

Capitalism, Labor and Inequality

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Instructions

In the *Individual Work Session*, students are asked to write down **three elements of the analysis in each of the obligatory texts that relate to wage inequality**. They are asked to write down approximately one page summarizing the commonalities in the analysis regarding inequality between the texts.

In the *Input* session, I will present a coherent narrative from the establishment of capitalism to modern wage inequality.

In the *Collaboration* session, students are asked to find groups of three or four, read the Introduction of one optional text, and write down about one page about how they believe the empirical strategy in the paper relate to the *Input*. I will be available for short Zoom or Skype calls throughout the session.

Outline

This session at the **Summer Academy for Pluralist Economics** connects some key debates in Classical Political Economics. It presents basic ideas on the genesis of capitalism, the place of labor, and the intricate relationship between functional and personal income inequality. The session is planned for one day, after which students should have a firm grasp of what makes capitalism a special historical period, with a beginning and how that makes inequality different from previous eras.

Three main bodies of reading will be assigned, Ellen Meiksins Woods on the genesis of capitalism, Anwar Shaikh on profits and wages, and Howard Botwinick on wage inequality. The lecturer's input session will connect the readings and present empirical strategies. After that, students are invited to collaborate on adapting one out of three empirical studies on the matter to their own experience with estimation and data.

- Capitalism is a brutal break with feudalism, via expropriation, or the Asian mode of production via colonialism as outlined by **Marx** and **Meiksins Wood**. It is a historical era rather than the natural state of the economy, it has a beginning and an end.
- Competition organizes capitalism, **Shaikh** shows that the coercion to disorder enforces the order of the system. The centrality of competition means that while capital and labor are economic categories, they do not exist as homogenous entities.
- Inequality is the connection of centralized and decentralized wage struggles in **Botwinick**. Industrial, inter-firm and regional inequality are the dimensions where this can be decomposed and understood, as in **Simon, Song, Blau and Kahn** or **Mokre and Rehm**.

Literature

Obligatory (Preparation):

- Wood, 2002: "The origins of capitalism. A longer view." Chapters 6 & 7, pp. 125-165
- Marx, 1991: "Capital I. A Critique of Political Economy." Chapter 33, pp. 931-942
- Shaikh, 2016: "Capitalism. Competition, Conflict, Crisis." Chapters 7.I – 7.V, pp.259-272
- Botwinick, 2018: "Persistent Inequalities". Chapter 6, pp.198-255

Optional (Collaboration Project)

- Blau and Kahn, 1996: "International differences in male wage inequality: institutions versus market forces." *Journal of Political Economy*, 104/4, pp. 791-837.

- Simon, 2008: "International Differences in Wage Inequality: A New Glance with European Matched Employer-Employee Data." *British Journal of industrial Relations*, 48/2, pp. 310-346
- Song, 2019: "Firming Up Inequality", *The Quarterly Journal of Economics*, 134/1, pp. 1-50
- Mokre and Rehm, 2020: "Inter-industry wage inequality: persistent differences and turbulent equalization.", *Cambridge Journal of Economics*, 44/4, pp. 919-942