

BOSTON UNIVERSITY

Pardee School of Global Studies and Department of Political Science

GLOBALIZATION AND CONTEMPORARY CAPITALISM

IN ADVANCED INDUSTRIALIZED NATIONS

IR596/PO529

Fall 2018

Class Hours: Tuesdays 6:30pm- 9:15pm

Location: CAS 221

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and by appointment

IR596/PO529

GLOBALIZATION AND CONTEMPORARY CAPITALISM IN ADVANCED INDUSTRIALIZED NATIONS

Prof. Vivien A. Schmidt

Course Summary: This course considers globalization and its impact on advanced industrialized nations from international and comparative political economic perspectives. The course first explores how globalization is governed and regulated internationally and regionally in finance, trade, and multinationals, and their impact on jobs, inequality, labor and welfare. The course then examines globalization-related changes in national economic practices in Europe, Asia, and the US, and their effects on capitalism and democracy.

Course Content:

This course focuses on economic crises, starting with the collapse of the US banks and financial markets in 2007/2008, that took another turn with the European Union's sovereign debt crisis that began in 2010, and continues to pose problems for other advanced industrialized countries in other parts of the world, in particular for Asia, but also for emerging and less developed economies. The main questions raised in this course center on the causes of the crisis, on its political and social as well as economic impact, and on how this was generated in the context of growing globalization. Our answers will consider the economic patterns and events as well as the political economic institutions and the neo-liberal political economic ideas and discourse surrounding globalization.

Globalization is a term that is often left vague and undefined, better to conjure up the large panoply of forces that have seemingly imposed similar imperatives across advanced industrialized nations. These forces may be understood primarily in terms of the economic pressures arising from the internationalization of the financial markets and trade; the institutional rules and rulings emerging from supranational trade organizations and negotiations; and/or the ideas circulating worldwide that present those economic or institutional forces as imperatives for change. These ideas have been liberal—about the need to promote free trade and market competition—or neo-liberal—focusing on the need to roll back the state to free up markets—the main concern in the 1980s and early 1990s—and/or to ‘roll out’ the state, by using the state to make the markets freer—the focus from the late 1990s on.

But whether seen mainly as a set of economic, institutional, or ideational forces, globalization has served as a major rationale for governments to alter their countries' macroeconomic policies, by focusing on tight monetary policies, budgetary austerity, low inflation, and caps on public debt and government deficits; their microeconomic policies, by liberalizing their markets, deregulating the rules governing business, privatizing public sector firms, and increasing flexibility in labor markets; and their socioeconomic policies, by cutting social spending and rationalizing social services. The results have been major economic expansion across the globe, and not only in advanced industrialized economies—until the crises beginning in 2007/2008—accompanied by major increases in economic inequality.

Although national governments, whether operating alone or in concert through supranational trade organizations, are largely responsible for instituting the liberalizing changes that made globalization possible, they are increasingly subject to the pressures that they have themselves set loose. Moreover, when the forces unleashed by globalization exploded into the US financial crisis in 2007/2008 and the Eurozone crisis in 2010, national governments along with regional and international institutions were made responsible for trying to clean up the mess. But they had much less capacity to do so than in the past. And their ideas about how to do it differed significantly, with the US taking a moderately neo-Keynesian route, the EU, a more conservative ‘ordo’ liberal (neo-liberalism with rules) approach.

Globalization has diminished both national governments’ autonomy, meaning their ability to make decisions independently, without regard to external economic forces and actors, and their control, meaning their effective power to influence economic forces and actors in the national economy. This in many ways represents less an absolute loss of autonomy and control, however, than an alteration in the exclusivity and scope of national governments’ competence. Not only does national competence remain to the extent that global processes occur within national territory and, whatever the deregulatory push, continue to depend upon national legal systems in the guaranteeing of contracts and the enforcement of private property rights. But national governments have also often reasserted control, whether individually, through national means, or collectively, through supranational, global or regional authorities that allow for shared control over the international economy.

For all the common pressures from the forces of globalization, great divergence persists in national responses. Most importantly, there is tremendous asymmetry in the impact of globalization on nation-states, depending upon the prevailing economic conditions, practices, and preferences of different countries, and states respond differently not only because of their institutions but also their ideas, and how they translate external ideas into national contexts. That said, however many varieties of capitalisms may exist, they can be compared and contrasted in terms of their economic policies and growth models, their politics and political institutions, as well as their ideas and discourse about the balance between state and market.

