

Fall Semester - 2009

## CRISES IN CAPITALISM, CAPITALISM(S) IN CRISIS

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### *Course description:*

The current global crisis is a powerful reminder that capitalism is not an order, but, to the contrary, an “institutionalized disorder” (Wolfgang Streeck). Dominant approaches especially in comparative political economy have in the last decades become too comfortable with the idea that capitalism is successfully domesticated by institutions – be it the regulatory institutions of liberal capitalism, or the more deeply engrained interlocking networks governing coordinated market economies. Change, if it all, was to occur gradually. The aim of this course is to revitalize concepts of capitalism as a highly dynamic system that is reproduced through cycles of destruction and institutional reform. It seeks to provide analytical tools and a long-term perspective on capitalist dynamics which foster an understanding of the destructive forces of capitalism; and the historical conditions under which these forces could be tamed, and turned into sources of growth and social progress.

### *Course structure*

The course has two major parts. First, we will revisit some of the classic and more recent writings on the political economy of capitalism and its crises. We will discuss Marxist and Post-Marxist writers, Schumpeter and Polanyi, and more recent writings building on these authors. The second part of the course will take a closer look at the development of capitalism from the Great Depression of the 1930s until the current crisis. We will cover the post war order of “embedded liberalism” (John G. Ruggie) and its demise, the Latin American debt crisis of the 1980s, and the East Asian financial crisis of the 1990s. We will then move on to analyze in greater detail the contemporary financial crisis. Finally, we will ask about “what comes after”. In many ways, this is of course a premature exercise, as a crisis is exactly the moment “when the old is dead, but the new cannot be born” (Antonio Gramsci). Nonetheless, by scrutinizing contemporary attempts at re-regulating capitalism, we hope to discern some of the contours of the new order to come.

### *Course Requirements:*

Informed participation in each weekly seminar is expected of every student in the course. To prepare for the discussions, write a short essay (max 2 pages) on the required readings for each week and send it to the lecturers prior to the seminar. The major requirement for the course is a research paper. You should begin working on your paper already during the first weeks of the course. You’ll be asked to make a brief presentation about your research. The topic and the format of the final paper are your choice, in consultation with the instructors.



## READINGS

### Part 1 Theoretical Perspectives on Capitalism and its Crises

#### **Week 1 Marx/(Neo)Marxist approaches**

\*Eric Olin Wright “Alternative Perspectives in Marxist Theory of Accumulation and Crisis”, *Critical Sociology* 2/3 1975, pp. 115-142.

\* William Sewell “The Temporalities of Capitalism”, *Socio-Economic Review* (2008) 6, 517–537

#### *Recommended*

Offe, Claus, 1984 “Crisis of crisis management” – Elements of a political crisis theory” in Claus Offe *Contradictions of Welfare State* Hutchinson London, Sydney pp 35-65

Offe, Claus ‘Ungovernability- the Renaissance of conservative theories of crisis” in Claus Offe *Contradictions of Welfare State* Hutchinson London, Sydney pp 65-88

Aglietta, Michel (1979): *A Theory of Capitalist Regulation. The US Experience*, Verso

Boyer, Robert (1990): *The Regulation School. A Critical Introduction*. Columbia University Press

#### **Week 2 Schumpeter:**

\*“Can Capitalism Survive?” in Schumpeter Joseph, 1942 *Capitalism, Socialism and Democracy* Harper & Row Publishers, pp. 59-165

#### *Recommended*

“The crisis of the Tax State” in Swedberg, Richard (ed) *The Economics and Sociology of Capitalism*, 1991 Princeton University Press pp. 99-141

Elliott, J. 'Marx and Schumpeter on Capitalism's Creative Destruction', *The Quarterly Journal of Economics* (HB/1/.Q3), 95 (1980), pp. 45-68

Heilbroner, R, 'Was Schumpeter Right?', *Social Research* (H/1/.S53), 48 (1981), pp. 456-71  
1928: The Instability of Capitalism

Schumpeter, Joseph ‘The Instability of Capitalism’ *The Economic Journal*, Vol. 38, No. 151 (Sep., 1928), pp. 361-386

Wolfgang Streeck *Re-Forming Capitalism Institutional Change in the German Political Economy* Oxford: Oxford University Press, 2009, especially chapter 17.

