

Sebastian Möller & Marcus Wolf
Faculty of Social Sciences (FB 08)
Institute of Intercultural and International Studies (InIIS)
Unicom 2060 (Entrance 7, "Haus Wien")
Mary-Somerville-Straße 7, 28359 Bremen
sebastian.moeller@uni-bremen.de
marcus.wolf@uni-bremen.de
0421/218-67462

Office hours: upon request (please send an email)

Seminar: International Political Economy of the Financial Crisis (Summer Term 2015)

Date: Thursday, 12-2pm, SuUB 4330 (Library, "Studio 1")¹

Modules: BA Pol M11 & M13; General Studies

Course description:

The recent global financial and economic crisis started with turmoil in the US housing market in summer 2007 and developed into a crisis of banking and financial services in 2008 and 2009 including the collapse and public bailouts of banks that were considered "too big to fail". This crisis was said to be the most severe one after the "Great Recession" in the 1930s and came along with heavy drops in economic performance, trade and jobs as well as with a remarkable increase of public debt and social inequality. Moreover, the global distribution of power and wealth has been affected. Some observers even characterize the current crisis as a turning point of global capitalism. However, the global economy has recovered to some extent since 2009/10 and financial markets are far from being substantially re-regulated. This course analyses the financial crisis from the perspective of International Political Economy (IPE) and develops an understanding of the dimensions, the development, the causes and the consequences of the crisis by adapting various theories and concepts of IPE to current empirical developments. It will address the (dys)functioning of global financial markets as well as international and national political institutions involved in their regulation and current politico-economic trends like financialization. The course introduces students to theories and concepts of IPE and critically reflects on their applicability to the ongoing crisis. Both readings and seminar discussions will be in English language. Perfect command of English is, however, not necessary since this is not a language course.

¹ Please note that coats and bags have to be handed in at the library's cloakroom since the seminar room is inside the library. Make sure you be at the room in time (12.15). It is located at the 4th floor of the library.

Learning objectives:

- Collecting knowledge on the (dis)functioning of financial markets, the development of the crisis and central actors
- Deepening the analytical understanding of causes, dimensions, developments and political answers to of the financial crisis
- Getting an overview on the political handling of the crisis both nationally and internationally and on the role of private actors in the regulation of global finance
- Being able to connect previous empirical knowledge on the crisis (e.g. from the media) to academic debates in Political Science, International Relations and IPE
- Getting familiar with current research literature and sources for further studies
- Getting familiar with theoretical perspectives on the financial crisis and critically evaluate their explanatory power in respect to different aspects of the crisis
- Forming or further developing an own opinion on the causes of and possible solutions to the crisis
- Being able to design and write an academic text of a selected aspect of the crisis with an own research question (either an essay or a seminar paper)

Methods:

- Interactive learning: We want you to get involved!
 - Group work, plenary discussions, media material, collecting empirical data, Oxford style debate ...
- Mandatory and additional reading (please prepare the reading in order to have a fruitful debate and to achieve the learning goals)
- You might be asked to prepare short contributions for a session
- Bring in your own ideas! (via Stud.IP forum, mail or in class)
- Integration of current developments and news into our session

Course organization:

- Readings, slides and all other information will be provided via StudIP. Please register for the course and sign out if you do not want attend it any longer.
- Please use the forum at Stud.IP (Q&A + comments & suggestions on the seminar). This is a good tool for both stimulating discussions between our sessions and reducing individual mail traffic on issues that are interesting for other participants as well. We also can collect questions on the sessions and readings via the forum. Feel free to use it extensively!
- You do not have send a mail to announce your absence (except you were asked to make a prepared contribution in that session).
- You can attend the course independently of whether you want to gain credit points or not. In any case, however, you are expected to participate in course discussions and interactive learning.
- Feedback on the seminar is important to us! Feel free to make suggestions or comments. We will collect some feedback during the semester and in the final session.

Prerequisites:

Students who want to attend this course need to be able and willing to read English texts and participate in discussions in English. Perfect command of English is, however, not necessary since the lecturers are also no native speakers. Everyone should feel comfortable to speak English and to make mistakes. This is not a language course!

Content-wise, students should have an interest in the various aspects of the financial crisis and ideally should already have read some texts on the crisis and at least follow the respective media coverage.

Requirements:

All students are expected to attend classes, to prepare the compulsory reading for each session and to actively participate in the seminar (e.g. in discussions and group work). You are strongly encouraged to consult and propose further readings. If you find interesting newspaper articles or data that might be suitable for our discussions, please do not hesitate to bring it along!

