

Soc 7: Modern Capitalism

2014 - 2015

Course organizer: Prof. Lawrence King (lk285@cam.ac.uk)

Time: Mondays, 11.00 – 1.00

Room: Mill Lane Lecture Room 11

The paper is designed to teach students the fundamentals of the sociological or “continental” tradition of the Political Economy of Capitalism. Such a broad theme must obviously be selective, but we will cover many crucial works and topics. The student should come away with a good understanding of how the political and economic processes of modern capitalism work, with special focus on the first (the UK) and the biggest (the US) systems. We will also look at whether contemporary capitalism is implicated in the production of global poverty.

This version of political economy is distinct from the Anglo-American tradition that emphasizes individual rationality and formal mathematical models. Instead, it focuses on power in all its forms, and looks at how political and economic forces mutually interact to socially construct the market and the state. It pays special attention to social groups that are anterior to, and participate in, both economic and political struggles (like classes and status groups). Although “continental” political economy is taught and practiced in most of the social science disciplines, it has never been restricted to the academy, and various “radicals” (marxian, anarchist, or other) have always contributed to debates as well.

The course will be held in a seminar style, and students are expected to read the required material and be prepared to discuss the topic question(s). All students must make at least one 10 minute presentation during the two terms. The exam will consist of two parts, each worth 50% of the final grade. In the first part, students will be required to answer 8 out of 10 questions in one paragraph. These questions will be drawn from all weeks of the course. In the second part, students will be required to answer one out of three essay questions.

Supervisions will be arranged with the course organizer.

It is recommended that you buy the following books from any online vendor:

- (1) *Who Rules America*, G. William Domhoff, 2009. McGraw Hill;
- (2) *Field Guide to the Global Economy*, Sarah Anderson et al. 2005. The New Press.

All required and suggested readings will be available in libraries, and most will also be made available in electronic format on Professor King’s website (www.lawreneking.net) under the “course materials” section.

The readings are selective, and while we will address many crucial debates no attempt has been made to assign readings on all sides of these debates or to cover all such debates. Students interested in additional material for any week’s topic should contact the course organizer.

Class 1: Adam Smith and the philosophy of limited *laissez-faire*

No reading.

Class 2: Marx's critique of capitalism

Required reading:

Karl Marx and Friedrich Engels, "Manifesto of the Communist Party" (any version)

and/or

Karl Marx, "Economic and Philosophic Manuscripts of 1844" (in Robert Tucker, *The Marx-Engels Reader* 1978. Norton. Pp. 66-125.)

Suggested reading:

Adam Przeworski, "Proletariat Into a Class: The Process of Class Formation from Karl Kautsky's 'The Class Struggle' to Recent Controversies." in *Politics and Society*, v.7(4) p.343-401, 1977.

Leszek Kolakowski, *Main Currents of Marxism*. 2005. Norton.

Topic questions: (1) What are Marx's major critiques of capitalism? (2) Which predictions have been proven correct after 150 years? Which were incorrect? Why?

Class 3: The transition from feudalism to capitalism

Required reading: Robert Brenner. "Property and Progress: Where Adam Smith Went Wrong" in Chris Wickham, *Marxist History-writing for the Twenty-first Century*. British Academy Occasional Papers. 2007.

Suggested reading: *The Brenner Debate*. Edited by T. H. Aston and C. H. E. Philpin. Cambridge University Press. 1987.

Topic questions: (1) What are the major differences between economic life under feudalism and capitalism? (2) What are the differences between the long-term economic tendencies of feudal and capitalist social property relations? (3) Why did Great Britain emerge as the dominant economic power in the world by the 18th century? (4) Is this analysis still important today?

Class 4: The state and modern capitalism

Required reading:

Max Weber. "Bureaucracy" in *From Max Weber: Essays in Sociology*. Eds. Gerth and Mills. 1946: 196-240.

Ha-Joon Chang. "Kicking Away the Ladder: The 'Real' History of Free Trade". December 2003 FPIF Special Report: 1-20.

Geoff Ingham. "Keynes and Schumpeter" in *Capitalism*. 2008. Polity Press. Pp. 36-52.

Suggested reading:

Block, Fred, and Peter Evans. 2005. "The State and the Economy." Pp. 505-526 in *Handbook of Economic Sociology (second edition)*, edited by Richard Swedberg and Neil Smelser. Princeton: Princeton University Press.

