

Political Economy of the Euro Crisis

TU Kaiserslautern, FB Sozialwissenschaften

Fall Term 2015

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Seminar Description:

From the financial crisis of 2007 to the sovereign debt crisis in Europe, initiated in 2010, the path was short. Still dealing today with this event, almost all the European countries are struggling with its impacts. Far from a novel or unique situation, its remaining consequences enhance the need and relevance of studying it within a scientific approach. Thus, this seminar aims at providing a comprehensive understanding of the Euro crisis to social scientists, at broad. It shall happen, mainly by focusing on a political economy perspective and substantively dealing with institutions at the international and national level. We will examine this event theoretically and empirically and analyse how several political actors answered to its outcomes. Firstly we will look at the definitions, characteristics and impacts of the financial crisis (mainly of external economic shocks). After, we will study the policy responses of several political systems in its aftermath.

Seminar Goals:

1. The overall objective of this seminar is to provide a strong and solid knowledge on the political economy of the Euro crisis.
2. To improve critical and analytical thinking is expected from the participants of these classes (using theories and test them empirically, when possible).

Seminar Expectations:

1. Class attendance is mandatory. In case of compelling reason(s) for non-attendance I expect you to notify me before. In case that this does not happens, your permanence in the class can be compromised.

2. The readings are to be prepared in advance.
3. Active participation in class is important to improve the understanding of the presented perspectives.
4. The seminar will be taught in English.

Seminar Characteristics and Requirements:

1. This seminar will be put together with my guidance, presentations, group activities and in-class discussions.
2. In the days of block seminar we will start at 10:00, stop at noon for one hour of lunch break, restart at 13:00 and end at 15:00.
3. There are two different levels of grading in this seminar. They are:
 - Regarding the normal attendance of the seminar and **mandatory to all**. It implies a short analysis (no more than three A4 pages, font size 12, one space and a half) where you resume the main arguments of the paper you will present and an additional paper of your choice related with it (this second paper should not be none of the texts present in the syllabus). It should be written in English and it shall be delivered until 23:55 of **01.03.2016** (this could be done by e-mail).
 - Only **mandatory to the ones that choose to do the modularbeit** in this seminar. This is a final paper¹ (with around 20 pages, all included, A4, font size 12, one space and a half). It should be written in English and it shall be delivered until 23:55 of **15.03.2016** (this could be done by e-mail). The printed copy have to be signed and can be delivered after this date in the secretariat. The structure of the paper has to be discussed with the instructor and implies the delivery of an A4 page with an abstract.² The final paper should identify a research question, with respective explanations and the proposes and strategies to answer that question. I expect the seminar participants to read and discuss international literature. Empirical work will be more than welcome and valorised.
 - **All the activities in class, apart from the final paper, are not graded, but they are mandatory.**
4. Because of the University schedules, I will just be able to supervise you during the present term. The students that choose to write a paper later than that would have to do it autonomously without my advice. In these, cases it will be Professor Best to grade the papers and **he will not give advise** in the making of them, with the exception of cases like illness, child care, and so on.

¹The topic and structure of the paper shall be previously discussed with the instructor.

²This should be delivered until the **01.01.2016**. It should contain a provisory title, a research question, a small abstract and a few base references.

5. I expect that the final paper results from your original work and that it does not involve academic dishonesty (falsification, forgery, multiple submission, plagiarism, etc.).

Seminar Structure:

28.10.2015 - Syllabus, Schedule's Discussion, and Other Organisational Aspects

BLOCK 1:

04.12.2015 - Definitions and Characteristics of Economic-Financial Crisis

- *Readings:* Allen, Babus and Carletti (2009); Gorton and Metrick (2012); Taylor (2009); Schularick and Taylor (2012);
- Presentation and discussion of the readings;
- Group work.

05.12.2015 - The *Needed* Economic and Political Perspectives

- *Readings:* Persson and Tabellini (2003); Reinhart and Rogoff (2008);
- Presentation and discussion of the readings;
- Group work (based on the examples of political economy studies of Besley and Burgess, 2002; and Humphreys and Weinstein and Weinstein, 2009).

BLOCK 2:

05.02.2016 - Implications of the Euro Crisis 1

- *Readings:* Lane (2012); Simon and Hausner (2012);
- Presentation and discussion of the readings;
- Group work (Prof. Marsh youtube presentation www.youtube.com/watch?v=usT0j-5fgvI based on the book Marsh, 2013).

06.02.2016 - Implications of the Euro Crisis 2

- *Readings:* Degryse, Jepsen and Pochet (2013); Koehler and Koenig (2014);
- Presentation and discussion of the readings;
- Group work (based on the *Flash Eurobarometer* of 2010).

BLOCK 3:

13.02.2016 - Examples 1

- *Readings:* Matsaganis (2013); Thompson (2015);

- Presentation and discussion of the readings;
- Group work.

14.02.2016 - Examples 2

- *Readings*: Armingeon and Ceka (2014); Braun and Tausendpfund (2014); Kuhn and Stoeckel (2014);
- Presentation and discussion of the readings;
- Group work (based on Calca and Gross, 2014);
- Final questions.

