

**Summer Term 2018**

**University of Cologne**

**Faculty of Management, Economics and Social Sciences**

**Cologne Center for Comparative Politics (CCCP)**

**Chair of International Comparative Political Economy and Economic Sociology**

**Master Course: The Comparative Political Economy of Finance and Public Debt**

**ECTS: 9**

**Instructor:** Prof. Dr. Christine Trampusch

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**Time:** Tuesday, 4.00-5.30pm (First session: 10.04)

**Room:** Hörsaal 2 (Lecture Room 2), Gottfried-Keller-Str. 6

**Description:** Democratic capitalism without liberal financial markets and public debt is impossible. The recent sovereign debt crisis in the Eurozone has shown the strong interdependencies between public finance and liberal financial markets. This course introduces into the theories and the cross-national analysis of the political economy of public debt and financial markets. In a one-day excursion we will also visit the Deutsche Bundesbank and the European Central Bank in Frankfurt am Main (June 19). In methodological terms, the course deepens students' knowledge of quantitative as well as qualitative methods. Students do have to present their own research designs in class. This course is particular suitable for students who want to improve their competences in scientific and public discourses about one of the most pressing and challenging problems democratic capitalist societies are confronted with: the power of finance and increasing public debt.

**Requirements and evidence of academic achievement:** Each student has to prepare the compulsory reading (warm up, 17.04.). Furthermore, each student has to join a team on a specific topic (see syllabus). These teams will present the respective topic in class, based on the recommended readings and beyond. In addition, each student has to write a single-authored paper (*Hausarbeit*) in which he/she scientifically investigates a particular empirical research question on the political economy of finance and public debt (empirical-analytical study with a clear research design, based on a sound use of theories and methods). Students will be graded on the quality of their group presentations and the single-authored paper (*Hausarbeit*). **The research designs for the single authored papers will be discussed in class. They have to be handed in latest Friday noon before they are discussed in the course. The final term papers have to be delivered latest September 15, 2018.** These papers should not exceed 10.000 and not be less than 6.000 words. Own research on literature/data/material is required. All papers will be checked for plagiarism. Please read for further information about plagiarism: [www.cccp.uni-koeln.de](http://www.cccp.uni-koeln.de). We use the software "turnitin" to check for plagiarism: <http://www.wiso-it.uni-koeln.de/turnitin.html>. (Both pages are in German)

**One day-excursion „Where the money comes from“:** Please note that on June 19, 2018, we will travel to Frankfurt to visit the Bundesbank and the European Central Bank. Individual travel costs for this trip will be around €20 and the trip is a one-day excursion. In order to book cheaper ICE train tickets there is a binding registration for the trip for participants of the trip until April 24. For further details see below.

