

32601 – The Political Economy of the USA in comparison
Clara Heinrich
Winter Term 2022/23
Freie Universität Berlin
Tuesdays, 10:00-12:00. Room 201 JFKI (Lansstraße 7-9)

Course Description

This course is meant to introduce students to the study of Political Economy (PE). A first block of sessions is dedicated to classical theories and concepts which shape contemporary scholarship in PE. We will develop a profound understanding of the main characteristics of a capitalist economy and how PE scholars approach the relationship between politics and economics. In a second block we discuss the changes within (Western) political economies since the 1950s, thereby critically reflecting on different comparative approaches on the basis of the theoretical toolkit developed in the first block. A third Block extends this discussion by looking at global developments of the political economy in the last decades, especially regarding their relation to the climate crisis and finance. Overall, the aim of the course is to provide students with a first overview of Political Economy as a discipline and of the development of the global political economy with a particular focus on Critical Political Economy perspectives.

Course Objectives

As an introductory course, the seminar will provide student with a broad overview of concepts and theoretical perspectives applied by scholars of Political Economy regarding:

- Foundations and workings of capitalist economies
→ including historical, geographical and national variations
- Different understandings of “Political Economy”
- Global trends in modes of capitalist accumulation
- The role of finance in today’s economy
- Climate change and its relation to the study of political economies

Regarding the tool-kit of social scientists, the course helps students with regard to

- Critical thinking: deconstructing arguments and the underlying logic of reasoning
 - Improving reading skills: Critically engaging with a text with regard to different dimensions
→ its relation to social reality, its relation to other readings, its internal coherence, etc.
 - Practising discussion and argumentation skills in spoken and written form
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Course Prerequisites

Students studying the Mono bachelor North American Studies should have completed the introductory module “Understanding North America B1”. Students coming from other programs should have a basic understanding of concepts and theories in political science, sociology and economics. If you lack these prerequisites but still want to participate in the course please write me an email.

Recommended Preliminary Readings

Ellen Meiksins Wood. *The origin of capitalism: A longer view*. Verso, 2002

Ann Pettifor. *The production of money: how to break the power of bankers*. London: Verso Books, 2017

Jacob S Hacker, Alexander Hertel-Fernandez, Paul Pierson, and Kathleen Thelen. *The American Political Economy: Politics, Markets, and Power*. Cambridge University Press, 2021.

Office Hours

You are invited to come and talk to me whenever you feel like doing so and I am happy to discuss anything from questions on the readings, the course content, your term paper or things that broadly relate to your studies in general. Regular office hours are held Tuesdays from 14:00 to 16:00 at my office (room 328, JFKI). Please send me an email beforehand with a preferred time, otherwise you may have to wait. To accommodate students with caring responsibilities or other commitments, I try my best to find flexible solutions for those who cannot come to the regular office hours. In that regard, please send me an email to discuss possible options.

Course Structure & Modes of Teaching

Communication

This course is meant to be a space in which we all learn with and from each other. My aim is to create an atmosphere in which everyone feels comfortable to speak, ask questions and comment on others in a respectful manner. Therefore, I rely on your feedback if you feel like the material is too difficult/ inaccessible for you, if you lack basic knowledge of certain topics (e.g. theoretical concepts, actors and workings of financial markets), but also if there is something else that makes you feel uncomfortable. Moreover, I would appreciate it if you could let me know if you are unable to attend a session, as this makes it easier for me to plan the sessions in order to make them as lively and interesting as possible.

Course Materials

The syllabus and the readings which are not online accessible via the FU will be made available on Blackboard. Students are expected to look up/download/borrow further readings of interest online or in the library.

Guides for essay writing and conducting research paper analyses will be available on BlackBoard.

Participation and Examination

For participation, students are expected to engage in the seminar discussions on a regular basis. While I do not want to force anyone to speak out loud in class, my aim is that everyone participates according her*his possibilities. To help you and me to prepare the seminar

discussions, students are expected to submit at least **one reading note (at least 200 words) on the mandatory reading of each session** via email on Mondays by 7pm (the night before the seminar).¹ The seminar discussions will be based on these submissions. A reading note can be anything that comes to your mind while reading the text, for example one of the following:

- A definition of one of the key concepts discussed in the text and how it relates to previous seminar discussions
- A critical remark on the text – What did you like, what not and why?
- Questions regarding one of the key concepts, the argument of the text or the logic of reasoning
- A remark on how the text informs your thinking about certain phenomena, questions, theories or concepts (Does it stand in contradiction to another argument made by someone else or does it underline a point raised in another reading you came across?)
- Anything you heard about in the news that you can fruitfully link to the reading or certain aspects discussed in the text

Additionally, each student has to submit **one short essay (700 words)** on one of the leading questions listed in the class schedule. In the essay, the student is expected to discuss the question based on at least one mandatory and one optional course reading. Essays have to be submitted before February 15, 2023. However, I encourage you to submit the essays earlier and I will try to read and comment on them within two weeks time after submission.