Introducing the topics of this course is a discussion of globalization and the economic crisis in the US and in Europe in historical perspective. The first part of the course deals primarily with international political economy. It considers the institutional foundations of globalization and how this has found expression also in regional economic organizations, most notably in the European Union. It explores the ways in which regulation makes and brakes globalization in international settings and at the national level. Naturally, it also focuses on the main cause of the crises beginning in 2007/2008, the globalization of finance and the securitization of real estate lending (mortgage securitization). Additionally, this part of the course examines business lobbying, corporate governance, and state regulation as well as the globalization of trade, the development of multinational firms, the offshoring of jobs, and the massive increase in executive pay and corporate tax avoidance. We also consider the economics and politics of inequality that has accompanied these changes.

In the second part of the course, our focus shifts from international political economy to comparative political economy. Here, we explore changes in national economic practices in

countries, using a wide range of case studies from the US, Asia, and Europe, including Western, Southern, and Eastern Europe. The course ends with a consideration of the impact of the transformation of democratic capitalism in light of globalization, in terms of how such changes have affect political democracy, in particular democratic legitimacy. The final class is reserved for student presentations of their papers.

REQUIRED BOOKS:

- Ban, Cornel (2016) *Ruling Ideas* (New York: Oxford University Press)
- Berger, Suzanne (2005) *How We Compete* NY: Currency-Doubleday.
- Bohle Dorothee and Greskovits Bela (2012) *Capitalist Diversity on Europe's Periphery* Cornell University Press,
- Culpepper, Pepper (2011) *Quiet Politics and Business Power* Cambridge: Cambridge University Press.
- Frieden, Jeff R. (2007) *Global Capitalism: Its Fall and Rise in the Twentieth Century* New York: Norton
- King, Desmond and LeGalès, Patrick (2017) *Reconfiguring European States in Crisis* Oxford: Oxford University Press
- Matthias Matthijs and Mark Blyth, eds., (2015) *The Future of the Euro*. New York: Oxford University Press,
- Piketty, Thomas (2013) *Capital in the Twenty-First Century* Cambridge, MA: Harvard University Press.
- Rivoli, Pietra (2009) *The Travels of a T-Shirt in the Global Economy* 2nd edition Hoboken, NJ: Wiley.
- Rodrik, Dani (2011) *The Globalization Paradox: Democracy and the Future of the World Economy* New York: Norton
- Schmidt, Vivien A. and Thatcher, Mark (2013) *Resilient Liberalism in Europe's Political Economy* Cambridge: Cambridge University Press.
- Steinmo, Sven (2010) *The Evolution of Modern States: Sweden, Japan, and the United States* New York: Cambridge University Press

The books are all available at Barnes and Noble. Also check out Library ebooks (and Oxford Scholarship Online)

All other readings will be available via ejournals, the internet, or emailed by the instructor. See the Course Outline for details.

- * Readings denote policy articles and video clips online. These are generally short current events reading that are enlightening and often entertaining as well.
- ** Readings denote scholarly articles and books that are highly recommended readings, but not essential. Graduate students should make a point of reading these as well. They could also be discussed as part of class presentations.

Students are strongly encouraged to get a subscription to the daily Financial Times and the weekly The Economist.

Websites to check out on a regular basis:

- <http://www.voxeu.org/> : A policy-oriented forum, hosted by the Center for European

- Policy Research, a European network of economists and policy analysts
- *Social Europe Journal* (access <http://www.social-europe.eu/>): Has lots of US and EU political scientists, economists, and policy analysts writing interesting pieces.
 - Breugel (www.bruegel.org/): The top EU economics think-tank which carries lots of in-depth pieces.
 - Also consider country newspapers: *Wall Street Journal*, *Le Monde*: <http://www.lemonde.fr/>, *Die Zeit*; *Frankfurter Allgemeine Zeitung*: <http://www.faz.net/s/homepage.html>; *Repubblica*: <http://www.repubblica.it/>; and *El Pais*: <http://www.elpais.com/global/>
 - Also use websites from national governments and international institutions: e.g., US FED, EU Commission (http://ec.europa.eu/index_en.htm), the ECB (http://www.ecb.int/home/html/index_en.html).
 - On the eurozone crisis specifically: http://ec.europa.eu/economy_finance/focuson/crisis/index_en.htm EU Commission website on the economic crisis; Robert Schuman Foundation (leading think tank on European affairs) <http://www.robert-schuman.eu/en/>

COURSE REQUIREMENTS:

This course will be run as a seminar. Students are expected to do all the readings (even if they may not be able to read all very thoroughly) and to be prepared to discuss them.

