Crises in capitalism, capitalism(s) in crisis

Central European University
Department of Political Science
MA Program, Fall Semester 2014/2015
4 CEU credits, 8 ECTS credits

Instructor: Dorothee Bohle

Time and Place: Mondays and Wednesdays, 15.30–17.10, FT 809

Office hours: Tuesdays 13.00-17.00

The “Great Recession” of 2007 onwards is a powerful reminder that capitalism is a highly unstable order, or, as argued by Wolfgang Streeck, an “institutionalized disorder”. Dominant approaches especially in comparative political economy have in the last decades become too comfortable with the idea that capitalism is successfully domesticated by institutions – be it the regulatory institutions of liberal capitalism, or the more deeply engrained interlocking networks governing coordinated market economies. Change, if it all, was to occur gradually. The aim of this course is to revitalize concepts of capitalism as a highly dynamic system that is reproduced through cycles of destruction and institutional reform. It seeks to provide analytical tools and a long-term perspective on capitalist dynamics which foster an understanding of the destructive forces of capitalism; and the historical conditions under which these forces could be tamed and turned into sources of growth and social progress.

Course structure
The course has three major parts. First, we will revisit some of the classic and more recent theoretical perspectives on the political economy of capitalism and its crises. We will discuss Marxist, perspectives, Schumpeter, Polanyi and Minsky. The second part of the course will explore earlier crises and the lessons we can learn from them for the current crisis. We will take a closer look at the Great Depression of the 1930s, and the crisis of the 1970s, and the financial crises of the 1980s and 1990s. We will then move on to analyze in greater detail the international
and domestic origins of the most recent global financial crisis, and its unfolding in the US and Europe.

Course requirements and evaluation:

1. Attendance and in-class participation demonstrating the familiarity with the key readings. This is a discussion-based seminar, where attendance and participation are crucial. (20% of the grade)

2. Two short presentations. The first presentation will tackle a recent development linked to the global financial crisis that students consider important. This can be a new turn in the eurocrisis, a country or bank being downgraded by a credit rating agency, the political fall-out of austerity, or any similar event that has recently unfolded. Students are expected to give a short overview over the event, justify why they find it important, and indicate what they would like to discuss. The second presentation consists of introducing the key readings to the class. The introduction consists of a short summary of the major arguments and findings of the key readings, and raises two to three questions to be discussed in class. Each presentation should not be longer than 10 minutes. Students are expected to upload the slides of their presentation at noon the day prior to the class. (30% of the grade)

3. Two position papers. This is a reading intensive seminar which will proceed almost entirely by discussions of the required readings supported by position papers. Position papers are small essays on the weekly readings. They should shortly summarize the readings, reflect on the major arguments, and include questions for further discussion. Position papers can compare the readings to other readings of the class, or apply the readings to an empirical case. The papers should be 700-900 words, and are to be distributed electronically to the whole class latest by noon the day prior to the class. Students cannot write a position paper on the class material they are presenting. Students might be asked to shortly present their papers in class (20% of the grade).

4. Research paper of approximately 3000 words (excluding the bibliography). The final paper will be either a study of how the current crisis has affected a particular country or region, how specific actors have contributed to the crisis, or are trying to solve aspects of the crisis. You can also develop your first short presentation into a research paper. The topic of the final paper is to be agreed upon with the instructor. A short outline of the research paper has to be submitted by week 11 (30% of the grade).

Learning outcomes
By the end of the class, students will have acquired basic knowledge of important classical theories of political economy, their applications in different historical contexts, and will be able to analyze contemporary events in broader social, economic and historical contexts. They will also be familiar with major debates of the origins, the unfolding and the dimensions of the Great Recession. The course enhances critical thinking and writing, multidisciplinary orientation,
contributes to the mastery of academic writing and oral skills. Learning outcomes are supported by the course’s requirements and assessed accordingly.

**Late submission**
According to the departmental policies, late submissions of written assignments will be downgraded in the following manner:
- 30 minute to 24 hours late:: 1 grading point
- 24.5 hours to 48 hours: 2 grading points
- etc.

**Academic dishonesty**
Students are expected to be familiar with the CEU policies on scholarly dishonesty. Plagiarism and other acts of academic dishonesty will result in automatic failure of the course and immediate referral to the appropriate committee for academic discipline.

