SOCIOLOGY 351
FINANCIALIZATION AND THE SOCIOLOGY OF FINANCE

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Course description: Economic and social life now pivot around finance to an astonishing extent, leading one recent observer to suggest that we have experienced a Copernican revolution in which financial markets and logics of portfolio management have displaced corporations, communities, and governments as the center around which everything orbits. This course focuses on institutional, organizational, and social structures of the contemporary financial system. It develops some of the basic tools and approaches for a sociological analysis of finance and financial markets. It traces the evolution of the financial system since the New Deal settlements, including “deregulation,” securitization, and the growing reliance on mathematical modeling. It tracks the changing role and significance of the financial system within capitalist societies, examining the sources and impact of the crisis. And it considers the historical, present, and future role of small, more locally rooted and decentralized alternatives to Wall Street, too-big-to-fail institutions, and money center banking. The core objectives are to provide bases for understandings of the social, political and institutional foundations of financial markets, recent historical transformations in the foundations and organization of financial markets, and the consequences of those changes in and beyond financial systems.

The course pursues this agenda in three parts. Part one sets the stage by engaging varied, but complementary depictions of financialization, arguably one of the most central sociological and institutional tendencies of the contemporary era. Financialization as a simultaneously economic and social process has reconfigured economic and political institutions, the boundaries between financial and non-financial domains, and for some, the basic structure of capitalism itself, bringing with it a host of fundamental transformations, including how corporations organizing themselves, how cities fund schools, and how we see ourselves, others and the value of life itself.

Part II steps back a step to engage sociological analyses of finance and financial markets. Drawing largely on economic sociology, but also on science and technology studies, this work examines the social and institutional structures that make financial markets and give them their particular shapes. Here, we consider both the micro-foundation of credit and financial markets, including the role of trust, social networks, classification, rating and evaluation systems, interaction orders, and calculative devices, and their meso- and macro political and institutional foundations. We also consider types of financial systems and the various forms in which financial transactions and markets appear. Financial markets, we will see, neither emerge spontaneously nor reproduce themselves automatically. Rather they are varied and complex achievements in their own right, requiring substantial social and institutional infrastructures for the operation, and
emerging as products of sometimes deliberate, but also disjoint and inchoate political and economic projects.

Part III builds on these conceptual foundations to return in great depth to the nature, sources and consequences of financialization. We focus first on financialization in the core, tracing the evolution of the (mainly US) financial system from its New Deal settlements, including “deregulation,” globalization, disintermediation, securitization, the reorganization of banks and financial institutions, and the growing reliance on mathematical modeling, derivatives and new models of banking and finance. But a critical dimension of financialization is how finance, financial markets and the metaphors of finance have also profoundly reshaped non financial domains, so we also focus here on its impact and how it has reconstituted the working of the modern corporation, state governments, how we organize and think about our households, ourselves and others, and even life itself.

Course prerequisite: Sociology 211. Additional courses in sociology, economics and political economy in political science, history or anthropology are recommended.

Readings and writing assignments: This is a reading and discussion based course whose success hinges critically on students’ preparation and active participation. The reading is varied, ranging from historical and ethnographic materials to multi-variate statistical analyses, and often difficult, requiring a collective “piecing-together” of the argument, evidence and method within the conference. It is also cumulative in character. Thus, falling behind in the reading or failing to prepare for conference is not an option. Nota bene: we have only 13 classes in this night course. Each one is precious.

To focus and deepen engagement with the course materials, students will: 1) do regular 1 page or less definition memos in order to build basic financial literacy; 2) work in assigned pairs to lead discussions on readings, and 3) conduct a semester long project. That project will involve four 2-8 page project memos and brief presentations in which they will analyze a financial institution or organization, element or consequence of financialization, regulation, or aspect or proposal for financial reform. You can chose among a wide variety of topics. You can focus on a particular financial organization – a commercial bank, community bank, credit union, hedge fund—or class of financial organizations and trace how they contributed to, participated in or were affected by financialization. You can consider a particular dimension of regulation or regulatory reform, like Dodd Frank and trace its politics, likely impact or its role in fostering or limiting financialization. You can look at the mechanics of securitization, the nature and effects of the financial crisis or at alternatives or limits to financialization. But whatever you chose must be a specific and concrete phenomena: 1) on which you can collect information and data, 2) about which you can pose and begin to address a sociological question about the social structure, organization and culture of financial markets or financialization, and 3) to which you can apply the materials and tools developed in this course.
The following required books are in bookstore and are on reserve. Additional readings listed below are available though the moodle.


READING ASSIGNMENTS

INTRODUCTION: PRESENT AS PRELUDE

Week 1: January 30

Financialization as a central tendency in contemporary capitalism


PART I: THE SOCIOLOGY OF FINANCE—BASIC IMAGERIES AND CONCEPTS

Week 2: February 6

Foundations and microstructures


**Week 3:** February 13

*Microstructures and networks*


**Week 4:** February 20

*Calculation, cognition and valuation*


**Week 5:** February 27

*Politics and institutions I*


**First project memo due February 25**

**Week 6:** March 6

*Politics and institutions II*


**Week 7:** March 13

*Politics and institutions II: performativity*


**Second project memo due March 14**

**Spring Break**
PART II
FINANCIALIZATION: SOURCES, TRAJECTORIES, CONSEQUENCES

Week 8: March 27

*Financialization and the financial system I: “deregulation” and globalization*


Week 9: April 3

*Financialization and the financial system II: “deregulation” and securitization*


Week 10: April 10

*Financialization and the financial system III: securitization*


**Week 11**: April 17

*Financialization and the financial system IV: securitization, derivatives, crisis*

Review 1-6, read 7-15.

Chapter 6

**Week 12**: April 24

*Financialization, shareholder value and the corporation*


**Third project memo due April 25, at 5pm**
Week 13: May 1

*Responses to crisis: where do we go from here?*


**Final project memo due Thursday, May 8 at 5pm.**