- Weekly readings of 150-200 pages (although more pages may be assigned, these are intended to be read through quickly, so as to familiarize students with the arguments).
- Participation in class discussions (including discussions of required readings as well as current events) and one or more oral presentations depending upon class size (15% of the grade altogether):
 - One or more oral presentation (two or more for graduate students) on the reading material assigned for the day. The oral presentation will be a report based on readings from the syllabus, with updates from contemporary events and issues where appropriate, and presented in class (10-15 minute presentation). You will sign up for the presentations the first week of the course.
 - an oral presentation on your draft research paper in the last class (approx 5-10 minutes including question-and-answer session with fellow students).
 - Be prepared to come to class with tentative answers to the questions posed for the session—you may be called on to respond!!!
- Two brief essays of about 2000 words for undergraduates, 3000 for graduate students that are think pieces related to the readings (25% each). The topics will be handed out one week in advance.
 - Paper #1 must be submitted on or before October 23.
 - Paper #2 must be submitted on or before December 4.

These papers are intended to demonstrate that you have read and analysed the assigned readings, so please be sure to write your essays with specific reference to relevant readings.

- A research paper on a topic of the student's choice, using primary and secondary research sources, and considering some aspect of globalization and its impact on one or two advanced industrialized countries (two countries mandatory for graduate students). The paper is expected to use the class readings to help analyze the topic. It should also use original research, citing at least 20 refereed articles/chapters in books/books. This is to be undertaken in two stages:
 - a topic abstract, basic outline, and working bibliography for research paper, due on Oct. 31 (no grade);
 - the final draft of the research paper of 3000 words for undergraduates, 5000 for graduate students, due after the reading period, on December 15 (35% of the grade).

ABSENCES AND LATE WORK:

Students are expected to attend all class sessions and to hand in assignments at the scheduled times, unless documentation is given excusing an absence for medical, religious or personal reasons, or for official university business. Every effort should be made to notify the instructor **in advance** of the reason for the absence. Unexcused late papers will be penalized 5% for the first day late, and 2% each day thereafter.

READINGS:

Students are required to complete all reading assignments before class. This is a working seminar, and discussions will require a thorough understanding of the readings.

INFORMATION:

The College of Arts and Sciences (CAS) Dean's Office has requested that you be informed of the following: The last day you may drop the course without a W grade is Oct. 9. The last day you may drop the course with a W grade is Nov.9. You are responsible for knowing the provisions of the CAS Academic Conduct Code (copies are available in CAS 105). Cases of suspected academic misconduct will be referred to the Deans' Office.

Academic Misconduct: All class members are expected to maintain high standards of academic honesty and integrity. You are expected to provide citations in papers for all quotations, paraphrases, and ideas taken from any source other than your own original thoughts. Boston University has very strict standards for intellectual integrity, and punishment for plagiarism is severe, and can include permanent expulsion from the university. For more on the definition of plagiarism and the standards to which you will be held, see the [CAS Academic Conduct Code](#), or the [GRS Academic Conduct Code](#).

Disabilities: Boston University is committed to providing equal access to our coursework and programs to all students, including those with disabilities. In order to be sure that accommodations can be made in time for all exams and assignments, please plan to turn in your accommodations letter as soon as possible after the first class to the instructor. After you turn in your letter, please meet with me to discuss the plan for accommodations so that we can be sure that they are adequate and you are supported in your learning. If you have further questions or need additional support, please contact the Office of Disability Services (access@bu.edu).

COURSE READINGS

9/4

INTRODUCTION

1. ECONOMIC CRISIS: BANKING, THE REAL ECONOMY, AND EUROZONE SOVEREIGN DEBT

Main questions:

What caused the economic meltdown of 2008? Can we blame any one set of individuals, groups, or any one country? Who benefited? Who suffered the most?

For the Eurozone sovereign debt crisis, what happened and why? Is anyone to blame?

What was the battle of ideas about? Between austerity and stimulus, where should one come down?

What was the role of the US state in 2008/2009? And the EU member-states in 2010-2013? Did they do the right thing, the wrong thing, or the only thing possible?

Background newspaper and internet analyses of the events:

*James B. Stewart, "Eight Days: The Battle to Save the American Financial System," *The New Yorker*, 21 September 2009, pp. 58-81.

