

## **Sociology 190**

**Instructor:** Charlie Eaton

**Mondays 10 am to 12 noon**

**141 Haas Pavilion**

**Office Hours:** Mondays, 12:30 pm to 2:30 pm

2521 Channing Way. Room 216

**Office Hours Signup:** <https://wejoinin.com/sheets/xsvti>

### **Inequality and Social Policy in the New Era of Finance**

From Occupy Wall Street to the Bernie Sanders movement, we have seen persistent anger at big banks and the U.S. financial sector over economic inequality. But is finance really to blame? And if so, what can we do about rising inequality?

To tackle these questions, this course will cover the latest sociological research on financialization – a term for the increasing participation of widespread social groups and organizations in financial markets and transactions. The first half of the course will look at financialization in different areas of social life with implications for inequality. We will read works about how financialization has transformed corporations and work along with homes and household debt. We will also discuss how financialization interacts with race and gender inequalities. This part of the course concludes by looking at how financialization contributes to financial crises and the individualization of economic risks for Americans during such crises.

The second half of the course will turn to scholarship on social policies and how they can either reduce or reinforce inequalities related to financialization. Several readings will develop the insight that social policies – from health insurance to education – are central to the organization of economic markets, including financial markets. From this perspective, financialization is an intrinsically political process that involves struggles between financiers, social groups, labor, and political parties. We will also see that financial markets have been increasingly used in social policies themselves, including student loans and state-facilitated home mortgage programs. The readings will offer varying accounts of how financial sector ideologies and power have driven intertwined increases in inequality and changes in social policy.

### **Grading:**

Grading will be based on 3 components:

1. Attendance: 20%
  - a. Attendance grades will be calculated as (# of classes attended / total # of classes minus excused absences)
  - b. Excused absences for illness may require a doctor's note. Excused absences for non-medical reasons need to be approved in advance except in extraordinary circumstances.
2. Discussion Organizing: 20%
  - a. Students will sign up at the beginning of the semester to co-lead class discussion during 1 week of class with 1 or 2 other students.

- b. Discussion format is that discussion leaders will first present for 10 minutes, and identify a main sociological question from each of the week's readings (consistent with the definition of sociological questions in the weekly memo section of this syllabus).
  - c. Students will then break into groups of 4 for 15 minutes and discuss each of the follow up questions enumerated in the weekly memo assignment regarding the sociological question identified by the discussion leaders. And if there is a more important sociological question in the reading.
  - d. Each group will then report back to kick off a full class discussion facilitated by the week's discussion leaders.
3. Weekly 150 word reading memos: 20%
- a. Reading memos will be graded as complete or incomplete based on the memo requirements described below.
  - b. Overall weekly memo grade for the course will be calculated as (# of complete memos / total of 12 required memos for the course)
4. Research proposal paper: 40%
- a. You will first be required to submit a one-paragraph idea for your Research proposal paper. This will be graded as complete/incomplete. It will count for 5% of your research proposal grade.
  - b. You will later be required to submit a 2-page outline for your research proposal paper. This will be graded as complete/incomplete and will count for 15% of your research proposal grade.
  - c. The final research proposal paper will be due in hardcopy in my box in 410 Barrows by 3:30 pm on Monday, December 12<sup>th</sup>.

### Assignments:

#### 1. Weekly Memos

A primary goal for this course is to help students improve their ability to read and analyze sociological texts. I advocate a *purposeful* approach to reading. The memos are tool for this approach. In a paragraph of about 150 words, the memos have 1 or 2 sentences addressing each of the following items:

- a. Identify a main sociological question of the author. For example: Max Weber's *Protestant Ethic* famously asked, what is the relationship between Protestantism and the emergence of capitalism in Europe and the U.S. If there is more than one major question in the reading, you only need to identify one for the memo. Here is a good guide from Krippner on how to formulate good sociological questions and arguments: <http://www.asanet.org/introsociology/Documents/MethodsDocuments/KrippnerMakingSociolArgument.html>.
- b. Why is the question sociologically important? Questions are sociologically important if their answers will help resolve disagreements in existing ideas and theories. For example, the answer to Weber's *Protestant Ethic* questions would help resolve long standing debates about why capitalism first emerged in the West.
- c. What is the research design to answer the main question you chose in the reading? For example, consider the question – did household debt increase comparably for white households and black households since the 1980s? A research design to answer this question could be to use statistical techniques to compare household debt data over time from the Consumer Finance Survey.