Readings:³

1. Books

- Booth, Wayne C., Colomb, Gregory G. and Williams, Joseph M. (2008) *The Craft of Research*, Chicago: Chicago University Press.
- Geddes, Barbara (2003) *Paradigms and Sand Castles: Theory Building and Research Design in Comparative Politics* Ann Harbor, MI: University of Michigan Press.
- Gerring, John (2008) "Case Selection for Case Study Analysis: Qualitative and Quantitative Techniques", in Janet M. Box-Steffensmeier, Henry E. Brady and David Collier (eds.), *The Oxford Handbook of Political Methodology*, Oxford: Oxford University Press.
- Goertz, Gary (2006) *Social Science Concepts: A User's Guide*, Princeton: Princeton University Press.
- King, Gary, Keohane, Robert O. and Verba, Sidney (eds.) (1994) *Designing Social Enquiry: Scientific Inference in Qualitative Research*, Princeton: Princeton University Press.
- Marsh, David (2013) *Europe's Deadlock: How the Euro Crisis Could Be Solved and Why it Won't Happen*, Yale: Yale University Press.
- Persson, Torsten, Tabellini, Guido (2003) "The Economic Effects of Constitutions", MIT: MIT Press.
- Shively, W. Phillips (2013) *The Craft of Political Research*, New Jersey: Pearson.

2. Articles

- Allen, F., Babus, A. and Carletti, E. (2009) "Financial crises: Theory and evidence", *Annual Review of Financial Economics*, Annual Reviews, 1(11), 97-116.
- Armingeon, Klaus and Ceka, Besir (2014) "The loss of trust in the European Union

³All the readings will be available at the online platform (OLAT).

- during the great recession since 2007: The role of heuristics from the national political system", *European Union Politics*, 15(1), 82-107.
- Bennett, Andrew and Elman, Colin (2007) "Case Study Methods in the International Relations Subfield", *Comparative Political Studies*, 40 (2), February, 170-95.
 - Bernstein, S., Lebow, R.N., Stein J.G., Weber, S. (2000) "God gave physics the easy problems: Adapting social science to an unpredictable world", *European Journal of International Relations*, 6 (1): 43-76.
 - Besley, Tim and Burgess, Robin (2002) "The Political Economy of Government Responsiveness: Theory and Evidence from India", *Quarterly Journal of Economics*, 117: 4, 1415-1451.
 - Braun, Daniela and Tausendpfund, Markus (2014) "The Impact of the Euro Crisis on Citizens' Support for the European Union", *Journal of European Integration*, 36: 3, 231-245.
 - Calca, Patrícia and Gross, Martin (2015) "To adapt or to disregard: Parties' reactions to external shocks", EPSA 2015 Conference paper, 1-21.
 - Degryse, Christophe, Jepsen, Maria and Pochet, Philippe (2013) "The Euro crisis and its impact on national and European social policies", *European Union Trade Institute Working Paper*.
 - Eurobarometer (2010) "Monitoring the social impact of the crisis: Public perceptions in the European Union", *Flash Eurobarometer*, 1-110.
 - Gerring, John (2004) "What Is a Case Study and What Is It Good for?", *The American Political Science Review*, 98: 2, May, 341-354.
 - Gorton, Gary B. and Metrick, Andrew (2012) "Getting up to speed on the financial crisis: a one-weekend-reader's guide", *Journal of Economic Literature*, 50: 1, 128-150.
 - Kuhn, T. and Stoeckel, F. (2014) "When European integration becomes costly: The euro crisis and public support for European economic governance", *Journal Journal of European Public Policy*, 21, 624-641.
 - Koehler, Sebastian and Koenig, Thomas (2015) "Fiscal Governance in the Eurozone: How Effectively Does the Stability and Growth Pact Limit Governmental Debt in the Euro Countries?", *Political Science Research and Methods*, 03(02): 329-351.
 - Knopf, Jeffrey W. (2006) "Doing a Literature Review", *PS: Political Science and Politics*, 39, (January 2006), 127-132.
 - Lane, Philip R. (2012) The European Sovereign Debt Crisis, *Journal of Economic Perspectives*, 26(3): 49-68.
 - Humphreys, Macartan and Weinstein, Jeremy (2009) "Field Experiments and the

- Political Economy of Development”, *Annual Review of Political Science*, 12: 367-78.
- Matsaganis, Manos (2013) “The Greek Crisis: Social Impact and Policy Responses”, *Friedrich Ebert Stiftung Study*, 1-40.
 - Reinhart, Carmen M. and Rogoff, Kenneth S. (2008) “The Aftermath of Financial Crises”, *NBER Working Paper Series*, 14656.
 - Schularick, Moritz and Taylor, Alan (2012) “Credit booms gone bust: Monetary policy, leverage cycles and financial crises, 1870-2008”, *American Economic Review* 102, 1029-1061.
 - Simon, Silvia and Hausner, KarlHeinz (2012) “The impact of the euro crisis on Switzerland”, *Intereconomics*, 47-2, 112-119.
 - Taylor, John B. (2009) “The Financial Crisis and the Policy Responses: An Empirical Analysis of What Went Wrong?”, *Critical Review: A Journal of Politics and Society*, 21: 2-3, 341-364.
 - Thompson, Helen (2015) “Germany and the Euro-Zone Crisis: The European Reformation of the German Banking Crisis and the Future of the Euro”, 20-6, 851-870.
 - Tilly, Charles (1995) “To Explain Political Processes”, *The American Journal of Sociology*, 100 (6), 1594-610.