#### **Week 3 Polanyi**

\* Polanyi, Karl *The Great Transformation*, Beacon Press 1957, chapters 6-8, 19, 20; pp. 68-103, 223-248



*Recommended:*

Fred Block, "Karl Polanyi and the Writing of the Great Transformation", *Theory and Society*, Vol. 32, No. 3, 2003

Fred Block and Margaret Somers, "Beyond the Economic Fallacy: The Holistic Science of Karl Polanyi", in *Vision and Method in Historical Sociology*, edited by Theda Skocpol, Cambridge University Press, 1984, pp. 47-84

Hirschman, Albert O.: *Shifting involvements : Private Interest and Public Action*, Oxford: Martin Robertson, 1982

**Week 4: Animal Spirits**

\* George A. Akerlof and Robert J. Shiller (2009): *Animal Spirits. How Human Psychology Drives the Economy, and Why It Matters for Global Capitalism*. Princeton, Princeton University Press, pp. xxx

*Recommended:*

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**Part II: From the Great Depression to the Current Crisis**

**Week 5 The Great Depression:**

\*Kindleberger, Charles: *The World in Depression, 1929-1939*, Harmondsworth : Penguin Books, 1987; pp.95-168, 288-307

*Recommended*

Hall, Thomas E and Ferguson, J. David: *The Great Depression: an international disaster of perverse economic policies*, Ann Arbor, The University of Michigan Press, 1998, pp. 63-131

Kindleberger, Charles, *Manias, Panics and Crashes: A History of Financial Crises*, New York ; Basingstoke : Palgrave Macmillan, 2005 (5<sup>th</sup> edition)

**Week 6: The rise and demise of the post-war order**

\* John Gerard Ruggie "International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order" *International Organization*, Vol. 36, No. 2, pp. 379-415



\* Stallings, Barbara 1992, "International Influence on Economic Policy: Debt, Stabilization and Structural Reform", in Haggard Stephen and Kaufmann Robert R. (eds): *The Politics of Economic Adjustment*, New Jersey: Princeton University Press.

*Recommended:*

Block, Fred: *The Origins of International Economic Disorder : a Study of United States International Monetary Policy from World War II to the present* , Berkeley : University of California Press, 1978.

Helleiner, Eric: *States and the Reemergence of Global Finance*. Ithaca, Cornell University Press, 1994

Strange, Susan: *Mad Money. When Markets outgrow Governments*, Ann Arbor, The University of Michigan Press, 1998.

Rodrik, Danni: "How Far Will International Economic Integration Go?" *The Journal of Economic Perspectives*, Vol. 14, No. 1 (Winter, 2000), pp. 177-186

Sunstein, Cass 1990: *After the Rights Revolution* Harvard University Press, Cambridge Massachusetts, pp. 11-46

Sunstein, Cass 1987 Constitutionalism after the New Deal *Harv. L. Rev.* 421 (1987-1988)

**Week 7: Crises of the late 20<sup>th</sup> century**

\*Krugman, Paul: *The Return of Depression Economics*, 2008, pp. 3-30; 139-191

\*Robert Wade "Wheels within wheels: Rethinking the Asian Crisis and the Asian Model", *Annual Review of Political Science*, 2000, (3), pp. 85–115

*Recommended:*

*The Asian Financial Crisis and the Virtues of Democracy*, Journal article by Dani Rodrik; *Challenge*, Vol. 42, 1999

Dani Rodrik 'Who needs Capital account convertibility', Harvard University February 1998

Richard Higgott "The Asian Economic Crisis: A Study in the Politics of Resentment" *New Political Economy*, Vol. 3, No. 3, 1998

**Week 8: Interpretations of the Current Crisis**

\*Gowan, Peter "Crisis in the Heartland. Consequences of the New Wall Street System". *New Left Review*, January/February 2009, pp. 5-29

\*Crotty, "James Structural causes of the global financial crisis: a critical assessment of the 'new financial architecture'," *Cambridge Journal of Economics*, 2009, (33): 563–580

Wade, Robert "From global imbalances to global reorganizations" *Cambridge Journal of Economics*, 2009, (33) 539-562



*Recommended*

Leo Panitch and Martijn Konings: Myths of Neoliberal Deregulation. *New Left Review* 57, May/June 2009, pp. 67-83

Brenner, Robert: *The economics of global turbulence : the advanced capitalist economies from long boom to long downturn, 1945-2005*, London; New York : Verso, 2006

Stiglitz, Joseph: *The Roaring Nineties: A New History of the World's Most Prosperous Decade*, 2004

***Week 9: The Crisis of Privatized Keynesianism***

\* Hermann Schwartz, „Housing, Global Finance, and American Hegemony: Building Conservative Politics One Brick at a Time”, *Comparative European Politics*, 2008, 6, (262-284)

\*Colin Crouch, “What Will Follow the Demise of Privatised Keynesianism?” *The Political Quarterly*, Vol. 79, No. 4, October-December 2008, pp. 476-487

\*Dorothee Bohle: East European Transformations and the Paradoxes of Transnationalization, manuscript prepared for: Joan DeBardeleben and Achim Hurrelmann (eds.): *Transnational Europe: Promise, Paradox, Limits*. Palgrave, MacMillan, forthcoming 2010

***Week10: Reregulating Capitalism?***

Further reading tba

\*Discussion of materials and different perspectives on the re-regulation of financial markets in the EU and in the USA.