- d. What does the author think is the answer to the question?
- e. Is there something about the reading that is interesting or useful for your own research proposal paper for this course?

## 2. Research proposal paper

Students will be required to complete a research proposal paper that is between 15 and 20 pages, double spaced, Times New Roman 12 point font, 1-inch margins. Tracing the structure of the weekly reading memos, the papers will need to:

- a. Define a clear research question relating to inequality, social policy, and/or an aspect of financialization. In class, we will discuss strategies and ideas for formulating good research questions. And all students will need to submit a 1 paragraph idea for a research question in class on October 10<sup>th</sup> (in hard copy). In addition, it will be helpful to review Krippner's writing guide (see above link).

To preview what you should expect, there are three types of questions I could imagine:

1. What questions. For example, what were differences in the growth of student debt for different socio-economic groups since the 1990s.
  2. Causal relationship questions. For example, did the increasing political power of Wall Street contribute to the U.S. Congress expanding federal subsidies for privately financed student loans in the early 1990s?
  3. How or why questions. These questions involve understanding mechanisms and processes. For example, how do students and their parents interact with college financial aid offices when making student loan borrowing decisions. Do financial aid offices promote financialized ideas for thinking about life, education, and skills as capital that is part of an investment portfolio?
- b. Explain what you think the answer to the research question is based on existing theories, ideas, and research by others. To do this, you will need to refer to readings from the course and other works related to your question. This is sometimes called a literature review. To do it well, you sometimes need to say if different theories and thinkers suggest different answers to your question. Then you may need to say why some of those answers might be wrong and some might be right. Or you might explain why the ideas of others can be combined to answer your question.
  - c. Propose a research design to test your argument. A research design often involves two key parts: 1) data and 2) methods for analyzing the data. What data you gather and how you gather it should be linked to your method for testing your argument.

For example, if you want to determine differences in the growth of student debt for different socio-economic groups, you would need to identify a representative survey or administrative dataset like the National Student Loan Data System database that has data on student loan borrowing for different groups in multiple years since the 1990s. Then you could use statistical methods for analyzing trends over time for different groups (Diggle, Peter, et al. 2013).

To determine if Wall Street political power contributed to student loan expansion, you

might want to use a comparative case study method (Mahoney 2004) that compares the 1990s student loan expansion with other efforts to expand student loans that either failed or excluded subsidies for private banks. Then you could gather data like congressional or parliamentary hearing records from the 1990s expansion and other efforts to expand student loans in the U.S. or other similar nations. This would enable you to compare the political efforts of financial institutions in student loan policy fights.

Finally, if you wanted to learn about how students interact with financial aid offices around student loan borrowing, you could employ ethnographic (Hammersley, and Atkinson 2007) or interview methods (Taylor, Bogdan, & DeVault 2015). You could get a job in a financial aid office, engage the office as a borrower yourself, or make other arrangements to observe financial aid office activities around student loans. You could document your observations with detailed notes and use them to analyze the process. Or you could interview student borrowers and financial aid office staff and use their responses to explain the process. You might also employ a comparative method by doing ethnographic and observations at different types of schools. These choices should depend on your question and the argument you want to test for answering the question.

## **Readings**

There will be a reader available at University Copy Service (2455 Channing Way, 549-2335 located at the south end of Sather Gate Shops passage). I will also post the readings on B Courses if you do not want to buy a reader.

Every week, you will be required to submit a 150 word memo regarding the reading for the week. Memos will need to be submitted in hardcopy in class or in my box in 410 Barrows if you are absent.

## **Part 1: Finance and Inequality**

### August 29 - Week 1 – Introduction

- Overview of course.
- Sociological questions, theories, and research designs.

### September 12 - Week 2 – Finance and Inequality in Historical Perspective

Page 20-27. T. Piketty. 2014. Capital in the 21<sup>st</sup> Century, Harvard University Press: Cambridge, MA.

