

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
Summer Term 2018

- Preliminary -

14335 0403: Finance, Politics and Society

BA Seminar: Specialization Module Seminar Political Science II
(Comparative Political Economy)
9 ECTS points

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Office Hours: By Appointment

Time: Tuesday, 4.00-5.30pm (First session: April 10, 2018)

Room: 103 (Philosophikum), S 57

Description

With deregulatory reforms since the 1980s, the financial industry has increasingly gained significance in the developed capitalist economies. On the leading edge of globalization and technological change financial markets have experienced an explosive growth. As the global financial elite has become more powerful vis-à-vis other interest groups, almost all social structures in contemporary societies have become permeated by finance and its logics. Nowadays, financial activities constitute a bigger share of nations' growth domestic product and a larger source of profits, not only for investment banks, hedge-funds or other financial institutions, but also for non-financial corporations. Even states and cities across the globe adopt financial innovations and modern portfolio theory in order to optimize returns on their investments or their mountains of public debt. Furthermore, the rise of finance embodies one driving force of growing income inequality, one of the most pressing issues of our time. The global financial crisis of 2007 has revealed these tectonic shifts – broadly understood as processes of financialization – that took place in the three decades leading up to the crisis, and it confirmed the dominant role of finance in the international political economy.

Against the background of these developments, this seminar deals with the causes, characteristics and consequences of financialization by discussing the latest political-economic as well as economic sociological research on the topic. In so doing, the manifold interrelationships between finance and politics are emphasized. Thus, the seminar starts with the premise that financial markets are not abstract institutions, capital flows or quantitative models, but they are conceived of as projects between states and markets. In the first part of the seminar, we compile basic terminology, study theoretical concepts, and work out how to construct a research design. We then shed light on the changes within the banking sector, continue by elaborating on states' diverse roles in financial markets, and how financialization has affected the economy as a whole, non-financial corporations, households, and income inequality. We lastly discuss the causes and consequences of the GFC, before the seminar's participants present their own research designs that serve as the bases for their term papers.

Recommended literature (for general background information and overall preparation)

Davis, G. (2009): *Managed by the Markets: How Finance Reshaped America*. Oxford: Oxford University Press.

Krippner, G. (2011): *Capitalizing on Crisis: The Political Origins of the Rise of Finance*. Cambridge, MA: Harvard University Press.

Thomson, F. and S. Dutta (2015): '*Financialisation: A Primer*'. Amsterdam: Transnational Institute. www.tni.org/files/publication-downloads/primer_financialisation-01-16.pdf

Van der Zwan, N. (2014): Making Sense of Financialization. *Socio-Economic Review* 12(1), 99-129.

Prerequisites

Prior exposure to qualitative and quantitative research/methods is an advantage, but not necessary for taking the course. Students should be able to understand and articulate themselves in English as this will be the general classroom language. Of course, perfection is not required – you just need to understand and make yourself understood.

Intended learning outcomes

At the conclusion of this course you will be able to:

- orient yourself better in the somewhat arcane field of finance
- explicate how and why finance and politics intersect
- locate, access, interpret and use basic economic data to analyze processes of financialization
- study empirical phenomena from a political-economic/economic sociological perspective
- construct a research design of your own
- conduct own empirical research

Working Requirements and Assessment

This course comprises twelve weekly seminar sessions (2 SWS) and a related set of readings. Several hours of self-directed study is also expected each week. The course instructor will introduce each topic, contextualize the set reading material, and highlight the political and economic relevance of each issue by drawing on recent information from a variety of sources. At the same time the seminar envisages the discussion of weekly readings in group work as well as plenary. All students are expected to complete assigned obligatory readings according to the schedule, in order to be able to actively contribute to class discussions.

Each student will give one 20 minutes oral presentation over the course of the semester, in connection with a specific weekly topic and readings. A schedule for presentations will be drawn up during the first and second seminar sessions. Students are free to choose the topic on which they wish to present, subject to availability. You must present your topic on the day that the topic is scheduled. Failure to present as scheduled will result in a zero score for this assignment. Presentations should be discussed with the course instructor at least one week ahead of the presentation. Presenters are expected to build on and to go beyond the weekly readings so as to provide input for further discussions.

In addition, each participant has to write an empirical term paper of 12-15 pages (approx. 4.500 words (PO 2015); approx. 3.500 words (PO 2007)), in which he or she answers a research question of his or her choice. This includes constructing a research design (2-3 pages) for the term paper over the course of the semester (submission deadline: **June 19, 2018**), which will be presented and discussed in one of the two last seminar sessions. The final term papers have to be delivered latest on **August 31, 2018**.

Students are assessed as follows

Students will be graded on the quality of their presentations and the term paper. Thereby, the weighting of two assignments are:

1. oral presentation: 15 % of assessment
2. final term paper: 85 % of assessment

Please note that all participation criteria (see above) need to be delivered and passed for a successful completion of the course!

I would like to point out that all term papers submitted in this context will be checked anonymously for plagiarism with the software Turnitin. Term papers will not be saved permanently on the Turnitin server. For information on Turnitin see: <http://www.wiso-it.uni-koeln.de/turnitin.html> See also the advice for presentations and term papers as well the information on plagiarism on our web page: <http://www.cccp.uni-koeln.de/de/public/lehre/informationen-fuer-studierende/>.

Submission of the research paper

The research paper has to be handed in an electronic version (PDF) via email to fastenrath@wiso.uni-koeln.de. The paper version should be handed in personally at the secretary of the Cologne Center for Comparative Politics (IBW Building, Herbert - Lewin - Str. 2, 1st floor, Room 1.09).

The paper version must contain the following signed statement:

<http://www.cccp.uni-koeln.de/sites/cccp/Lehre/EidesstattlicheErklaerung.pdf>

Registration

Registration takes place via KLIPS. I strongly recommend registration as this ensures that you may get information about ad hoc changes in the schedule.

Reading assignments

At the beginning of April the required texts for the sessions of the seminar can be accessed via ILIAS. If you register via KLIPS you will automatically have access to the ILIAS files.

Course Outline (Preliminary)

Week 1	Introduction, course overview and schedule for presentations April 10
Week 2	What is financialization and how to study it? April 24
Week 3	Theoretical perspectives on the interaction of finance and politics: Political Economy and Economic Sociology May 8
Week 4	Financialization of bank-business models: “From boring banking to roaring banking” May 15
Week 5	Financialization and the state I: State as regulator, watchdog and policy maker May 29
Week 6	Financialization and the state II: (Sub-) national governments as borrowers and financial players June 5
Week 7	Financialization of the economy and non-financial firms: From Main Street to Wall Street June 12
Week 8	Financialization of Households: Finance culture and the great debt transformation June 19
Week 9	Financialization and Inequality June 26
Week 10	The Global Financial Crisis I: Causes July 3
Week 11	The Global Financial Crisis II: Consequences Presentation and discussion of participants’ research designs I July 10
Week 12	Presentation and discussion of participants’ research designs II, Course Recap and concluding discussion July 17

A detailed view of the single sessions as well as the full references list will follow soon