If you want to gain credit points for the modules M11, M13 or General Studies, there are two options:

- **3 CP ("MPL"):** short essay on one specific question (8-10 pages)
- **6 CP ("GPL"):** seminar paper (15-20 pages)

Essays and seminar papers can be written in English or German language and are due on **15 September 2015**. They have to be submitted in time via mail and in PDF format (essays to Sebastian and seminar papers to Marcus). You will have to prepare an outline of your text during the semester and discuss it in class (18 June 2015). Seminar papers and essays have to be registered via mail to Sebastian (essays) or Marcus (seminar papers) until **25 June 2015** (including working title, question, short outline of the argument and for seminar papers additionally a structure and a preliminary bibliography). You are expected to use seminar readings as well as further academic literature and empirical data that you have to search for on your own. The quality of your paper and thus your grading will benefit from comprehensive reading. Essays and seminar papers are required to include and discuss empirical data on the chosen topic. All sources have to be included in the references. The lecturers will advise you if needed. Writing and referencing should be in accordance to the Study Guide of the Institute of Political Science (2009) that can be accessed online (http://www.politik.uni-bremen.de/downloads/StudyGuide-1_engl.pdf). During the semester, you will receive more detailed instructions on the essays and seminar papers.

Oxford style debate (final session)

If you are interested in having a controversial debate in our final session, please send an email proposing a question for the debate. The debate will only take place if there are enough volunteers. We will need two teams of 3-5 participants. The idea is to exchange prepared arguments on a specific question and to compete on the opinion of the audience. Participants will be granted a 20% cut of essay/paper length.

Schedule:

The schedule can be slightly changed according to special interests and needs of course participants. Please make suggestions if you want to address a specific topic that so far is not included in the course outline (via email or during the 1st session).

Please note that the seminar will start in the 2nd week of the semester! For the first session on 23 April 2015, please read BIS (2009): 79th Annual Report. 1 April 2008–31 March 2009. Basel: Bank of International Settlements, pp. 16-36.

| Session | Date | Topic |
|---|------------|---|
| A: The financial crisis in perspective | | |
| 1 | 23/04/2015 | Course organization & empirical introduction (warm up) |
| 2 | 30/04/2015 | What happened? A chronology of crisis |
| 3 | 07/05/2015 | Guess who's back – the financial crisis in perspective |
| 4 | 14/05/2015 | no class (public holiday) |
| B: The study of global finance | | |
| 5 | 21/05/2015 | Political economy of global finance: states & markets |
| 6 | 28/05/2015 | Theoretical perspectives on global finance |
| 7 | 04/06/2017 | Financialization: concept & empirical evidence |
| C: Arenas of the crisis | | |
| 8 | 11/06/2015 | Private debt: sub-prime finance & securitization |
| 9 | 18/06/2015 | Banking & systemic risk [+ discussion of seminar papers & essays] |
| 10 | 25/06/2015 | Public debt: Eurozone crisis [registration of papers & essays] |
| D: Crisis politics | | |
| 11 | 02/07/2015 | The politics of financial regulation & EU financial governance |
| 12 | 09/07/2015 | Non-hegemonic actors (social movements & global south) |
| 13 | 16/07/2015 | Concluding discussion: What can we learn from the crisis? (How) Can further crises be prevented? |

Introductory readings (voluntary):

- Evans, Trevor (2010): Five explanations for the international financial crisis. Institute for International Political Economy at the Berlin School of Economics and Law. Berlin. Accessible online at <http://hdl.handle.net/10419/59313>.
- Harvey, David (2011): The Enigma of Capital and the Crises of Capitalism. London: Profile Books.
- Krippner, Greta R. (2005): The financialization of the American economy. In: Socio-Economic Review 3 (2), pp. 173–208.
- Valdez, Stephen; Molyneux, Philip (2010): An introduction to global financial markets. 6th ed. Houndmills, Basingstoke, Hampshire, New York: Palgrave Macmillan.
- Wolfson, Martin H. and Epstein, Gerald A. (eds.) 2013: The Political Economy of Financial Crises. Oxford: Oxford University Press.

