

Corporations and American Capitalism

Instructor: Matthew Stimpson
mstimp@berkeley.edu
Office Hours: Fridays, 12:30-2pm (or by appointment)
Office Hours Sign-up: <https://wejoinin.com/sheets/xrset>

Sociology 190.8
Fall 2019
Friday, 10am-12pm
106 Wheeler

Course Overview

Large firms like Walmart, GM, Facebook, and Apple shape our understanding of the economy and our place within it. But with a declining number of public corporations, decreased corporate investment, increased mobility of workers across firms, and an expanding "gig" economy, some have argued that corporations matter less for the average American worker than they did fifty years ago. This is a course about contemporary American capitalism and the role corporations play in channeling its effects on individuals. We will engage with a wide range of theoretical and empirical scholarship that grapples with the changing role of corporations in American capitalism.

A central theme of this course is that in many ways the fate of workers has been linked to the fate of corporations over the past half century. When corporations were prosperous during the decades following World War II, they provided a large number of stable jobs with benefits. As corporations have faced greater instability since the 1970s, they have passed this instability onto their workers. Furthermore, widening economic inequality in the United States over recent decades has been driven in large part by rising inequality between firms, as sales, employment, and profits have become concentrated among fewer and fewer firms.

In this class you will conduct an empirical research paper based on data you obtain during the first half of the semester. The goal of the paper is to examine linkages between the trajectories of workers and the trajectories of the firms they work for through an empirical analysis. You can use participant observation, interviews, surveys, or archival research—or some combination of these methods—in order to gather data on both the employment outcomes of workers and the condition of the firms they work for. This is not a research design course, and you will not be graded on how well you execute the method. The primary purpose of this assignment is to use concepts from class to interpret your data and to use your data to shed new light on the course material.

Learning Goals

1. Students will learn how American corporations have changed over the past half century and how the fate of workers over this period has been linked to the fate of corporations.
2. Students will learn to read academic texts effectively with an eye toward preparing for group discussions in a seminar-style class.

3. Students will improve their writing and analytic skills by completing a research paper over the course of the semester, incorporating feedback to produce a polished paper that makes a strong argument based on an empirical analysis.

Course Requirements

Participation: This is likely a different type of class than others you have taken in the sociology department. This is a capstone seminar for the sociology major meant to give you a chance to engage with a specialized topic through group discussion. Participation is therefore crucial for success in this class. You are expected to attend every class meeting having completed the readings. You are allowed two absences without penalty to your participation grade. (I do not distinguish between excused and unexcused absences.) There are many ways to demonstrate your engagement with class. Contributing to class discussions is central, but I understand that this comes more easily to some than others. Showing you are actively listening to your classmates and trying to respond to their points can make up for less frequent participation in class. Coming to office hours is another way to show you are actively engaging with the course material.

Reading Responses: In order to prepare for class discussions, you will write 10 reading response memos over the course of the semester. These will be short write-ups (250-500 words) meant to help you reflect and document your reactions to the week's readings. Please do not summarize the readings; the point is to respond to them. You will receive half credit on these responses if you simply summarize the readings, if you fail to engage with the readings, or if you submit your response memo late (one purpose of these response memos is to allow you to see how others in the class responded to the readings before our class meeting). These response memos will also provide you with material you can use to contribute to class discussions. These will be due 24 hours before our class session, at 10am on Thursdays, and should be posted on the Discussions section of the bCourses website. You can choose which 10 out of the 14 total weeks you will complete a reading response.

Final Paper: The two main components of this course are the class discussions of the readings and an empirical research paper you will write over the course of the semester. You will produce a 15-20 page paper using data you obtain to examine how the fate of workers is linked to the fate of their firms. See the beginning of the syllabus for more details. You will complete the final paper in steps over the course of the semester in order to help you pace yourself and to have the opportunity to get regular feedback. First, you will turn in a memo on your proposed research question and how you plan to collect data in order to answer it (1-2 pages). Second, after collecting your data, you will write up your preliminary empirical results and describe how they answer your research question (5-7 pages). Please note that these first two assignments will help you develop text that—with slight revision—will form the core of your final paper. Third, you will complete a rough draft and a peer editing exercise a couple weeks before the final paper is due in order to have an opportunity to make revisions. Finally, you will turn in your final paper during the week following our last class session.

Grade Breakdown:

Participation:	25%
Weekly Reading Responses:	25%
Research Paper:	50%
<i>research question</i>	5%
<i>empirical write-up</i>	10%
<i>rough draft/peer edit</i>	10%
<i>final paper</i>	25%

Class Policies

Communication: The best time for substantive questions is during class. Emails are best for administrative questions; please check the syllabus and notes from class before emailing me.

