

ECONOMY AND SOCIETY

Instructor

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Office hours: Tu 10-11.30am and Th 1-2.30pm

GSI

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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 and social thought. It does so by presenting important economists (unfortunately all men) and discussing one of their major contributions to economic and social 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:

This course includes a lecture and sections. The lecture takes place twice a week (Tuesday and Thursday 3.30-5 pm in 2040 VLSB), the sections are once a week at different times and locations (check the time and location of your section). Students are expected to attend lectures and sections, 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. While the lecture is designed to give an overview of the respective topic, the sections mainly deal with the supplemental readings.

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 or the GSIs 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 us to make ourselves 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 or the GSIs during our office hours.

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

First assignment: 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 capitalism achieves higher growth rates than 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?

Second assignment: The second assignment is a take-home exam with 3 questions that you will have to answer mainly by using readings from class (answers are expected to be about 2 pages long).

Third assignment: The third assignment is a combination of a take-home exam and a short essay related to the readings and the topics of the lecture.

All three assignments have to be uploaded before the due date on the bcourse website. Failure to submit in time will result in a loss of points. We will subtract 2 points for each day that passes after the deadline.

Please note that the last assignment is due on April 27 – that is before reading week!

In addition students receive credit for *attending lectures* and *sections*. Two no-shows for each, the lecture and the section, will be tolerated for the entire semester. After that students have either to provide proof that they could not attend (e.g. a doctor's note) or lose 2 points for each missed class.

Evaluation

- * Attendance and participation (lecture and sections): 30%
- * First assignment: 20%
- * Second assignment: 20%
- * Third assignment: 30%

Due dates

Assignment 1: February 26, 11:59 pm

Assignment 2: March 24, 11:59 pm

Assignment 3: April 27, 11:59 pm

Communication

Communication is very important for a smooth facilitation of the course. Students are strongly encouraged to visit us 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 us – 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 (we 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

January 16: Introduction

Part I: Spotlights on economic and social thought

January 18 **A. SMITH**: Capitalism and wealth

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

January 23 **K. MARX**: Capitalism and accumulation

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

January 25 **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

January 30 **J. M. KEYNES**: Capitalism and demand

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

February 1 **T. WEBLEN**: Capitalism and waste

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

February 6 **M. FRIEDMAN**: Capitalism and freedom

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

February 8 **T. PIKETTY**: Capitalism and inequality

T. Piketty & E. Saez, *Inequality in the Long Run*, Science_Volume 344 Issue 6186, pp. 838-843.

February 13 **A. SEN**: Capitalism and justice

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

Part II: The institutional foundations of capitalism

February 15: **MONEY**

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

February 20: **FINANCE**

M. Sherman, 'A Short History of Financial Deregulation in the US' (Center for Economic and Policy Research).

February 22: **MARKETS**

D. Satz, 'What Do Markets Do?' (from her book *Why Some Things Should not be For Sale*, pp. 15-38.

February 27: **LABOR MARKETS**

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

March 1: **ENTEPRISES**

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

March 6: **SHAREHOLDER VALUE**

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

March 8: **GLOBAL VALUE CHAINS**

K. L. Kraemer, G. Linden, and J. Dedrick (2011): 'Capturing Value in Global Networks: Apple's iPad and iPhone' (Research paper).

March 13: **STATES**

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

March 15: **VARIETIES OF CAPITALISM**

C. Crouch, Typologies of Capitalism (from his book *Capitalist Diversity and Change*, Oxford: Oxford University Press, 2005, pp. 25-45.

Part III: Capitalist transformations

March 20: **GLOBALIZATION**

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

March 22: Movie: **Requiem for the American Dream**

April 3: **NEOLIBERALISM**

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

April 5: **FINANCIALIZATION**

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

Part IV: Capitalism in crisis

April 10: **THE GREAT RECESSION I**

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

April 12: **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

April 17: **DE-GROWTH**

S. Latouche, 'A Concrete Utopia' (from his book *Farwell to Growth*), pp. 31-66.

April 19: **DEMOCRATIC PLANNING**

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

April 24 and 26: Discussion and Conclusions