

**Global Financial Markets, Institutions, and Crisis**  
Soc. 190 – Spring 2012 – Tues. 10-12 – 115 Kroeber

Instructor: Abby Larson

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Office Hours: Tuesdays 1-2 p.m. (*see syllabus for exceptions*)

Office Hours Location: Barrows Hall, Room 474

*Course Description*

This course examines financial crisis, covering a wide array of theory, method and substance. Students gain mastery of research methods, as well as an introduction to the underlying strands of research in economic sociology, sociology of finance, and organizations. The course explores the financial crisis of 2008 and its articulation in the U.S. and Europe through a variety of qualitative materials (books, films, and interview transcripts). Core questions address the causes of financial crisis, the financial turn in the U.S. and global economy, key aspects of Wall Street institutions including firms and the state regulatory system, financial crisis in Europe, and responses to the financial crisis including regulatory and popular movements such as Occupy Wall Street. As part of the course, students carry out their own research project on a theme related to financial crisis.

**Required Texts and Course Website:**

All required texts are posted on the course's website at <https://bspace.berkeley.edu>

**Course Requirements**

Class Participation	20%
Reading Memos	20%
Research Memos	15%
Presentation	15%
Final Paper	30%

**Class Participation (20% of the grade)**

When it comes to a seminar, a great class depends on great discussions, and great discussions depend on all participants showing up ready to talk about the readings. **Come to each class having prepared one or more analytical questions about the readings.** These questions will guide our discussions, and we'll begin each meeting by going around the room and sharing them. I encourage everyone to bring any interesting articles, news reports, or texts related to the crisis to the attention of the class. You are welcome to bring them to class or my office hours, post them to our bspace page (under "Forums"). Attendance in class is required and will be factored into your participation grade. I ask all students to shut off laptops and cell phones before class begins.

## **Memos (35% of the grade)**

Students are required to turn in seven memos. Four of the memos will be responses to the reading. The other three are research memos that develop your final paper. Each memo is worth up to five points.

Reading Memos (4 memos, 5 points each, for 20% of the class grade). These should be one- to two-page (double spaced) responses to the readings submitted at the end of the class on the weeks of your choosing. In a reading memo you will take one or more of the readings and question them, challenge them, juxtapose them with some other text we've read in the class, or use them to reflect on a real-life situation. **Three of these are due before Spring Break.**

Research Memos (3 memos, 5 points each, for 15% of the class grade). These memos are designed to help you write the final paper and get feedback on your work throughout the semester. I'll provide detailed instructions for each as the semester starts.

*Research Memo 1: Research question and methods (February 7)*

*Research Memo 2: Literature Review (February 21)*

*Research Memo 3: Data and Findings (March 13)*

## **Presentation (15% of the grade)**

The days of April 14, 20th and April 27th have been set aside for in-class presentations of the research projects. You will have the chance to learn about your fellow classmates' research, and to get feedback on your own research before you turn in the final paper.

## **Final Paper (30% of the grade)**

This is a 12-15 page research paper analyzing some aspect of the financial crisis. It is due on the last class day of the semester, May 3rd, in my mailbox in 410 Barrows by noon. I will provide additional details about this at the start of the semester.

## **Missed/Late Papers**

There will be a 10% grade reduction for every day a paper is late.

## Academic Honesty

The Sociology Department's official plagiarism policy:

All written work submitted in a course, except for acknowledged quotations, is to be expressed in your own words. It should also be constructed upon a plan of your devising. Work copied from a book, from another student's paper, or from any other source is not acceptable. **A student who submits such copied work will, under University rules, receive an F grade for the work in question and/or for the whole course, and will also be liable for referral to Student Judicial Affairs** for further disciplinary action. Moderate quotation for illustrative ends is often advantageous. Such passages must be placed within quotation marks or otherwise identified. Moreover, if reliance is placed upon a particular work for ideas, acknowledgement must be made. Your instructor will be glad to answer questions as to the proper use of footnotes and citations for identification of sources.

If you have any additional questions about citations, academic honesty, or plagiarism, please speak with me and/or consult the University guidelines (available online at <http://www.lib.berkeley.edu/instruct/guides/citations.html>).

## Course Schedule

### **Week 1: Welcome** **January 17**

“The Giant Pool of Money” *This American Life*, Episode 355

Listen online: <http://www.thisamericanlife.org/radio-archives/episode/355/The-Giant-Pool-of-Money>

OR, read online: <http://www.thisamericanlife.org/radio-archives/episode/355/transcript>

### **Week 2: Foundations** (*office hours this week will be Monday, January 23 from 1-2*) **January 24**

Brewster Stearns, Linda and Mark Mizruchi. 2005. “Banking and Financial Markets.” In *The Handbook of Economic Sociology*. Smelser, Neil J. and Richard Swedberg (eds.) New York: Princeton University Press.

