



Autumn 2019
 Prof. Dr. Ulrich Glassmann
 Comparative Institutional Analysis

Title: VWL 3 Comparative Institutional Analysis
Lecture BA International Management
Language: English
Date: weekly, Thursdays 2.00-4.00pm
Venue: OSL 243
Start: September 19th 2019

Course description:

Why do some economies specialize primarily in the production of goods in established product markets, for instance machine tools, others rather in new technological fields like biotechnology or semiconductors? In their influential study titled “Varieties of Capitalism” the authors claim that successful patterns of innovation and economic performance result from complementary institutional arrangements in the spheres of corporate governance, industrial relations, vocational training etc. These diverging institutional set-ups are claimed to create different paths of innovation and specific firm strategies. The Varieties of Capitalism account has boosted a large debate in Political Economy about the causal factors which might determine entrepreneurial activity and has renewed considerations on the question whether a superior institutional framework can be identified for economic transactions.

While this approach has also been criticized by many scholars, the recent debate in Political Economy has now shifted towards the demand side of production and growth models. A major contrast has been identified between export-led growth models and consumption-led growth models. This difference leads to asymmetries in international trade which has caused serious conflicts, especially among the largest global trading partners. The lecture will address contemporary problems of global capitalism, such as the current trade war, rising income inequality, gender inequalities, digitalization and the future of work and other pressing problems of our time.

In general, the lecture introduces to the empirical analysis of contemporary capitalism by discussing the most prominent institutional approaches in Political Economy and by reviewing the empirical results on countries, sectors and regions, thus shedding light on the various cultural contexts in which firms are embedded.

Course logistics:

The lecture is designed to introduce students to the most recent contributions in the field of international political economy, therefore explicitly avoiding textbook material. Instead every lecture session will be prepared by original research papers from renowned edited volumes or scientific journals. The papers will be available on Moodle.

Students are expected to attend the lecture from beginning to end guaranteeing an appropriate preparation for the multiple choice exam at the end of the lecture in January. Students are asked to take the time for completing the reading assignments each week. At the beginning of each session 15 minutes will be reserved for questions and recapitulation insuring that students are adequately prepared for the exam.

Qualification objectives

Students will learn theoretical macro-concepts relevant for the understanding of enterprise strategies. They will learn about the

different institutional development of enterprise financing, skill creation, employment protection etc. and understand the effects of these institutional designs. This will deepen their knowledge on the cultural differences of national and regional economies and help them to grasp a better understanding of how firms act depending on their institutional environment and learned cultural practices.

Session 1 (September 19th)

Organization of the lecture, reading requirements, exam

Introduction

Session 2

Institutions, Institutional Theory and Economic Performance

Rothstein, Bo and Teorell, Jan (2008): What Is Quality of Government? A Theory of Impartial Government Institutions, in: *Governance: An International Journal of Policy, Administration, and Institutions*, 21 (2): 165–190.

Rothstein, Bo (2011): *The Quality of Government. Corruption, Social Trust and Inequality in International Perspective*. Chicago and London: The University of Chicago Press, daraus Chapter Two: 34-57.

Cultural Differences and Institutional Typologies

Session 3

Production Models – Varieties of Capitalism

Hall, Peter; Soskice, David (2001): An Introduction to Varieties of Capitalism, in: Hall, Peter; Soskice, David (eds.): *Varieties of Capitalism*.

The Institutional Foundations of Comparative Advantage. Oxford: Oxford University Press: 1-68.

Session 4

Growth Models – Export-led vs. Consumption-led Economies

Baccaro, Lucio and Pontusson, Jonas (2016): Rethinking Comparative Political Economy. The Growth Model Perspective, in: *Politics & Society*, 44(2): 175–207.

Session 5

Social Models – the Future of European Welfare Capitalism in the Global Economy

Esping-Andersen, Gøsta (1990): *The Three Worlds of Welfare Capitalism*. Princeton, New Jersey: Princeton University Press: 9-54.

Development and Challenges of Modern Capitalism

Session 6

The Decline of Fordism and the Emergence of the Knowledge Economy

Iversen, Torben and Soskice, David (2019): Knowledge Economies and their Political Construction, in: (ibid.): *Democracy and Prosperity. Reinventing Capitalism through a Turbulent Century*. Princeton: Princeton University Press: 136-215.

Session 7

Financialization, the Development of the Real Economy and the Impact of the Financial Crisis

Mazzucato, Mariana (2019): Financialization of the Real Economy, in: (ibid.): The Value of Everything. Making and Taking in the Global Economy. London: Penguin Books: 161-188.

Session 8

Skill Formation and Employment Growth in the European Union

Estevez-Abe, Margarita; Iversen, Torben; Soskice, David (2001): Social Protection and the Formation of Skills: A Reinterpretation of the Welfare State, in: Hall, Peter; Soskice, David (eds.): Varieties of Capitalism. The Institutional Foundations of Comparative Advantage. Oxford: Oxford University Press: 145-183.

Further Reading:

Di Cataldo, Marco; Rodríguez-Pose, Andrés (2017): What drives employment growth and social inclusion in the regions of the European Union?, Regional Studies. Online first: 1-20.

Social Modernisation, Internationalisation and Economic Performance

Session 9

Gender Inequality and Income Inequality

Estevez-Abe, Margarita (2006): Gendering Varieties of Capitalism: A Study of Occupational Segregation by Sex in Advanced Industrial Societies, in: World Politics 59: 142-175.

Further Reading:

Huber, Evelyne and Stephens, John D. (2014): Income inequality and redistribution in post-industrial democracies: demographic, economic and political determinants, in: Socio-Economic Review, 12 (2): 245–267.

Session 10

Creativity, Technology and Innovation in the Global Economy

Florida, Richard (2002): The Rise of the Creative Class ...and how it's transforming work, leisure, community, & everyday life. New York: Basic Books, Chapter 3: The Creative Economy: 44-66 and Chapter 4: The Creative Class: 67-82.

Session 11

Trade Agreements, Trade War and The Global Economy

Bao, Xiaohua; Wang, Xiaozhuo (2019): The Evolution and Reshaping of Globalization: A Perspective Based on the Development of Regional Trade Agreements, in: China & World Economy, 27 (1): 51-71.

Digitalization and the Future of Work

Session 12

The Digital Revolution, Global Value Chains and the Future of Work and Management

How Technology and Globalization are Transforming the Labour Market (2017), in: OECD Employment Outlook 2017. Paris: OECD publishing: 81-124.

Session 13

Why is this relevant? Institutional knowledge and effective leadership

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