*Jacob Weisburg, "What caused the economic crisis: The fifteen best explanations for the Great Recession" *Slate* <http://www.slate.com/id/2240858/>

*Gillian Tett "Have we learnt the lessons of the financial crisis?" *Financial Times* Aug. 31, 2018 <https://www.ft.com/content/a9b25e40-ac37-11e8-89a1-e5de165fa619?segmentId=97c154f9-18a6-d505-7486-95f5a145e756>

*Stephen Cecchetti and "The Financial Crisis, Ten Years On" <http://voxeu.org/article/financial-crisis-ten-years>

*Mark Blyth, testimony to Congress on Austerity <http://www.socialeurope.eu/2015/03/how-mark-blyth-told-the-us-congress-that-austerity-is-wrong-in-7-minutes/>

*Spiegel, Peter (2014) 'How the Euro was Saved,' *Financial Times*, Part I May 11, 2014 <http://www.ft.com/intl/cms/s/0/f6f4d6b4-ca2e-11e3-ac05-00144feabdc0.html#axzz39tfBzdJm>

Part II May 14, 2014 <http://www.ft.com/intl/cms/s/0/0ac1306e-d508-11e3-9187-00144feabdc0.html#slide0>

Part III May 15, 2014 <http://www.ft.com/intl/cms/s/0/b4e2e140-d9c3-11e3-920f-00144feabdc0.html?siteedition=intl#axzz39tfBzdJm>

Academic explanations of the crises

Helleiner, Eric (2011) "Understanding the 2007–2008 Global Financial Crisis: Lessons for Scholars of International Political Economy," *Annual Review of Political Science* Vol. 14: 67-87

Frieden, Jeffrey and Walter, Stephanie (2017) "Understanding the Political Economy of the Eurozone Crisis," *Annual Review of Political Science* Vol. 20:371-390

In your spare time, try to see at least one of these, if you haven't already:

- *Inside Job* or *Margin Call* (view via Netflix or on Amazon)

- See or read: Michael Lewis, *The Big Short* on the US crisis
- or read Michael Lewis, *Boomerang* on the European crisis

9/11

2. GLOBALIZATION AND NEO-LIBERALISM IN HISTORICAL PERSPECTIVE

Main questions:

What are the ideas behind globalization historically, and today? How deep are the ideational transformations resulting from neo-liberalism?

What is globalization? Does the globalization of the late 20th century represent a difference in kind from that of the late 19th, or simply a difference in degree? How many different forms of globalization are there?

What is the economic impact of globalization? Is it a good or a bad thing for advanced industrialized democracies?

*Hans Rosling's 200 years of history in 5 minutes

http://www.youtube.com/watch?gl=US&feature=player_embedded&v=jbkSRLYSojo

Frieden, Jeff R. (2007) *Global Capitalism: Its Fall and Rise in the Twentieth Century* (treat as background reading)—read especially pp. 253-300, 339-391, 457-476.

Schmidt, Vivien and Thatcher, Mark (2013) "Introduction: Theorizing Ideational Continuity in Europe's Political Economy" *Resilient Liberalism: European Political Economy through Boom and Bust* Cambridge: Cambridge University Press, pp. 1-50.

**Gamble, Andrew (2013) "Neo-Liberalism and Fiscal Conservatism" in *Resilient Liberalism: European Political Economy through Boom and Bust* eds. Vivien A. Schmidt and Mark Thatcher (Cambridge: Cambridge University Press

9/18

2. GOVERNING GLOBALIZATION AND REGULATING CAPITALISM IN INTERNATIONAL SETTINGS

Main questions:

Can we govern the global economy? And how should we do it? What impact on national democracy?

How have international institutions been constructed? Who are that major players? What are the main impediments to reaching agreements? How do national and/or business interests affect such agreements?

How do international institutions and policies change? What is the role of new ideas and how do new ideas get adopted? From above by country leadership or from below by social movements?

a. Governing the Global Economy

Rodrik, Dani (2010) *The Globalization Paradox: Democracy and the Future of the World Economy*, esp. pp. 1-134, 184-206.

b. Regulating the Global Economy

Readings on institutional regulation of the globalized political economy:

Genschel, Philipp and Zangl, Bernhard (2017) [3 The Rise of Non-State Authority and the Reconfiguration of the State](#) in *Reconfiguring European States in Crisis*, eds. King and LeGalès

Buthe, Tim and Mattli, Walter (2011) *The New Global Rulers: The Privatization of Regulation in the World Economy* Princeton: Princeton University Press, 1-41. Find chapter at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1467105

**Drezner, Daniel W. (2014) “The System Worked: Global Economic Governance during the Great Recession,” *World Politics*, Vol. 66, No. 1: 123-164 (ejournals –project muse)

9/25

3. GLOBALIZATION AND REGIONALIZATION

Main questions:

What is regionalization? How does it interface with globalization? How does economic regionalization interrelate to other forms of regionalization? How does Europeanization specifically interface with globalization?

