Course Description and Objectives
Do markets constitute a morally fair and economically efficient means of societal organization? How have market institutions and logics become so pervasive in modern society? This course focuses on the origins and evolution of the institutions of modern capitalism by analyzing the political aspects of markets. The course will critically assess the rise of what Karl Polanyi and Albert Hirschman have referred to as ‘market society,’ a powerful conceptual framework that views the development of modern capitalism not as an outcome of deterministic economic and technological forces, but rather as the result of social and political processes. This will allow us to interrogate the processes through which markets have not only become a legitimate institution of economic exchange, but have also become a pervasive mode of organization across broad arenas of social life. To do so the course will expose students to multi-disciplinary theories of modern capitalism that highlight the normative and moral elements of markets and the role these play in political contestation that have shaped the contemporary capitalist social order.

The course will begin by surveying classic and contemporary theories of markets in political economy and economic sociology before applying these frameworks to a diverse empirical terrain that spans national, regional and local levels of analysis across developing and industrialized countries. For example, we will analyze the political origins of financial markets in early industrial England and the relationship between British state formation, market construction and the imperial project. We will trace the rise of industrialization and the growth of credit and consumption in the post-war period before considering the emergence of neoliberalism, financialization and the current global financial crisis. We will interrogate the roots of the crisis in the creation of esoteric financial instruments as well as the ethics of business practices from Wall Street trading floors to neighborhood level predatory subprime lending. We will analyze mortgage lending practices in the US subprime crisis where large banks have been bailed out while millions of often low-income, elderly and minority homeowners remain underwater. We will also assess the political and moral dimensions of related sovereign debt crises, from the German government’s response to failed private bank lending to Greece and other so-called ‘PIGS’ to the US Supreme Court decisions requiring the Argentinian government to repay sovereign debts held by ‘vulture’ hedge funds. Finally, we discuss emergent models of the ‘sharing economy’ as manifested in ‘market-making’ enterprises such as Airbnb, Uber and Homejoy, whose rapid global diffusion may be the ultimate reflection of the triumph of market logics. We will consider whether their success is best understood as entrepreneurial ventures arising from ‘disruptive’ technological innovations or whether these models are facilitated by increasingly precarious labor market positions amidst declining wages, rising underemployment, inequality and the erosion of state-sponsored social support.
The course thus locates our contemporary moment of neoliberalism and ‘high modernity’ in comparative and historical perspective, by assessing capitalist transformation across both developing and industrialized countries from the 19th century through the present. This approach to analyzing the dynamics of capitalist institutional change facilitates an emphasis on the linkages between structural and ideational transformation in the both industrialized and developing worlds, eschewing this conventional analytic separation to illustrate how the dynamics of capitalist institutional change are inextricably intertwined. Finally, the course will take an actor-centered approach by assessing the role of states and firms as key agents in constructing visions of market society and high modernity, and as crucial participants in the political contestation. This will reveal the constraints and opportunities entailed in capitalist institutional structures, and the extent to which actors can anticipate limits and imagine alternative possibilities.

This elective course is aimed at masters and doctoral students in DUSP, Political Science, HASS and the Sloan School. The themes covered in the course are intended to help graduate students who are preparing for theses, first/second year papers and dissertations to generate concrete research questions. The course has no prerequisites.

Readings
The course will expose students to some of the most creative and cutting-edge work on the politics of markets. To do so it draws on multi-disciplinary readings, particularly from political economy and economic sociology, but also anthropology, history, science and technology studies, economics, postcolonial studies and geography. The readings will be comprised of a mixture of scholarly articles and book chapters, and will average around 3-4 items per week (~100 pages). The course outline also includes an extensive list of further (optional) readings that may be of assistance to students’ thesis and dissertation research. I am happy to work with students to identify additional readings that may assist in advancing their research interests. All required readings will be available on Stellar.

Assessment and Grading
Student assessment will be based on class participation, four short reading response papers, and a final paper or project. The response papers (1 single-spaced page each) should critically engage with readings from selected weeks of the students choosing. The final paper (~15-18 pages) can be written as a research proposal that critically assesses an area of interest to generate original research questions, propositions and testable hypotheses. This is intended to support first/second year papers, dissertation proposals or chapters. Masters students have the option of doing a final project to be decided upon in consultation with the instructor.

The weighted distribution of these assignments in the overall course grade is indicated below.

