What does the global financial crisis of 2008 mean for the future of capitalism? Is it the end of the unregulated, free market approach, or is it the start of an authoritarian political order controlled by billionaires? How did the United States become a country riddled with extreme inequality and catastrophic financial crises? To answer these questions, we will study key historical developments that led to the 2008 crisis in three parts. We will begin with exploring why the crisis happened. We will try to determine who should be held responsible, the bankers who gambled on our prosperity or the regulators and economists who turned a blind eye to them. In the second part of the course, we will go back to the 1930s and examine how elites built the Keynesian New Deal state to redistribute wealth with the goal of preventing the recurrence of another Great Depression. In the final part of the course, we will study the demise of the Keynesian state in the turbulent decade of the 1970s, when the US economy was hit with record unemployment and inflation in the face of global oil shocks. We will see how the Federal Reserve took over managing the economy, how this led to financial deregulation, and how a new right-wing coalition of politicians, grassroots activists, and policy advisers instituted the infamous Reagan tax cuts. Studying the history of our present in these three parts will allow us to rethink what the economic sources of power are in contemporary capitalism.

Course Mechanics

- We will use Canvas (http://www.it.northwestern.edu/education/learning-management/login.html). Students are responsible for logging in, checking regularly for posted announcements, and obtaining readings and assignments from the site.
- Announcements may be sent to your university email addresses. Make sure to monitor your emails for incoming messages.
• Reading assignments will be posted to the Canvas site in the form of either PDFs or links. Please bring them with you to class.

• I may post recommended readings as the quarter unfolds. These readings are not required, but lectures may be based on them, and you will be responsible for the material covered in lectures in exams.

• I strongly discourage incompletes.

• If you need accommodations related to a disability or other condition, please make sure to register with AccessibleNU (accessiblenu@northwestern.edu; 847-467-5530) and provide me with an accommodation notification from AccessibleNU, preferably within the first two weeks of class. All information will remain confidential.

• You are responsible for complying with the university’s academic integrity policies. Please make sure to familiarize yourself with the guidelines (http://www.northwestern.edu/uacc/) and consult me if you have any concerns. Suspected violations (cheating, plagiarism, fabrication, obtaining an unfair advantage, and aiding and abetting dishonesty) including suspected ones, will be reported to campus authorities.

**Grading:**

*Participation*: 10%

- You will be expected to actively participate in class discussion. This means you need to be in present in class on a regular basis.

*Presentation*: 10%

- You will make one presentation during the semester as part of a group. Your presentations should not exceed 7 to 8 minutes, and they should summarize the reading, state the main argument and raise 3 questions that will serve as the basis of a 15-minute class discussion.

*Midterm I*: 20%

- The midterm will be an in-class exam, which will take place on Monday, May 1. It will cover the first four weeks of classes.

*Midterm II*: 25%

- The second midterm will also be an in-class exam, which will take place on Wednesday, June 31. It will cover the material from week five to week nine.

*Final Paper*: 35%

- The final paper will be a take-home exam, covering the entire quarter. It will feature five essay questions, and you will be responsible for answering three. Each essay should be three to four pages long, excluding references, and typed double-spaced, in Times New Roman, and in 12 size font with standard 1 inch margins.
• I will send out the questions at 12:01 pm on June 1, and your responses will be
due at 12:01 pm the next Friday, June 8. Please, leave your papers in my mailbox
at the Sociology Department and email me a copy.

Schedule of Readings and Assignments:

Week 1: Introduction

April 3: No Class – Monday Classes are held

April 5: Introduction


Week 2: What Happened?

April 10:

Movie Screening – The Big Short

April 12:

Rauchway, Eric. 2018. “Neither a Depression nor a New Deal: Bailout, Stimulus,
and the Economy.” In The Presidency of Barack Obama: A First Historical

Fligstein, Neil, and Adam Goldstein. “A Long Strange Trip: The State And
Mortgage Securitization, 1968–2010.” In The Oxford Handbook of the

Part II – The Rise and the Demise of Laissez Faire

Week 3: The Crisis of Laissez Faire & the Specter of Revolution

April 17:

Smith, Adam. The Wealth of Nations (Selected Chapters)

Marx, Karl, Economic and Philosophic Manuscripts of 1944, in Tucker’s Reader, p. 70-81
Marx, Karl. Crisis Theory, in Tucker’s Reader, p. 443-455

April 19:

Veblen, Thorstein. 1904. The Theory of Business Enterprise. New York, C. Scribner’s Sons. (Selected Chapters)


Week 4: Invention of the Economy – The Great Depression & the New Deal

April 24:


April 26:


Week 5:

May 1: In Class Midterm

**Part III – The Age of the Federal Reserve**

Week 5.5-6: Neoliberalism and Economists

May 3:


May 8:


Week 6.5: Financialization

May 10:


Week 7: Monetary Governance: The Rise of Finance & the Federal Reserve

May 22:


May 24:

Week 8: Liquidity, Bankruptcy, and Systemic Risk

May 15:


May 17:

Moss, David A. When All Else Fails: Government as the Ultimate Risk Manager. Cambridge, Mass.: Harvard University Press, 2004. (Selected Chapters)


Week 9: How to Prevent the Next Crisis?

May 29:


June 31: Second Midterm

Week 10:

June 6: Reading Period – No Class