POLITICAL ECONOMY 158
MARKET GOVERNANCE AND THE DIGITAL ECONOMY

Spring 2020
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Office Hours
Wednesdays 2-4 PM
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COURSE DESCRIPTION

This course will examine how government and industry interact to govern markets by surveying debates over specific substantive issues in the advanced industrial countries, especially the United States. Topics include labor regulation, antitrust policy, financial regulation, intellectual property rights, and the digital economy.

COURSE REQUIREMENTS

- Book review or issue paper: 10%
- Book review or issue paper presentation: 5%
- Final paper (due 5/11): 40%
- Final paper presentation: 5%
- bCourses memos: 10%
- Class participation: 30%

READING ASSIGNMENTS

The following books are recommended for purchase (but also on reserve at Moffitt):

- Rajan and Zingales, Saving Capitalism from the Capitalists (2003)

The following books are available online through the course web site:

- Susan Crawford, Captive Audience (2013)
- Walter Mattli, Darkness By Design (2019)
- Posner and Weyl, Radical Markets (2018)
- Harold Wilensky, American Political Economy in Global Perspective (2012)

All other required readings are available on the bCourses site.
Course Introduction (1/22)

The U.S. Case (1/29)


Review Steven Vogel, *Marketcraft* (2018), Chapter 1, Chapter 3 Introduction and Postwar Model (1-14, 43-51).


Labor Markets (2/5)


Antitrust Policy (2/12)


Sector-Specific Regulation: Airlines and Telecommunications (2/19)


Susan Crawford, *Captive Audience* (2013), Chapters 1, 2, 14.


The Financial System (2/26)
Rajan and Zingales, Saving Capitalism from the Capitalists (2003), Chapters 1-8, 11. [OK to skim Chapters 6, 8, 11.]
Barry Eichengreen, “Origins and Regulatory Consequences of the Subprime Crisis,” in Balleisen and Moss, eds., Governments and Markets (2010), 419-442.

Financial Regulation (3/4)
Walter Mattli, Darkness By Design (2019), Chapters 1, 5-6.

Corporate Governance (3/11)
Review Steven Vogel, Marketcraft (2018), Chapter 2 The Corporation, Accounting, and Corporate Governance, and Chapter 3 Corporate Governance Reform (17-23, 26-28, 53-55).
Veron, Autret, and Calichon, Smoke & Mirrors, Inc.: Accounting for Capitalism (2006), Introduction, Chapters 1 and 3.
Gourevitch and Shinn, Political Power and Corporate Control (2005), Chapters 1 and 4.
“Big Business is Beginning to Accept Broader Social Responsibilities,” Economist, August 22, 2019.

Intellectual Property Rights (3/18)
The Digital Economy (4/1)
Mariana Mazzucato, *The Entrepreneurial State* (2014), Introduction, Chapters 1-5, 10. [OK to skim Chapters 3-5.]

Surveillance Capitalism (4/8)

Fabricating Markets (4/15)

Market Governance and Inequality (4/22)
Lindsey and Teles, *The Captured Economy* (2017), Chapters 1, 2, 5, 6.

Student Research Paper Presentations (4/29 and 5/6)
KEEPING UP WITH THE NEWS

In addition to the assigned readings for each week, you should keep up with current events by reading at least one quality newspaper and one news magazine on a regular basis, either in print or online. You may also be asked to read news articles on bCourses from time to time. I will post relevant articles under Supplementary Readings.

BOOK REVIEW OR ISSUE PAPER AND PRESENTATION

Post an outline or slides under Discussions on the bCourses site by 12 noon the day of the appropriate class session; give an 8-10 minute presentation during that class; and submit a 1500-word paper under Assignments within five days (by Monday midnight). Please restrict the outline to two pages single-spaced or the PowerPoint to ten slides maximum. You may wish to use the book review or the issue paper as a building block for your research paper.

For the book review option, choose one of the books from the list below or select a book outside the list in consultation with me. For the presentation, briefly summarize the argument; compare/contrast the book to other course readings (especially the readings for that week); and then offer your own critique. For the paper, focus on analysis/critique rather than summary, and develop one coherent theme rather than providing a “laundry list” of comments. Make sure to get hold of your book as soon as possible.

For the issue paper option, choose a topic from the list below or select another topic in consultation with me. For the presentation, identify the key facts on the topic; describe the most important policy/scholarly debates; and offer your own position. For the paper, feel free to condense the factual material, but make sure to develop an argument.

RESEARCH PAPER

Write a 5000-word paper on a topic related to this course. See the list of topics below for ideas. You should consult with me about your topic early in the semester. For the proposal, make sure to identify your research question and some tentative hypotheses. For the outline, include your thesis statement plus any sub-arguments. For the presentation (4/29 or 5/6), you will be asked to post the outline or slides on the bCourses site by 12 noon the day of the presentation, and give an 8-10 minute presentation in class.