Course schedule

I Financial Crisis in Perspective

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| 23/04/15 | <p>1. Organizational issues and empirical introduction</p> <p>Mandatory reading:</p> <p>BIS (2009): 79th Annual Report. 1 April 2008–31 March 2009. Basel: Bank of International Settlements, pp. 16-36.</p> |
| 30/04/15 | <p>2. What happened? A chronology of crisis</p> <p>Mandatory reading:</p> <p>Gamble, Andrew (2009): The Spectre at the Feast. Palgrave MacMillan, Chapter 1, pp. 13-35.</p> <p>Evans, Trevor (2010): Five explanations for the international financial crisis. Working Paper. Berlin: Institute for International Political Economy at the Berlin School of Economics and Law.</p> <p>Additional reading:</p> <p>Harvey, David (2011): The Enigma of Capital and the Crises of Capitalism. London: Profile Books, Chapter 1, pp. 1-39.</p> <p>Valdez, Stephen and Molyneux, Philip (2013): An Introduction to Global Financial Markets. 7th edition. New York: Palgrave Macmillan, pp. 275-308.</p> |
| 07/05/15 | <p>3. Guess who's back – the financial crisis in perspective</p> <p>Mandatory reading:</p> <p>Aliber, Robert Z. and Kindleberger, Charles Poor (2005): Manias, panics, and crashes. 5. ed. Hoboken, NJ: Wiley (Wiley investment classics), pp. 239-265.</p> <p>Pauly, Louis W. (2014): The Political Economy of Global Financial Crises. In: John Ravenhill (ed.) Global Political Economy. 4th edition. Oxford: Oxford University Press, pp. 198-222.</p> <p>Additional reading:</p> <p>Galbraith, John Kenneth (1994): A short history of financial euphoria. New York, N.Y.: Whittle Books in association with Penguin Books.</p> <p>Reinhart, Carmen M. and Rogoff, Kenneth S. (2009): This time is different. Eight centuries of financial folly. Princeton: Princeton University Press.</p> <p>Please prepare some background information on a historical financial crisis, you can get some information in the Economist article provided on Stud.IP</p> |

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| 14/05/15 | 4. No course – public holiday |
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II The study of global finance

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| 21/05/15 | <p>5. The political economy of global finance – states and markets</p> <p>Mandatory reading:</p> <p>Helleiner, Eric (2014): The Evolution of the International Monetary and Financial System. . In: John Ravenhill (ed.) Global Political Economy. 4th edition. Oxford: Oxford University Press, pp. 173-197.</p> <p>Valdez, S. and Molyneux, P. (2013): An Introduction to Global Financial Markets. 7th edition. New York: Palgrave Macmillan, pp. 3-11.</p> <p>Additional reading:</p> <p>Cohen, Benjamin J. (2002): International Finance. In: Carlsnaes et al. (eds.) Handbook of International Relations. London: SAGE, pp. 429-447.</p> <p>Harvey, David (2011): The Enigma of Capital and the Crises of Capitalism. London: Profile Books, Chapter 1, pp. 40-118.</p> <p>Strange, Susan (1988): States and Markets. London: Pinter Publishers, pp. 23-42 & 88-114.</p> |
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| 28/05/15 | <p>6. Theoretical perspectives on global finance</p> <p>Mandatory reading:</p> <p>Deeg, Richard and O'Sullivan, Mary (2009): “The Political Economy of Global Finance Capital”. Review Article. In: World Politics (61), pp. 731-763.</p> <p>Additional reading:</p> <p>Langley, Paul (2008): The Everyday Life of Global Finance: Saving and Borrowing in Anglo-America. Oxford: Oxford University Press, pp. 5-11.</p> <p>Rasmus, Jack (2008): The Deepening Global Financial Crisis: From Minsky to Marx and beyond. In: Critique 36(1), pp. 5-29.</p> <p>Wolfson, Martin H. (2013): An Institutional Theory of Financial Crises. In: Martin H. Wolfson and Gerald A. Epstein (eds.) The Political Economy of Financial Crises. Oxford: Oxford University Press, pp. 172-190.</p> |
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| 04/06/15 | <p>7. Financialization: concept and empirical evidence</p> <p>Mandatory reading (choose one):</p> <p>Krippner, Greta R. (2005): The financialization of the American economy. In: Socio-Economic Review (3 (2)), pp. 173–208.</p> <p>van der Zwan, Natascha (2014): Making sense of financialization. In: Socio-Economic Review 12 (1), pp. 99–129.</p> <p>Additional reading:</p> <p>Deutschmann, Christoph (2011): Limits to Financialization. In: European Journal of Sociology / Archives Européennes de Sociologie 52 (3), pp. 347–389.</p> <p>Epstein, Gerald A. (2005): Financialization and the world economy. Cheltenham/Northampton, MA: Edward Elgar.</p> <p>Lapavitsas, Costas (2013): Profiting without Producing. How Finance Exploits us all. London: Verso, pp. 1-43.</p> |
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III Arenas of crisis