Topic questions: (1) What is the role of the state in capitalist development? (2) What is the relationship between "the state" and "the market" in modern capitalism?

Class 5: Class structure in modern capitalism

Required reading:

G. William Domhoff . "Social Cohesion & the Bohemian Grove: The Power Elite at Summer Camp", U.C. Santa Cruz. April 2005. available at:
http://sociology.ucsc.edu/whorulesamerica/power/bohemian_grove.html

Domhoff, *Who Rules America* 2009. Pp.1-84

Suggested readings:

Maurice Zeitlin, 1974a. "Corporate Ownership and Control: The Large Corporation and the Capitalist Class." *American Journal of Sociology* 79, No. 5 (March): 1073-1119.

John Scott: "Corporate Power and Control in the United States" Pp. 57-78. in *Corporate Business and Capitalist Classes*. 1997. Oxford University Press.

Topic questions: 1) Describe the class structure of contemporary capitalism? 2) Is there a "ruling class" in contemporary capitalism?

Class 6: Capitalism and democracy in the modern period

Required reading:

Goran Therborn, "The Rise of Capital and the Rule of Democracy" *New Left Review*.

Ian Kershaw, "Politics and Economics of the Nazi State" in *The Nazi Dictatorship*. Oxford University Press. 2000. Pp. 47-68.

Suggested reading: Doug McAdam, "The Historical Context of Black Insurgency 1876-1954" pp. 65-115. *Political process and the development of black insurgency, 1930-1970*. University of Chicago Press, 1999.

Topic questions? 1) Is it true that “no bourgeoisie, no democracy?” 2) What is the relationship between capitalist social property rights and democracy? 3) Were the classical liberals correct to worry about the incompatibility of democratic government and capitalist class relations? If they were wrong, why?

Class 7: The origins of American capitalism

Required reading:

Charles Post. “The American Road to Capitalism” *New Left Review*. I/133, May-June 1982.

Kozul-Wright, Richard (1995b), "The myth of Anglo-Saxon Capitalism: Reconstructing the history of the American State", in H.-J. Chang and R. Rowthorn (eds.), *The Role of the State in Economic Change* (Oxford: Clarendon Press).

Suggested reading: Charles Perrow, *Organizing America: Wealth, Power and the Origins of Corporate Capitalism*. 2002. Princeton University Press.

Topic Questions: 1) The US economy is often portrayed as the acme of free markets and private property, which is also seen as the key to its great wealth. Is this common understanding accurate? 2) What is the basis for US “exceptionalism”?

Class 8: Corporations and Democracy in American capitalism

Required reading: G. William Domhoff, “How the Power Elite Dominate Government” *Who Rules America* 2009. McGraw Hill. Pp. 85-113, 147-209.

Suggested reading: The rest of Domhoff.

Topic questions: 1) What is the Power Elite? 2) Are corporations able to dominate the American state? If so, how? 3) Is America different from England, or Continental Europe? If so, in what ways and why?

Class 9: The capitalist class and the state in Great Britain

Required reading:

Geoffrey Ingham. *The City and Industry in British Social Development*. Pp.40-151.

Suggested reading:

John Scott, *Who Rules Britain?* Polity. 1991. Pp. 63-152

Sam Aaronovitch, *The Ruling Class: a study of British Finance Capital*. 1961. Lawrence and Wishart.

John Scott: “Controlling Constellations in Britain” in *Corporate Business and Capitalist Classes*. 1997. Oxford University Press. Pp. 79-91.*

Suggested reading: Ralph Miliband. *The State in Capitalist Society*. 1969. Basic Books.

Topic questions: 1) Is there a ruling class in Britain? 2) If so, who is in it? 3) How is it structured. 4) Is it different from the ruling class in the US?

Class 10: Oligopoly, innovation and the state in contemporary American capitalism

Documentary: *Taken for a Ride*. 1996. Directed by Jim Klein.

Required readings:

Lawrence King, “The Political Power of Oligopolies: Case studies of the American auto, medical insurance, and pharmaceutical sectors”

Fred Block and Matt Keller “Where do Innovations Come From? Transformations in the U.S. National Innovation System 1970-2006” *Socio-Economic Review* 2009 7(3):459-483; doi:10.1093/ser/mwp013

Suggested readings:

Walter Adams and James Brock, *The Bigness Complex*, 2004. Stanford University Press.

