



Bachelor Level (Elective)
Politics of the Eurozone Crisis

Seminar Teaching

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Seminar Teaching

Thursdays, 12:15-13.45
Room: AFL-E-015
Meetings by appointment

Course Description

The purpose of this course is to analyze the on-going Euro crisis and its political implications for member states as well as for European level politics. As an introduction, the course will go through different theories of economic crisis and apply them to the context of the Eurozone. We will then analyze the consequences of the crisis at the domestic level. This includes mapping changes in economic policies of member states; consequences for societal inequalities and distributional conflicts between societal interests. In a third block we move on to the crisis response on the European level. We will examine the dynamics of interstate negotiations over bailouts and further economic integration, as well as the emergence of new economic institutions and the changing role of existing ones (e.g. ECB). The seminar concludes by summing up remaining fragilities and future challenges for the Eurozone.

Learning Goals

At the end of the course students should:

- Be able to differentiate existing (political economy) theories on the causes of financial crises and evaluate their relevance in the context of the Eurozone crisis.
- Have an overview of the economic, societal and political consequences of the crisis in the member states and be able to analyze the political dynamics that produced them independently.
- Know recent changes in the economic governance at the level of the European Union and be able to assess their contribution to the prevention of future crises.
- Have the tools necessary to compose an independent research essay on the political economy of the Euro crisis either at the domestic or the international level.

OLAT

The course is administered via the online learning tool OLAT. Course contents and information is also made available to students via this platform. Students are expected to submit their written work via OLAT and will be able to see grades on the course OLAT page.

Assessment

Students are expected to complete three main tasks as part of the course. Final grades are determined by looking at the student's performance in these three tasks.

1) Two Critical Reviews (Pass/Fail)

- Students are to prepare a critical review on the obligatory readings for two classes during the course.
- The critical reviews should not exceed **one page**, and should include the following:
 - Framing: *Motivation of the paper and its contribution to the literature.*
 - Theory: *What are the main assumptions of the theory?*
Which are the dependent/independent variables of the paper?
What is the main argument?
 - Student's Assessment: *Did you find the paper compelling? Why/why not?*
Can you think of alternative explanations – are these addressed in the paper?
- Students will be allotted weeks during the second class of the course. Students may not compose reviews for classes where they are scheduled to hold a presentation.
- Reviews are to be sent to course conveners on the **Wednesday** prior to class to **by 12.00** PM (noon). All reviews will be made available to course participants via OLAT after class.

2) Presentation (30% of final grade)

- Students are expected to hold a group presentation during one class. Students can sign up for a presentation slot via OLAT. Student presentations are held sessions 3–7 and 9–13.
- Accompanying the presentation, students are expected to prepare one set of slides that will be made available to all course participants via OLAT by course conveners.
- The goal of the presentation is to critically discuss the main question of the class against the background of the readings. The focus of this discussion should to point out the perspective of the *additional text* assigned to that class (marked with **).
- Presentations **may not** exceed 15 minutes. Coordinate within your groups; presentations that continue for longer than the allotted time will be interrupted and non-presented materials will not be graded.
- Students are to book an appointment with the responsible course convener in the week prior to their scheduled presentation. Initial presentation ideas should be developed prior to this appointment.
- Slides for the group presentation are to be emailed to the course conveners on the Monday prior to class to by 12.00 PM (noon).

3) Essay (70% of final grade)

- Written assessment consists of one individually composed research essay. The essay should either address one of the main questions of the classes or a question that you develop yourself. If you chose to write on a question you developed yourself, please send us an Email with your question in advance. The essay consist of five parts:

- a) Introduction:
Posits the research motivation, a brief summary of the main theoretical argument and includes a short overview of the essay structure.
 - b) Literature review:
Provides an overview on the existing theoretical approaches to your question and discusses their differences with regards to their main argument, theoretical perspectives and assumptions.
 - a. Your Argument:
Lays out your argument with regards to the question and presents some illustrative reasons (for example a very brief case study) in support of your reasoning.
 - c) Conclusion and Discussion
Summarizes the essay, discusses open question, problems with your analysis and possible avenues for future research.
- Submission deadline for the essay is set to Monday, December 19th at 13.00 PM. Students should submit:
 - i) a digital version of their essay, uploaded to OLAT by 13.00 PM.
 - ii) a hard copy version of their essay, including a signed declaration of authorship (*Selbständigkeitserklärung*), to the IPZ secretariat. Hard copies need not be bound.
 - The essay should consist of 3000 words (+/- 10%). Word count should include title page and table of contents. Images, Tables and Bibliography are excluded from the word count.
 - The essay is evaluated on the basis a grading scheme, which will be presented in class and made available to all students via OLAT.

Thursday, September 22nd 2016

1. Introduction to the Eurozone Crisis

** Copelovitch, M., Frieden, J., & Walter, S. (2016). The political economy of the euro crisis. *Comparative Political Studies*, 49(7), 811-840.

** Scharpf, F. W. (2011). LEQS Annual Lecture Paper 2011 Monetary Union, Fiscal Crisis and the Preemption of Democracy.

Thursday, September 29th 2016

2. Why was the European Monetary Union (EMU) founded?

Eichengreen, B., Frieden, J. (2001). The Political Economy of European Monetary Unification. Boulder: Westview Press. Chapter 1.

Sandholtz, W. (1993). Choosing union: monetary politics and Maastricht. *International Organization*, 47(01), 1-39.

** De Grauwe, P. (2014). *Economics of monetary union*. Oxford university press, pp: 3-27; 47-48

I. INTERPRETATIONS OF THE EUROZONE CRISIS

Thursday, October 6th 2016

3. Is the EMU too diverse to Function?

Hall, P. (2014). Varieties of Capitalism and the Euro Crisis. *West European Politics*, 37 (6), 1223 – 1243.

