

ECONOMY AND SOCIETY**Instructor**

Christoph Hermann, hermann@berkeley.edu

Office and office hours

487 Barrows

Tuesday 1.30-3.00pm

Thursday 9.00-10.30am

Readers

Caleb Scoville, scoville@berkeley.edu

Joony Moon, joony.moon@berkeley.edu

Course Description

The main objectives of this course is to introduce students to economic thinking about society and social change and to explain the functioning and transformation of capitalist societies. To this end the course is divided into four parts: The first part – Spotlights on Economic Thought – deals with major controversies in economic thinking. It does so by presenting important economists (unfortunately all men) and discussing one of their major contributions to economic thinking. The economists that are covered include Smith, Marx, Schumpeter, Keynes, Veblen, Friedman, Piketty, and Sen. The topics include wealth, accumulation, innovation, demand, waste, freedom, inequality, and justice.

The second part – institutional foundations of capitalism – deals with a number of institutions that are essential for the functioning of capitalist economies. These include money and finance, markets, enterprises, and states. In addition lectures in this part will also address the role of shareholder value, the internationalization of firms and production, as well as the variation of institutional frameworks as highlighted in the Varieties of Capitalism literature. The third part – capitalist transformations – introduces major concepts and theories of economic and social change, including globalization, neoliberalism, and financialization.

The fourth part is devoted to a discussion of the causes and consequences of the Great Recession which erupted the world economy in 2008. The fifth part looks beyond capitalism and engages with two important debates that relate to a non-capitalist economic system: the de-growth debate and the debate about democratic planning.

Organization:

The lecture will take place twice a week (Tuesday and Thursday 11.00-12.30am). Students are expected to attend classes, engage in discussions, and prepare readings. Preparation implies that students can recap the content of the readings, identify the main arguments and explain the main conclusions. The readings complement the content of the lectures. Knowledge of the readings is crucial for the take-home and in-class exams.

The main purpose of the course is to learn. An essential component of learning is to ask questions. Students should therefore never hesitate to ask questions. Feel free to interrupt me whenever you have a question, or something is unclear or you cannot follow (most likely you are not the only one who has a problem). Your questions help me to make myself clearer and understandable and are therefore an important contribution to the success of the course. If you have continuous difficulties or want to talk about the class and related issues, please visit me during my office hours (sign up beforehand at <https://www.wejoinin.com/sheets/kxhqa>).

Course Material

All readings are available for download at the [bcourses website](#) under the heading modules. There is a module for each part of the class with the respective readings.

Assignments

Take-home essay: Choose one of the following questions and answer them using the readings from the first part of the course. You may also use additional academic writings (more chapters from the same book, other books and articles from academic journals, but no internet sources). The essay should be between 1,000 and 1,500 words long, include an introduction and a conclusion (1 paragraph each), provide 3 to 5 arguments (presented in separate paragraphs) and make substantial references to at least one reading (direct or indirect quotes; direct quotes should not be longer than 3 lines).

- Why is capitalism superior to other economic systems?
- Is there a limit for increasing profits in capitalist economies?
- Who or what drives innovation in capitalist economies?
- Why should the state support demand in capitalist economies?
- How does capitalism generate waste and why is this a problem?
- Is capitalism the best of all economic systems for granting freedom?
- Does capitalism promote (social) equality?
- Does capitalism provide (social) justice?

Take-home exam: The take-home exam includes 2 questions that you will have to answer mainly by using readings from class (answers are expected to be about 2 pages long).

Final in-class exam: The final in-class exam will include 5 questions. The final exam will cover the entire lecture. The questions are intended to show that you have understood the content of the course (we will have revisions before the final exam).

In addition students receive credit for *attending lectures* and *participating in discussions*. Two no-shows will be tolerated for the entire semester, after that 2 points will be subtracted from the 20 points participation grade for each class missed.

Evaluation

- * Attendance and participation: 20%
- * Take-home essay: 20%
- * Take-home exam: 20%
- * Final in-class exam: 40%

Due dates

Take-home essay: October 9, 11:59 pm

Take-home exam: November 10, 11:59 pm

Final in-class exam: date and time to be announced

Please upload the essay and the take-home exam on the bcourse website.

Communication

Communication is very important for a smooth facilitation of the course. Students are strongly encouraged to visit me during office hours, especially if they encounter any problems to follow the course or to meet the evaluation requirements. Please do not wait until the end of the semester to contact me – then it is often too late to do something about your problems. Email is a very convenient way of communication, but students should notice that we may need time to respond to emails (I will try to respond within 24 hours).

Academic Honesty

UC Berkeley's honor code states "As a member of the UC Berkeley community, I act with honesty, integrity, and respect for others." Respect for others also includes respect for the work of other academics. Plagiarism is the unacknowledged or falsely acknowledged presentation of another person's ideas, expressions, or original research as one's own work. Please keep in mind that any paraphrasing or quotation must be appropriately acknowledged. Ignorance of what constitutes plagiarism does not excuse students.

Accommodations for Disabilities

The Disabled Students' Program (DSP) is the campus office responsible for verifying that students have disability-related needs and for planning appropriate accommodations. Students who need accommodations for disabilities must obtain a letter of confirmation from the DSP.