How do regionalization and globalization affect national autonomy and control? How does Europeanization affect its member-states with regard to autonomy and control?

Why is the EU suffering from the Eurozone sovereign debt crisis? What are alternative scenarios for solving the problem?

a. Historical Perspectives on Regionalization

Readings on regionalization and globalization in historical perspective

Tanja A. Börzel and Thomas Risse “Three Cheers for Comparative Regionalism” in T.A.Börzel/T.Risse (eds.), *Oxford Handbook for Comparative Regionalism*, Oxford: Oxford University Press, 2016 (find in Oxford online or will email)

McNamara, Kathleen (2015) “The Forgotten Problem of Embeddedness: History Lessons for the Euro” in *The Future of the Euro* eds. Mark Blyth and Matthias Matthijs (Oxford: Oxford University Press)

b. Regionalization and Crisis in Europe

Readings on the impact of regionalization in Europe and the financial crisis

Matthijs, Matthias and Mark Blyth (2015) “Introduction: The Future of the Euro and the Politics of Embedded Currency Areas” in *The Future of the Euro* eds. Mark Blyth and Matthias Matthijs (Oxford: Oxford University Press)

Jones, Erik (2015) “The Forgotten Financial Union: How you can have a Euro Crisis without a Euro” in *The Future of the Euro* eds. Mark Blyth and Matthias Matthijs (Oxford: Oxford University Press)

Schmidt, Vivien A. (2015) “Forgotten Democratic Legitimacy: ‘Governing by the Rules’ and ‘Ruling by the Numbers’ in *The Future of the Euro* co-edited by Matthias Matthijs and Mark Blyth. New York: Oxford University Press

10/03

4. FINANCIAL GLOBALIZATION, NEO-LIBERALISM, CRISIS, AND HOUSING BUBBLES

Main questions:

How are the rules of the national financial markets constructed? Who constructs them? What are the ideas behind them? Who affects their development? How do they change over time and why?

What are the linkages between the liberalization of finance and the financialization of housing? What have been the effects, both economic and political? Are housing bubbles inevitable—or other bubbles, e.g., in commodities or other forms of assets?

Readings on ideas and institutions in finance, on housing bubbles, and on bank bailouts:

Streeck, Wolfgang (2017) [7 A New Regime](#): The Consolidation State, in *Reconfiguring European States in Crisis*, eds. King and LeGalès

Schwartz, Herman (2008) “Housing, Global Finance, and American Hegemony: Building Conservative Politics One Brick at a Time,” *Comparative European Politics*, 6(3): 262-284

Woll, Cornelia (2017) [10 State Action in Financial Times](#) in *Reconfiguring European States in Crisis*, eds. King and LeGalès

Mügge, Daniel (2013) “Neoliberalism in EU Financial Regulation: Whence it came, why it stuck,” in *Resilient Liberalism: European Political Economy through Boom and Bust* eds. Vivien A. Schmidt and Mark Thatcher (Cambridge: Cambridge University Press).

*<http://www.spiegel.de/international/business/concern-over-lack-of-regulation-of-shadow-financial-institutions-a-866763.html>

* <http://www.npr.org/blogs/money/2010/08/26/129454550/inside-the-sausage-factory-how-wall-street-made-the-financial-crisis-worse>

*Business shuffle aluminium to benefit of financial players :

http://www.nytimes.com/2013/07/21/business/a-shuffle-of-aluminum-but-to-banks-pure-gold.html?pagewanted=2&nl=todaysheadlines&emc=edit_th_20130721&pagewanted=print

*<http://www.thisamericanlife.org/radio-archives/episode/355/the-giant-pool-of-money>

(See also follow up episodes, e.g., what regulators could have done to prevent crisis, Bad Bank talks about toxic assets, The Watchmen on regulation and how it has changed since the 1930s. Follow up: revisiting the giant pool of money. Online and name searchable)

10/16

5. GLOBALIZATION OF TRADE, FIRMS, JOBS, AND EXECUTIVE PAY

Main questions:

How does the internationalization of trade work? How has it affected the development of multinational firms and their ability to compete in the global economy? To what extent do local, national, and regional markets affect the way they operate?

What makes for a truly multinational firm? Are multinationals really ‘footloose and fancy-free’?

