

Political Science Department

Department of Political Science

First Year Seminar

DEBATING CAPITALISM

Spring Semester 2010

Tribble Hall A302

Tuesday, Thursday: 9.30-10.45

12.00

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People have been debating capitalism ever since it arrived. Indeed there is an important sense in which disagreements on the character and consequences of capitalist ways of organizing economic life actually triggered the nineteenth century emergence of social science as we now know it. Such disagreements certainly stood at the heart of the twentieth century political debate on how best to organize advanced industrial societies; and they remain key elements dividing modern electorates in advanced capitalist societies, in former communist societies, and across the under-developed world. To have you debate capitalism is therefore an important way of introducing you to major debates in social science, to major developments in twentieth century history, and to the substance of major disagreements in contemporary political life.

The course will move systematically through a number of these debates. We will look first at the debate on how best to both define and theorize capitalism, both in its essentials and in its various institutional forms. We will then examine two related and consequential areas of debate: one on the strengths and weaknesses of the market mechanism that is central to capitalist forms of economic organization; and one on the consequences of capitalism – both the consequences for societies whose economies have long been organized on capitalist lines and the consequences for societies now seeking for the first time to organize their economies in that way. If time allows, we will also examine (in a string of mini-debates) a set of contentious issues currently occupying policy-makers charged with the management of modern capitalism.

We will do all this by the careful examination of a series of discrete arguments, each chosen because of its capacity to represent the strongest version of a particular position in the various debates under view. You will be asked to read (and to report upon) those arguments in some detail: not simply to ensure your familiarity with the complexity of the material being read, but also (hopefully) to establish and consolidate in you skills in the reading/evaluation of texts and the presentation of arguments that will stand you in good stead in all the work you do here at Wake Forest. You will also be asked periodically to participate in actual debates, so enhancing your communication and advocacy skills; and you will be helped to prepare a number of reports, essay plans and essays - help designed to strengthen your general writing capacities. By being organized in this way, the course hopes to deliver aims that are both specific and general. Specifically, it aims to equip you with substantive knowledge on an absolutely vital question of our time; and more generally, it hopes to leave you equipped with skills that you can transfer from this course into other academic and (later) vocational work situations. The course aims, that is, to make you better students, better intellectuals, *and* better citizens – so there is much at stake between us as we begin to debate capitalism!

Course Format and Organization

The course will meet twice a week, in two 75 minute sessions. In most sessions we will discuss a particular set of readings: initially by having one of us talk us through the material we have all read. By the end of each of these standard sessions, we should all be clear on the main lines of argument in dispute, and be equipped to evaluate their adequacy. Periodically we will vary the format, either by pausing to hold formal debates on the various positions we have by then surveyed, or by standing back from the material, to discuss methods of reporting and writing upon it. Everyone will be expected to have read (and be ready to introduce) the set reading for the session *Non-attendance at the sessions, or attendance without prior reading, will damage the collective learning process; and must therefore be avoided. Anyone unable to attend, or to arrive adequately prepared, must inform me ahead of time, by e mail or by phone.*

There are four set texts for the course: Peter Saunders, *Capitalism: a Social Audit*; James Fulcher, *Capitalism: a very short introduction*; Charles Sackrey, Geoffrey Schneider and Janet Knoedler, *Introduction to Political Economy*; and Frank J. Bonello and Isobel Lobo (editors), *Taking Sides: Clashing Views on Controversial Economic Issues* (13th edition). Other readings will be reproduced in course packs, available for purchase in class.

The course will be examined in a variety of ways. At mid-term you will be asked to produce a 3-4 page essay plan on a question in a list issued a week in advance. Three weeks into the second half of the semester, you will be given a clear space in which to prepare a 10-12 page research report on the strengths and weaknesses of one particular form of capitalism. At the end of the course, you will be asked to submit a 10-12 page essay from a list again circulated in advance. Your attendance and participation will also be graded. *The mark from your essay plan will constitute 20% of your overall grade, and that on your research paper 30%. Your participation grade will make up 20% of the total; and the mark on your final essay 30%. Late submission of written work without due cause will lose you marks, so please make sure that you submit your material on time.*

Course Outline and Timetable

Session 1 Administrative meeting

Debating the Nature of Capitalism
(each topic is expected to take 2 sessions to cover)

Topic 1: Defining capitalism
Topic 2: Comparing theoretical approaches
Topic 3: Classical liberal analyses of capitalism & the market
Topic 4: Marxist analyses of capitalism and its crises
Topic 5: Weberian accounts of capitalism
Topic 6: Friedman against Keynes
No class February 25: use to prepare mid term

Main Debate: *Debating the claim that de-regulated markets work best*
*Debate 2:*¹ *Debating Wal-Mart and its consequences*
*Debate 3:*² *Debating market solutions to the crisis in US health care*

MID TERM

Debating the Consequences of Capitalism

(each topic is expected to take one session to cover)