If you already have a Letter of Accommodation from the DSP, please pass it on immediately, if you receive one, as soon as possible, so that I am able to make necessary arrangements in a timely manner. Please note that at the end of the semester it is too late to inform me about disabilities or any other condition that prevented you from succeeding in class. Such information will have no effect on your grade.

Course Schedule

August 24 Introduction

Part I: Spotlights on economic and social thought

August 29 **A. SMITH:** Capitalism and wealth

A. Maddison, 'Interpreting Capitalist Development' (from his book *Dynamic Forces in Capitalist Development*), pp. 5-29.

August 31 **K. MARX:** Capitalism and accumulation

D. Harvey, 'Endless Compount Growth' (from his book *Seventeen Contradictions of Capitalism*), pp. 222-245.

September 5 **J. SCHUMPETER:** Capitalism and innovation

B. Freeman, 'Schumpeter's Business Cycles and Techno-Economic Paradigms' (in W. Drechsler, R. Kattel and E. S. Reinert, eds., *Techno-Economic Paradigms*), pp. 125-144

September 7 **J. M. KEYNES:** Capitalism and demand

R. Skidelsky, 'Keynes' Economics' (from this book *Keynes The Return of the Master*), pp. 96-119.

September 12 **T. VEBLEN:** Capitalism and waste

J. Schor, 'From Consumer Boom to Ecological Bust' (from her book *Plenitude*), pp. 25-64.

September 14 **M. FRIEDMAN:** Capitalism and freedom

Chapter 1 from his book *Capitalism and Freedom*, pp. 7-21.

September 19 **T. PIKETTY:** Capitalism and inequality

Chapter 8 from his book *Capital in the 21st Century*, pp. 271-303.

September 21 **A. SEN:** Capitalism and justice

Chapter 11 from his book *The Idea of Justice*, pp. 225-252.

Part II: The institutional foundations of capitalism

September 26: **MONEY**

G. Hodgson, 'Money and Finance' (from his book *Conceptualizing Capitalism*), pp. 147-172. February

September 28: **FINANCE**

G. Krippner, 'The Social Politics of US Financial Deregulation' (from her book *Capitalizing on Crisis*), pp. 58-85.

October 3: **MARKETS**

G. Hodgson, 'Commodity Exchange and Markets' (from his book *Conceptualizing Capitalism*), pp. 129-146.

October 10: **LABOR MARKETS**

C. Offe, 'The Political Economy of the Labor Market' (from his book *Disorganized Capitalism*), pp. 10-51.

October 12: **ENTEPRISES**

W. Lazonick, 'Organizations and Markets in Capitalist Development' (from his book *Business Organization and the Myth of the Market Economy*), pp. 59-91.

October 17: **SHAREHOLDER VALUE**

W. Lazonick and M. O'Sullivan, 'Maximizing Shareholder Value' (in *Economy and Society* Vol 29 No 1), pp. 13-35.

October 19: **GLOBAL VALUE CHAINS**

J. Bair, 'Global Capitalism and Commodity Chains: Looking Back, Going Forward' (in *Competition & Change* Vol 9 No 2), pp. 153-180.

October 24: **STATES**

M. Mazzucato, 'The US Entrepreneurial State' (from her book *the Entrepreneurial State*), pp. 73-86.

October 26: **VARIETIES OF CAPITALISM**

D. Coates, 'Capitalist Models and Economic Growth', (from his book *Models of Capitalism*), pp. 1-10.

Part III: Capitalist transformations

October 31: **GLOBALIZATON**

P. Hirst, G. Thompson and S. Bromely: 'Globalization and the History of the International Economy' (from their book *Globalization in Question*), pp. 24-67.

November 2: **NEOLIBERALISM**

D. Harvey, 'Freedom's Just Another Word...' (from his book *A Brief History of Neoliberalism*), pp. 5-38.

November 7: **FINANCIALIZATION**

G. Krippner, 'What is Financialization?' (from her book *Capitalizing on Crisis*), pp. 27-47.

Part IV: Capitalism in crisis

November 9: **THE GREAT RECESSION I**

Watch the movies *Inside Job* and/or *The Big Short*

November 14: **THE GREAT RECESSION II**

G. Duménil and D. Lévy, 'The Crisis of Neoliberalism' (in S. Springer, K. Birch, and J. MacLeavy, eds., *The Handbook of Neoliberalism*), pp. 551-562.

P. Lysandrou, 'Global Inequality as One of the Root Causes of the Financial Crisis' (*Economy and Society* Vol 40, No 3), pp. 323-344.

Part V: Alternatives to capitalism

November 16: **DE-GROWTH**

J. Martínez-Alier et al., 'Sustainable De-growth: Mapping the Context, Criticisms and Future Prospects of an Emergent Paradigm' (*Ecological Economics* 69), pp. 1741-1747.

November 21: **DEMOCRATIC PLANNING**

R. Hahnel, 'In Defense of Democratic Planning' (in R. Pollin ed., *Capitalism, Socialism, and Radical Political Economy*), pp. 318 - 339.

November 28 and 30: Discussions and revisions.