Date	Topic
10.04	<b><u>Introduction</u></b>
17.04	<p><b>Warm up: Compulsory Reading on Finance and Debt (Discussion on readings in class)</b></p> <ul style="list-style-type: none"> <li>• Deeg, R./Posner, E. (2016): Durability and Change in Financial Systems. In: Fioretos, O./Falleti, T. G./Sheingate, A. (eds): <i>The Oxford Handbook of Historical Institutionalism</i>. Oxford: Oxford University Press, 439-452.</li> <li>• Van der Zwan, N. (2014): Making Sense of Financialization. <i>Socio-Economic Review</i>, 12(1), 99-129.</li> <li>• Schularick, M. (2014): Public and Private Debt: The Historical Record (1870-2010). <i>German Economic Review</i>, 15(1), 191-207.</li> <li>• Coleman, W. D. (1994): Banking, Interest Intermediation and Political Power. <i>European Journal of Political Research</i>, 26(1), 31-58.</li> <li>• North, D. C./Weingast, B. R. (1989): Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England. <i>The Journal of Economic History</i>, 49(4), 803-832.</li> </ul>
24.04	<p style="text-align: center;"><b><u>TEAM 1: Finance &amp; Regulation</u></b></p> <ul style="list-style-type: none"> <li>• Lall, R. (2012): From Failure to Failure: The Politics of International Banking Regulation. <i>Review of International Political Economy</i>, 19(4), 609-38.</li> <li>• Massoc, E. (2017): Taxing Stock Transfers in the First Golden Age of Financial Capitalism: Political Salience and the Limits on the Power of Finance. <i>Socio-Economic Review</i>. Online First, 1-20.</li> <li>• Glöckler, G./Lindner, J./Salines, M. (2017): Explaining the Sudden Creation of a Banking Supervisor for the Euro Area. <i>Journal of European Public Policy</i>, 24(8), 1135-1153.</li> <li>• Woll, C. (2013): Lobbying Under Pressure: The Effect of Salience on European Union Hedge Fund Regulation. <i>Journal of Common Market Studies</i>, 51(3), 555-72.</li> <li>• Kastner, L. (2017): Business Lobbying under Salience—Financial Industry Mobilization against the European Financial Transaction Tax. <i>Journal of European Public Policy</i>, Online First, 1-19.</li> <li>• Wolley, J.T./ Ziegler, N.J. (2012): The Two-Tired Politics of Financial Reform in the United States. In: Mayntz, R. (ed.): <i>Crisis and Control: Institutional Change in Financial Market Regulation</i>. Frankfurt/New York: Campus, 29-65.</li> </ul>
01.05	<b><u>Public Holiday – Labor Day</u></b>
08.05	<p style="text-align: center;"><b><u>TEAM 2: Finance &amp; Public Debt</u></b></p> <ul style="list-style-type: none"> <li>• Alesina, A./Perotti, R. (1995): The Political Economy of Budget Deficits. <i>IMF Staff Papers</i>, 42(1), 1-31.</li> <li>• Braunstein, J. (2017): The Domestic Drivers of State Finance Institutions: Evidence from Sovereign Wealth Funds. <i>Review of International Political Economy</i>, 24(6), 980-1003.</li> <li>• Dutta, S. J. (2017): Sovereign Debt Management and the Globalization of Finance: Recasting the City of London’s ‘Big Bang’. <i>Competition &amp; Change</i>, Online First, 1-20.</li> <li>• Fastenrath, F./Schwan, M./Trampusch, C. (2017): Where States and Markets Meet: The Financialisation of Sovereign Debt Management. <i>New Political Economy</i>, 22(3), 273-293.</li> <li>• Schumpeter, J. A. (1991)[1918]: The Crisis of the Tax State. In: Swedberg, R. (ed.): <i>The Economics and Sociology of Capitalism</i>. Princeton: Princeton University Press, 99–140.</li> <li>• Trampusch, C. (2018): Liberal Financial Markets in the Interest of <i>Staatskredite</i> – A Process Tracing Study of the Link between Sovereign Debt Policy and the 1908 Bourse Law Reform in the German Empire. <i>Jahrbuch für Wirtschaftsgeschichte</i>, forthcoming.</li> </ul>