**Electronic Devices**
The use of electronic devices (laptops, tablets, e-readers, phones, etc.) is not allowed.

**Reading Material**
All the course material is available in electronic form through a pass word protected folder. Additional material and information will be posted at the e-learning site at [http://e-learning.ceu.hu/](http://e-learning.ceu.hu/). The password will be communicated to students who enroll for the course. All students are required to register for the e-learning site.

**General readings**
Students are highly recommended to read the *Financial Times* on a regular basis.

As the crisis is unfolding, an increasing number of books are being published on its different aspects. Students who are interested in learning more might consult


There are also a number of very useful and informative websites and blogs you might want to take a look at. These include

• Planet Money, especially the podcasts; at http://www.npr.org/rss/podcast/podcast_detail.php?siteld=94411890
• Crooked Timber, at http://crookedtimber.org/
• Eastern Europe Economy Watch at: http://easterneuropeeconomy.blogspot.com/
• Project syndicate at: http://www.project-syndicate.org/
• Naked Capitalism at: http://www.nakedcapitalism.com/
• Fistful of euros at: http://fistfulofeuros.net/.
• Vox, at: http://www.voxeu.org/
• Eurointelligence at: http://www.eurointelligence.com/eurointelligence-news/home.html
Topics and Readings

I. What is capitalism and why are there crises in capitalism?

Theoretical Foundations

Week 1: Introduction

Seminar 1

Seminar 2

Week 2: Marx

Seminar 1

Seminar 2

Recommended


Harvey, David: Reading Marx’ Capital with David Harvey, 
https://www.youtube.com/watch?v=gBazR59SZXk


**Week 3 Schumpeter**

**Seminar 1 & 2**


**Recommended**

Elliott, J. 'Marx and Schumpeter on Capitalism's Creative Destruction', The Quarterly Journal of Economics (HB/1./Q3), 95 (1980), pp. 45-68


**Week 4 Minsky and Polanyi**

**Seminar 1**

Seminar 2

* Polanyi, Karl *The Great Transformation*, Beacon Press 1957, chapters 6, 11, 12, pp. 71-81, 136-156

Recommended:


II. Historical Precedents

Week 5 Gold Standard and the Great Depression

Seminar 1 & 2


Recommended


Week 6 The Postwar Order and the Crisis of the 1970s

**Seminar 1:**


**Seminar 2:**


**Recommended**


Week 7: After the Golden Age: a Sequence of Crises
**Seminar 1**


**Seminar 2**


**Recommended**


Krugman, Paul: The Return of Depression Economics, 2008, pp. 3-30; 139-191


III. The Great Recession

Week 8: From Subprime Mortgages to the Global Financial Crisis

Seminar 1:


Seminar 2

Film Screening: Inside Job

Recommended

Gowan, Peter “Crisis in the Heartland. Consequences of the New Wall Street System”. New Left Review, January/February 2009, pp. 5-29


Panitch, Leo and Konings, Martijn: Myths of Neoliberal Deregulation. New Left Review 57, May/June 2009, pp. 67-83


Wade, Robert “From global imbalances to global reorganizations” Cambridge Journal of Economics, 2009, (33) 539-562
Week 9: Credit and the Debtfare State

Seminar 1 and 2:


Recommended


Manning, Robert D. *Credit Card Nation. The Consequences of America’s Addiction to Credit*, Basic Books 2000, Chapter 2, pp. 31-67


Week 10 The Crisis of the Eurozone

Seminar 1: cancelled (public holiday)

Seminar 2


Recommended


Eric Jones. Check his papers on the issue at
http://www.jhube.it/facultypages/ejones/EMU_and_the_Financial_Crisis.pdf


Kevin H. O’Rourke, A Tale of Two Trilemmas, (Dublin: Department of Economics and IIIS, Trinity College, 2011), available at


**Week 11 When Small Countries Crash**

**Seminar 1**


**Seminar 2**

*Symposium: ‘All that Glitters is not Gold’: The Political Economy of the Icelandic Financial Crisis, EPS Volume 10, issue 3, September 2011. Read the Contributions by Schwartz and Thorhallson

Recommended


Week 12 Conclusions: The Power of Finance

Seminar 1

Seminar 2
Concluding Discussion