Instead of writing the short essay, students can also opt for preparing **a research paper analysis** one of the further readings and present it in class, in total **10-15 minutes**. I will provide a guide on how to prepare a research paper analysis on Blackboard.

Recording the seminar sessions is strictly prohibited.

Students who want **to receive full credit (MAP for the whole module)** are additionally expected to write a **term paper (5,000-6,000 words)**. I will provide questions/topics to choose from, but you are also invited to bring up your own ideas, as long as you discuss them with me before starting to write the paper. In the term paper, you are expected to develop an argument in order to answer a research question (either theoretically or empirically). In doing so, you are expected to demonstrate an understanding of the relevant course contents and critically discuss the relevant literature covered in class and beyond.

¹Everyone has two jokers.

Class Schedule

Introduction

Session 1: 18.10.2022, Introductory Session

- Primer on Political Economy
- Presentation of the course topics and the general structure of the seminar
- Discussion of the syllabus
- How to write an essay and a research paper analysis

Block A - Foundations of Political Economy

Session 2: 25.10.2022, Capitalism

Leading questions:

- What is “capitalism” and how does it structure our society?
- Which modes of operation are central to capitalism and how do they influence everyday life?

We will discuss which topics to cover in session 13 and 14 at the beginning of this session. Ideally, you think about topics you are interested in beforehand.

Mandatory reading:

Claus Offe. The capitalist state and the problem of policy formulation. In Leon Lindberg, editor, *Stress and Contradiction in Contemporary Capitalism*, chapter 5, p. 125-144. Lexington: Lexington Books, 1975

Further readings:

Anthony Giddens. *Capitalism and modern social theory: An analysis of the writings of Marx, Durkheim and Max Weber*. Cambridge University Press, 1971. Online access via FU

Rosa Luxemburg. *Reform or revolution*. New York: Pathfinder Press, 1970

Adam Przeworski and Michael Wallerstein. Structural dependence of the state on capital. *The American Political Science Review*, pages 11–29, <http://www.jstor.org/stable/1958056>, 1988

Robert W Cox. *Production, power, and world order: Social forces in the making of history*, volume 1. New York: Columbia University Press, 1987

Session 3: 01.11.2022, Politics and Economics I

+++ held online +++

Leading questions:

- How do scholars understand “politics” and “economics” and what are the analytical merits and the weaknesses of these different understandings?
- How are the two terms related to each other and how do they relate to capitalism (based on the different understandings)?

Mandatory reading:

James A Caporaso and David P Levine. *Chapter 1. Politics and Economics*. Cambridge University Press, 1992

Further readings:

Kari Palonen. Four times of politics: Policy, polity, politicking, and politicization. *Alternatives*, 28(2):171–186, <https://www.jstor.org/stable/40645073>, 2003

Andreas Kalyvas. *Democracy and the politics of the extraordinary: Max Weber, Carl Schmitt, and Hannah Arendt*. Cambridge University Press, 2008. Online access via FU.

John Stuart Mill. *Principles of political economy with some of their applications to social philosophy / John Stuart Mill*. Longmans, Green, Reader Dyer, London, 1868

Joseph A. Schumpeter. *Capitalism, Socialism and Democracy*. Routledge, New York, 1994.

Session 4: 08.11.2022, Politics and Economics II

Leading questions:

- What are the core assumptions of a historical materialist perspective?
- How does this perspective inform our understanding of capitalism and of Political Economy?
- How does Wood's perspective relate to the different understandings outlined in Caporaso and Levine (1992)?

Mandatory reading:

Ellen Meiksins Wood. *Chapter 1. The separation of the 'economic' and the 'political' in capitalism*. London: Verso, 2016

Further readings:

Timothy Mitchell. Carbon democracy. *Economy and society*, 38(3):399–432, 2009

Georgij Valentinovich Plekhanov. *Essays in historical materialism*. International Publishers New York, 1940. Online access

Block B - The political economy of the post WW II era

Session 5: 15.11.2022, Varieties of Capitalism (VoC)

Leading questions:

- What are the core assumptions and concepts of the VoC approach?
- How does the VoC approach relate to our previous discussions about capitalism, politics and economics?