What is outsourcing and how does it affect workers in advanced industrialized countries? In developing countries? Is it a good or a bad thing?

Should there be a transatlantic trade and investment partnership (TTIP)?

Readings on the multiple varieties of firms' globalized operations, the offshoring of jobs, tax avoidance:

Berger, Suzanne (2005) *How We Compete* NY: Currency-Doubleday, especially pp. 1-136, 251-298.

Rivoli, Pietra (2009) *The Travels of a T-Shirt in the Global Economy* 2nd edition Hoboken, NJ: Wiley. Read all (but skim a lot)

*"Apple's Web of Tax Shelters saved it Billions" *New York Times* May 21, 2013

http://www.nytimes.com/2013/05/21/business/apple-avoided-billions-in-taxes-congressional-panel-says.html?nl=todaysheadlines&emc=edit_th_20130521&r=0

*"Dublin cut tax burden on multinationals after US lobbying" *Financial Times* May 22, 2013

<http://www.ft.com/intl/cms/s/0/ee6c1b64-c1f2-11e2-ab66-00144feab7de.html?ftcamp=crm/email/2013522/nbe/BrusselsBrief/product#axzz2TuD3YKtt>

*The Luxemburg leaks <https://www.icij.org/project/luxembourg-leaks> (paste into server)

*The Panama Papers <https://panamapapers.icij.org/> (paste into server)

*Dani Rodrik, "How to Avoid a Trade War" *Social Europe* (July 18, 2018)

<https://www.socialeurope.eu/how-to-avoid-a-trade-war>

Paper #1 must be submitted on or before Oct. 23

QUESTION: Are globalization and/or regionalization good or bad overall for advanced industrialized countries?

10/23

6. BUSINESS LOBBYING, CORPORATE GOVERNANCE, COMPETITION POLICY, AND THE STATE

Main questions:

How do firms exert influence in global trade? How do they influence rule setting?

How do regional trade organizations work with regard to the market for corporate control? What role do national differences with regard to corporate control play in the regional arena?

How does corporate governance get the rules it has? How much and in what ways do national institutional legacies matter? How much power does business have to get its way? How does it wield that power? Through position or persuasion?

Can the nation-state control firms? Or do firms control nation-states? What are the consequences of business power?

What are the different components of 'state action'? Is it a useful concept for the explanation of change? What are the differing features of government action in differing varieties of capitalism?

Readings on business lobbying, ideas about and institutions of the state, competition policy, and corporate governance:

Thatcher, Mark [9 The Reshaping of Economic Markets and the State](#) in *Reconfiguring European States in Crisis* eds., King and Le Galès

Schmidt, Vivien A. and Woll, Cornelia (2013) “The State: Bête Noire of Neo-Liberalism or its Greatest Conquest?” in *Resilient Liberalism: European Political Economy through Boom and Bust* eds. Vivien A. Schmidt and Mark Thatcher (Cambridge: Cambridge University Press).

Culpepper, Pepper (2011) *Quiet Politics and Business Power*, Chapters 1-5, pp. 1-144

* “In Apple Case, Europe Thinks Different” (Commission Competition Directorate decision on Apple’s taxes in Ireland, *Politico Pro* August 31, 2016: <http://www.politico.eu/pro/in-apple-case-europe-thinks-different/>)

**Vitols, Sigurt (2013) “European Corporate Governance: Is there an alternative to neo-liberalism?” in *Resilient Liberalism: European Political Economy through Boom and Bust* eds. Vivien A. Schmidt and Mark Thatcher (Cambridge: Cambridge University Press).

- Abstract and bibliography for research paper due 10/30

10/30

7 THE ECONOMICS AND POLITICS OF INEQUALITY

Main Questions:

How much should CEOs earn? How much is this related to the internationalization of trade and the multinationalization of firms?

Why has the rise in inequality occurred?

What is the ‘economics’ of inequality? Is it linked to lower wages for workers, mega-salaries for managers, tax reductions, or the natural rise in ‘capital’?

What is the ‘politics’ of inequality? Who is responsible for the rise in inequality? Business lobbies? Government officials? The rich? The citizens who want lower taxes? Neo-liberal ideas about tax and spend?

What are the differences among countries with regard to welfare state adjustment and the rise of inequality? In which country would you prefer to receive a pension or social assistance?