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| 11/06/15 | <p>8. Private debt: sub-prime finance and securitization</p> <p>Mandatory reading:</p> <p>Packer, George (2013): The Unwinding. An Inner History of the New America. New York: Farrar, Straus and Giroux, pp. 190-208.</p> <p>Foster, John Bellamy and Magdoff, Fred (2009): The Great Financial Crisis. Causes and Consequences. New York: Monthly Review, pp. 27-62.</p> <p>Additional reading:</p> <p><i>to be announced</i></p> <p>Part of the session will be dedicated to data collection and analysis. You will be asked to search for empirical data on private debt in advance.</p> |
| 18/06/15 | <p>9. Banking & systemic risk</p> <p>Mandatory reading:</p> <p>Swedberg, Richard (2010): The structure of confidence and the collapse of Lehman Brothers. In Michael Lounsbury et.al. (ed.): Markets on Trial: The Economic Sociology of the U.S. Financial Crisis, Emerald Group Publishing Limited, pp. 71 – 114.</p> <p>Additional reading: <i>to be announced</i> + Discussion of first paper ideas</p> |

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| 25/06/15 | <p>10. Public debt: the Eurozone crisis</p> <p>Mandatory reading:</p> <p>Matthijs, Mathias (2014): The Eurozone crisis. Growing pains or doomed from the start? In: Manuela Moschella and Catherine Weaver (eds.): Handbook of Global Economic Governance. Players, power and paradigms. London: Routledge, pp. 201-217.</p> <p>Streeck, Wolfgang (2011): The Crisis of Democratic Capitalism. In: New Left Review 71, pp. 5-29</p> <p>Additional reading:</p> <p>Höpner, Martin and Lutter, Mark (2014): One Currency and Many Modes of Wage Formation. Why the Eurozone is too Heterogeneous for the Euro. MPIfG Discussion Paper 14/14. Cologne: Max Planck Institute for the Study of Societies.</p> <p>Nölke, Andreas (2014): Causes of the Eurozone Crisis: The Analytical Contribution of Comparative Capitalism. Paper presented at the DVPW Sektionstagung "(Des-) Integrationsdynamiken: Politische Ökonomie der Eurokrise", Düsseldorf 09-10/10/2014.</p> |
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IV Crisis politics

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| 02/07/15 | <p>11. The politics of financial regulation & EU financial governance</p> <p>Mandatory reading (choose one):</p> <p>Blyth, Mark (2013): Austerity. The history of a dangerous idea. Oxford: Oxford University Press, pp. 1-18.</p> <p>Moschella, Manuela and Tsingou, Eleni (2013): Introduction. In: Manuela Moschella and Eleni Tsingou (eds.): Great expectations, slow transformations. Incremental change in post-crisis regulation. Colchester: ECPR Press, pp. 1-33.</p> <p>Additional reading:</p> <p>Mügge, Daniel, 2011: "From pragmatism to dogmatism. EU governance, policy paradigms, and financial meltdown". In: New Political Economy, 16(2), pp. 185-206.</p> <p>Porter, Tony (2005): Globalization and Finance. Cambridge: Polity, pp. 31-84.</p> |
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| 09/07/15 | <p>12. Non-hegemonic actors: Civil society & global south</p> <p>Mandatory reading:</p> <p>Institute of Development Studies (2008): Voices from the South. The Impact of the Global Financial Crisis on Developing Countries. Brighton: University of Sussex. (Read pp. 3-11 + 2 different country reports)</p> <p>Scholte, Jan Aart Scholte (2013): Civil Society and Financial Markets: What is Not Happening and Why? Journal of Civil Society 9(2): 129-147.</p> <p>Additional reading:</p> <p>Wahl, Peter (2014): The European Civil Society Campaign on the Financial Transaction Tax. GLU Working Paper No. 20. Geneva: ILO.</p> |
| 16/07/15 | <p>13. Concluding discussion: What can we learn from the crisis?</p> <p>Mandatory reading:</p> <p>Helleiner, Eric and Pagliari, Stefano (2011): The End of an Era in International Financial Regulation? A Postcrisis Research Agenda: Review Essay. In: International Organization 65 (1), pp. 169–200.</p> <p>Additional reading:</p> <p>Harvey, David (2011): The Enigma of Capital and the Crises of Capitalism. London: Profile Books, Chapter 1, pp. 215-260.</p> <p>The Warwick Commission on International Financial Reform, 2009: In Praise of Unlevel Playing Fields. University of Warwick</p> <p>Oxford style debate (?)</p> |