PO/IE 318 – GERMANY IN THE GLOBAL ECONOMY
IES Abroad Berlin

DESCRIPTION:
This course introduces students to Germany's economic and political model with a special focus on Germany's role in the European and global economy. The course adopts an interdisciplinary approach that combines political science, economics, history, and international political economy. Through the course, students will gain a broad understanding of the factors that have shaped the German economic model, including its relationship to Europe and the world. At a minimum, students should be able to answer such questions as: How did Germany become the third largest export economy in the world? What role does the government play in Germany's economic success? How have the *Deutschmark* and, later, the Euro and the broader process of European integration affected the German economy? How have politics and the ideology of the government affected the German economy throughout its history? What is the impact of German trade surpluses on its European and global partners?

CREDITS: 3

CONTACT HOURS: 45

LANGUAGE OF INSTRUCTION: English

PREREQUISITES: There are no prerequisites for enrolling in this course. While previous courses in macroeconomics and/or political science can help students to achieve a deeper understanding of the course material, the lecturer will explain all necessary concepts and utilize an interdisciplinary approach.

ADDITIONAL COST: None

METHOD OF PRESENTATION:
While the instructor will start each class with a short lecture, emphasis will be placed on active participation by students. Students are expected to come to class having completed the mandatory readings and prepared to engage in open discussions (students should provide the instructor with advance notice where possible for absences). Students are also encouraged to read international newspapers to supplement class readings and to deepen their understanding of the links between history, theory, and current events. The Financial Times, the Economist, or Spiegel International are good sources (see below for additional web resources).

REQUIRED WORK AND FORM OF ASSESSMENT:
- Course participation - 10% (The IES grading rubric for participation is available on Moodle.)
- Midterm exam - 25%
- Case study - 25%
- Final exam - 25%
- Presentation - 15%

Mid-term exam
The mid-term exam is a take-home essay requiring responses to three prompts on the content of the first half of the course. The prompts will be posted on Moodle on Monday of week 7 and due on Friday at 5pm of the same week via upload in Moodle. Students may use any available resources and are expected to provide clear arguments that are substantiated with relevant evidence. Each response should be approximately 300-400 words.

Case study
Students are required to prepare a case study paper that presents a current economic measure (either considered or adopted) from the perspective of the Social Market Economy. The paper should be approximately 2,000 words and have the following elements: the economic context surrounding the chosen measure, a detailed description of the measure, and its significance for the German political economy. There will be a class discussion on the case study during Session 8 (Week 4) and students must describe their selected topic via upload in Moodle by the following week. Papers are due in Week 9.

Presentation
Students will provide a short presentation (~15 min) on their case study paper during Week 12. The presentation should include the key elements of the assigned paper and conclude with questions for discussion. The student will be expected to lead a short discussion on the topic.

Final exam
The final exam will be based on the readings, lectures and class discussions for the second half of the course and will include four questions in short essay format. The final exam is a closed book examination. Students will have 90 minutes during Week 14.

LEARNING OUTCOMES:
Upon completion of this course, the student will be able to:

- Explain the difference between two models of capitalism: the social vs. liberal market economy
- Understand the unique aspects of the German economic system
- Analyze the significance of organizations such as the EU and the WTO for the German economy
- Apply acquired knowledge to various current debates on the German political economy
- Interpret economic processes within broader social and political spectrums
- Assess the role of the German government in managing its economy and international trade
- Critically evaluate sources of information for their credibility and value (or lack thereof)

ATTENDANCE POLICY:
For our up-to-date attendance and exam policy, see:
https://moodle.iesabroad.org/mod/page/view.php?id=1004317.

ACADEMIC INTEGRITY: Students are expected to abide by the IES Abroad Academic Integrity Code. Assigned papers need to be properly footnoted where appropriate, with all sources attributed, including images. Suspicious papers may be checked with plagiarism-detecting software. Students will be required to complete an AI Declaration for each assignment indicating whether and how AI was used.

CONTENT:
This class will provide students with introductory texts and expose them to research papers. Mandatory and optional readings are assigned for each session. The optional readings are typically academically oriented research papers.

Week 1	**Session 1**: Introduction to the course	
	Session 2: Principles of Economics	Mankiw, Gregory N. (2023) *Principles of Economics*, "Ten Principles of Economics," pp 3-18.
Week 2	**Session 3**: History of Germany Part 1	Weitz, D., (2018), *Weimar Germany: Promise and Tragedy,* Princeton University Press, 2018, Chapter 4 "A Turbulent Economy and an Anxious Society," pp. 129-169. <u>Optional</u> Hawes, James, *The Shortest History of Germany*, Old Street Publishing Ltd, London 2015. V. R. Berghahn, *Modern Germany: Society, Economy and Politics in the Twentieth Century*, Chapter 5 "Occupation and Division," pp. 177-222.

