-dominated capitalism in Germany, which is generally associated, however, with a somewhat romanticized notion of medium-sized family businesses that operate on a long-term basis and have regional roots. The research group “Business, Ownership, and Family Wealth” investigates the changing constitution of family capitalism in Germany with a decided focus on social inequality. It is assumed that private property is a constitutive feature of capitalism per se and that family capitalism is characterized by a dominating influence of families on the capitalist mode of production and economy. Such family capitalism represents the norm both historically and globally, but different configurations of family domination can be discerned in terms of the structural distribution and concentration of business ownership as well as the cultural attribution of the importance and legitimacy of this ownership. With regard to Germany, the key questions are: Why are owner families still dominant within the business population today, and how do some of them manage to reproduce control over their businesses over generations? How is the importance of ownership for the family and societal expectations of owner families changing? What is the relationship between owner families and governmental, institutional, or participatory owners? The research group’s projects address these questions, contributing to a deeper understanding of the relationship between business, ownership and family wealth in a capitalist economic order.

### Entrepreneurial Group Dynamics

*Isabell Stamm*

This sociological research project understands entrepreneurship as collective action and draws attention to entrepreneurial groups as key social units involved in this collective action. Such entrepreneurial groups are constituted by a small number of family members, friends, or former colleagues that jointly engage in an entrepreneurial venture. These entrepreneurial groups share a history, develop a distinct idiosyncrasy, and draft an image of their joint future. The project analyzes the dynamics of such entrepreneurial groups by studying their trajectories and transitions and their capacity to negotiate future. This research group is funded by a Freigeist Fellowship of the Volkswagen Foundation and was located at the Technische Universität Berlin from 2017 to 2021. For more information please visit: [www.entrepreneurialgroups.org](http://www.entrepreneurialgroups.org).

## **Exit in German Mittelstand**

*Isabell Stamm*

Over the past two decades, we can observe a gradual shift in ownership transfer in the German Mittelstand from a strong preference towards family internal succession towards selling the business externally. Adopting a sociology of ownership perspective, the configuration of transfer is seen to undergo major change in terms of who is seen as legitimate transfer partner, the rules and practices of transfers, and the valuation of the firm. Selling the business turns the business itself into a commodity and fosters marketization of Mittelstand firms. Using a case study design, the project identifies social, institutional, and cultural conditions that foster this change. The study is based on the analysis of qualitative interviews with intermediaries in the field of succession (bankers, tax consultants, M&A advisors, platform operators, academics, journalists, associations) as well as a large number of documents (such as laws and parliamentary debates, news articles, documentation of chamber of commerce, publications by intermediaries, platforms). A grounded theory approach is applied to identify relevant mechanisms that may explain a legitimization of business sales and the emergence of a market for Mittelstand firms.

## **Is Wealth Thicker than Blood? The Social Order of Wealthy Families**

*Franziska Wiest (doctoral project)*

The intergenerational transmission of wealth in families is a major cause of increasing wealth concentration. However, it is only recently that there has been a growing sociological interest in the role of the family and kinship networks in cross-generational wealth accumulation. To understand the dynamics of long-term wealth perpetuation, the dissertation project analyzes social orders in wealthy families and their consequences for the reproduction of family wealth in times of increasing inequalities. It argues that these families are main drivers of capitalist development and the social orders they are embedded in and produce help us to understand how wealthy families react and adapt to social change. Drawing on in-depth interviews with members of super-rich German families along with legal, archival, and journalistic data of their family dynamics, the dissertation investigates how these families have succeeded or failed in establishing family and wealth continuity. By exploring how family dynamics are navigated, the dissertation contributes to the question of the economic embeddedness of the family in contemporary capitalism as well as to research on wealth and social inequality. Project duration: October 2021 to March 2025.



## Political Economy

### Introduction

*Lucio Baccaro*

This research area focuses on “political economy,” defined broadly as the study of economic phenomena from an interdisciplinary perspective. Research in this cluster builds on social science approaches and methods – drawn primarily from political science and sociology, but also history, geography, and of course economics. This approach to political economy, whilst theoretically and methodologically diverse, is underpinned by a common concern with embedding the analysis of economic phenomena within the social and political realms. Furthermore, research interests embrace both comparative (CPE) and international (IPE) political economy.

This broad understanding of political economy seeks to overcome the separation of IPE and CPE into separate sub-disciplines, which evolved, somewhat ironically, precisely when globalization accelerated and the conditions of “embedded liberalism” came under pressure. Research in this cluster uses a wide array of methods, including quantitative, qualitative, or mixed methods, depending on the nature of the research question.

A key goal of the research area is to contribute to the further development of the “growth model perspective.” This perspective aims to account both for commonality and for diversity in contemporary capitalism. Rather than focusing on institutional sets underpinning different production regimes (“varieties of capitalism”), the growth model perspective shifts the focus onto the demand drivers of growth and associated key sectors or firms.

Current research projects cover both the political economy and the politics of growth models. Examples include applying or extending the growth model perspective to specific countries, analyzing social coalitions underpinning both sustained growth and stagnation across countries, studying individual preferences for different macro-economic regimes, understanding the effects of hegemonic economic discourses on policy outcomes, investigating the impact of growth models on individual level preferences and the agendas of political parties, and identifying growth models empirically.

Other projects explore the international political economy dimension of growth models, such as the role of international financial flows and monetary power, and the different manifestations of secular stagnation across different types of national capitalism. Another strand of research looks at the impact of the euro on European growth models, and the feasibility of reform of the economic governance of the eurozone.

Researchers in this cluster share an orientation to political economy and seek to contribute to the common agenda of the group, but also pursue their own research ideas, as demonstrated by the diversity of research projects in the cluster.

## Operationalizing Growth Models

### Operationalizing Growth Models

*Lucio Baccaro and Sinisa Hadziabdic*

The growth model perspective requires new methodological tools to identify growth models, their key demand and sectoral drivers, and their relationship to structural determinants of growth. The goal of the project is to provide a rigorous operationalization of the notion of key growth drivers. Drawing on literature in international economics, we estimate import-adjusted components of final demand (consumption, government spending, investment, exports) for OECD countries. We extend the import-adjustment approach to the identification of key sectoral drivers of growth (manufacturing, low-end services, high-end services, public sector, construction, other sectors). Using this approach we are able to identify country by country and for different time periods which demand components and which sectors are most important for growth and by how much. We then explore the structural correlates of the most important demand drivers: consumption- and export-led growth.