“Our Financial Oligarchy: in Brandeis, Louis D. *Other people's money and how the bankers use it*. 1913.

### September 19 – Week 3 – What is Financialization?

G. Krippner. 2011. “What is financialization?” Ch. 2 in Capitalizing on Crisis, Harvard University Press: Cambridge, Ma.

Recommended: Introduction to G. Krippner. 2011. Capitalizing on Crisis, Harvard University Press: Cambridge, Ma.

September 26 – Week 4 – Financialization and Inequality: Work

Goldstein, Adam. 2012. “Revenge of the Managers: Labor Cost-Cutting and the Paradoxical Resurgence of Managerialism in the Shareholder Value Era, 1984 to 2001.” *American Sociological Review* 77(2):268–94.

October 3 – Week 5 – Financialization and Inequality: Home

Fligstein, Neil, and Adam Goldstein. “The Emergence of a Finance Culture in American Households, 1989-2007: Some Preliminary Evidence.” *Socio-Economic Review* 13, no. 3 (2015): 575–607.

October 10 – Week 6 – Financialization and Inequality: Gender and Race

Tomaskovic-Devey, Donald, and Ken-Hou Lin. 2011. “Income Dynamics, Economic Rents, and the Financialization of the US Economy.” *American Sociological Review* 76(4):538–59.

**\*\*1 paragraph paper proposal due.**

October 17 – Week 7 – Financial Crises and Inequality

N. Fligstein and A. Goldstein “The anatomy of the mortgage securitization crisis.” In M. Lounsbury and P. Hirsch (ed.) Markets on Trial: The Economic Sociology of the Financial Crisis, Emerald Press, 2010.

Introduction to Hacker, Jacob S. *The Great Risk Shift: The Assault on American Jobs, Families, Health Care, and Retirement--And How You Can Fight Back*. Oxford University Press, 2006.

**Part 2: Social Policy and Inequality**

October 24 – Week 8 – What is Social Policy?

K. Polanyi, 1945. “Man, Nature, and Productive Organization” Ch. 11., pgs. 136-140 in *The Great Transformation*.

Margaret Weir, Ann Shola Orloff and Theda Skocpol, “Introduction: Understanding American Social Policies” *The Politics of Social Policy in the United States* (Princeton University Press, 1988), pp.3-27.

October 31 – Week 9 – Finance and the Politics of Social Policy

Hacker, Jacob S., and Paul Pierson. "Winner-take-all politics: Public policy, political organization, and the precipitous rise of top incomes in the United States." *Politics & Society* 38.2 (2010): 152-204.

November 6 – Week 19 – What is the Private-Public Welfare State?

Jacob S. Hacker, “Introduction: American Exceptionalism Revisited” *The Divided Welfare State: Battle over Public and Private Benefits in the United States* (Cambridge University Press, 2002).

**\*\*2 page paper outline due.**

November 13 – Week 11 – Finance in Social Policy: Higher Education

Eaton, Charlie et. al. 2015. “The Financialization of U.S. Higher Education.” *Socio-Economic Review*.

Eaton, Charlie. 2016. “Coalitions, Policy Arenas, and the New Politics of Student Loans.”

November 20 – Week 12 – Taxes as Social Policy

T. Piketty. 2014. “Rethinking the Progressive Income Tax” Ch. 14 and “A Global Tax on Capital” Ch. 15 in Capital in the 21<sup>st</sup> Century, Harvard University Press: Cambridge, MA.

November 28 -- Week 13 – Labor and Social Policy in the Era of Finance

Preface to Fletcher Jr, Bill, and Fernando Gapasin. *Solidarity divided: The crisis in organized labor and a new path toward social justice*. Univ of California Press, 2008.

Lerner, Stephen. "An Injury to All Going beyond Collective Bargaining as We Have Known it." *New Labor Forum*. Vol. 19. No. 2. SAGE Publications, 2010.

Greenhouse, Steven. “How to Get Low-Wage Workers Into the Middle Class”. *The Atlantic*. August 19, 2015. <http://www.theatlantic.com/business/archive/2015/08/fifteen-dollars-minimum-wage/401540/>