Readings on the rise in inequality:

Piketty, Thomas (2013) *Capital in the Twenty-First Century* Cambridge, MA: Harvard University Press. (Skim all but read esp. Introduction and chapters 1, 8, 9, 10, and 13) and see his TED talk: <https://www.youtube.com/watch?v=JKsHhXwqDqM>

Hacker, Jacob and Pierson, Paul (2010) “Winner take all Politics: Public Policy, Political Organization, and the Rise of Top Incomes in the United States,” *Politics and Society* vol 38, no. 2, pp. 152-204 (ejournals)

Culpepper, Pepper (2011) “The Noisy Politics of Executive Pay” in *Quiet Politics and Business Power* Chapter 6 and “Business Power and Democratic Politics” pp. 277-198

- Palier, Bruno and Hay. Colin [17 The Reconfiguration of the Welfare State in Europe](#) in *Reconfiguring European States in Crisis*, eds. King and LeGalès
- Jens Alber, “What the European and American Welfare States have in Common and Where they Differ: Facts and Fiction in Comparisons of the European Social Model and the United States,” *Journal of European Social Policy* (2010)
- **Ferrera, Maurizio (2013) “Welfare-state transformations: From neo-liberalism to liberal neo-welfarism?” in *Resilient Liberalism: European Political Economy through Boom and Bust* eds. Vivien A. Schmidt and Mark Thatcher (Cambridge: Cambridge University Press)
- *Groom, Brian, “Executive Pay: The Trickle-Up Effect” *Financial Times* July 27, 2011 (online edition) <http://www.ft.com/cms/s/0/0a752f2e-b883-11e0-8206-00144feabdc0.html#axzz1TDWEbruv>
- *Perceptions of inequality in the US: <http://www.utrend.tv/v/9-out-of-10-americans-are-completely-wrong-about-this-mind-blowing-fact/>
- *Perceptions of inequality in the UK: <http://www.theguardian.com/commentisfree/video/2013/oct/08/inequality-how-wealth-distributed-uk-animated-video>

11/06

8. CHANGES IN NATIONAL ECONOMIC PRACTICES

Main questions:

How do national economic practices change? What are the factors conditioning economic adjustment? How to theorize the state?

How can we compare and contrast the adjustment patterns and growth models of Sweden and the US? Or Japan? And what about Germany and France? Or Britain and Ireland or Iceland? And what about Southern Europe compared to Central and Eastern European countries?

Which country would you prefer to do business in? If you are in finance? If you are in high value-added manufacturing? If you are in railroads?

a. Comparative Trajectories of Capitalism: Sweden, Japan, the United States

Readings on cross national country comparisons over time

Steinmo, Sven (2011) *The Evolution of Modern States: Sweden, Japan, and the United States* pp. 30-205.

Robert Reich, “The Real Price of Congressional Gridlock,” *New York Times*, Aug. 13, 2013 <http://www.nytimes.com/2013/08/14/opinion/the-real-price-of-congresss-gridlock.html?pagewanted=print>

11/13

b. Comparative Trajectories of Capitalism: Germany and France

Readings on cross national country comparisons and the Euro

- Newman, Abraham (2015) “The Reluctant Leader: Germany’s Euro Experience and the Long Shadow of Reunification” in *The Future of the Euro* eds. Mark Blyth and Matthias Matthijs (Oxford: Oxford University Press)
- Jacoby, Wade (2015) “Europe’s New German Problem: The Timing of Politics and the Politics of Timing” in *The Future of the Euro* eds. Mark Blyth and Matthias Matthijs (Oxford: Oxford University Press)
- Gualmini, Elisabetta and Schmidt, Vivien (2013) “State transformation in Italy and France: Technocratic versus political leadership on the road from non-liberalism to neo-liberalism” in *Resilient Liberalism: European Political Economy through Boom and Bust* eds. Vivien A. Schmidt and Mark Thatcher (Cambridge: Cambridge University Press)
- Vail, Mark (2015) “Europe’s Middle Child: France’s Statist Liberalism and the Conflicted Politics of the Euro” in *The Future of the Euro* eds. Mark Blyth and Matthias Matthijs (Oxford: Oxford University Press)
- * Macron’s run for the Presidency [Watch on Netflix at: https://www.netflix.com/search?q=macron](https://www.netflix.com/search?q=macron)

11/20

c. Comparative Trajectories of Capitalism and Diverging Crises: The UK, Ireland, Iceland, Greece

Readings on countries’ capitalisms before and during the Financial and Euro crisis