1. Class participation: 30%
2. Four reading responses: 20%
3. Final paper or project: 50%
COURSE OUTLINE

SECTION I: FOUNDATIONS

Week 1: Introduction and Course Overview  
February 3

Week 2: The Rise of Market Society: Politics and Morality  
February 10

*** No Class on February 17: President’s Day Schedule ***

SECTION II: THE INSTITUTIONS OF EARLY CAPITALISM

Week 3: The Political Origins of Market Institutions  
February 24

Week 4: Industrial Modernity and the Construction of Markets and Firms: Technology, Managerial Rationality, Power and Culture  
March 3

Week 5: Between Tradition and Modernity: The Installation of Colonial Market Institutions and the Nationalist Response  
March 10

Week 6: Governing Economies, Industries and Firms: Macroeconomic Policy and Corporate Governance (1914-1979)  
March 17

*** Spring Break ***

SECTION III: THE RISE OF NEOLIBERALISM AND FINANCE CAPITALISM

Week 7: Constructing Market Society: Consumerism, Credit and Consumption  
March 31

Week 8: Neoliberalism and Globalization  
April 7

Week 9: Finance Capitalism and Financialization  
April 14

Week 10: Regulatory Capture and the Performativity of Economics  
April 21

Week 11: Moral Economy & Business Ethics in the Subprime Mortgage Crisis  
April 28

May 5

Week 13: Students Presentations: Final Paper Proposals and Projects  
May 12
SECTION I: FOUNDATIONS

**Week 1: Introduction and Course Overview**

February 3

Welcome to the course! Discussion of the syllabus, course content and course objectives. We will use a few short pieces (and videos) from the popular press to animate the logic of this course on the institutions of modern capitalism and the rise of market society.

**Background readings**


**Optional background readings**


Or see video at: [http://vimeo.com/32112153](http://vimeo.com/32112153)


**Skim**, focusing on the first and last paragraph.

Week 2: The Rise of Market Society: Politics and Morality  February 10

This week’s readings will establish a basis for understanding the theoretical concept of ‘market society’ from a historical empirical perspective. The readings begin with the path-breaking work of the anthropologist Karl Polanyi and economist Albert Hirschman, and continue with more recent interpretations and extensions in comparative political economy and economic sociology. This will allow us to establish a number crucial questions that will inform our discussions for the rest of the course, including those concerning the normative foundation of markets (are markets moral?) and the relationship between states and markets (are they analytically separate or mutually constitutive spheres?).


Skim


*** NO CLASS ON FEBRUARY 17 ***

(President’s Day Schedule)
SECTION II: THE INSTITUTIONS OF EARLY CAPITALISM

The next two weeks will consider the beginnings of industrial modernity by analyzing the creation and installation of modern market institutions in colonial, post-colonial and imperial societies.

Week 3: The Political Origins of Market Institutions        February 24
This week’s readings will examine the development of early market institutions when capitalism was in its infancy. The readings will highlight the political and social dimensions of market construction with a focus on the rise of finance, which as Carruthers claims is the “sanctus santorium” of economic rationality and efficiency. Finance was central to supporting the emergence of modern industry and the rise of the modern state, as well as funding the imperial project through chartered trading companies like the East India Company.


Optional readings


Week 4 Industrial Modernity and the Construction of Markets and Firms:  
Technology, Managerial Rationality, Power and Culture  

This week’s readings will allow us to critically interrogate the role of technological, managerial, political and cultural factors in the rise of what is arguably the most important early industry: the railroads. Railroads not only facilitated the rise of other key industries such as steel, they also served as a template for both industrial policy within government as well as organizational structure and managerial strategy in large firms. The technological, cultural and political developments not only facilitated new modes of production and distribution, it created a new politics of consumption. These readings will provide a basis for later discussions of market construction in both developing and advanced industrialized countries. It also highlights the rise of corporations as an organizational form and market actors, which will lay a foundation for later discussions on the role of business in society.

Chapter 1.


Alfred Chandler. 1990. Scale and Scope: The Dynamics of Industrial Capitalism. Chapter 1 (pp. 1-13).


Optional Readings

Week 5: Between Tradition and Modernity: The Installation of Colonial Market Institutions and the Nationalist Response

This week will build directly on our earlier discussions by considering the social and political process through which early market institutions were installed in the colonial world in the late nineteenth century. Not only will we shift our empirical focus to colonial contexts, we will also broaden our theoretical lens to include work from scholars who are engaging with political economy from the perspective of history, postcolonial theory and science and technology studies. Additionally, we will discuss both colonial efforts to build liberal market institutions as well as the early nationalist response.


Optional Readings


Week 6: Governing Economies, Industries and Firms: Macroeconomic Policy and Corporate Governance

March 17

This week’s readings address the politics of market institutions from the macro, meso and micro levels of analysis: macroeconomic and industrial policy as well as firm-level organizational strategy in the twentieth century. The goal is to understand the contemporary relationship between macro-institutions and corporate organization in the global economy. To do so we consider the rise period bookended by the First World War and the Twin Oil Crises (roughly, the period between the ‘first’ and ‘second’ globalizations, and also the rise and fall of Keynesian macroeconomic policy, and the collapse of the Bretton Woods monetary system). We will simultaneously consider how external developments in market regulation drove internal firm level structural transformations of the largest industrial corporations in the US, from hierarchical vertically integration to market-oriented global fragmentation captured by the contemporary global value chain analytic. We will link this with an analysis of attempts to ‘govern the market’ through multinational firms and large business groups industrial policy in ‘dependent’ and ‘developmental states’ in Asia and Latin America. The overall goal is to highlight the interconnected relationship between nations and firms through market institutions. We will do from a variety of theoretical perspectives: comparative political economy, economic sociology and development economics.