## Politics of Growth Models

### Preferences for Growth Models: Evidence from a New Survey

*Lucio Baccaro, Björn Bremer, and Erik Neimanns*

Drawing on a new survey of public opinion in Germany, Italy, Sweden, and the UK, this project aims to explore preferences for growth models at the individual level. Individuals are presented with stylized descriptions of different growth models (wage-led, profit-led, export-led, debt-led), and asked about their preferences for them, as well as their preferences for various dimensions of macroeconomic policy (wage policy, monetary policy, fiscal policy, exchange rate policy). The goal is to assess the extent of social support and opposition for growth models by country, sector, and class, and identify social coalitions based on compatible preferences.

### Political Economy of Export-Led Growth

*Lucio Baccaro and Martin Höpner*

Advanced countries face a tendency towards stagnation caused by an excess of savings and a corresponding penury of investments. An export-led growth model solves the problem of insufficient effective demand by relying overwhelmingly on foreign demand while repressing domestic demand. Focusing on Germany, this project analyzes the pillars of export-led growth: a set of institutions and policies that keep inflation lower than in trade partners and a rigid exchange rate regime (the euro) that rules out exchange rate adjustment, thus ensuring real exchange rate undervaluation. It also discusses the vulnerability and inherent instability of such a model.

### Back to Growth? The Views of the Italian Elites

*Lucio Baccaro, Arianna Tassinari (University of Bologna), and Cassandra Fuchs*

For the past twenty-five years, Italy has recorded the weakest economic growth performance of the OECD. This is not just a domestic problem but also a source of fragility for the eurozone. What is the way out of this impasse? This research project aims to investigate the causes of Italy's longstanding economic stagnation and the prospects for growth in Italy as perceived by the country's political and economic elites. Drawing on extant research on growth models, which has highlighted that viable models of growth rest on background consensus among political and economic elites, the study focuses on ideas of Italian elites about the Italian economy, its problems, and desirable reforms. Through in-depth qualitative interviews with a broad spectrum of political, economic, and technocratic elites, it seeks to map out whether there is ideational consensus or whether there are multiple competing views among Italian political and economic elites.

about the causes of Italy's economic woes and possible strategies to rekindle growth in the post-Covid-19 era, and how elites' ideas about growth shape policy agendas.

## **Political Aspects of Macroeconomic Policies and Growth Models**

*Björn Bremer*

The Great Recession dragged macroeconomic policies from the technocratic realm of “quiet politics” into the electoral realm of “noisy politics.” Still, comparative political economy has not adequately studied the politics of macroeconomic policies in the twenty-first century. It lacks a clear understanding of how the distributive consequences of different macroeconomic policies translate into political struggles over power and policies. This research project thus studies the political conflicts behind macroeconomic policies and growth models. It assumes that the economy is not isolated from electoral competition in liberal democracies and that different routes to growth can be politically contested. Therefore, the project analyzes how economic interests are aggregated into political coalitions that rally around different economic policies. Specifically, it studies social and political conflicts over macroeconomic policies in the advanced economies from 1985 to 2015 and aims to answer three research questions: (1) To what extent are macroeconomic policies contested among voters? (2) How and why do different political actors support or oppose different macroeconomic policies? (3) How do these actors legitimize support for their preferred policies among voters?

## **Operationalizing Hegemony: How Economic Ideas Shape Attitudes about Growth Models**

*Sinisa Hadziabdic*

While the growth model perspective implicitly assumes that a dominant growth model goes together with a hegemonic discourse justifying and legitimizing its existence, no one has yet provided a convincing explanation of how these hegemonic effects are supposed to operate. The project aims to fill this gap by focusing on the role of public intellectuals, professional economists in particular. It is assumed that economists play a key role disseminating the dominant economic rhetoric in the public sphere. First, the project will provide a systematic account of the historical evolution of economic discourse and uncover its changing scientific, ideological, and cognitive roots in four countries (Germany, the United Kingdom, France, and Italy) by using mostly automated textual analysis and regression tools. Second, it will empirically explore the mechanisms by which economic discourse is able to influence perceptions about growth model effectiveness through a series of attitudinal experiments.

## **Growth Models and the Role of Government Coalition Making**

*Erik Neimanns*

Over the last decades, comparative political economy has paid limited attention to the political determinants of macroeconomic policy. However, emerging research on growth models in the post-Keynesian era demonstrates how different emphases on exports or aggregate demand are associated with distinct patterns of social inequality and economic instability. Focusing on individual voters' preferences towards macroeconomic policies and on the role of government partisanship, the project examines the room for maneuver political parties have in shaping growth models. Do individuals who are economically disadvantaged under a given growth model demand change in macroeconomic policies, and do these preferences translate into voting behavior? To what extent are the macroeconomic preferences of economically disadvantaged individuals represented in government policy-making, and to what extent do the political-economic constraints imposed by liberalized market economies bind governments to maintain the status quo? The project uses a quantitative research design applying regression analyses of macroeconomic indicators, partisan composition of governments, voting behavior, and individual-level preferences towards macroeconomic policies for the industrialized Western countries from the 1970s onwards.

## **Growth Models and the Preferences of Left Voters**

*Erik Neimanns and Lucio Baccaro*

Theoretical considerations suggest that export-led growth is facilitated by workers' wage moderation and conservative fiscal policies. However, these functional requirements of export-led growth may conflict with the preferences of left voters, whose income depends significantly on wage income and public transfers. How is the tension between the functional requirements of the growth model and the preferences of voters resolved? Are the preferences of left voters at odds with an export-led growth model, or do they adapt to the functional requirements of export-led growth and internalize the competitiveness constraints? Based on an analysis of data from several waves of the International Social Survey Programme (ISSP), combined with country-level data, we argue that the preferences of left voters and right voters with regard to wage policy and public expenditure tend to converge because left voters become more economically conservative the more the growth model is export-led. This suggests that export-led growth creates its own supporting attitudinal preconditions. This project contributes to the recent literature on the politics of growth models, particularly of export-led growth.