- Hay, Colin and Smith, Nicola (2013) “The resilience of Anglo-liberalism in the absence of growth: The UK and Irish cases” in *Resilient Liberalism: European Political Economy through Boom and Bust* eds. Vivien A. Schmidt and Mark Thatcher (Cambridge: Cambridge University Press)
- Jones, Erik (2016) “The Meaning of Britain’s Departure” *Survival* 58 (4): pp. 211–224
- Thorhallsson, Baldur, and Peadar Kirby (2012). ‘Financial Crisis in Iceland and Ireland: Does European Union and Euro Membership Matter?’ *Journal of Common Market Studies* 50:5 (September) pp. 801-818.
- **Featherstone, Kevin (2011) “The Greek Sovereign Debt Crisis and EMU: A failing state in a skewed regime,” *Journal of Common Market Studies* vol. 49, no. 2: 193-2117.
- Featherstone, Kevin (2016) “Conditionality, Democracy, and Institutional Weakness: The Euro-Crisis Trilemma,” *Journal of Common Market Studies* Annual Review 1-17
- Matsaganiz, Manos (2011) “The Welfare State and the Crisis: The Case of Greece,” *Journal of European Social Policy* vol. 21, no. 5: 501-512
- *Yanis Varoufakis “On the EU’s ‘deep state’ <https://www.socialeurope.eu/adults-room-taking-europes-deep-state>

11/27 (reschedule)

a. Comparative Trajectories of Capitalism and Diverging Crises: Southern vs. Eastern Europe

Readings on countries’ capitalisms before and during the Euro crisis

- Hopkin, Jonathan (2015) “The Troubled Southern Periphery: the Euro experience in Italy and Spain” in *The Future of the Euro* eds. Mark Blyth and Matthias Matthijs (Oxford: Oxford University Press)
- Ban, Cornel (2016) *Ruling Ideas* (New York: Oxford University Press) Read all but especially chapters 2, 3, 4, 5, 8, 9 and Conclusion
- Laszlo Bruszt and Visnja Vukov [8 European Integration and the Evolution of Economic State Capacities in Southern and Eastern Europe](#) in *Reconfiguring European States in Crisis*, eds. King and LeGalès
- Dorothee Bohle and Bela Greskovits *Capitalist Diversity on Europe’s Periphery* Cornell University Press, 2012, chapters 3, 4, and 6, pp. 96-172, 223-258

- Paper #2 must be submitted on or before Dec. 4, via email.

QUESTION: How has globalization over the long term and during the recent crises affected different countries’ capitalisms?

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9. GLOBALIZATION, TRANSFORMATIONS IN DEMOCRATIC CAPITALISM, AND CHALLENGES TO DEMOCRATIC LEGITIMACY—THE POPULIST BACKLASH

Main questions:

How do the economics and politics of globalization affect national democracies? Is there any way to escape the globalization ‘trilemma’?

Does the trajectory of capitalism under conditions of globalization necessarily lead to the weakening of national democracies?

Why the rise in Populism? What are the challenges to democratic legitimacy?

Readings on ideational and structural challenges to capitalism and democracy

Rodrik, Dani (2011) *The Globalization Paradox: Democracy and the Future of the World Economy* New York: Norton, pp. 207-284.

Streeck, Wolfgang (2011) “The Crisis of Democratic Capitalism” *New Left Review* (Sept/Oct)

Della Porta, Donatella [21 Social Movements, Democracy, and the State](#), in *Reconfiguring European States in Crisis*, eds. King and LeGalès

Freeden, Michael (2017) “After the Brexit Referendum: Revisiting Populism as an Ideology” *Journal of Political Ideologies*, 22:1, 1-11

Schmidt, Vivien A. (2017) “Britain-Out and Trump-In: A Discursive Institutional Analysis of the British Referendum on the EU and the US Presidential Election,” *Review of International Political Economy* vol 24, no. 2: 248-269

<http://dx.doi.org.ezproxy.bu.edu/10.1080/09692290.2017.1304974>

*Martin Wolf, “Capitalism and Democracy,” *Financial Times* Aug. 30, 2016

<http://www.ft.com/cms/s/0/e46e8c00-6b72-11e6-ae5b-a7cc5dd5a28c.html#axzz4IuRIHvoH>

*Wolfgang Streeck, “Trump and the Trumpists” *Inference* 2017 <http://inference-review.com/article/trump-and-the-trumpists>

**Schmidt, Vivien and Thatcher, Mark (2013) “Conclusion: Explaining the resilience of neo-liberalism and possible pathways out” *Resilient Liberalism: European Political Economy*

through Boom and Bust Cambridge: Cambridge University Press.

12/11

10. Paper presentations

(PAPERS DUE DECEMBER 15)