Optional Readings


*** SPRING BREAK ***
SECTION III: THE RISE OF NEOLIBERALISM AND FINANCE CAPITALISM

Having established a solid theoretical and empirical foundation for the analysis of the institutions of modern capitalism and the rise of ‘market society’, the second half of the course will build explicitly on the material discussed to date to consider the contemporary period of ‘neoliberalism’. In particular, we will use the 2007-8 as the fulcrum around which the readings and our discussion will be oriented. This will allow us to consider how structural, cultural and ideational transformations over the past three decades have shaped the political conflicts in markets in the current moment.

Week 7: Constructing Market Society: Consumerism, Credit & Consumption
March 31

This week’s readings will facilitate a discussion of consumerism and consumption as cultural phenomena and material practices that were essential elements of the consolidation of mid-twentieth century capitalism. Crucially, this is so in both developing and industrialized countries, not least given the post war economic boom. As such we will assess the rise of consumerism and consumption alongside the tensions that came to fore in welfare state capitalism with the economic decline of the 1970s in the rich countries, as well as the disappointment of post-war development strategies in much of the third world (outside of the East Asian NICs). We will see how political actors sought antidotes to common phenomena of economic stagnation, political strife and ideological polarization between left and right in mass consumerism, and how this shaped the trajectories of institutional change in both rich and poor countries as both sought more explicit market-based solutions: individual consumer and housing credit expansion in the US (especially in the newly developed suburbs), and rising national debt in the developing world. This will set the stage for our discussion of the rise of finance, the process of financialization, and ultimately the financial crisis in the ‘neoliberal’ period that we will cover in the third section of the course.


Optional Readings


Week 8: Neoliberalism and Globalization  
April 7

This week’s reading will facilitate an explicit discussion of ‘neoliberalism’. We will critically interrogate the substantive meaning of the term, its institutional features, and the economic, political and social phenomena that it has come to represent. We will consider these issues across developing and industrialized countries in Latin American, Europe and the United States, across social and industrial policy domains, and from perspectives in political economy, sociology, science and technology studies and law.


Optional Readings


Week 9: Finance Capitalism and Financialization  

*April 14*

The past three decades have seen an important structural shift in the process of 'financialization' or the rise of finance capitalism. We will consider what this process means, how it took place and what the effects are both in financial markets as well as ‘real’ economy i.e. critically examining the relationship between financialization and the increasingly global production of material goods and services. This will facilitate and explicit discussion of current arguments and concerns about the ‘disembedding’ of finance from production.


**Optional Readings**

Neil Fligstein “The End of (Shareholder Value) Ideology?” Mimeo.


Two important strands of research on the operation of markets that critique conventional economic models have emerged in the science and technology studies and the sociology of finance, and in political economy, respectively. We will consider the innovative ‘performativity’ critique of finance and economics, as well as new theorizing about regulatory capture that challenges older conceptions from the Chicago school of public choice that had major implications for state intervention in the economy. We will discuss this in the context of the esoteric nature of financial instruments (e.g. various forms of derivatives) that underpinned the crisis.


Optional Readings


Week 11: Moral Economy and Business Ethics in the Financial Crisis: Corporate Strategy, Market Segmentation and Social Stratification in the Subprime Meltdown

April 28

Our penultimate week of readings will focus explicitly on the mortgage crisis by considering its effects at two distinct levels of analysis: households facing foreclosure in the US and countries facing sovereign debt crises in Europe and Latin America. We pay particular attention to the policy response to the crisis in both contexts, and critically assess the ways in which both normative and efficiency considerations have been deployed by competing groups seeking to shape regulatory and market outcomes.


Argentina Debt Crisis – Vulture Funds and Sovereign Debt Restructuring

Skim court documents (especially amicus briefs) located at: http://www.jubileeusa.org/whatwedo/debt-related-issues/vulturefunds/argentina.html

Optional Readings


May 5

This final set of readings will center on a few current issues that highlight key features of contemporary market society: the debate on inequality that Thomas Picketty’s book has helped to highlight, the growth of low wage service employment (both in the US as well as many post-structural adjustment developing countries) that is well-represented in the cultural-economic phenomenon of Wal-Mart, but especially in the rise of new socio-technical market devices, such as manifested in the so-called ‘sharing economy’.


Optional Readings


http://www.newyorker.com/magazine/2014/08/11/crooked-ladder


Week 13: Students Presentations: Final Papers and Projects

May 12