## **Corporate Taxation and Growth Models**

*Saila Stausholm*

Tax is central to the question of how countries seek economic growth and the winners and losers these growth strategies create. Corporate taxation is particularly a policy area that is widely considered important for growth, particularly by stimulating investment. The quest for investment has led countries to engage in widespread tax competition, while at the same time dealing with the issue of corporate tax avoidance by multinational corporations. The international dynamics of tax competition, investment and corporate profit shifting poses threats to fiscal balances, political alliances, and fosters inequality. Corporate tax is important for policy debates within and between countries and poses important dilemmas and contradictions that cannot be understood only within nations. The project therefore draws upon both international and comparative political economy in asking how corporate tax regimes interact with the evolution of growth models.

## **When Voters Become Capitalists: The Politics of Asset Ownership and Financial Power in Growth Models**

*Dustin Voss*

The growth of global finance during the last three decades has created vast opportunities for wealth accumulation for “average” citizens but has also brought with it heightened risks of financial crisis. A quick glance at the size and dominance of financial sectors in comparative perspective reveals that policy-makers deal with this dilemma in very different ways, ranging from extensive financial liberalization to more conservative capital market restriction. What explains the variety of the role that finance plays under different growth models? And when do countries shift towards a greater reliance on finance as a driver of wealth creation and macroeconomic growth? This project explores the electoral foundations of interest group power and the political implications of asset ownership. Specifically, it focuses on the ability of the finance industry to leverage its political power in coalitions with asset-rich voters and push growth models towards a greater reliance on financial sectors. The project applies a mixed-methods research design combining quantitative analysis of household asset ownership across OECD countries since the 1990s with qualitative process tracing and case studies based on interviews and media analysis.

## International Political Economy of Growth Models

### Varieties of Secular Stagnation

*Lucio Baccaro and Puneet Bhasin (Gallatin School, New York University)*

A specter of tepid growth and periodic crises haunts politicians, technocrats, and pundits alike: the specter of secular stagnation. Tackling secular stagnation strikes at the core of both CPE and IPE. It not only helps to address the vexed question of whether there is one type of capitalism or many, but also helps to conceive capitalism to be at once similar and dissimilar across nation-states depending on their positions in the international economy. We will argue that secular stagnation highlights a common developmental trajectory in advanced capitalism and that this common trend is primarily the result of a fundamental shift in income distribution away from labor and towards capital, which has been ongoing for over four decades now. At the same time, however, the response to this common underlying trend varies fundamentally across national capitalisms. The project aims to show this to be the case by analyzing the trajectory of the US and Germany, two complementary demand regimes which deliver periodic spurts of growth even when the trend is one of stagnation.

### Sustaining Imbalance: Growth Models and Global Finance

*Lucio Baccaro and Benjamin Braun*

How do national growth models interact with the global financial system? Comparative political economy (CPE) offers surprisingly few answers to this question. Most notably, the growth model literature has had relatively little to say about what makes current account imbalance sustainable over extended periods of time. The central proposition of the research project is that the presence of deep and liquid financial markets is key to sustaining current account deficits, while their absence is key to sustaining surpluses. Drawing on international political economy (IPE), it presents a framework for the analysis of the interaction between capital flows, financial systems, and current account positions. The argument is illustrated via a discussion of the US and Germany, epitomizing the consumption-led and the export-led growth model, respectively.

## Political Economy of the Euro

### Stuck: The Politics of Euro Reform in Post-Pandemic Europe

*Lucio Baccaro and Björn Bremer*

The coronavirus pandemic poses a new existential threat to the integrity of the eurozone. The most critical country seems to be Italy, where in the absence of debt mutualization (either explicitly through eurobonds or coronabonds, or implicitly through the balance sheet of the European Central Bank) the public debt is destined to further increase and a new financial crisis may emerge. Years of prolonged economic stagnation have led to a general disenchantment with the euro in Italy. Faced with the extra costs of Covid-19, Italian voters may prefer leaving the single currency to remaining in it, especially if the response to the crisis involves harsh austerity policies. The emergence of a credible threat of exit may either create an opportunity for the establishment of joint fiscal capacities, or break the common currency apart. This project studies preferences for the euro through survey experiments in Italy, Germany, and other European countries.





## Research Group on the Political Economy of European Integration

### Introduction

*Martin Höpner*

Heterogeneity within the European Union has increased with each round of enlargement. The EU is made up of countries with widely differing welfare levels, welfare states, industrial relations arrangements, and corporate governance regimes. The extent to which the European economies rely on internal demand and exports varies, too. The research group analyzes how the heterogeneity of European varieties of capitalism shapes European integration. It focuses on the following issues: (1) the political-economic conflict structures within the EU and the eurozone; (2) the functioning of the European economic and monetary union; (3) the tensions between judicial and political integration; (4) the liberalization bias of European integration; (5) the determinants of the partial autonomy of the Commission and European Court of Justice as supranational institutions; (6) the transformation of European varieties of capitalism and its effects on production, distribution, and democracy; and (7) theory formation at the intersection of integration theory and political economy.

### The Dynamics of “Integration through Law”

*Martin Höpner*

European principles complement and replace member state law not only on the basis of political decisions. Political integration is accompanied by very dynamic “integration through law.” The project analyzes the extensive interpretation of market freedoms and European competition law by the European Court of Justice (ECJ). It investigates the room for maneuver that allows the ECJ to enlarge the scope of application of market freedoms and competition law, as well as the reactions of the member states. The project also analyzes how the strategic interaction of national and European interests makes effective control of integration through law difficult. It further aims at identifying ways to more effectively protect member states’ labor market and social policy regimes.

### European Economic and Monetary Integration

*Martin Höpner*

In order to work smoothly, fixed exchange rate regimes require convergent wage and price inflation among their members. But all European currency orders after World War II consisted of very heterogeneous country groups. The project explores the implications of this heterogeneity for European monetary integration. It specifically focuses on Germany, which produced lower inflation rates than its trading partners throughout all respective currency orders and thereby profited from competitive undervaluation. The project analyzes how the diversity of inner-European wage regimes contributed to the distortion of real exchange rates. It also asks whether the problem may be solved by exporting the German wage determination model or by European-wide wage coordination.

