

4305033CR
Sociology of Contemporary Capitalism:

Lucio Baccaro
Wednesday 8:15-10:00
M2193

This course examines contemporary capitalism from the perspective of comparative political economy. This perspective uses a richer and more complex theory of action than economics: notions of equity, social comparisons, group norms, and economic institutions play a more important role.

The first part of the course examines theoretical paradigms for the analysis of comparative capitalism. The second part analyzes the origins and social consequences of the financial crisis of 2008-2009 in America, the Euro crisis, and the debate around austerity. It also examines what appears in retrospect as a general rehearsal of the events that happened ten years later: the Asian Crisis of 1997-98. Other topics examined in the course are: top inequality, labor markets flexibility, and the evolution of industrial relations.

Structure of Class

This course is in English.

Classes will have the following structure: the first half of class will be devoted to a presentation of the day's theme by the professor; in the second half two groups of students will debate the same issue from two different points of view. A class debate will follow.

Active student participation in class is extremely important for a mutually-beneficial learning experience.

Each student will work with other students to present a thesis and defend it in a public debate at least once in the semester. The goal of the presentations is to persuade the audience.

Assignments and Evaluation Criteria

The final grade will depend on the following criteria:

- 1) *A final oral exam*: The oral exam will be structured as follows: 1) each student will randomly select three questions from a list; 2) he/she will be asked to respond to those questions; 3) the total duration of the exam will be of 15 minutes. The exam is worth 85 percent of the grade. The language of the exam can be either

French or English. The evening before each class, the overheads used in class will be posted on Chamilo. The oral exam will be based on the class readings and on the overheads.

- 2) Student debates. In each class one group of students will defend a thesis and another group of students will defend the opposite thesis. A debate will follow. The students' group performance in the presentation of the thesis and in debate is worth 10 percent of the grade.
- 3) Class participation. Students are asked to come to class in time, well-prepared (having read the assignments for the day), and ready to participate in class discussion. Class participation is worth 5 percent of the grade.

Course Content and Readings

Sept. 21, 2016

Class 1: Comparative Capitalisms: The Variety of Capitalism Approach

Soskice, David. 1999. "Divergent Production Regimes: Coordinated and Uncoordinated Market Economies in the 1980s and 1990s."

Estevez-Abe, Margarita, Torben Iversen and David Soskice. 2001. "Social Protection and the Formation of Skills: A Reinterpretation of the Welfare State."

Sept. 28: NO CLASS

Oct. 5, 2016

Class 2: From Unions and Governments to Firms as Key Actors

Pizzorno, Alessandro. 1978. "Political Exchange and Collective Identity in Industrial Conflict."

Korpi, Walter. 2006. "Power Resources and Employer-Centered Approaches in Explanations of Welfare States and Varieties of Capitalism: Protagonists, Consenters, and Antagonists."

Oct. 12, 2016

Class 3: The Liberalization Critique

Glyn, Andrew. 2006. *Capitalism Unleashed: Finance, Globalization, and Welfare*, chapters 2 & 3

Streeck, Wolfgang. 2010. "E Pluribus Unum? Varieties and Commonalities of Capitalism."

Oct. 19, 2016

Class 4: The Growth Model Perspective

Lavoie, Marc and Engelbert Stockhammer. 2012. "Wage-Led Growth: Concept, Theories and Policies."

Baccaro, Lucio and Jonas Pontusson. 2016. "Rethinking Comparative Political Economy: The Growth Model Perspective."

Oct. 26, 2016

Class 5: The Origins of the Global Crisis

Krugman, P. (2009) *The Return of Depression Economics and the Crisis of 2008*: Chs. 7-10.

Stiglitz, J. (2009) *Freefall: Free Markets and the Sinking of the Global Economy*, Chs. 1-2.