Mandatory readings:

Peter A Hall and David Soskice. An introduction to varieties of capitalism. In Peter A Hall and David Soskice, editors, *Varieties of capitalism. A Reader*, pages 1–68. Oxford: Oxford University Press, 2001

Talk by Kathleen Thelen: “The American Precariat: US Capitalism in Comparative Perspective”, APSA's 114th Presidential Address, October 2018

Further readings:

Peter A Hall and David Soskice. Varieties of capitalism and institutional change: A response to three critics. *Comparative European Politics*, 1(2):241–250, 2003

Wolfgang Streeck. E pluribus unum? varieties and commonalities of capitalism. *MPIfG Discussion Paper 10/12*, 2010

Colin Crouch. *Capitalist diversity and change: Recombinant governance and institutional entrepreneurs*. Oxford: Oxford University Press, 2005

Susan Strange. The future of global capitalism; or, will divergence persist forever. *Political Economy of Modern Capitalism: Mapping Convergence and Diversity*, pages 182–191, 1997b

Session 6: 22.11.2022, Growth Models

Leading questions:

- How does a growth models perspective differ from the VoC approach?
- How does a growth models perspective relate to our previous discussions about capitalism, politics and economics?

Mandatory reading:

Lucio Baccaro, Mark Blyth, and Jonas Pontusson, editors. *Diminishing Returns: The New Politics of Growth and Stagnation*. Oxford University Press. Introduction., 2022

Further readings:

Lucio Baccaro and Jonas Pontusson. Comparative political economy and varieties of macroeconomics. *MPIfG Discussion Paper 18/10*. Max-Planck-Institut für Gesellschaftsforschung, 2018

Lucio Baccaro and Jonas Pontusson. Rethinking comparative political economy: the growth model perspective. *Politics & society*, 44(2):175–207, 2016

Session 7: 29.11.2022, Political Economy and capitalist development

Leading questions:

- How have scholars made sense of the changes within political economies since WWII?
- What is the difference between the concepts of *diseembedding* and *encasement* regarding neoliberal transformative processes?

Mandatory reading group A:

Mark Blyth. *Great transformations: Economic ideas and institutional change in the twentieth century*. Cambridge University Press, 2002b. Preface & Chapter 5. Online access via FU

Mandatory reading group B:

Quinn Slobodian. *Globalists*. Harvard University Press, 2018a. Introduction.

Further readings:

Lucio Baccaro and Chris Howell. A common neoliberal trajectory: The transformation of industrial relations in advanced capitalism. *Politics & Society*, 39(4):521–563, 2011

Nancy Fraser. *Fortunes of feminism: From state-managed capitalism to neoliberal crisis*. London, New York: Verso Books, 2013

Mark Blyth. *Great transformations: Economic ideas and institutional change in the twentieth century*. Cambridge University Press, 2002a. Especially Chapters 1,2,8. Online access via FU

Quinn Slobodian. *Globalists*. Harvard University Press, 2018b.

Session 8: 6.12.2022, International vs Comparative Political Economy

Leading questions:

- What are the main categories of analysis in IPE and CPE?
- What are the merits and pitfalls of the separation of Political Economy into different sub-disciplines?

Mandatory reading:

Pepper D. Culpepper. Structural power and political science in the post-crisis era. *Business and Politics*, 17(3):391–409, 2015. doi: 10.1515/bap-2015-0031

Further readings:

- Chris Howell. Varieties of capitalism: and then there was one? *Comparative politics*, pages 103–124, 2003
- Colin Hay. Does capitalism (still) come in varieties? *Review of International Political Economy*, 27(2):302–319, 2020
- Susan Strange. The future of global capitalism; or, will divergence persist forever? In Colin Crouch, Wolfgang Streeck, et al., editors, *Political economy of modern capitalism: Mapping convergence and diversity*. London: Sage, 1997a
- Christine Trampusch. Status quo vadis? *Zeitschrift für Sozialreform*, 52(3):299–324, 2006
- Jens Beckert. Capitalism as a system of expectations: Toward a sociological microfoundation of political economy. *Politics & Society*, 41(3):323–350, 2013
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Session 9: 13.12.2022, No session!

You are encouraged to use the time to prepare mandatory or further readings for the upcoming sessions, think about potential questions for your term paper or work on your short essay on one of the leading questions/ prepare your research paper analysis.

Block C - Finance & Climate

Session 10: 03.01.2023, Financialisation

online or hybrid// **Leading questions:**

- What is “financialisation”?
- How do processes of financialisation relate to capitalism?
- Which actors are involved in (which) processes of financialisation?