## **Public Employers as State Actors: The Political Economy of Public Sector Wage Setting in Germany**

*Donato Di Carlo*

Following on from a dissertation completed in spring 2019, the project analyzes the institutional and political determinants behind the adoption of wage policies in the German public sector within the context of the European Economic and Monetary Union (EMU). While the neo-corporatist literature in comparative political economy (CPE) has studied the characteristics of export sector wage setting extensively, much less is known about the political economy of wage setting in the public sector. The project puts emphasis on the inherent fiscal nature of public sector wage setting and focuses on the central role of public employers as wage setting actors embedded in the institutional matrix of the state. It relies on actor-centered institutionalism to bring together insights from CPE, public finance, fiscal federalism, and industrial relations theory. In light of the limited policy options in the EMU, the project argues that public sector wage policy plays an important and hitherto neglected role as a key instrument of economic governance for country-specific stabilization or destabilization.

## **Social Europe under a Northern Light**

*Maximilian Kiecker (doctoral project)*

Swedish and Danish social partners regularly display skepticism towards new EU legislation in the field of labor market and social policy. For example, they strongly rejected the Commission's 2020 proposal for a minimum wage directive, even though it would have caused little need for adjustment in Sweden and Denmark. In Finland, on the other hand, the social partners regularly show more openness towards European social policy. These different preferences are surprising because Nordic countries are generally seen as ideal-typical social-democratic countries that should have a natural interest in limiting social dumping. To uncover the reasons for these stances, this dissertation project compares the positioning of labor market actors in Sweden and Denmark to those in Finland. Utilizing process tracing and elite interviews, the project focuses on three policy areas, the EU social pillar, posting of workers, and macro-economic dialogue in the post-Laval era.

## **Negotiating Fiscal Space in the Second Decade of the Euro**

*Camilla Locatelli (doctoral project)*

The second decade of the euro has been marked by multiple crises that put European welfare states under pressure. Tensions led to a push for deeper economic integration and resulted in an increased involvement of European institutions in national fiscal policy-making. The renewed participation of EU institutions has transformed the field where fiscal policy decisions are taken into a new ecosystem that involves national and supranational actors. This configuration has been marked by pressures for consolidation that, despite common trends, have resulted in different combination of financing and spending strategies across euro area member states. The dissertation project offers a better theoretical understanding and empirical investigation of the new euro-area fiscal ecosystem dynamics. It investigates how national fiscal politics across different contexts has integrated forms of external pressure. The study relies on a mixed-methods design: through a quantitative descriptive part, it offers an overview of the evolution of public finances across euro area countries. A qualitative comparative case study deepens the analysis by delving into the inner workings of national fiscal policy-making in this new multilevel institutional setting.



## Research Group on the Sociology of Public Finances and Debt

### Introduction

*Leon Wansleben*

The fiscal regimes of advanced Western democracies have become highly inert. Aging populations, rising health costs and other factors keep spending pressure high. At the same time, with little prospect of high economic growth and with entrenched opposition to higher taxes, states cannot significantly raise revenues. While debt financing partly offers a way out of these dilemmas, states usually face self- or market-imposed limits to indebtedness and deficit spending. The research group looks at how state actors deal with this inertia and associated dilemmas and seek new solutions in light of growing economic instabilities, inequalities, and transformational challenges, particularly those of climate change. Experiences from the past decade suggest that, when policy-makers opt for austerity, they encounter significant political resistance and fail to fix the underlying economic and fiscal malaise. What are the alternatives? Under which conditions can policy-makers render fiscal systems more economically, socially, and environmentally sustainable? Or when do they opt for evasive solutions, as indicated by the widespread adoption of central banks' quantitative easing and the design of off-balance-sheet investments? The group investigates the structural and institutional conditions, as well as the meso-level processes, that determine fiscal problem-solving strategies at this critical juncture.

### Policy Innovations and the Challenge of “Greening” the Fiscal State

*Leon Wansleben*

To implement the sizable reductions in greenhouse gas emissions that are needed to achieve their “net zero” objectives, states need to fundamentally remodel their fiscal and social policies. “Greening” the fiscal state requires deep reforms, such as imposing a comprehensive carbon tax, shifting relative prices, redesigning subsidies, and mobilizing massive resources for infrastructure investment. This in turn presupposes interventions into existing fiscal relations, which raises some profound distributional questions. How do different state structures and cultures respond to a momentous challenge that is comparable to the adoption of social and macroeconomic policies during the early to mid-twentieth century? Following a tradition of state-centric research in political sociology, this project looks at bureaucratic organizations, their linkage with party politics, their internal change, and their role in policy innovations to understand to what extent, and how, different states manage to “green” their fiscal policies. The project draws on historical institutionalism and organizational sociology to study processes of failed and accomplished reforms, their enabling conditions, and obstacles to them, in Germany and Great Britain.

## **Urban Green Infrastructures: Under What Conditions Can Local Authorities Invest?**

*Leon Wansleben and Ned Crowley*

In recent years, an increasing number of local authorities have declared climate emergencies and adopted local “net zero” goals. Meanwhile, demands to invest in local infrastructure for climate change mitigation and adaptation have grown. After decades of underinvestment, most places need new or smarter local energy grids, water supply and sewage systems, public transport, and better insulated public buildings. How do local administrative and political actors address this tremendous challenge, and how do structural and institutional contexts shape their fiscal and organizational capacities for public green investments? Under which conditions can “green” local governance coalitions mobilize support for such investments, and how do the chosen climate mitigation/adaptation measures relate to local social and economic interests and demands? The project looks at these questions by combining fiscal with urban sociology. It studies several local authorities in England and Germany using diverse quantitative and qualitative methods, including original surveys and local ethnographies.

## **Climate Policy as Distributional Politics: Why Do Decarbonization Policies in the German Housing Sector Have a Regressive Bias?**

*Leon Wansleben and Laura Carlotta Terhorst*

The topic of housing has been central to the discussion of the social aspects of climate policy-making for some time, among other things because of rising housing costs resulting from energy-related retrofitting of residential buildings and energy poverty in low-income households. For Germany, econometric studies indeed suggest that various climate policies associated with housing, such as feed-in tariffs and subsidies for solar panels or insulation, have regressive distributional effects. Property owners with high incomes can use these subsidies and make savings in the longer term, while lower-income renters face higher costs because landlords are able to pass the costs on to them, or they may live in properties in which landlords fail to invest. The objective of this project is to explore why and how policy processes in Germany have led to this regressive distributional outcome. Why have policy makers failed to adopt effective solutions that would benefit renters, who account for the majority of the German housing sector? We aim to explain this outcome with a process-tracing design for theory building that covers interest group and party politics, public discourse, implementation, and underlying dispositions and concepts of justice.

