

ECONOMY AND SOCIETY

Instructor

Christoph Hermann, hermann@berkeley.edu

Office: 487 Barrows

Office hours: Tu 9.30-10.30am and Th 2-3 pm or by appointment

Readers

Jessica Wang, xjessie_wang@berkeley.edu

Matthew Spring, matthewjspring@berkeley.edu

Course Description

The main objectives of this course is to introduce students to major topics of economic and social thought 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 and Social Thought – deals with economic and social theories. It does so by presenting important thinkers (unfortunately all men) and discussing one of their theoretical interventions. The thinkers that are covered include Smith, Marx, Weber, Schumpeter, Keynes, Polanyi, Veblen, Friedman, Piketty, and Sen. The topics include wealth, accumulation, rationality, innovation, uncertainty, regulation, 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:

We will meet twice a week (Tuesday and Thursday 11:00-12:29 in 100 Genetics & Plant Bio). Students are expected to attend lectures, 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 are not a substitute for the lectures; rather than summarizing the content of the lecture they mostly deal with specific aspects of the topic discussed in class.

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.

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

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 capitalism achieves higher growth rates than other economic systems?
- Is there a limit for increasing profits in capitalist economies?
- What makes capitalism rational and what are the pitfalls of rationality?
- Who or what drives innovation in capitalist economies?
- Why does capitalism need regulation?
- 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 second assignment is a take-home exam with 2 questions that you will have to answer mainly by using readings from class (answers are expected to be about 2 pages long).

Late submission: We will take away 2 points for each day after the submission date.

In-class exam: The third assignment is an in-class exam. Students will have to answer 5 questions and will have 90 minutes time. The final exam is scheduled for December 12, 8am, but the date and time may change.

In addition, students receive credit for *attending lectures*. Students can miss up to 4 classes for the whole semester. This includes absences due to illnesses and other reasons beyond the student's influence. After four absences we will take away 2 points from the attendance grade for each additional no-show.

Evaluation

- * Attendance: 10%
- * First assignment: 25%
- * Second assignment: 25%
- * Third assignment: 40%

Due dates

Essay: October 1, 11:59pm

Take-home exam: November 19, 11:59pm

In-class exam: December 12, 8am (date and time may change).

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 I may need time to respond to emails (I will try to respond within 24 hours from Monday to Friday).

Plagiarism

Plagiarism is the appropriation and representation as one's own of the words or ideas of someone else. Even if confined to a short phrase, it is a grave act of academic dishonesty and grounds for failure of the course or academic discipline. No source in any form or medium—including encyclopedias, dictionaries, textbooks, internet material, unpublished material, work by other students, material without a copyright—may be used without full acknowledgement and, in the case of direct quotes, quotation marks. For further reference, see <http://uga.berkeley.edu/sas/rights.shtml> and <http://www.web-miner.com/plagiarism>.

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 23: Introduction

Part I: Spotlights on economic and social thought

August 28 **A. SMITH: Capitalism and wealth**

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

August 30 **K. MARX: Capitalism and accumulation**

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

September 4: **M. WEBER: Capitalism and rationality**

G. Ritzer, 'Introduction to McDonaldization' (from his book *The McDonaldization of Society*), pp. 1-27.

September 6 **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 11 **K. POLANYI: Capitalism and regulation**

F. Block, 'Introduction to the Great Transformation' (in K. Polanyi, *The Great Transformation*), pp. 18-38.

September 13 **J. M. KEYNES: Capitalism and uncertainty**

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

September 18 **T. VEBLEN: Capitalism and waste**

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

September 20 **M. FRIEDMAN: Capitalism and freedom**

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

September 25 **T. PIKETTY: Capitalism and inequality**

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

September 27 **A. SEN: Capitalism and justice**

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

Part II: The institutional foundations of capitalism

October 2: **MONEY**

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

October 4: **FINANCE**

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

October 9: **MARKETS**

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

October 11: **LABOR MARKETS**

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

October 16: **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 18: **SHAREHOLDER VALUE**

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

October 23: **GLOBAL VALUE CHAINS**

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

October 25: **STATES**

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

October 30: **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

November 1: **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 6: **NEOLIBERALISM**

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

November 8: **FINANCIALIZATION**

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

Part IV: Capitalism in crisis

November 13: **THE GREAT RECESSION I**

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

November 15: **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 27: **DE-GROWTH**

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

November 29: **DEMOCRATIC PLANNING**

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