Topic 7 Capitalism and equality (1) class
Topic 8 Capitalism and equality (2) gender
Topic 9 Capitalism and democracy
Topic 10: Capitalism and individual freedom
Research Paper writing week (March 29-April 4): library training (March 30)
Topic 11 Capitalism and happiness
Topic 12 Capitalism and development
Topic 13 Capitalism and the environment

Main Debate: *Debating Capitalism and its Consequences*
*Debate 5:*³ *Debating the desirability of free trade*
*Debate 6:*⁴ *Debating the need for environmental regulation*

*Mid-term Essay Plan to be submitted in class on March 4th

***Research Paper to be submitted in class on April 6th**

*Final essay to be submitted by 4:00 p.m. on Thursday May 6th

¹ If time allows

² If time allows

³ If time allows

⁴ If time allows

Class topics and Set Reading for each session

Readings not in the set texts will be found in the course packs prepared for this course

Topic 1: Defining Capitalism

Our task here is to clarify the focal point of all the debates to come. What does the term 'capitalism' encompass? Define it by what it is. Define it against what it is not. Notice the range of available definitions, and the variety of theoretical systems generating those different definitions. And begin to ask: when did capitalism begin, and what do we know of its history? Can we build a time line for capitalism?

*Set reading: As background, James Fulcher, *Capitalism*, (chapters 1 & 2); then Peter Saunders, *Capitalism*, pp. 1-9; and Raymond Williams, 'Capitalism' [in the first course pack]*

Topic 2: Comparing theoretical approaches

Our prime task here is to map the competing theoretical systems from which competing definitions and understandings of the term 'capitalism' arose. We will start with John Locke and Adam Smith, and finish with Max Weber and John Maynard Keynes.

Set reading: David Coates, 'The Specification of the Traditions'; and David Coates 'Economics in Perspective' [both in the first course pack]

Topic 3: Classical liberal analyses of capitalism and the market

This is our moment to grasp the theoretical contribution to the understanding of capitalism triggered by the writings of Adam Smith. Since this is not a course about Smith himself, but about his legacy, we will approach it mainly through writings influenced by him. We need the general claims, and the defense of free markets, from this: currently the dominant intellectual tradition within which capitalism is understood.

*Set reading: Milton Friedman, 'The power of the market' [in the first course pack]; and Charles Sackrey et al, *Introduction to Political Economy*, chapter 2*

Topic 4: Marxist analyses of capitalism and its crises

This is our first opportunity to examine in detail one of the two main non-liberal traditions of analysis available to us as we explore the nature of capitalism. We need to dissociate in our minds 'Marxism as a body of intellectual material' from the political practice of regimes claiming Marxism as their inspiration; and in that way reclaim for ourselves one of the most coherent and intellectually dazzling currents of thought still available to us. To do that, we need to read.

Set reading: Karl Marx and Frederick Engels, The Communist Manifesto (part 1); Charles Sackrey et al, Introduction to Political Economy, chapter 3; Hans Breitenbach et al, 'Socialism, planning and the market' [in the first course pack]; and David Coates, 'Marxist explanations of the crisis' [in the first course pack]

Topic 5: Weberian-inspired analyses of capitalism

This is our moment with the other major coherent and intellectually-dazzling alternative tradition of analysis available to us for the understanding of capitalism, one that has become far more main-stream than Marxism in western universities. This tradition carries many labels, and indeed has many sources beyond the writings of Max Weber. But we need to start with him.

Set reading: Tom Bottomore, 'Max Weber on Capitalism and Rationality'; Anthony Giddens, 'The Weberian Critique' [both in the first course pack]

Topic 6: Friedman against Keynes

The sharp contemporary division between those who would regulate markets and those who would not can be anchored in the anti-regulationist writings of Milton Friedman and his supporters, and the managed market arguments of John Maynard Keynes and later Keynesians. We need to dip into both bodies of material.

Set reading: David Coates, 'The crisis of Keynesianism and the Monetarist Counter-Revolution'[in the first course pack]

Then, for the Friedman approach, Milton Friedman, "The Line We Dare Not Cross"; Sam Brittan, 'A Restatement of Economic Liberalism;' and Karen Vaughn, 'Invisible Hand' [all in the first course pack]

For the Keynesian alternative, Charles Sackrey et al, Introduction to Political Economy, chapter 5; J. Tobin, 'One or two cheers for "The Invisible Hand"'; and Robert Frank, The Invisible Hand is Shaking' [both in the first course pack]

First Main Debate: Debating the claim that de-regulated markets work best

Set reading: David Coates, 'The Strengths and Weaknesses of Unregulated Markets' [I will supply]; and Will Hutton, 'The political economy of the world's capitalisms' [in the first course pack]

Possible other debates

*Debate 2:*⁵ *Debating Wal-Mart and its consequences*

Set Reading; Frank J. Bonello and Isobel Lobo (editors), *Taking Sides: Clashing Views on Controversial Economic Issues* (13th edition), pp. 134-159

*Debate 3:*⁶ *Debating market solutions to the crisis in US health care*

Set Reading; Frank J. Bonello and Isobel Lobo (editors), *Taking Sides: Clashing Views on Controversial Economic Issues* (13th edition), pp. 57-102

Topic 7: Capitalism and Equality: (1) Class

What does the prolonged experience of capitalism do to social divisions? Does time bring a more complex class structure and an easing of class tensions, or simply the intensification of basic class divisions and the persistence of privilege? There is a debate.