## **Multilevel Governance, Public Finance, and Distributive Conflict under Austerity**

*Ned Crowley*

Notwithstanding the recent surge in pandemic-related expenditures, rich democracies have been operating, in varying degrees, under conditions of permanent austerity for four decades. Alongside a general constraint on public spending, permanent austerity has often entailed the decentralization of fiscal obligations to local and regional governments, a process that reproduces spatial inequalities between more- and less-deprived locales. Moreover, in shifting fiscal obligations downward, decentralization also relocates the politics of public finance to the local level. This project aims to understand how such “trickle down austerity” influences fiscal capacity and fiscal politics in local governments, beginning with the cases of the United States and United Kingdom. It asks: (a) How do public finance measures implemented by central governments shape spatial patterns of inequality and social deprivation among regions and places? (b) How do local government authorities navigate decentralized fiscal systems under conditions of austerity, especially when it comes to providing for public goods and welfare and promoting decarbonization? (c) Finally, how are local public finance and fiscal politics patterned by differences in national fiscal systems?

## **At the Edges of Public Debt: European Public Debt Categorization, Application, and Reinterpretation**

*Vanessa Endrejat (doctoral project)*

Public debt figures are powerful political and societal instruments. However, the reliability of underlying data and how appropriately they reflect government finances have become a matter of further discussion after the eurozone crisis. This dissertation project explores how the boundaries between what is included in and excluded from debt calculations are drawn, applied, and reinterpreted. A key object of this constant reinterpretation are activities or institutions at the edges of governmental balance sheets, such as contingent liabilities. Materializing only if certain events occur, contingent liabilities such as public-private partnerships or government guarantees are a key conduit for off-balance sheet state interventions while at the same time carrying potential fiscal risk. Drawing on field theory and the sociology of quantification and instrumentation, the project explores the conflicts emerging around the inclusion (or exclusion) of contingent liabilities in debt calculations within the European Union. It thus analyzes the interaction between EU and national political actors and statisticians in the unique context of the aftermath of the eurozone crisis, a phase characterized by the reflexive application and reinterpretation of statistical categories.

## **The Scientization of Central Banks**

*Edin Ibrocevic (doctoral project)*

Over the past 30 years, central banks have undergone a remarkable transformation, moving away from the perception of monetary policy as an arcane art practiced by a central bank president and toward a technocratic and precise science of central banking. However, not every central bank underwent the process of scientization at the same time or to the same degree. While the Federal Reserve System founded their own research departments in the seventies, most G20 central banks only followed suit decades later. Nowadays almost all central banks publish large numbers of working papers, hold scientific conferences, and offer internal research tracks and visiting scholar positions for academics. Differences in the scientization of central banks have so far not been examined in the literature. This project therefore aims to analyze the structures and dynamics of knowledge production that have emerged during the scientization of the G20 central banks. It will combine sociological institutionalism, Bourdieusian field theory, and the sociology of translation to investigate the impact of scientization on knowledge production, institutions, and policy-making itself. Empirically, a large-scale dataset of working papers published by central banks, the International Monetary Fund (IMF), and the Bank for International Settlements (BIS) is combined with qualitative document analysis and expert interviews.

## **How Markets Reshape States: Public Debt and Neoliberalism in Brazil**

*Teresa Ruas Coelho (Universidade Federal de Sergipe)*

Public debt has been an important object of political disputes in Brazil for several decades. In the 1980s, the country was no exception to the generalized foreign debt crisis in Latin America. Since then, the Brazilian public debt has become mostly domestic, but it has continued to be one of the leading issues in the country's economic policy. How did public debt become a problem in Brazil, and how is this process related with the implementation of a neoliberal development pattern in the country? The dissertation focuses on the efforts of neoliberal actors who perceive themselves as "revolutionaries," agents of the modernization of Brazilian public finances. These actors actively seek to construct a new economic reality and implement a technique of governing this reality, based on a set of practices and devices that constitute the focus of the analysis. This network of actors and devices is traced using a qualitative methodology to analyze a corpus of institutional documents, public archives, and news and academic/biographical publications of relevant actors. The research is funded by Coordenação de Aperfeiçoamento de Pessoal de Nível Superior (CAPES).



## IMPRS-SPCE Doctoral Program: Dissertation Projects

### **Keeping a Job: Refugees and Asylum Seekers in Temporary and Non-Regular Employment**

*Ayodeji Stephen Akinnimi*

As more refugees have their asylum cases decided and are granted legal residency status, German state agencies, along with other institutions, are working to facilitate their early entry into the labor market. Access to various kinds of social networks and the characteristics of the subgroups of migrants constitutes an important factor for how new migrants find and keep their jobs and improve their employment status. While one of the objectives of this research is to understand the interaction between employment regulations and migration controls, especially those directed at asylum seekers and refugees in situating new migrants into low-status positions in the German labor market, the study foregrounds the experience of migrants in navigating through opportunities and constraints as they attempt to improve their employment status and, with it, social status. Thus, the research is designed as a qualitative study of recent migrants, sensitive to possible differences along ethnic lines, with a focus on how they get a job, but also how they keep a job, ideally by moving into regular employment contracts.

### **“Navigating by the Stars”: The Political Economy of Monetary Policy between Natural Rates and Central Bank Independence**

*Tobias Arbogast*

Macroeconomic policy has come to occupy a central role in mediating the sometimes uneasy relation between capitalism and democracy, with monetary policy playing an important role. In this regard, the latter’s effectiveness has traditionally been theorized according to the theory of the neutrality of money. A broad consensus was reached that would limit central banks to stabilizing the business cycle, which was institutionalized through central banks’ mandates and independence. Political economy has made significant progress in understanding the multiple political and economic tensions that modern central banks must navigate and how they arrive at their policy stance in the process. The dissertation project analyzes two such factors. It examines the role of so-called “natural” macroeconomic variables (e.g., NAIRU) in conditioning policy responses. Furthermore, it investigates how institutional considerations such as preserving independence might affect monetary policy decisions. As well as the analysis of documentation and macro-models of central banks, interviews with central bank employees will be conducted. The cases under investigation are the central banks of Germany, France, the US, China, and Bolivia since the Great Financial Crisis.

