

Soc. 120
Summer, 2012
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Economy and Society

This course introduces students to the study of economic relations as social relations. Unlike neo-classical economics, which mainly posits markets and market behavior as a unique (and rational) type of activity, sociology has long argued that economic life is profoundly social, and is intertwined with all forms of social relationships. Specifically, in capitalist societies, markets are culturally informed and institutionalized, and market activities are shaped by the exercise of power by both governmental and non-state actors. We now live in an era dominated by neo-liberal policies that promote free trade, free markets, deregulation of economic activity and tax policies in the name of innovation and economic growth. Sociology offers a fundamental critique of the assumptions that lie at the root of neo-liberalism, and indeed shows that the very concept of the holy grail of neo-liberalism—the free market—is an abstraction that bears little resemblance to real economic relations. Clarification of the social character of markets is not just an intellectual exercise: neo-liberal dogma obscured government's ability to anticipate the catastrophic collapse of the world's financial markets in 2008, and continues to undermine government's ability to enact policies that might prevent the crisis from re-emerging in the future. In the wake of that crisis, and the longer-term trends that gave birth to it, a number of possible futures for capitalist societies are being openly discussed in civil society, a fertile discussion that was unleashed in the U.S. by last Fall's Occupy Wall Street movement, and is reflected around the world in the protests of the Arab Spring, the Anti-Corruption Movement of India, and the desperate struggles of Greek, Spanish and Italian labor unions and progressive political parties.

This course provides students with the sociological tools to make sense of this dangerous yet exciting time, a moment when neo-liberalism's hegemony is being seriously challenged. It does so in four units: first, we study the economy in the rich theoretical traditions in which modern sociology is grounded. Second, we study the conception of economics as a type of social activity by looking at the concepts of property, markets, firms, and labor from the vantage point of sociology. Third, we will apply the tools of economic sociology to the study of the economic crisis of 2008 and its aftermath. Fourth, we will look at possible futures for capitalism in the coming years, and the on-going struggles for social justice in this era.

For many students, the study of economics and the sociology of economic life may feel like a daunting challenge, as the issues we will discuss have complex technical rationales and arguments behind them. As well, some students may well feel that the discussion of economics is off limits to them, as they have had little personal experience with many of the economic activities we will study. For those of you who are reluctant to engage with this material, here is the motivation I wish for you: since all of us are deeply

affected by the workings of the economy, it behooves all of us to become literate in the nature of economic life, not just to understand society, but to change it.

Course Readings:

- Neil Fligstein, The Architecture of Markets Princeton, N.J.: Princeton University Press, 2001
- Bethany MacLean and Joe Nocera All the Devils are Here: The Hidden History of the Financial Crisis N.Y.: Penguin Press, 2011
- All readings marked (R) are accessible on the Soc. 120 course site on bspace, on the Resources page.

Course Requirements: The final grade for this course will be based on the following criteria: (1) class participation, which includes both attendance and participation in class discussions (25%); (2) two midterm exams (20% of final grade each), consisting of two essay questions chosen from a list of seven questions that will be distributed a week before the exam; and (3) a cumulative final exam, which will also consist of two essay questions selected from a list of seven questions (35% of final grade).

Calendar of Course Topics and Readings

May 21: Introduction to the course

May 22: neo-liberal economic assumptions about the individual and society

Reading: E. Roy Weintraub, "Neoclassical Economics" [R]; J. Williamson, "A Short History of the Washington Consensus" [R]

Unit I: Sociological Theories of Economic Life

May 23: Sociological Theories of Economic Life (I)

Reading: Durkheim, Emile selections from The Division of Labor [R]

May 24: Sociological Theories of Economic Life (II)

Reading: Marx, Karl, Preface, The Critique of Political Economy [R]
Selections from Capital [R]

May 28: HOLIDAY

May 29: Sociological Theories of Economic Life (III)

Reading: Weber, Max selections from Economy and Society [R]; Richard Swedberg, selection from Economic Sociology of Capitalism [R]

Polanyi, Karl, selections from The Great Transformation [R]

Unit II. The Social Constitution of Markets

May 30: Markets as a field

Neil Fligstein, The Architecture of Markets, Ch.1

May 31: The pre-conditions for markets

Reading: Neil Fligstein, The Architecture of Markets, Ch. 2

JUNE 4 MIDTERM EXAM #1

June 5-June 6: The emergence, stabilization and transformation of markets

Reading: Neil Fligstein, The Architecture of Markets, Chs.3, 4

June 7: The formation of labor markets

Reading: Neil Fligstein, The Architecture of Markets, Chs. 5

June 11: Catch up day

Unit III. The Mortgage Securitization Crisis of 2008

June 12: Globalization and securitization

Reading:

June 13: The rise of shareholder value in the United States

Reading: Neil Fligstein, The Architecture of Markets , Ch.7

Useem, Michael, "The Rise of Shareholder Value" Executive Defense, Harvard University Press, 1993, Ch. 2 [R]

June 14: Securitization, neo-liberalism and the labor market

Reading: Lopez, Steve, from Reorganizing the Rustbelt [R]

JUNE 18: MIDTERM EXAM #2

June 19: The securitization of the U.S. housing market and the origins of subprime

Reading: MacLean and Nocera All the Devils are Here , Ch. 2-7

June 20: The rise and fall of the sub-prime market

Reading: MacLean and Nocera, All the Devils are Here, Chs. 9-10; 15-19

June 21: The world financial crisis of 2008

Reading: Fligstein, Neil and J. Habinek “The spread of the worldwide financial crisis” [R]

Unit IV: Markets and Social Justice

June 25: Markets and social justice (I): comparative lessons

Reading: Neil Fligstein, The Architecture of Markets, Ch. 10

June 26: Markets and social justice : labor(II)

Reading: Ruth Milkman, selections from L.A. Story [R]

June 27: Markets and social justice (III): Occupy Wall Street and beyond

JUNE 28 FINAL EXAM