Smelser, Neil J. and Richard Swedberg. “Introducing Economic Sociology.” 2004. In *The Handbook of Economic Sociology*, Second Edition. Princeton, NJ: Princeton University Press & The Russell Sage Foundation.

Lewis, Michael. 2010. *The Big Short: Inside the Doomsday Machine*. Norton: New York. (*selected chapters*).

### **Week 3: Financial Crisis and Market Society** **January 31**

Polanyi, Karl. 1960. *The Great Transformation*. Boston: Beacon Press.

Introduction by Fred Block (pp xviii – xxxvii)

Chapter 1: The Hundred Years’ Peace

Chapter 2: Conservative Twenties, Revolutionary Thirties

Chapter 4: Societies and Economic Systems

Chapter 6: The Self-Regulating Market and Fictitious Commodities

Lowenstein, Roger. 2000. *When Genius Failed: The Rise and Fall of Long-Term Capital Management*. New York: Random House. (*selected chapters*).

*Recommended:*

Marx, K., and Engels, F. *Karl Marx: Selected Writings* (Lawrence H. Simon, Ed.) Indianapolis: Hackett Publishing Co. “The Communist Manifesto” (Pp. 157 – 186) and “The German Ideology” (Pp. 103 – 121)

Kindleberger, Charles Poor and Robert Z. Aliber. 2005. *Manias, Panics, and Crashes: A history of Financial Crises*. Hoboken, N.J.: John Wiley & Sons. See Chapter 1

**Week 4: The Financial Turn and the CDO**

**February 7**

*Research Memo One (Question and Methods) is due this week*

Knorr-Cetina, K. and Alex Preda. 2005. “Introduction” Pp 1 – 14 in *The Sociology of Financial Markets*. New York: Oxford University Press

Krippner, Greta. 2005. “The Financialization of the American Economy.” *Socio-Economic Review* 3: 173-208

Tett, Gillian. 2009. *Fool's Gold: How the Bold Dream of a Small Tribe at J.P. Morgan was Corrupted by Wall Street Greed and Unleashed a Catastrophe*. New York: Free Press. (Selected chapters)

*Recommended:*

Ferguson, Niall. 2008. *The Ascent of Money: A Financial History of the World*. New York: Penguin Press. Chapter 2 (“Of Human Bondage”)

Davis, Gerald F. 2009. *Managed by the Markets: How Finance Reshaped America*. Oxford; New York: Oxford University Press. Chapter 1 (“The New Financial Capitalism”)

Kindleberger, Charles Poor and Robert Z. Aliber. 2005. *Manias, Panics, and Crashes: A History of Financial Crises*. Hoboken, N.J.: John Wiley & Sons. Chapter 6 (“Euphoria and Economic Booms”)

**Week 5: Finance and Firms**  
**February 14**

Zorn, D., Dobbin, F., Dierkes, J., Kwok M-S. 2005. "Managing Investors: How Financial Markets Reshaped the American Firm." Pp. 269-289 in *The Sociology of Financial Markets* (ed. K Knorr Cetina, A Preda). London: Oxford University Press

*Recommended:*

Fligstein, Neil. 1990. *The Transformation of Corporate Control*. Cambridge: Harvard University Press. Chapter 1 ("Introduction") and Chapter 7 ("The Finance Conception of Control")

**Week 6: Wall Street Part One**  
**February 21**

*Research Memo Two (Literature Review) is due this week*

Ho, Karen. 2009. *Liquidated: An Ethnography of Wall Street*. Durham: Duke University Press. Pp 4-13 ("Wall Street Habitus: The Cultural Production of Liquidation"), Pp. 73-121 ("Chapter 2: Wall Street's Orientation: Exploitation, Empowerment, and the Politics of Hard Work")

Lewis, Michael. 1990. *Liar's Poker: Rising through the Wreckage on Wall Street*. New York: Penguin Books (Selected chapters)

*Recommended:*

Film: "Inside Job" written and produced by Charles Ferguson.  
<http://www.sonyclassics.com/insidejob/>

**Week 7: Wall Street Part Two**  
**February 28**

Ho, Karen. *Liquidated*. Pp. 213-248 ("Chapter 5: Downsizers Down-sized: Job Insecurity and Investment Banking Corporate Culture"), Pp. 249-293 ("Chapter 6: Liquid Lives, Compensation Schemes, and the Making of (Unsustainable) Financial Markets")