## **Southern In(ter)dependency? The Impact of Chinese Investments on Development in Colombia**

*Clara Baumann*

For decades, global “Northern” economies have expanded their production chains to the global “South” and benefitted from its cheap primary resources and surplus labor. Thereby, their target countries were hindered from enhancing their economic development and remained locked in a state of dependency. While economic and political elites partially benefitted from their cooperation with foreign enterprises, these dynamics strongly enhanced social inequalities among target-country populations. It is only since the 2000s that the emergence of new competitors from the global South – and especially China – has called these traditional paradigms into question. While the existing literature conceptualizes these investors as new “core” countries that reinforce traditional dynamics of dependency, this project sets out to explore potentially new patterns and particularities of South–South investment. It studies whether, and to what extent, the country-of-origin policies of investors from different parts of the world differ in their impact on target-country development. Specifically, it investigates how far the current shift from North–South to South–South investment enables target-country labor to gain a voice. Guided by a qualitative approach and elements of grounded theory, it compares the crucial cases of US-led and Chinese multinational companies in Colombia.

## **Subcontracting on the Premises: The Subcontracting of Labor-Intensive Functions in Northern Italy**

*Monica Bolelli*

Over the last thirty years, companies throughout the economy have restructured in order to focus their business on core competences. This strategy was intended to respond to investors’ increasing pressure to improve financial performance. Initially, outsourcing involved activities that could be considered peripheral to companies’ main business, but it later came to also include those at the core of their competences or integral to their production process. If agency work and posting are the preferred tools of such externalizations in other European countries, in Italy it seems that forms of subcontracting of labor-intensive activities – core or peripheral – on a firm’s own premises have particular relevance. This is significant because while the firm directly controls the work process in the case of staffing, in subcontracting it passes organization of the work to the subcontractor and can only set standards and targets through the commercial contract. This doctoral project aims to investigate the role of *appalto* (subcontracting) in the Italian economy and explain how and why it came to be such a relevant form of labor-intensive externalization.

## **Transnational Environmental Activism in Challenging Contexts: A Comparative Analysis of Transnational ENGOS in China and Turkey**

*Ceren Çevik*

As climate change becomes one of the most pressing issues humanity is facing, the importance of transnational linkages has been increasing. While the current state of the art has produced many insights about NGO–NGO interactions in democracies, there is still much to discover when it comes to non-democracies. There is a lot of discussion on what kind of factors facilitate the relationship between NGOs, yet we do not know what kind of factors affect the possible interactions between them in contexts in which their operations are heavily monitored and regulated through a variety of institutions. This research focuses on transnational environmental non-governmental organizations (ENGOS) and their relationship with local ENGOS in such regimes. It can contribute to a better understanding of how domestic institutional structures and regulations develop and change over the years in non-democracies and how they create or destroy opportunity structures for transnational activism. Taking China and Turkey as two focus countries that share many similarities, such as political



centralization and international position on climate change, the research positions itself at the intersection of social movement studies, international relations, and organizational studies and aims to make significant contributions to these fields.

### **Rentiers and Their Frontiers: The Power Struggles of Institutional Landownership in Its Regulatory Environment**

*Hanna Doose*

Land acquisition and ownership for investment purposes is an attractive venture not only for wealth storage but also for growing assets. Some recent studies estimate that up to two thirds of global net worth lies in the different forms of landed property (one of the biggest chunks in the residential sector). Landed property is often – and increasingly – integrated into financial channels. This dissertation project seeks to understand the peculiarities of the financialization of land and how these influence the power of institutional landowners in the regulatory environment. It aims to (a) advance knowledge on land financialization processes and respective rentiers; (b) show the influence of heterogeneity in business's asset liquidity in both financialization and business power dynamics; and (c) chart the impact of a spatially embedded trajectory of financialization on the different forms of power of financial and business actors and their coalition formation. Adopting a qualitative approach by focusing on several case studies, the project relies substantially on expert interviews in combination with qualitative document analysis.

### **Market Promises: Origins and Hegemony of Neoliberal Economic Imagination in Peru, 1945–2000**

*Stephan Gruber*

Peru underwent a radical transformation of its political economy in the 1990s, starting an enduring neoliberal regime. How did neoliberalism gain such hegemony in Peru? As this transformation was part of the so-called Washington Consensus liberalization of Latin America, the literature mostly explains it as overdetermined by the international economic and political context that made the pursuit of progressive policies unsustainable and diffused liberal ideational blueprints which empowered the business class. This dissertation project, in contrast, will show how neoliberal hegemony in Peru is an outcome of a longer historical process with many internal drivers, where a creative translation of neoliberal ideas – that combined technocratic de-politization with populist promises – transformed the economic imagination of what was deemed politically possible. This transformation will be explained by combining approaches from intellectual history, political economy, and sociology of knowledge in order to follow the embeddedness of ideas in social and power relations. Using a qualitative methodology and combining extensive archival work and interviews, the project will study the institutional realms where the economic imagination was built and circulated: universities, think tanks, and political parties.

### **Beyond Mere Coordination: A Macroeconomic Interest-Group Lens on Climate Policy Performance**

*Anna Hehenberger*

The climate policy performance of individual countries varies widely despite the universal urgency of climate action. These differences are usually understood as a matter of successful or failed coordination. However, the focus on coordination obscures the dramatic restructuring of economic and social systems that adequate climate policy entails. It is only when this is considered that the distributional conflicts at the heart of climate policy become apparent. The study identifies the actors involved in these conflicts and the economic interests that they represent through the systematic analysis of the macroeconomic context of a country. This systematic analysis builds upon and refines the growth models typology to study why some countries are climate policy leaders while others remain laggards. Engaging in comparative political economy

research, the project compares advanced economies and explores their climate policy performance as a product of their economies' emissions intensity, the coalitions they give rise to, and the influence these coalitions exert on climate policy.

### **Balancing Growth with Security: Advanced Economy Responses to Chinese Investments**

*Osama Iqbal*

The rise of China and the recent surge in Chinese foreign direct investment (CFDI) in advanced industrialized economies has become increasingly salient during the last decade. One common feature of the political response to rising Chinese investments has been the introduction and tightening of national investment screening mechanisms (ISMs). Despite this overarching common feature of investment screening, the management of incoming Chinese capital varies across countries. From strict screening of Chinese FDI in the United States to relative openness in the UK and relative restriction in Germany to an open attitude in Sweden, meaningful variation in the reception of CFDI can be observed. This project intends to investigate the reasons for said differences in the reception of Chinese investments.