One-paragraph proposal due 3 p.m. 3/20 under Discussions on bCourses; outline 3 p.m. 4/17 under Discussions; final paper 3 p.m. 5/11 under Assignments.
bCOURSES READING MEMOS

Write a short (150 words maximum) memo on the week’s readings and post it under the appropriate topic on the bCourses site by 12 noon the day of class for the first two weeks of the course (1/29 and 2/5) any then for any six other weeks that readings are assigned during the semester. Make sure to read your classmates’ memos before class. The memos may take a variety of forms: 1) a critique of one or more of the readings, 2) a comparison/contrast of two or more authors, 3) a proposal of a topic for class discussion. Feel free to experiment. We will discuss some of the memos in class.

CLASS ATTENDANCE

You are expected to attend all classes for the full period. You are only allowed one unexcused absence during the semester to get credit for the course. You must post a reading memo for any missed classes, and it will not count toward your reading memo total.

CLASS PARTICIPATION

Class participation will be evaluated holistically: including attendance, class discussions, small group exercises, debates, office hours, peer reviews, etc. For some class sessions, sub-groups will be given particular assignments, such as to focus on certain readings or to look into a particular topic. In some cases, this may include a small amount of Internet research beyond what is listed on the syllabus. Make sure to check announcements for these assignments.

PEER REVIEWS

You will be asked to conduct a peer review of one first presentation and one paper outline. I will post the reviewer/reviewee assignments on bCourses. Please email your review directly to your classmate with copy to me. Send the presentation review within 48 hours of the presentation, and the outline review within one week after the outline deadline (i.e. by 4/24).
BOOKS FOR REVIEW

The U.S. Case

Labor Markets
Jake Rosenfeld, What Unions No Longer Do (2014)

Antitrust Policy
Barry Lynn, Cornered: The New Monopoly Capitalism and the Economics of Destruction (2010)
Matt Stoller, Goliath: The 100-Year War Between Monopoly Power and Democracy (2019)

Sector-Specific Regulation
Kirsten Rodine-Hardy, Global Markets and Government Regulation in Telecommunications (2013)
* Tim Wu, The Master Switch: The Rise and Fall of Information Empires (2011)
Thomas Hazlett, The Fallacy of Net Neutrality (2011)

The Financial System
(2010)
Kathryn Lavelle, Money and Banks in the American Political System (2013)
Akerlof and Shiller, Phishing for Phools: The Economics of Manipulation and Deception (2015)
Adam Tooze, Crashed: How a Decade of Financial Crises Changed the World (2018)
* Wendy Brown, Undoing the Demos: Neoliberalism’s Stealth Revolution (2015)
Financial Regulation

Corporate Governance
* Pepper Culpepper, *Quiet Politics and Business Power: Corporate Control in Europe and Japan* (2011)
Adam Winkler, *We the Corporations: How American Businesses Won Their Civil Rights* (2018)

Intellectual Property Rights
William Patry, *How to Fix Copyright* (2011)

The Digital Economy

Surveillance Capitalism
Fabricating Markets

Market Governance and Inequality
* Heather Boushey, *Unbound: How Inequality Constricts Our Economy and What We Can Do About It* (2019)
Thomas Piketty, *Capital and Ideology* (2020)
CLASS PRESENTATION AND/OR PAPER TOPICS

Labor Markets
The decline of unions
Labor market reforms (various countries)
“Right-to-work” laws, no compete clauses, or mandatory arbitration
Recent Supreme Court cases
California Assembly Bill 5 (gig work)
Labor in the “gig” economy
Artificial intelligence and the future of work

Antitrust Policy
National variations in antitrust policy
Big tech and antitrust policy (Google, Amazon)
Merger cases (e.g. AT&T Time Warner, Sprint-T Mobile)
Google case (US and/or Europe)

Sector-Specific Regulation
Airline regulation
Electricity regulation (or the California energy crisis, or Enron, comparisons by region)
Telecommunications regulation (or a subtopic such as opening the cable box)
Net neutrality
The Trump Administration deregulation program

The Financial System
The global financial crisis
The Dodd-Frank Bill and/or revisions
Financial reforms in other countries
The Silicon Valley finance model/ recent developments

Financial Regulation
Regulating electronic exchanges
Cyber-currencies
Consumer finance regulation (the CFPB, payday lending)
Bankruptcy law/ regulation

Corporate Governance
Fair value/ mark-to-market accounting
Harmonizing international accounting standards
Corporate governance reform in the United States, other countries
Independent directors, executive pay, share buybacks, or stock options
Minority shareholder rights, proxy voting
Corporate social responsibility (CSR)/ Environmental, Social and Governance (ESG) scores
Intellectual property rights
The patent thicket, patent trolls, or patent reform
Copyrights for films or music in the digital age
Pharmaceutical patents/ drug prices

The Digital Economy
Promoting innovation
Internet commerce, business to consumer or business-to-business
The Cloud
The platform economy (Facebook, Uber, Airbnb)

Surveillance Capitalism
Cybersecurity
Data privacy/ regulation
The California privacy law
Election interference

Fabricating Markets
Spectrum auctions
Cap-and-trade schemes
Fabricated financial markets (e.g. markets for mortgage-backed securities)
Social impact bonds, social impact markets, local currencies
Matching markets for human organs, schools, medical residencies, etc.

Market Governance and Inequality
Occupational licensing
Land use/ housing regulation
Labor regulation and inequality
Antitrust and inequality
Financial regulation and inequality
Corporate governance and inequality
Intellectual property rights and inequality