Classroom atmosphere: Creating an environment where everyone feels free to share their reactions, interpretations, and questions will be extremely important for this class. Please engage with each other respectfully and attentively during discussions. I understand that some will be more comfortable with participating in group discussions than others, but I hope we can all push ourselves—and encourage each other—to step out of our comfort zones, whether that be by speaking up more, listening more carefully, or trying to recap and engage with comments made by others in class.

Technology: I will require that you do **not** use laptops, phones, tablets, or other similar devices during our class sessions. Please keep them in your bag. Research has shown that we absorb more information by reading on paper than on a screen and by taking handwritten notes rather than notes on a computer. A crucial component of this seminar is that you learn to process the course readings without the aid of a lecture, and conducting class discussions free of these devices is meant to help you towards this goal.

Readings. A reader will be available for purchase at Copy Central on Telegraph. I will require that all students bring the reader to our class sessions.

Academic Honesty: It is essential that you do your own work and properly cite the work of others that you draw on—academic honesty will be taken extremely seriously in this course. Please see UC Berkeley’s Code of Student Conduct: <https://sa.berkeley.edu/code-of-conduct>.

Writing. Writing pushes us to think more clearly and critically, and I hope you enjoy the opportunity this class offers to practice writing as you grapple with the course material. I can work with you on your papers in office hours, but I will not be able to read full drafts or look at your work more than once. If you are looking to improve specific aspects of your writing, ask me and I can provide those comments on your assignments. Please consider utilizing the writing tutoring offered at the Student Learning Center (slc.berkeley.edu).

Accommodation: If you require accommodations in class or on assignments, please let me know about them as early in the term as possible.

Course Outline and Weekly Readings

INTRODUCTION

Week 1 (August 30): Corporations in the United States

Kahle, Kathleen M., and René M. Stulz. 2017. "Is the U.S. Public Corporation in Trouble?" *Journal of Economic Perspectives* 31(3):67-88.

Week 2 (September 6): Contrasting Views on Contemporary Corporate Power

Davis, Gerald F. 2016. "Corporations in America and around the World". Pp. 5-17 in *The Vanishing American Corporation*. Berrett-Koehler.

Davis, Gerald F. 2016. "Can an Economy Survive without Corporations? Technology and Robust Organizational Alternatives." *Academy of Management Perspectives* 30:129-140.

Shivakumar, Ram. 2017. "The Market Power of 'Superstar' Companies is Growing." *Chicago Booth Review*, pp.1-6. Oct 26.
[<http://review.chicagobooth.edu/economics/2017/article/market-power-superstar-companies-growing>]

Autor, David, David Dorn, Lawrence F. Katz, Christina Patterson, and John Van Reenen. 2017. "Concentrating on the Fall of the Labor Share." *American Economic Review: Papers & Proceedings* 107(5):180-85.

Week 3 (September 13): Historical Cases: General Motors and General Electric

Wartzman, Rick. 2017. "Going Backward" and "The Betrayal." Pp. 227-254, 289-326 in *The End of Loyalty: The Rise and Fall of Good Jobs in America*. PublicAffairs.

CORPORATIONS: BUFFERS FROM INSTABILITY AND SITES FOR CAPITAL POOLING

Week 4 (September 20): The Instability of Capitalism

Marx, Karl and Friedrich Engels. 1848. "Bourgeois & Proletarians." Part I of *The Communist Manifesto*.

Schumpeter, Joseph. 1942. "The Process of Creative Destruction." Pp. 81-86 in *Capitalism, Socialism, and Democracy*.

Fligstein, Neil. 1996. "Markets as Politics: A Political-Cultural Approach to Market Institutions." *American Sociological Review* 61(4):656-673.

***** DUE SEPTEMBER 20: RESEARCH QUESTION AND PROPOSED DATA *****

Week 5 (September 27): Firms and Markets

Chandler, Alfred D. 1977. "The Visible Hand" and "The Managerial Revolution in American Business" (selections). Pp.1-12, 484-497 in *The Visible Hand: The Managerial Revolution in American Business*. Harvard University Press.

Kalleberg, Arne. 2011. "Chapter 2: Economic Transformation and the Decline of Institutional Protections." Pp.21-39 in *Good Jobs, Bad Jobs*. Russell Sage Foundation.