### **Business Power in Digital(ized) Capitalism: How Does Digitalization Affect the Power Resources, Political Preferences, and Lobbying Strategies of Firms?**

*Michael Kemmerling*

Digitalization fundamentally restructures value creation in capitalist economies. Concepts such as surveillance, digital, or platform capitalism emphasize how data, digital technologies, and digital infrastructures increasingly shape economic and social activities. While an emerging literature in management and economics studies new digital(ized) business models, the implications for the political power of business remain understudied. By identifying an alliance between consumers and platforms against platform regulation, existing studies narrowly focus on digital platform firms but neglect non-digital firms and non-platform-based business models. Further, the literature all but ignores the related field of lobbying and interest group studies. To broaden and complement the platform power debate, this cumulative dissertation asks how digitalization affects the power resources, political preferences, and lobbying strategies of business. The first article introduces the concept of digital power resources (DPR) to measure business power across all economic sectors. The second focuses on the preferences of platform-dependent businesses and investigates the formation of business lobbying coalitions in platform capitalism. Finally, the third paper shows that the success of platforms' outside lobbying strategies depends on whether a policy debate is fragmented across borders (EU) or unified (US). The dissertation combines comparative case studies and quantitative methods, including text as data approaches.

### **Labor Hoarding in Germany: The Influence of Retained Profits and Family Ownership**

*Jeremiah Nollenberger*

The German labor market demonstrated resilience during the 2008 global financial crisis and the 2020 coronavirus crisis. While gross domestic product declined significantly in both crises, the anticipated waves of layoffs mostly did not materialize. This preservation of jobs is primarily explained by firms hoarding labor. Hoarding labor typically entails reducing employee working hours and accepting a decline in productivity. This firm behavior was encouraged by the state, for example through short-time working and credit programs. To deepen understanding of the German labor market resilience, this project adds two characteristic features of the German corporate landscape to the analysis: family ownership, also of large firms, and high levels of profit retention before the crises. Microeconometric analyses of firm-level data are used to determine the influence of these two features of the German model.

## **The Invisible Hand of the State: The Use of National Development Banks to Enforce Growth Strategies**

*Marco Oberti*

Contemporary capitalism has been accompanied by a limited capacity of the state to hold corporate actors to a desired political conduct. The dissertation project investigates how states counteract such tendency and rely on different forms of intervention to implement a desired growth strategy. Using document and interview data, it looks at the role of the Italian, German, and French national development banks as instruments used by states to enact growth strategies and intervene in “core sectors.” Building on an analysis of the criteria according to which development banks identify core sectors for intervention, the study will seek to explain how national patterns of interaction between business and development banks determine the use of different means of intervention (e.g., share acquisition vs. on-lending) and varying outcomes. A further aim of the project will be to explore whether electoral politics has some enhancing or hindering influence on the activity of development banks.

## **Populist Contagion in the House of Commons: Extent, Content, Mechanisms, and Conditions**

*Ebru Ece Özbey*

Several studies to date have argued that politics in Western liberal democracies have become gradually populist since the 1990s, not only due to the increasing number of populist parties, leaders, and movements but also to their mainstream competitors, who have followed suit. The empirical evidence concerning populist contagion has remained inconclusive, however, and the existent literature has focused predominantly on electoral performance and support as the focus of inquiry, political parties as the unit of analysis, and a priori identification of cases through literature reviews, expert interviews, or surveys. This dissertation project sets out to revisit the theoretical arguments on populist contagion beyond the party-political sphere while questioning the alleged linear and one-directional (from populist towards mainstream) pattern of contagion. It adopts a non-normative, narrower definition of populism and perceives the phenomenon as a matter of degree rather than with a dichotomous either/or approach. Focusing on the textual data from parliamentary debates alongside other qualitative and quantitative data sources and using a mixed-methods research design, it measures populism at the individual as well as aggregate level and reveals the temporal trends of “populization” for the period between 1997 and 2017. Furthermore, it unravels the specific content(s) of different populist manifestations, explores the stylistic ornamentation of populist communication, and ascertains the mechanisms of and conditions for populist contagion.

## **Measuring Abortion Access in Advanced Economies and Its Unequal Effects**

*Danielle Pullan*

Access to abortion or a lack thereof can have huge socioeconomic consequences for individuals who may not be prepared to become a parent or increase the size of their family. Society took up the debate about whether and when abortion is morally permissible throughout the twentieth century, and the laws on abortion have been settled for decades in most of Europe. This dissertation project contributes to a growing literature that understands that having a right to an abortion is not sufficient to guarantee true access to abortion. Barriers to abortion access are political, social, and economic in nature, including the cost of obtaining an abortion, time spent traveling to multiple doctor appointments, counseling requirements, restrictions on sharing information about abortions, and policies that regulate doctors’ options for providing abortion care. By examining these barriers, particularly those that affect whether an abortion seeker can easily find a doctor, this research hopes to explain why many countries have a significant gap between their stated first principles about abortion and the reality of accessing abortion.

## **Weathering the Storm: The Process of Stabilizing Expectations in the Transnational Semiconductor Market**

*Valentin Rottensteiner*

The semiconductor chip market is characterized by complex transnational networks. Geopolitical conflicts and the Covid-19 pandemic have had a disruptive effect on these networks, which in turn has created uncertainty around cooperating with firms transnationally. The goal of the project is to examine how actors involved in the semiconductor industry seek to stabilize their expectations in the face of this uncertainty. The literature on resilience in supply chains already provides important insights into how actors develop new business strategies to address such disruptions. However, this strand of literature does not incorporate how actors try to stabilize their expectations on a cognitive level in order to make sense of the new developments in the market. Drawing on the sociology of markets, this project seeks to relate these cognitive concepts to the new developing business strategies and to identify which actors are able to define the concepts. This perspective is useful for understanding the further structural change of the market. The project therefore applies a network discourse analysis to study which concepts actors use to create an understanding of the market, how actors form alliances around the use of concepts, and how the concepts change over the period 2016–2024.

