

Sociology 120

Spring 2017

## **ECONOMY AND SOCIETY**

### **Lecture instructor**

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### **Section instructors**

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Office hours and office locations will be announced.

### 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, financialization, and commodification.

The fourth part is devoted to a discussion of the reasons for the Great Recession that started in 2008 and still continues in some parts of the world. 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 12.30-2 pm). In addition students are required to attend weekly sections to discuss course content and readings with one of the Graduate Student Instructors (GSI). The readings complement the content of the lectures. Students are strongly recommended to thoroughly read the material and prepare it for each lecture and section. Preparation implies that students can recap the content of the readings, identify the main arguments and explain the main conclusions, as well as ask questions if they have problems to understand the whole or parts of the text.

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. Even though discussions will mainly take place in the sections, students are also encouraged to ask questions in the lecture, especially if presentations are difficult to follow or are unclear (most likely you are not the only one who cannot follow). Your questions help me to make myself clearer and are therefore an important contribution to the success of the course.

## **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). The GSIs are happy to discuss ideas and outlines prior to submission.

- 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 exam:* The final 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.

In addition you are expected to *attend lectures and sections* and *participate in discussions*.

## **Evaluation**

- Attendance and participation: 20%
- Essay: 20%
- Take-home exam: 20%
- Final exam: 40%

## **Due dates**

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

Essay: March 2, 11:59 pm

Take-home exam: April 6, 11:59 pm (questions will be announced on March 23)

Final exam: date and time to be announced

## **Communication**

Communication is very important for a smooth facilitation of the course. Students are strongly encouraged to visit me and the GSIs during our 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 17 Introduction

### **Part I: Spotlights on economic and social thought**

January 19 **A. SMITH:** Capitalism and wealth

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

January 24 **K. MARX:** Capitalism and accumulation

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

January 26 **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 31 **J. M. KEYNES:** Capitalism and demand

A. P. Lerner, 'Mr. Keynes General Theory of Employment, Interest and Money' (*International Labour Review*, Vol. 152), pp. 37-46.

February 2 **T. VEBLEN:** Capitalism and waste

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

February 7 **M. FRIEDMAN:** Capitalism and freedom

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

February 9 **T. PIKETTY:** Capitalism and inequality

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

February 14 **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 16: **MONEY**

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

February 21: **FINANCE**

M. Itoh and L. Lapavistas, 'The Credit System' (from their book *Political Economy of Money and Finance*), pp. 83-101.

February 23: **MARKETS**

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

February 28: **LABOR MARKETS**

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

March 2: **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 7: **SHAREHOLDER VALUE**

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

March 9: **FROM MULTINATIONAL FIRMS TO GLOBAL VALUE CHAINS**

J. Bair, 'Global Commodity Chains' (in J. Bair, ed., *Frontier of Global Commodity Research*), pp. 1-34.

March 14: **STATES**

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

March 16: **VARIETIES OF CAPITALISM**

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

### **Part III: Capitalist transformations**

March 21: **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.

March 23: **NEOLIBERALISM**

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

April 4: **FINANCIALIZATION**

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

April 6: **COMMODIFICATION**

C. Leys, 'Markets, Commodities, Commodification' (from his book *Market-Driven Politics*), pp. 81-107.

**Part IV: Capitalism in crisis**

April 11 and 14: **CAUSES AND CONSEQUENCES OF THE GREAT RECESSION**

P. Lysandrou, 'Global inequality as one of the root causes of the financial crisis' (*Economy and Society* Vol 40, No 3), pp. 323-344.

G. Duménil and D. Lévy, 'The Crisis of the Early 21<sup>st</sup> Century: Marxist Perspectives' (in R. Bellofiore and G. Vertova, eds., *The Great Recession and the Contradictions of Contemporary Capitalism*), pp. 26-49.

**Part V: Alternatives to capitalism**

April 18: **DE-GROWTH**

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

April 20: **DEMOCRATIC PLANNING**

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

April 25 and 27: Discussions and revisions.