Week 6 (October 4): Firms as Sites for the Sorting of Workers

Song, Jae, David J. Price, Fatih Guvenen, Nicholas Bloom, and Till Von Wachter. 2018. "Firming Up Inequality." *The Quarterly Journal of Economics* 134(1):1-47.

MONOPOLY CAPITALISM

Week 7 (October 11): A Marxist Approach to Monopoly Capitalism

Baran, Paul A. and Paul M. and Sweezy. 1966. "The Tendency of Surplus to Rise" and "Capitalists' Consumption and Investment." Pp.52-111 in *Monopoly Capital*. Monthly Review Press.

Week 8 (October 18): Market Concentration and Powerful Firms

Wilmers, Nathan. 2018. "Wage Stagnation and Buyer Power: How Buyer-Supplier Relations Affect US Workers' Wages, 1978-2014." *American Sociological Review* 83(2):213-239.

Benmelech, Efraim, Nittai Bergman, and Hyunseob Kim. 2018. "Strong Employers and Weak Employees: How Does Employer Concentration Affect Wages?" National Bureau of Economic Research Working Paper #24307:1-25.

Week 9 (October 25): Capital Investments: Declining or Changing?

Gutiérrez, Germán, and Thomas Philippon. 2017. "Investment-less Growth: An Empirical Investigation" (selections), *Brookings Papers on Economic Activity*, pp.89-133

Haskel, Jonathan, and Stian Westlake. 2018. "Intangibles, Investment, Productivity, and Secular Stagnation." Pp. 91-117 in *Capitalism without Capital: The Rise of the Intangible Economy*. Princeton.

***** DUE OCTOBER 25: EMPIRICAL RESULTS SUMMARY *****

RACE AND GENDER INEQUALITY

Week 10 (November 1): Workplace Segregation

Ferguson, John-Paul, and Rembrand Koning. 2018. "Firm Turnover and the Return of Racial Establishment Segregation." *American Sociological Review* 83(3):445-474.

Huffman, Matt L., Philip N. Cohen, and Jessica Pearlman. 2010. "Engendering Change: Organizational Dynamics and Workplace Gender Desegregation, 1975-2005." *Administrative Science Quarterly* 55(2):255-277.

Week 11 (November 8): Evaluation

Castilla, Emilio J. 2008. "Gender, Race, and Meritocracy in Organizational Careers." *American Journal of Sociology* 113(6):1479-1521.

Jeong, Seung-Hwan, and David A. Harrison. 2017 "Glass Breaking, Strategy Making, and Value Creating: Meta-analytic Outcomes of Women as CEOs and TMT Members." *Academy of Management Journal* 60(4):1219-1239.

BROADER PERSPECTIVES AND CONCLUSIONS

Week 12 (November 15): Postcorporate Possibilities and the Gig Economy

Davis, Gerald F. 2016. "Silver Linings," "Possible Postcorporate Futures," and "Navigating a Postcorporate Economy." Pp. 151-162, 167-189 in *The Vanishing American Corporation*. Berrett-Koehler.

Abraham, Katharine G., John Haltiwanger, Kristin Sandusky, and James Spletzer. 2019. "The Rise of the Gig Economy: Fact or Fiction?" *AEA Papers & Proceedings* 109:357-61

Gig Economy Data Hub, from the Future of Work Initiative of the Aspen Institute:
<https://www.gigeconomydata.org/basics>

***** DUE NOVEMBER 15: ROUGH DRAFT *****

Week 13 (November 22): Contextualizing Corporations: The Political Dimension

Winkler, Adam. 2018. "In the Beginning, America Was a Corporation." Pp. 3-31 in *We the Corporations: American Business Won Their Civil Rights*. Norton.

Ciepley, David. 2013. "Beyond Public and Private: Toward a Political Theory of the Corporation." *American Political Science Review* 107(1):139-158.

Thanksgiving Break (November 29): No Class

Week 14 (December 6): Fixing Corporations: Shareholder Value and Antitrust

Stout, Lynn. 2012. "Short-Term Speculators Versus Long-Term Investors," "Keeping Promises to Build Successful Companies," and "Hedge Funds versus Universal Investors." Pp. 63-94 in *The Shareholder Value Myth*. Berrett-Koehler.

Wu, Tim. 2018. "Chicago Triumphant" (selections), "The Rise of the Tech Trusts," and "A Neo-Brandeisian Agenda." Pp.110-139 in *The Curse of Bigness: Antitrust in the New Gilded Age*. Columbia Global Reports.

***** FINAL PAPER DUE WEDNESDAY, DECEMBER 11 AT NOON *****