

University of Cologne  
Cologne Center for Comparative Politics  
Summer Term 2022

Lecture: **Comparative Political Economy: Theories and Methods**  
Module: BM Comparative Political Economy (PO 2021) (6 ECTS)  
Room: H 112, IBW Building (211), Herbert-Lewin-Straße 2  
Date: Wednesdays, 10:00-11:30

Instructor: Dr. Michael Schwan  
Contact: [schwan@wiso.uni-koeln.de](mailto:schwan@wiso.uni-koeln.de)  
Office hours: by individual appointment

### **Description**

Reflecting key theories and methods of comparative political economy the lecture presents analytical approaches and methods used in the comparative analysis of capitalism. It puts a special focus on the relationship between states and markets and the interaction of political and economic power. We discuss classics like Adam Smith and Karl Marx as well as newer concepts of labor and business power. In addition, the lecture covers some of the most important challenges political economies have been dealing with: the rise of the financial sector (financialization), the emergence of new types of firms (digital capitalism) and increasing levels of inequality. Via a combination of theories, concepts and different applications of quantitative and qualitative methods, the lecture illustrates how to compare political economies across countries and over time.

### **Prerequisites**

Sound knowledge of basic concepts and methods of political science is required. Prior knowledge of political economy is an asset. Participants are asked to engage in active discussions based on preparatory readings. Classroom and exam language is English.

### **Formalities**

Registration via KLIPS 2. Mandatory readings and course materials are available via ILIAS.

### **Bonus essay**

Participants may write an essay (max. 1,500 words, pass/fail only) in which they reflect on the problem of international taxation (session 12). Deadline for submission (as pdf upload on ILIAS) is **July 5, 2022**. Successful submissions are awarded 3 bonus points upon passing the final exam.

### **Exam**

The final exam is scheduled for **Monday 25 July 2022, 11:00-12:00 (Hörsaal A2, Hörsaalgebäude)**. Registration via KLIPS 2 ends on **11 July, 2022**. More information in due time.

### Course schedule - overview

Session	Date	Topic
01	April 6	Comparative Political Economy: Introduction
02	April 13	Classics in Political Economy: Smith, Marx and Polanyi
03	April 20	Labor Power
04	April 27	Business Power
05	May 4	Skills and Capitalism
06	May 11	Varieties of Capitalism 2.0
07	May 18	Financialization
08	May 25	Corporate Governance
09	June 1	Inequality
10	June 15	States in Markets
11	June 29	Taxation
12	July 6	Digital Capitalism
13	July 13	General recap and evaluation

## Course schedule – session details

01	April 6	<p><b>Comparative Political Economy: Introduction</b></p> <p>This introductory session offers an overview of what constitutes Comparative Political Economy as a discipline. We discuss issues concerning course organization, examination and the syllabus.</p>
02	April 13	<p><b>Classics in Political Economic Thinking: Smith, Marx and Polanyi</b></p> <p>Modern approaches to Comparative Political Economy would be unimaginable without the foundation laid by many canonical texts and thinkers in economics, philosophy and sociology. This session focuses on Adam Smith, Karl Marx and Karl Polanyi and exemplarily discusses key parts of their extensive work and its impact on contemporary CPE.</p> <p>Marx, Karl (1996) [1867]. <i>Capital. Volume 1</i>. Chicago. Encyclopedia Britannica. Part 8, Ch. 26-32 (pp. 354-378).</p> <p>Polanyi, Karl (1957) [1944]. <i>The Great Transformation</i>. Boston. Beacon Press. Ch. 5+6 (pp. 56-76), Ch. 11+12 (130-50) and Ch. 21 (249-58).</p> <p>Smith, Adam. (1996) [1776]. <i>An Inquiry into the Nature and Causes of the Wealth of Nations</i>. Book 1. Chicago. Encyclopaedia Britannica. Ch. 1-3 (pp. 3-15)</p>
03	April 20	<p><b>Labor Power</b></p> <p>Many important contributions to CPE have dealt with questions of how labor, as one of the key social forces in capitalism, has been able to exercise power, mobilize resources and realize its interests. Archetypically, this is associated with the roles of trade unions, left parties and the development of welfare states.</p> <p>Davidsson, Johann Bo and Patrick Emmenegger (2013). Defending the Organisation, not the Members: Unions and the Reform of Job Security Legislation in Western Europe. <i>European Journal of Political Research</i>, 52 (3), 339-63.</p> <p>Korpi, Walter (1985). Power Resources Approach vs Action and Conflict: On Causal and Intentional Explanations in the Study of Power. <i>Sociological Theory</i>, 3 (2), 31-45.</p> <p>Korpi, Walter and Joakim Palme (2003): New Politics and Class Politics in the Context of Austerity and Globalization: Welfare State Regress in 18 Countries, 1975-95. <i>American Political Science Review</i>, 97 (3), 425-46.</p> <p>Offe, Claus and Helmut Wessenthal (1980). Two Logics of Collective Action: Theoretical Notes on Social Class and Organizational Form. <i>Political Power and Social Theory</i>, 1 (1), 71-87.</p>