** De Ville, F.; Vermeiren, M. (2014). The Eurozone crisis and the rise of China in the global monetary and trading system: The political economy of an asymmetric shock. *Comparative European Politics*, 1 – 32.

Thursday, October 13th 2016

4. Is the Eurozone Crisis a Sovereign Debt Crisis?

Lane, P. R. (2012). The European sovereign debt crisis. *The Journal of Economic Perspectives*, 26(3), 49-67.

** Schuknecht, L., Moutot, P., Rother, P., & Stark, J. (2011). The stability and growth pact: Crisis and reform. ECB Occasional Paper, (129).

Thursday, October 20th 2016

5. Was the Eurozone Crisis caused by Financial Markets?

Jones (2015). "Getting the Story Right: How You Should Choose between Different Interpretations of the European Crisis (And Why You Should Care)", *Journal of European Integration*, 37 (7), 817-832.

De Grauwe, P. (2012). The governance of a fragile Eurozone. *Australian Economic Review*, 45(3), 255-268.

** Chang, M.; Leblond, P. (2014). All in: Market expectations of eurozone integrity in the sovereign debt crisis, *Review of International Political Economy*, 22(3), 626-655.

II. DOMESTIC POLITICS OF DEFICIT STATES

Thursday, October 27th 2016

6. Which external forces shaped adjustment in the EZ Periphery?

Armingeon, K., & Baccaro, L. (2012). The sorrows of young Euro: The sovereign debt crises of Ireland and Southern Europe. *Coping with crisis: Government reactions to the great recession*, 162-198.

** Lütz, S., & Kranke, M. (2014). The European rescue of the Washington Consensus? EU and IMF lending to Central and Eastern European countries. *Review of International Political Economy*, 21(2), 310-338.

Thursday, November 3rd 2016

7. Which domestic drivers shaped adjustment in the EZ Periphery?

Afonso, A., Zartaloudis, S., & Papadopoulos, Y. (2015). How party linkages shape austerity politics: clientelism and fiscal adjustment in Greece and Portugal during the Eurozone crisis. *Journal of European Public Policy*, 22(3), 315-334.

Walter, S. (2016). Crisis Politics in Europe Why Austerity Is Easier to Implement in Some Countries Than in Others. *Comparative Political Studies*, 49(7), 841-873.

** Fernández-Albertos, J., & Kuo, A. (2016). Economic Hardship and Policy Preferences in the Eurozone Periphery Evidence From Spain. *Comparative Political Studies*, 49(7), 874-906

III. ACADEMIC WRITING

Thursday, November 10th 2016

8. How does one write a good academic paper?

Farrett, H. (2010). Good Writing in Political Science An Undergraduate Student's Short Illustrated Primer. *Monkey Cage Blog*. URL:

http://themonkeycage.org/2010/02/good_writing_in_political_scie/

IV. DOMESTIC POLITICS OF SURPLUS STATES

Thursday, November 17th 2016

9. Did business interests shape the position of surplus countries in the Euro crisis?

Steinberg, F.; Vermeiren, M. (2015). Germany's Institutional Power and the EMU Regime after the Crisis: Towards a Germanized Euro Area. *Journal of Common Market Studies*, 54(2), 388-407.

** Thompson, H. (2015). Germany and the Euro-Zone Crisis: The European Reformation of the German Banking Crisis and the Future of the Euro. *New Political Economy*, 20(6), 851-870.

Thursday, November 24th 2016

10. Did public opinion determine the position of surplus countries in the Euro crisis?

Beramendi, P. (forthcoming). The Political Geography of the Euro Crisis. Working Paper, Duke University.

** Bechtel, M.; Hainmueller, J.; Margalit, Y. (2015). Preferences for International Redistribution: The Divide over the Eurozone Bailouts. *American Journal of Political Science*, 58(4), 835-856.

V. INTERNATIONAL POLITICS OF THE EUROZONE CRISIS

Thursday, December 1st 2016

11. Did ideas determine the way European governments reacted to the crisis?

Matthijs, M. (2016). Powerful rules governing the euro: the perverse logic of German ideas. *Journal of European Public Policy*, 23 (3) 375-391.

** Blyth, M. (2013). The History of Dangerous Idea. *Oxford University Press*, Chapter 5, 132-177.

Thursday, December 8th 2016

12. Can current fiscal and financial reforms of the Union prevent further crises?

Obstfeld, M. (2013), 'Finance at Center Stage: Some Lessons of the Euro Crisis', Working Paper presented at Yale Economics Dept.

** Pisani-Ferry, J. (2012). The euro crisis and the new impossible trinity. *Bruegel policy contribution*, 1, 2012.

Thursday, December 15th 2016

13. Why has the ECB become such an important actor in the crisis and what implications does this have?

Torres, F. (2013). The EMU's Legitimacy and the ECB as Strategic Political Player in the Crisis Context. *Journal of European Integration*, 35(3), 287-300.

Council of Foreign Relations (2015). The ECB's Role in the Euro Crisis. *Backgorunders Series*. <http://www.cfr.org/europe/role-european-central-bank/p28989>

** McNamara, K. (2002). Rational Fictions: Central Bank Independence and the Social Logic of Delegation. *West European Politics*, 25(1), 47-76.

Thursday, December 22nd 2016

14. After the Euro crisis – what's the way forward?

Habermas, J. (2015). Democracy or Capitalism? On the Abject Spectacle of a Capitalistic World Society Fragmented along National Lines", in Habermas, J. (2015). *The Lure of Technocracy*. Cambridge, Chapter 7, 85-102.

Streeck, W. (2013). Small-State Nostalgia? The Currency Union, Germany, and Europe: A Reply to Jürgen Habermas. *Constellations*, 21(2), 213-221.