Theses for discussion:

- 1) *There is one way to organize a capitalist economy and it involves free markets for goods, capital, and labor*
- 2) *There are multiple ways to organize a capitalist economy and they do not necessarily involve free markets for goods, capital, and labor*

Nov. 2, 2016

Class 6: The Asian Crisis of 1997-1998

Stiglitz, J. (2002) *Globalization and Its Discontents*: Ch. 4.

Krugman, P. (2009) *The Return of Depression Economics and the Crisis of 2008*: Chs. 3-6.

Theses for discussion:

- 1) *The financial crisis of 2008-2009 shows that insufficient regulation leads to crisis and stagnation*
- 2) *The financial crisis of 2008-2009 shows that government intervention (for example government's desire to increase home ownership) leads to crisis and stagnation*

Nov. 16, 2016

Class 7: The Top 1 Percent: Do They Deserve What They Have?

Mankiw, N. G. (2013). "Defending the One Percent."

Bivens, J. and L. Mishel (2013). "The Pay of Corporate Executives and Financial Professionals as Evidence of Rents in Top 1 Percent Incomes."

Theses for discussion:

- 1) *The Asian crisis was the result of the imperfections of the Asian model of capitalism*
- 2) *The Asian crisis was the result of trying to introduce the Western model of capitalism in Asian countries*

Nov. 23, 2016

Class 8: Labor Market Reform: Does It Help?

Siebert, H. (1997) 'Labor Market Rigidities: At the Root of Unemployment in Europe',

Baccaro, L. and Rei, D. (2007) 'Institutional Determinants of Unemployment in OECD Countries: Does the Deregulatory View Hold Water?',

Theses for discussion:

- 1) *The top 1% deserve what they have: riches and status.*
- 2) *The top 1% do not deserve what they have: riches and status*

Nov. 30, 2016

Class 9: The Crisis of Trade Unions and Industrial Relations

Baccaro, L. and Howell, C. (2011) 'A Common Neoliberal Trajectory: The Transformation of Industrial Relations in Advanced Capitalism.'

Thelen, K. A. (2001) 'Varieties of Labor Politics in the Developed Democracies'. In Hall, P. A. and Soskice, D. (eds) *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*, New York, Oxford University Press, pp. 71-103.

Theses for discussion:

- 1) *Labor market liberalization is necessary to improve labor market performance*
- 2) *Labor market liberalization is not necessary and possibly counterproductive for labor market performance*

Dec. 7, 2016

Class 10: The Sovereign Debt Crisis & Austerity I

Scharpf, F. (2011). "Monetary Union, Fiscal Crisis and the Preemption of Democracy."

De Grauwe, P. (2013). "Political Economy of the Euro."

Theses for discussion:

- 1) *Industrial relations in all countries are undergoing the same trajectory of liberalization*
- 2) *Industrial relations are undergoing different trajectories in different countries and not necessarily of liberalization*

Dec. 14, 2016

Class 11: The Sovereign Debt Crisis & Austerity II

Frenkel, Roberto and Martin Rapetti. 2009. "A Developing Country View of the Current Global Crisis: What Should Not Be Forgotten and What Should Be Done."

Sinn, Hans-Werner. 2014. "Austerity, Growth and Inflation: Remarks on the Eurozone's Unresolved Competitiveness Problem."

Theses for discussion:

- 1) *The Euro crisis was mainly caused by the fiscal profligacy of certain countries*
- 2) *The Euro crisis was not mainly caused by the fiscal profligacy of certain countries*

Dec. 21, 2016

Class 12: The German Wage Moderation and Its Consequences

Heiner Flassbeck and Costas Lapavistas, 2013. "The Systemic Crisis of the Euro: True Causes and Effective Therapies."

Storm, Servaas and C. W. M. Naastepad. 2015. "Crisis and Recovery in the German Economy: The Real Lessons."

Theses for discussion:

- 1) *For Southern European countries leaving the Euro would be a disaster*
- 2) *For Southern European countries leaving the Euro would not be a disaster*