## **Imaginariness of Freedom: The Role of Imagined Futures in South Africa's Transition from Apartheid**

*Elizabeth Soer*

There is a growing literature on the influence of imagined futures on social, political, and economic conduct. However, as identified by Beckert and Suckert in 2021, there is still a lack of historical studies that provide a “systematic scrutiny of past futures.” The dissertation project aims to respond to this gap in the literature by providing a study of the role of imagined futures in shaping the transition from apartheid in South Africa (SA) in the 1980s–1990s. The main hypotheses are that imagined futures influenced the transition by, firstly, shaping the approaches of the anti-apartheid movement. Secondly, the transition was facilitated by a process of “re-imagining” the future of the nation. Moreover, during SA's negotiated transition in 1994, scenario planning exercises were used as a tool to limit the futures that seemed to be available to the future government of SA, especially with regards to economic policy. The research will use a historical sociological methodology and draw on a wide range of archival sources as well as limited interviews in order to investigate these hypotheses.

## **Producer Group Politics in the German Growth Model: Social Support for and Opposition to the Export-Oriented Growth Regime**

*Mischa Stratenwerth*

National economic growth models are shaped by underlying (macroeconomic) policy regimes. Since gains and losses of growth models are unequally distributed, maintaining sufficient political and social support for these regimes should be a constant struggle. To learn more about the domestic political dynamics of growth regimes, the dissertation project aims to reconstruct the positions of collective actors regarding the policy foundations of the German export-led growth model. It investigates groups of organized capital and organized labor in different sectors of the economy that are expected to be differently affected by an export-promoting policy regime. The main focus is on recent crucial debates in essential policy fields of the German undervaluation regime. Building on the emerging growth model literature and the literature on producer group coalitions, the thesis primarily addresses the empirical question of whether there have been considerable sector-based or class-based differences in the support for export-led growth in Germany and scrutinizes whether the export-promoting policy configuration has been underpinned by cross-class coalitions. The research approach is primarily qualitative and relies on interviews, grey literature, media reports, and other documents.

## **Diversity Seeks Organization: The Role of School Principals in the Integration of Minority Students**

*Agnes Tarnowski*

As demographic change alters the ethnic, cultural, and linguistic makeup of schools throughout Germany, the question of integration has increasingly attracted academic and public attention. The dissertation project explores the principals' role in integrating minority students in secondary schools in North Rhine-Westphalia by developing a theoretical framework on school organization and administration that combines concepts from integration and education research as well as organizational theory. The study answers the following questions: How do principals define integration? How do they make sense of diversity issues, such as inter-ethnic tensions among students, in their schools? Which strategies do they apply to organize the integration of minority students? To compare the integration efforts of schools, a mixed-method design is used. First, large-scale quantitative data of seventh-grade students in 39 schools is analyzed. Second, in the sequential qualitative research phase, an in-depth study is conducted at selected schools. By comparing the integration efforts of different schools, the study aims to understand the obstacles to and opportunities for integrating minority students and identifies factors contributing to the creation of culturally integrative schools.

## **Meritocratic Tournaments: Income Inequality as a Determinant of Working Time**

*Zarah Westrich*

The rise of meritocracy, a system in which economic and power resources are assumed to be based on performance, is accompanied by a transformation of work. Hereby, the meritocratic value of working hard becomes a means of justifying an individual's social rank and inequality. Working hard includes allocating working time for paid employment and unpaid care work. The long downward trend of paid working time weakened towards the end of the twentieth century and even reversed for some countries. At the same time, the time spent on childcare has increased in recent decades. This research project integrates income inequality into the explanation of these trends. Theoretically, it explores how income inequality is linked to meritocratic tournaments, and empirically it investigates how income inequality affects the working time for paid and unpaid work. Based on a theoretical framework combining sociological, political science, and economic perspectives, the research depicts time use trends and conducts panel data analyses at the household level.





## Emeriti Projects

### **Historical and Geographical Changes in the Relationship between Politics and Economics**

*Renate Mayntz*

The 2008 financial crisis drew increased attention in the social sciences to the relationship between politics and economics. The findings of related work, initially on analyses of the financial crisis and subsequently on regulation of the financial system, were published in two volumes. The financial crisis itself and the ensuing attempts at reform in response to it raise a number of theoretical questions that can be discussed in the field of Political Economy. “Political Economy” dates back to the eighteenth century and experienced a revival after the 1970s. The relationship between polity and economy – two of the subsystems of society according to systems theory in social science – became the critical source of social dynamism after the end of the Second World War. The unexpected 2008 financial crisis could be explained as a contingent, socially defined, but not socially determined outcome of a process in which different economic and political mechanisms worked together in a specific historical situation. The process-tracing approach in political science attempts to analyze such processes empirically. As the theory of the relationship between politics and economics is developed, it attempts to analyze the intertwined national and transnational dynamics in a contemporary context.

### **The Crisis of Contemporary Capitalism**

*Wolfgang Streeck*

Building on studies begun in 2005, this project further explores the fiscal crisis of the state in contemporary capitalism. The first phase paid particular attention to the global financial crisis of 2008. The long-term intention is to contribute to a theory of institutional change in modern capitalist societies and, perhaps, in societies generally. Currently a book is under way on alternative paths of institutional development after the breakdown of neoliberalism as a hegemonic concept of political economy (2020). This may be followed by work on the dynamics of historical development and the relationship between collapse and continuity in complex societies.







## Further Projects

### **The Migration Crisis Caused by the War in Ukraine: Short- and Long-Term Social and Economic Consequences for European Countries**

*Evelina Kamyshnykova*

The Russian attack on Ukraine in February 2022 caused the largest refugee crisis in Europe since World War II. About one third of Ukrainians had to leave their homes and become internally displaced persons or refugees abroad. Such a large-scale crisis necessitates discussion of the challenges and prospects for the development of the phenomenon. This project aims to develop a framework for an analysis of short- and long-term social and economic consequences of migration caused by the war in Ukraine in recipient countries of the EU. The project systematizes these consequences – in scale, timing, and type – for the top host countries for Ukrainian refugees (e.g., Poland and Germany) and an origin country in a comparative analysis of data available from the major international organizations combined with country-level data. Based on the system dynamics modeling method, the project contributes to the question of how to assess the effects of migration caused by the war in Ukraine on macroeconomic indicators of the European host countries.



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