Set reading: Peter Berger, 'Class: the ladder of success'; T. Clark and S. M. Lipset, 'Are social classes dying?'; and M. Hout et al, 'The persistence of classes in post-industrial societies' [all in the second course pack, pp. 1-25].

Topic 8: Capitalism and Equality (2) Gender

What happens to the social structuring of gender relationships under capitalism; and in particular what happens to the life experience, life chances and freedoms of women. Is male domination a product of capitalism or its precursor? Does capitalism ease patriarchy, or merely alter its form? There is a debate.

Set reading: E. Zaretsky, 'The family and the economy'; and S. Walby, 'Introduction: Theorising Patriarchy'; [both in the second pack, pp. 26-46].

Topic 9: Capitalism and democracy

What happens to the distribution of political power in capitalist societies? Does it become more diffuse in distribution, more genuinely democratic; or behind the structures of the democratic state, is there still a concentration of political (as well as economic power) in the hands of a small class? There is a debate.

Set reading; P. Dunleavy and B. O'Leary, 'Pluralism: Input politics'; D. Gold et al, 'Marxist theories of the capitalist state'; and G. McLennan, 'Capitalist state or democratic polity? Recent developments in Marxist and pluralist theory' [all in the second pack, pp. 47-84].

Topic 10: Capitalism and individual freedom

⁵ If time allows

⁶ If time allows

Are people freer under capitalism than under modes of production, and if so, freer in which spheres of their life? Is there any necessary relationship between the way an economy is run and the freedom of individuals in the society of which the economy is so important a component. There is a debate.

Set reading; P. Berger, 'Capitalism and personal liberation'; and C. Lindblom, 'Freedom?' [both in the second pack, pp.85-107]

Topic 11: Capitalism and happiness

Are people happier under capitalism than under other modes of production, and if so, happier in which spheres of their life? Is there any necessary relationship between the way an economy is run and the happiness of individuals in the society of which the economy is so important a component. There is a debate.

Set reading; P. Saunders 'Capitalism and Human Happiness', from his Capitalism: A Social Audit; and R. Lane, 'Unhappiness in our time' [in the second pack, pp. 108-120].

Topic 12: Capitalism and Development

We now arrive at what is probably the most contentious issue in the debates surrounding capitalism, and certainly one of the most important: namely the relationship between the developed and under-developed world, between the North and the South, between the First World and the Third. The issue in contention here is partly historical. Did capitalism create under-development? Did the advanced capitalism world develop by exploiting (and holding back the economic development) of countries colonized or touched by trade? Or, on the contrary, does the First World merely hold out a route map to the Third World, and in its 'advanced' condition enable the now under-developed world to more rapidly develop than would otherwise be the case? And thus the issue in contention is also a contemporary one: does free trade between the First World and the Third constitute *the* route to eventual universal prosperity, or on the contrary, does free trade guaranteed continued uneven economic development and global income inequality? These are among the most critical issues of our time. We need to know this debate.

Set reading: David Coates, 'The search for explanatory frameworks'; Peter Saunders, 'Capitalism and the Poor Countries', from his Capitalism: A Social Audit; Peter Berger, 'Capitalism and Development'; and Giovanni Arrighi, 'World Income Inequalities and the Future of Socialism' [all but the Saunders piece are in the second pack, pp.121-150].

Topic 13: Capitalism and the Environment

Arguably this is the other over-riding issue of our age. Is industrial development headed us to ecological disaster. There is a debate

Set reading: P. Saunders, 'Capitalism and the Environment', from his Capitalism: A Social Audit; M. Spence, 'Capital against Nature'; and J. O'Connor, 'The second contradiction of capitalism'; [the last two are in the second pack, pp.151-180].

Debate 5⁷ Is free trade desirable?

⁷ If time allows

Set Reading; Frank J. Bonello and Isobel Lobo (editors), *Taking Sides: Clashing Views on Controversial Economic Issues* (13th edition), Issues No. 13, 14 & 17

*Debate 6*⁸ Should we do something about global warming?

Set Reading; Frank J. Bonello and Isobel Lobo (editors), *Taking Sides: Clashing Views on Controversial Economic Issues* (13th edition), Issues No 15

⁸ If time allows