	Session 4: History of Germany Part 2	Hans-Juergen Schroeder, "From Division to Unity: The History of the Federal Republic of Germany," in Reimund Seidelmann (ed.), *The New Germany*, Nomos, Baden-Baden 2011, pp. 13-64. Jung, Alexander. "Millions, Billions, Trillions: Germany in the Era of Hyperinflation." *Der Spiegel*. Available at https://www.spiegel.de/international/germany/millions-billions-trillions-germany-in-the-era-of-hyperinflation-a-641758.html "Germany's Hyperinflation-Phobia." *The Economist (Nov 15, 2013).* Available at https://www.economist.com/free-exchange/2013/11/15/germanys-hyperinflation-phobia
Week 3	**Session 5**: Theory of the Social Market Economy	Van Santum, Boehm, Oelgemoeller, Ilgmann. "Walter Eucken's Principles of Economic Policy Today," CAWM Discussion Paper No. 49, available at https://www.econstor.eu/bitstream/10419/51359/1/672472902.pdf Goldschmidt, N. "Social Market Economy: Origins, Meanings and Interpretations" in *Constitutional Political Economy*, 2008, vol. 19, issue 3, pp. 261-274. Optional Hall, Peter and David Soskice, "An Introduction to Varieties of Capitalism" in Hall and Soskice (eds.), *Varieties of Capitalism*, Oxford University Press, Oxford 2001, pp. 1-68 (esp. 21-27).
	Session 6: The Role of the Government in the Economy	Mathai, Koshy. "Monetary Policy: Stabilizing Prices and Output," available at https://www.imf.org/en/Publications/fandd/issues/Series/Back-to-Basics/Monetary-Policy Horton, Mark and El-Ganainy, Asmaa. "Fiscal Policy: Taking and Giving Away," available at https://www.imf.org/en/Publications/fandd/issues/Series/Back-to-Basics/Fiscal-Policy Wren, Ann. Chapter 35 "Comparative Perspectives on the Role of the State in the Economy," pp. 642-655, in *The Oxford Handbook of Political Economy*, edited by Barry Wiengast and Donald A. Witman, Oxford University Press, New York 2006.
Week 4	**Session 7**: Introduction to the Modern Germany Economy	Siebert, Horst, *The Germany Economy: Beyond the Social Market*, Princeton University Press, 2005. Chapter 1 "Basic Features of the German Economy," pp. 1-18. "Germany's economic model: What Germany offers the world," *The Economist*, London, April 14th 2012, available at https://www.economist.com/news/briefing/21552567-other-countries- would-love-import-germanys-economic-model-its-way-doing-things (accessed 7 March 2018)

	Session 8: Introduction to the German political system Discussion of Case Study Papers	Ursula Birsl, "The German Parliamentarian System," In Reimund Seidelmann (ed.), The New Germany, Nomos, Baden-Baden 2011, pp. 191-208. Helga A. Welsh "Germany: Challenges and Paradoxes" in Ronald Tiersky and Erik Jones (Eds.), *Europe Today: A Twenty-first Century* Weingast, Barry R. (1995) "Caltech Rules for Writing Papers: How to Structure Your Paper and Write an Introduction", pp.1-4., available at https://web.stanford.edu/group/mcnollgast/cgi-bin/wordpress/wpcontent/uploads/2013/10/CALTECH.RUL_.pdf (accessed 7 March 2018)
Week 5 Topic for Case Study Paper is Due	**Session 9**: Reunification and its Impact on the German Economy	Eichengreen, Barry. *The European Economy Since 1945. Coordinated Capitalism and Beyond*, Princeton University Press, Princeton and Oxford 2007, Chapter 10 "The Collapse of Central Planning", pp. 318-328. Hungerland, Wolf-Fabian. *Germany's Reunification: What Lessons for Policymakers Today?*, 2025, available at https://www.economicsobservatory.com/germanys-reunification-what-lessons-for-policy-makers-today Optional V. R. Berghahn, *Modern Germany: Society, Economy and Politics in the Twentieth Century,* Cambridge University Press 1987, Chapter 6 "The Two Germanies since the 1960s," pp. 226-268 Marcuse, Peter. "East German Requiem" in *When the Wall Came Down*, edited by Harold James and Marla Stone, Routledge New York and London 1992.
	Session 10: Introduction to European Institutions	McBride, James. "How Does the European Union Work?" A *Council on Foreign Relations* Backgrounder, available at https://www.cfr.org/backgrounder/how-does-european-union-work Costa, O. (2023), "EU Institutional Governance," Chapter 12 of *The Elgar Companion to the European Union*, pp 146-156. Germany is doomed to lead the EU (2020) in *The Economist*, available at: https://www.economist.com/europe/2020/06/25/germany-is-doomed-to-lead-europe
Week 6 Paper Due	**Session 11:** The History of the Monetary Union	Loth, Wilfried, "Negotiating the Maastricht Treaty," *The Journal of European Integration History*, Volume 19 (2013), Issue 1, pp. 67-83. De Grauwe, Paul. "The Political Economy of the Euro," *The Annual Review of Political Science*, Volume 16 (2013), pp. 153-160 Sauga, Simons, and Wiegrefe, "Was the Deutsche Mark Sacrificed for Reunification?" in *Der Spiegel* available at https://www.spiegel.de/international/germany/the-price-of-unity-was-the-deutsche-mark-sacrificed-for-reunification-a-719940.html