Topic questions: 1) What is the relationship between large corporations and the American state? 2) What are the political consequences of giant corporations? 3) Is America the best functioning capitalist system in the world, or the worst? 4) Does America have an “inverse socialism” or “socialism for the rich”? That is, is American political economy characterized by state subsidy for big business and reliance on private markets for workers?

Class 11: Corporate capitalism and the mass media

Required reading: Edward Herman and Noam Chomsky. *Manufacturing Consent: The Political Economy of the Mass Media*. 1988. Pantheon Books. Pp. 1-35, 37-86.

Suggested reading: the rest of Herman and Chomsky.

Topic Question: 1) Does the Propaganda Model apply to Great Britain? If not, why not? 2) What would the propaganda model predict for the coverage of the “Great Recession”?

Class 12: Capitalism and social democracy

Required reading:

Gosta Esping-Andersen. *The Three Worlds of Welfare Capitalism*. Princeton: 1990. Pp. 9-78.

Adam Przeworski, "Social Democracy as a Historical Phenomenon." *New Left Review*. 1980.

Suggested reading: the rest of Esping-Andersen.

Topic Question: 1) What does a two-by-two table that summarizes Esping-Andersen's typology of welfare states look like? What is the causal process that explains which country goes into which box? 2) How does the class model stand-up in today's world? That is, have changes in the class structure had an affect on the welfare systems of the advanced capitalist countries? 3) Can social democracy "transcend" capitalism?

Class 13: The Mondragon Cooperative and worker's democracy

No reading.

Class 14: The political economy of global economic crisis

Required reading:

Geoffrey Ingham "Capital and the Financial Markets" in *Capitalism*. Polity. 2008. Pp. 145-174"

Matt Taibbi, "Inside the Great Bubble Machine" In *Rolling Stone* Issue 1082-83.

Available at:

http://www.rollingstone.com/politics/story/29127316/the_great_american_bubble_machine

Suggested reading:

Robert A. Blecker. *Taming global finance: A better architecture for growth and equity*. Economic Policy Institute. 1999.

Robert Brenner, "What's Good for Goldman Sachs is Good for America: The Origins of the Current Crisis". 2009. Pp. 1-73.

Topic questions: (1) What are the causes of the Great Recession? (2) How should the global economy be reformed? (3) What are the causes of Financial Crises? What can be done about them?

Class 15: Capitalism and global poverty

Required reading: Sarah Anderson et al. *Field Guide to the Global Economy*. 2005. The New Press. Pp. 28-95.

Suggested reading:

Michael. Chossudovsky. *The Globalization of Poverty: Impacts of IMF and World Bank Reforms*. 1998. London: Zed Books. pp.15-72.

Paul A. Baran, *The Political Economy of Growth*, Monthly Review Press, New York. 1957.

Robert Brenner "The Origins of Capitalist Development: A Critique of Neo-Smithian Marxism" *New Left Review* I/104, July-August 1977.*

Topic questions: (1) Is there too much or too little global capitalism? (2) Why are the Advanced Capitalist countries so much richer than the Less Developed Countries? (3) Are the Advanced Capitalist countries responsible for global poverty?

Class 16: Is advanced capitalism the final mode of production?

Diane Elson "Market Socialism or Socialization of the Market?", *New Left Review* I/172, November-December 1988, pp. 3-44.

Ernest Mandel. "In Defense of Socialist Planning," *New Left Review* I/159, September-October 1986. Pp. 5-37.

Lawrence King and Iván Szelényi, "The Limits of the New Class Project in the West" and "The 'Third Way' as the Fourth Wave of New Class Projects" in *Theories of the New Class: Intellectuals and Power*. University of Minnesota Press, 2004.Pp. 192-243.

Topic questions: (1) Are there viable alternatives to the current organization of Advanced Capitalist economies? (2) Are we stuck with capitalism forever? If so, is that a bad thing?

Student Feedback:

Your chance to put forward your opinions on the papers you take!

For Sociology Papers, student feed-back is collected via hard-copy anonymous questionnaires distributed at various points in the academic year. It is crucial that you fill these out and give feedback on your papers. Getting good feedback from students makes the course better and shows the outside world how Cambridge degrees consider their students views.

Course organisers take students' concerns and suggestions into consideration each year when preparing their paper outlines and selecting supervisors for the year. So please remember to fill out a form.