Mandatory reading:

Natascha Van der Zwan. Making sense of financialization. *Socio-economic review*, 12(1):99–129, 2014

Further readings:

- Greta R Krippner. The financialization of the american economy. *Socio-economic review*, 3(2): 173–208, 2005
- Gerald A Epstein. *Financialization and the world economy*. Cheltenham: Edward Elgar Publishing, 2005
- Costas Lapavistas and Jeff Powell. Financialisation varied: a comparative analysis of advanced economies. *Cambridge journal of regions, economy and society*, 6(3):359–379, 2013
- Philip Mader, Daniel Mertens, and Natascha Van der Zwan. Financialization: an introduction. In Philip Mader, Daniel Mertens, and Natascha Van der Zwan, editors, *The Routledge international handbook of financialization*, pages 1–16. London: Routledge, 2020
- Jeffrey Powell. Towards a marxist theory of financialised capitalism. *Greenwich papers in political economy*, University of Greenwich Business School, 2018, 2018
- Petra Dünhaupt. An empirical assessment of the contribution of financialization and corporate governance to the rise in income inequality. *Working Papers, Institute for International Political Economy, Hochschule für Wirtschaft und Recht Berlin*, 2014
- Olivier Godechot. Financialization is marketization! a study of the respective impacts of various dimensions of financialization on the increase in global inequality. *Sociological Science*, 3: 495–519, 2016

Session 11: 10.01.2023, Asset Manager Capitalism (AMC)

Leading questions:

- What are the main characteristics of AMC?
- How does AMC change our thinking in terms of national models of capitalism (think for example of VoC)?

Mandatory reading:

Benjamin Braun. *Asset manager capitalism as a corporate governance regime*, pages 270–294. Cambridge University Press, 2021.

Further readings:

Jan Fichtner, Eelke M. Heemskerk, and Javier Garcia-Bernardo. Hidden power of the big three? passive index funds, re-concentration of corporate ownership, and new financial risk. *Business and Politics*, 19(2):298–326, 2017

Jan Fichtner and Eelke M. Heemskerk. The new permanent universal owners: Index funds, patient capital, and the distinction between feeble and forceful stewardship. *Economy and Society*, 49(4):493–515, 2020

Robin Wigglesworth. *Trillions: How a Band of Wall Street Renegades Invented the Index Fund and Changed Finance Forever*. London: Portfolio Penguin, 2021

Adrienne Buller. Doing well by doing good? examining the rise of environmental, social, governance (esg) investing. *Common Wealth*, <https://www.common-wealth.co.uk/reports/doing-well-by-doing-good-examining-the-rise-of-environmental-social-governance-esg-investing>, 2020

Adrienne Buller and Benjamin Braun. Under new management: Share ownership and the growth of uk asset manager capitalism. *Common Wealth*, <https://www.common-wealth.co.uk/reports/under-new-management-share-ownership-and-the-growth-of-uk-asset-manager-capitalism>, 2021

Benjamin Braun. From performativity to political economy: index investing, etfs and asset manager capitalism. *New Political Economy*, 21(3):257–273, 2016

Lucian A Bebchuk, Alma Cohen, and Scott Hirst. The agency problems of institutional investors. *Journal of Economic Perspectives*, 31(3):89–102, 2017

Lucian A Bebchuk and Scott Hirst. Index funds and the future of corporate governance: Theory, evidence, and policy. *National Bureau of Economic Research, Working Paper 26543*, <http://www.nber.org/papers/w26543>, 2019

Johannes Petry, Jan Fichtner, and Eelke Heemskerk. Steering capital: the growing private authority of index providers in the age of passive asset management. *Review of international political economy*, 28(1):152–176, 2021

Session 12: 17.01.2023, Political Economy and capitalist development II – The Wall Street Consensus

Leading questions:

- What is the ‘Wall Street Consensus’?
- How does the WSC relate to the different dimensions of financialisation (see session 10)?
- How does the WSC relate to the notions of *disembedding* and *encasement* (session 7)?

Mandatory reading:

Daniela Gabor. The wall street consensus. *Development and Change*, 52(3):429–459, 2021b

Further readings:

James M Buchanan and Robert D Tollison. *The Theory of public choice-II*. University of Michigan Press, 1984

Daniela Gabor. The wall street consensus at cop26. *Phenomenal World*, published online November 18, 2021: <https://www.phenomenalworld.org/analysis/cop26/>, 2021a

Session 13: date TBA, Climate Change & a Political Economy beyond capitalism

Session 14: 31.01.2023, Power & class struggle

Leading questions:

- What is power and why is it relevant?
- How can we study different forms of power?

Mandatory reading:

Further readings:

Session 15: 07.02.2023, Mini-lecture on empirical research in Political Economy and brainstorming for your term papers

In this session, there will be a mini-lecture on how to conduct empirical research in Political Economy. We will cover basic methods (quantitative and qualitative) and I will provide you with some basics on research design, data gathering and structuring a research project (i.e. your term paper or Bachelor thesis). To practice how to tackle a research question, you will work in small groups and collect ideas on how to approach the term paper questions.

Session 16: 14.02.2023, Presentations & Discussion

Student presentations of outlines and ideas for the term paper and discussion of open questions.