Lewis, Michael. 1990. *Liar's Poker: Rising through the Wreckage on Wall Street*. New York: Penguin Books (Selected chapters)

*Recommended:*

"Margin Call," written and directed by J.C. Chandor.  
<http://margincallmovie.com/>

**Week 8: Inequality, the Housing Bubble, and Occupy Wall Street**  
**March 6**

Katz, Alyssa. 2009. *Our Lot: How Real Estate Came to Own Us*. New York: Bloomsbury. Chapters 1-3

Williams, Richard, Reynold Nesiba, and Eileen Diaz McConnell. 2005. "The Changing Face of Inequality in Home Mortgage Lending." *Social Problems* 52:181-208

Kim, Richard. 2011. "The Audacity of Occupy Wall Street." *The Nation*. <http://www.npr.org/2011/11/07/142092366/the-nation-the-audacity-of-occupy-wall-street>

*Recommended:*

Katz, Alyssa. 2009. *Our Lot: How Real Estate Came to Own Us*. New York: Bloomsbury. Ch 4, 5, 6, Epilogue

Baker, Tom, and Moss, David. 2009. "Government as Risk Manager." Pp. 87 – 109 in *New Perspectives on Regulation*, edited by David Miss and John Cistermino.

Tobin Project Harvey, David. 2009. "The Crisis and the Consolidation of Class Power: Is This Really the End of Neoliberalism?" *Counterpunch* (March 13).

**Week 9: Crisis in Europe** (*Office hours this week will be Monday, March 12 from 1-2 p.m.*)  
**March 13**

*Research Memo Three (Data and Findings) is due today*

Fligstein, Neil. 2008. *Euroclash: The EU, European Identity, and the Future of Europe*. Oxford: Oxford University Press. Pp. 32-61 (Chapter Two: "Constructing Politics and Markets: The Formation of the European Union 1958-2004).

"Europe's Rescue Plan," *The Economist*. October 29, 2011.  
<http://www.economist.com/node/21534849>

*Recommended:*

Fligstein, Neil. 2008. *Euroclash: The EU, European Identity, and the Future of Europe*. Oxford: Oxford University Press. (Chapter Three: "The Economic Transformation of Europe").

**Week 10: Spring Break – No Class, No Office Hours**  
**March 20**

(Remember that three *Reading Response Memos* are due before this week)

**Week 11: Regulation, Finance and the State**  
**March 27**

Krippner, Greta. 2007. "The Making of US Monetary Policy: Central Bank Transparency and the Neoliberal Dilemma." *Theory and Society* 36: 477-513

Wessel, David. 2009. *In Fed We Trust: Ben Bernake's War on the Great Panic*. New York: Crown Business. (selected chapters).

"Central Bankers to the Rescue?" *The Economist*, August 13, 2011  
<http://www.economist.com/node/21525900>

*Recommended:*

Krippner, Greta. 2011. *Capitalizing on Crisis: the Political Origins of the Rise of Finance*. Harvard: Harvard University Press. (Introduction)

Helleiner E. 1995. "Explaining Globalization of Financial Markets: Bringing the States Back In." *Review of International Political Economy* 2

Carruthers, Bruce G. and Arthur Stinchcombe. 1999. "The Social Structure of Liquidity: Flexibility, Markets and States." *Theory and Society* 28: 353-382

**Week 12: Economists and Experts**  
**April 3**

**Guest speaker: TBD**

MacKenzie, Donald. 2011. "The Credit Crisis as a Problem in the Sociology of Knowledge," *American Journal of Sociology*, 116:6.

Cassidy, John. 2010. "After the Blowup: Laissez-faire economists do some soul-searching-and-finger-pointing." *New Yorker* 84(44): 28

*Recommended:*

Lowenstein, Roger. 2008. "Triple-A Failure" *New York Times Magazine*, April 28. Available online: <http://www.nytimes.com/2008/04/27/magazine/27Credit-t.html?pagewanted=print>



Zuckerman, Ezra W. 2004. "Structural Coherence and Stock Market Activity"  
*American Sociological Review* 69(3): 405-432

**Week 14: Presentations of work in progress**  
**April 10**

*Presentations due*

**Week 15: Presentations of work in progress**  
**April 17**

*Presentations due*

**Week 16: Presentations of work in progress**  
**April 24**

*Presentations due*

**Final Papers are due in my mailbox in 410 Barrows by noon on Friday, May 4th**