04	April 27	<p><b>Business Power</b></p> <p>In addition to labor, capital constitutes the other important social force in the political economy. In this session we look at the roots of business power and the different forms it can take when (non-)decisions are made.</p> <p>Culpepper, Pepper D. and Raphael Reinke (2014). Structural Power and Bank Bailouts in the United Kingdom and the United States. <i>Politics &amp; Society</i>, 42 (4), 427-54.</p> <p>Block, Fred (1977): The Ruling Class does not Rule: Notes on the Marxist Theory of the State. <i>Socialist Revolution</i>, 33(6), 6-28.</p> <p>Dahl, Robert A. (1959): Business and Politics: A Critical Appraisal of Political Science. <i>American Political Science Review</i>, 53(1), 1-34.</p> <p>Lindblom, Charles E. (1982): The Market as Prison. <i>The Journal of Politics</i>, 44(2), 323-36.</p>
05	May 4	<p><b>Skills and Capitalism</b></p> <p>One of the core institutional spheres in political economies, where business, labor and governments interact, are systems of vocational education and training. Not only do they equip workers with distinct skill sets – and thus co-determine their job perspectives – they also complement innovation systems within different production regimes.</p> <p>Busemeyer, Marius &amp; Christine Trampusch (2019). The Politics of Vocational Training: Theories, Typologies, and Public Policies. In: David Guile &amp; Lorna Unwin (eds.). <i>The Wiley Handbook on Vocational Education and Training</i>. Hoboken, NJ, 137-64.</p> <p>Han, Kyung Joon and Eric Graig Castater (2016). They may not have the Skills, but they have the Desire: Why the Skill Composition of Trade Unions Matters for Wage Inequality. <i>Research in Social Stratification and Mobility</i>, 45, 1-12.</p> <p>Kerr, C. (1954): Balkanization of Labor Markets. In: Bakke, E. W. (ed.): <i>Labor Mobility and Economic Opportunity</i>. Cambridge: MIT Press, 92-110.</p> <p>Trampusch, Christine (2010). Co-evolution of Skills and Welfare in Coordinated Market Economies? A Comparative Historical Analysis of Denmark, the Netherlands, and Switzerland. <i>European Journal of Industrial Relations</i>, 16 (3), 197-220.</p>

06	May 11	<p><b>Beyond Varieties of Capitalism</b></p> <p>Established by Hall &amp; Soskice (2001) in their seminal edited volume, the Varieties of Capitalism (VoC) approach has structured the CPE debate for a long time. Over the years, however, both substantial criticism and an expansion of the original framework have led to modifications and new insights.</p> <p>Baccaro, Lucio &amp; Jonas Pontusson (2016). Rethinking Comparative Political Economy: The Growth Models Perspective. <i>Politics &amp; Society</i>, 44 (2), 175-207.</p> <p>Hassel, Anke &amp; Bruno Palier (2021). “Tracking the Transformation of Growth Regimes in Advanced Capitalist Economies”, <i>ibid.</i> (eds): <i>Growth and Welfare in Advanced Capitalist Economies: How Have Growth Regimes Evolved?</i> Oxford University Press, 3-56.</p> <p>Schneider, Martin R. &amp; Mihai Paunescu (2012). Changing varieties of capitalism and revealed comparative advantages from 1990 to 2005: a test of the Hall and Soskice claims. <i>Socio-Economic Review</i>, 10 (4), 731-53.</p>
07	May 18	<p><b>Financialization</b></p> <p>The rise of finance has been one of the most influential developments in contemporary capitalism. This session provides an overview of what we mean when we talk about “financialization” and puts a special emphasis on a broader, macroeconomic point of view.</p> <p>Stockhammer, Engelbert (2008). Some Stylized Facts on the Finance-dominated Accumulation Regime. <i>Competition &amp; Change</i>, 12(2), 184-202.</p> <p>Van der Zwan, Natascha (2014). Making sense of financialization. <i>Socio-Economic Review</i>, 12(1), 99-129.</p> <p>Van Treeck, Till (2009). The political economy debate on ‘financialization’ – a macroeconomic perspective. <i>Review of International Political Economy</i>, 16(5), 907-944.</p>
08	May 25	<p><b>Corporate Governance</b></p> <p>Who controls the modern corporation? Corporate governance lies at the core of comparative political economy. In this session we will deal with different corporate business models, changing ownership structures and the question whether global capitalism and “patient capital” can co-exist.</p> <p>Deeg, Richard and Iain Hardie (2016). ‘What is patient capital and who supplies it?’, <i>Socio-Economic Review</i>, 14(4), 627-645.</p> <p>Fichtner, Jan and Eelke M. Heemskerk (2020). The New Permanent Universal Owners: Index funds, patient capital, and the distinction between feeble and forceful stewardship. <i>Economy and Society</i>, 49(4), 493-515.</p> <p>Lazonick, William and Mary O’Sullivan (2000). Maximizing shareholder value: a new ideology for corporate Governance. <i>Economy and Society</i>, 29(1), 13-35.</p>