	Session 12: Challenges of the Euro	Dyson, Kenneth, Chapter 32 "Economic and Monetary Union," in *The Oxford Handbook of The European Union,* edited by Jones, Anand, Weatherill, 2013 De Grauwe, Paul. "The Political Economy of the Euro," *The Annual Review of Political Science*, Volume 16 (2013), pp. 160-169 European Central Bank: Report on a digital euro
Week 7	**Midterm**	
Week 8	**Session 13**: World Economy and the History of Globalization	European Council of the European Union, The EU and China are strategic trading partners, Council of the European Union 2022, https://www.consilium.europa.eu/de/infographics/eu-china-trade/ European Council of the European Union, EU trade agreements, 2022, https://www.consilium.europa.eu/en/policies/trade-policy/trade-agreements/ Federation of German Industries (BDI), China – Partner and Systemic Competitor, 2019, https://english.bdi.eu/publication/news/china-partner-and-systemic-competitor
	Session 14: The Institutions of Globalization	Pascale Joanin, The European Union and its model to regulate international trade relations, Foundation Robert Schuman European Issue n°554, https://www.robert-schuman.eu/en/european-issues/0554-the-european-union-and-its-model-to-regulate-international-trade-relations Bart Kerremans, "The EU, its Common Commercial Policy, and the World Trade Organization", in Jens-Uwe Wunderlich and David J. Bailey (eds.) The European Union and Global Governance: A Handbook. London, Routledge 2011 pp. 199-208 Optional Ferdi de Ville "The Common Commercial Policy and Global Economic Governance" in Jens-Uwe Wunderlich and David J. Bailey (eds.) The European Union and Global Governance: A Handbook. London, Routledge 2011 pp. 140-148
Week 9	**Session 15**: Germany in the World Economy	Jaeger, Markus, Europe in the Age of US-China Great Power Competition, 2022, https://ip-quarterly.com/en/europe-age-us-china-great-power-competition GMF piece
	Session 16: Decoupling and Geopolitical Challenges for the German Economy	Barbero, Michele, Europe Is Trying (and Failing) to Beat China at the Development Game, 2023, https://foreignpolicy.com/2023/01/10/europe-china-eu-global-gateway-bri-economic-development/

		Beverly Crawford, Power and German Foreign Policy Embedded Hegemony in Europe, Chapter 4 "Foreign Economic Policy in Europe: From Rule-Maker to Rule-Breaker in the European Monetary Union", Palgrave Macmillan, Basingstoke and New York 2007, pp. 103-142
Week 10	**Session 17**: The Future of the World Economy: Globalization Scenarios	BDI/Bertelsmann Stiftung, Globalization scenarios – challenges and responses, 2021, https://english.bdi.eu/article/news/globalization-scenarios-challenges-and-responses
Week 11	**Presentations of Case Study Papers**	
Week 12	**Field Trip**	
Week 13	**Final Exam**	

WEB RESOURCES

Government & International Organization Reports

- Official portal of the Federal Republic of Germany: www.deutschland.de
- Federal government website: www.bundesregierung.de
- We site of "Deutschland" magazine with articles on current subjects: www.magazine-deutschland.de
- German Federal Statistical Office: www.destatis.de
- Website of the European Union: http://europa.eu/index_en.htm
- European Commission – In-Depth Review of Germany
- OECD Economic Outlook – Germany
- Deutsche Bundesbank

German Economic Research Institutes

- ifo Institute
- Kiel Institute for the World Economy (IfW)
- German Institute for Economic Research (DIW Berlin)

Private Companies, News, and Broader Think Tanks

- Spiegel Online: www.spiegel.de/international
- KPMG Germany – Economic Key Facts
- Politico Europe
- Bruegel (Brussels-based but influential in Germany)
- SWP – Stiftung Wissenschaft und Politik (German Institute for International and Security Affairs - Primarily focused on foreign policy but typically include economic dimensions).

Political Party Think Tanks

- CDU – Konrad Adenauer Stiftung
- SPD – Friedrich Ebert Stiftung
- Greens – Heinrich Boell Stiftung
- FDP – Friedrich Naumman Stiftung

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https://www.consilium.europa.eu/de/infographics/eu-china-trade/

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https://www.consilium.europa.eu/en/policies/trade-policy/trade-agreements/

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https://english.bdi.eu/publication/news/china-partner-and-systemic-competitor

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Hungerland, Wolf-Fabian. *Germany's Reunification: What Lessons for Policymakers Today?*, 2025, available at https://www.economicsobservatory.com/germanys-reunification-what-lessons-for-policy-makers-today

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