15.05	<p style="text-align: center;"><b><u>TEAM 3: Financialization of the Economy</u></b></p> <ul style="list-style-type: none"> <li>• Engelen, E./Konings, M. (2010): Financial Capitalism Resurgent: Comparative Institutionalism and the Challenges of Financialization. In: Morgan, G./Campbell, J. L./Crouch, C./Pedersen, O. K./Whitley, R. (eds.): <i>The Oxford Handbook of Comparative Institutional Analysis</i>. Oxford: Oxford University Press, 601-624.</li> <li>• Karwowski, E./Stockhammer, E. (2017): Financialisation in Emerging Economies: A Systematic Overview and Comparison with Anglo-Saxon Economies. <i>Economic and Political Studies</i>, 5(1), 60-86.</li> <li>• Krippner, G. R. (2005): The Financialization of the American Economy. <i>Socio-Economic Review</i>, 3(2), 173-208.</li> <li>• Maxfield, S./Wincoff, W. K./Young, K. L. (2017): An Empirical Investigation of the Financialization Convergence Hypothesis. <i>Review of International Political Economy</i>, 24(6), 1004-1029.</li> <li>• Schwan, M. (2017): Which Roads Lead to Wall Street? The Financialization of Regions in the European Union, <i>Comparative European Politics</i>, 15(4), 661-683.</li> <li>• Stockhammer, E. (2004): Financialisation and the Slowdown of Accumulation. <i>Cambridge Journal of Economics</i>, 28(5), 719-741.</li> <li>• Van Treeck, T. (2009): The Political Economy Debate on 'Financialization' – A Macroeconomic Perspective. <i>Review of International Political Economy</i>, 16(5), 907-944.</li> </ul>
22.05	<b><u>Semester Break</u></b>
29.05	<p style="text-align: center;"><b><u>TEAM 4: Financial and Euro Crises</u></b></p> <ul style="list-style-type: none"> <li>• Copelovitch, M./Frieden, J./Walter, S. (2016): The Political Economy of the Euro Crisis. <i>Comparative Political Studies</i>, 49(7), 811-840.</li> <li>• Goldstein, A./Fligstein, N. (2017): Financial Markets as Production Markets: The Industrial Roots of the Mortgage Meltdown. <i>Socio-Economic Review</i>, 15(3), 483-510.</li> <li>• Hall, P. A. (2018): Varieties of Capitalism in Light of the Euro Crisis. <i>Journal of European Public Policy</i>, 25(1), 7-30.</li> <li>• Höpner, M./Lutter, M. (2014): One Currency and Many Modes of Wage Formation: Why the Eurozone Is Too Heterogeneous for the Euro. <i>MPIfG Discussion Paper 14/14</i>. Köln: Max-Planck-Institut für Gesellschaftsforschung.</li> <li>• Sager, F./Hinterleitner, M. (2016): How do Credit Rating Agencies Rate? An Implementation Perspective on the Assessment of Austerity Programs During the European Debt Crisis. <i>Politics &amp; Policy</i>, 44(4), 783-815.</li> <li>• Schelkle, W. (2017): <i>The Political Economy of Monetary Solidarity. Understanding the Euro Experiment</i>. Chapter 6: The Euro Area Crisis as a Stress Test for Monetary Solidarity. Oxford: Oxford University Press.</li> </ul>

05.06	<p style="text-align: center;"><b><u>TEAM 5: Central Banks</u></b></p> <ul style="list-style-type: none"> <li>• Dyson, K. H. F. (2009): German Bundesbank: Europeanization and the Paradoxes of Power. In: Dyson, K. H. F./Marcussen, M. (eds): Central Banks in the Age of the Euro. New York: Oxford University Press, 131-160.</li> <li>• Fligstein, N./Brundage, J.S./Schultz, M. (2014): Why the Federal Reserve Failed to See the Financial Crisis of 2008: The Role of 'Macroeconomics' as Sense-Making and Cultural Frame. IRLE Working Paper, No. 111-14. Available Online: <a href="http://irle.berkeley.edu/workingpapers/111-14.pdf">http://irle.berkeley.edu/workingpapers/111-14.pdf</a> (Retrieved: 12.02.2018)</li> <li>• Franzese, R. J. (1999): Partially Independent Central Banks, Politically Responsive Governments, and Inflation. <i>American Journal of Political Science</i>, 43(3), 681-706.</li> <li>• Howarth, D. (2004): The ECB and the Stability Pact: Policeman and Judge? <i>Journal of European Public Policy</i>, 11(5), 832-853.</li> <li>• Jabko, N. (2003): Democracy in the Age of the Euro. <i>Journal of European Public Policy</i>, 10(5), 710-739.</li> <li>• Lombardi, D./Moschella, M. (2016): The Government Bond Buying Programmes of the European Central Bank: An Analysis of their Policy Settings. <i>Journal of European Public Policy</i>, 23(6), 851-870.</li> </ul>
12.06	<p style="text-align: center;"><b><u>TEAM 6: Finance: Offshore &amp; Tax Havens</u></b></p> <ul style="list-style-type: none"> <li>• Farquet, C. (2017): The Swiss Tax Haven, the Bretton Woods System Crisis and the Globalisation of Offshore Finance. In: Buggeln, M./Daunton, M./Nützenadel, A. (eds): <i>The Political Economy of Public Finance. Taxation, State Spending and Debt since the 1970s</i>. Cambridge: Cambridge University Press, 126-148.</li> <li>• Emmenegger, P. (2017): Swiss Banking Secrecy and the Problem of International Cooperation in Tax Matters: A Nut Too Hard to Crack? <i>Regulation &amp; Governance</i>, 11(1), 24-40.</li> <li>• Rixen T. (2013): Why Regulation after the Crisis is Feeble: Shadow Banking, Offshore Financial Centers, and Jurisdictional Competition. <i>Regulation &amp; Governance</i>, 7(4), 435-59.</li> <li>• Gabor, D. (2016): The (Impossible) Repo Trinity: The Political Economy of Repo Markets. <i>Review of International Political Economy</i>, 23(6), 967-1000.</li> <li>• Vermeiren, M./Wouter L. (2016): <i>The Panama Papers and the International Battle against Tax Havens: Lessons for the EU</i>. Berlin: Hans Böckler Stiftung, 1-6.</li> <li>• Sharman, J. C. (2008): Regional Deals and the Global Imperative: The External Dimension of the European Union Savings Tax Directive. <i>Journal of Common Market Studies</i>, 46(5), 1049-1069.</li> <li>• Zucman, G. (2014): Taxing across Borders: Tracking Personal Wealth and Corporate Profits. <i>The Journal of Economic Perspectives</i>, 28(4), 121-148.</li> </ul>
19.06	<p style="text-align: center;"><b><u>Where the Money comes from: Inside the European Central Bank</u></b> <b><u>Excursion to the ECB and Bundesbank</u></b></p>