09	June 1	<p><b>Inequality</b></p> <p>The unequal distribution of income, wealth, skills and “chances” is probably at least as old as capitalism itself. However, sparked by the developments following the global financial crisis of 2008 and the work by economic historians and critical economists like Piketty, Saez and Zucman, discussions about inequality have gained speed again. We are going to look at new findings, mitigating and reinforcing factors and implications for socioeconomic stability.</p> <p>Alvaredo, Facundo, Lucas Chancel, Thomas Piketty, Emmanuel Saez and Gabriel Zucman (2017). Global Inequality Dynamics: New Findings from WID.world. <i>American Economic Review: Papers &amp; Proceedings</i>, 107(5), 404-409.</p> <p>Huber, Evelyne, Bilyana Petrova and John D. Stephens (2020). Financialization, labor market institutions and inequality. <i>Review of International Political Economy</i>, 1-28.</p> <p>Kuhn, Moritz, Moritz Schularick and Ulrike I. Steins (2020). Income and Wealth Inequality in America, 1949-2016. <i>Journal of Political Economy</i>, 128(9), 3469-3519.</p>
	June 8	<p><b>No lecture: Pentecost break</b></p>
10	June 15	<p><b>State in Markets</b></p> <p>Sometimes viewed as diametrically opposed to each other, states and markets are rather complementary. In fact, one cannot understand either in isolation from the other. Talking about a “return of the state” – not only during the pandemic and the economic fallout it has created – this session deals with some key aspects of the new role of states in the market.</p> <p>Babic, Milan, Javier Garcia-Bernardo and Eelke M. Heemskerk (2020). The rise of transnational state capital: state-led foreign investment in the 21<sup>st</sup> century. <i>Review of International Political Economy</i>, 27(3), 433-475.</p> <p>Schwan, Michael, Christine Trampusch and Florian Fastenrath (2020). Financialisation of, not by the State. Exploring Changes in the Management of Public Debt and Assets across Europe. <i>Review of International Political Economy</i>, 1-23.</p> <p>Thatcher, Mark and Tim Vlandas (2016). Overseas state outsiders as new sources of patient capital: Government policies to welcome Sovereign Wealth Fund investment in France and Germany. <i>Socio-Economic Review</i>, 14(4), 647-668.</p>

	June 22	<b>No lecture</b>
11	June 29	<p><b>Taxation (Documentary and bonus essay)</b></p> <p>Facing a fiscal dilemma between spending, taxation, investment, evasion and debt, public finances are a crucial territory when examining what is going on in capitalism. This session deals with several studies that highlight problems and prospects of taxation in modern political economies, including the role of business power in lobbying and shaping discourses.</p> <p>The Spider's Web (UK, 2017)  <a href="https://youtu.be/np_ylvc8Zj8">https://youtu.be/np_ylvc8Zj8</a></p> <p>Gelepithis, Margarita and Martin Hearson (2021). The politics of taxing multinational firms in a digital age. <i>Journal of European Public Policy</i>, 1-20.  Hakelberg, Lukas and Thomas Rixen (2021). Is neoliberalism still spreading? The impact of international tax cooperation on capital taxation. <i>Review of International Political Economy</i>, 28(5), 1142-1168.</p>
12	July 6	<p><b>Digital capitalism</b></p> <p>Concluding this lecture series on CPE, we tackle digitalization, one of the fundamental issues and developments in contemporary capitalism. The rise of new corporate giants and the technology-based re-organization of innovation, financing and production challenges the established frameworks for analyzing regulation and power.</p> <p>Barwise, Patrick &amp; Leo Watkins (2018). The evolution of digital dominance: how and why we got to GAFA. In: Martin Moore &amp; Damian Tambini (eds.). <i>Digital Dominance. The Power of Google, Amazon, Facebook, and Apple</i>. Oxford University Press, 21-49.</p> <p>Cioffi, John W., Martin F. Kennedy and John Zysman (2022). Platform power and regulatory politics: Polanyi for the twenty-first century. <i>New Political Economy</i>, 1-17.</p> <p>Culpepper, Pepper D. &amp; Kathleen Thelen (2020). Are We All Amazon Primed? Consumers and the Politics of Platform Power. <i>Comparative Political Studies</i>, 53(2), 288-318.</p> <p>Rahman, K. Sabeel &amp; Kathleen Thelen (2019). The Rise of the Platform Business Model and the Transformation of Twenty-First-Century Capitalism. <i>Politics &amp; Society</i>, 47(2), 177-204.</p>
13	July 13	<b>Recap and evaluation</b>