26.06	<p style="text-align: center;"><b><u>TEAM 7: Finance, Welfare State &amp; Inequality</u></b></p> <ul style="list-style-type: none"> <li>• Alvarez, I. (2015): Financialization, Non-Financial Corporations and Income Inequality: The Case of France. <i>Socio-Economic Review</i>, 13 (3), 449-475.</li> <li>• Ansell, B. (2014): The Political Economy of Ownership: Housing Markets and the Welfare State. <i>American Political Science Review</i>, 108(2), 383-402.</li> <li>• Mertens, D. (2017): Borrowing for Social Security? Credit, Asset-Based Welfare and the Decline of the German Savings Regime. <i>Journal of European Social Policy</i>, 27(5), 474-491.</li> <li>• Dixon, A. D./Ville-Pekka, S. (2009): Institutional Change and the Financialisation of Pensions in Europe. <i>Competition &amp; Change</i>, 13(4), 347–367.</li> <li>• McCarthy, M. A./Sorsa, V. P./van der Zwan, N. (2016): Investment Preferences and Patient Capital: Financing, Governance, and Regulation in Pension Fund Capitalism. <i>Socio-Economic Review</i>, 14(4), 751-769.</li> <li>• Roberts, A./Kwon, R. (2017): Finance, Inequality and the Varieties of Capitalism in Post-Industrial Democracies. <i>Socio-Economic Review</i>, 15(3), 511-538.</li> </ul>
03.07	<b><u>Presentation of Students' Research Designs</u></b>
10.07	<b><u>Presentation of Students' Research Designs</u></b>
17.07	<b><u>Summary of the Main Results of the TEAM Presentations, Further Advice on How to Write a Term Paper by the Instructor, Concluding Discussion, Evaluation</u></b>

## **Excursion: Where the money comes from: Inside the European Central Bank**



**June 19<sup>th</sup>, 2018**

**Departure:** 07:53 a.m., Cologne Central Station

**Arrival at Frankfurt a.M. Central Station:** 10:14 a.m.

**Visit of Money Museum (Bundesbank):** 11:00

**Lunchbreak:** 1 p.m. – 2 p.m.

**Visit of the European Central Bank:** 4 pm

**Departure:** 7:29 p.m., Frankfurt a.M. Central Station

**Arrival at Cologne Central Station:** 8:32 p.m.

Source ECB picture: <https://www.stuttgarter-zeitung.de/inhalt.europaeische-zentralbank-ein-erster-schritt-zur-eindaemmung-der-geldflut.b5f0dac7-c756-43e2-8a74-7186053bfd10.html>