



New York Stock Exchange (above), Vancouver March for Housing (below) (Elvin Wily)



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Political-Economic Geographies

Geography 461

January-May, 2015

Sage Ponder, Emily Rosenman, and Elvin Wily

Mondays, 9am-noon, Geography Room 229

<http://www.geog.ubc.ca/~ewily/g461.html>

Short course description: Principal theories and debates in contemporary political-economic geography, with particular emphasis on global and regional transformations.



This course is divided into two modules. In the first half, we'll examine some foundational themes in geographical political economic theory. Our focus will be on deconstructing several approaches that have been influential in geography. Our goal here is both to *understand* political economic theory and to think about how to *apply* this theory to help explain contemporary capitalist systems in which we live our everyday lives. The first half of the course will consist of mini-lectures, in-class discussion, and a few in-class writing activities. In the second module, we'll use the theoretical tools and critiques developed in the first half of the course to read several books concerning contemporary geographies of capitalist crisis. The second half of the course will consist of seminar-style discussions based on weekly reading. In both modules, we consider how difference – including race, gender, and class – intersects with and is implicated in the production of inequality in contemporary capitalism.

A story of contemporary capitalism: It might seem impossible to imagine right now, but only a few years ago some of the most powerful and influential managers of the global financial system were forced to confront the very real possibility of capitalist collapse. The rhetoric became panicked and often violent. In the Summer of 2008, U.S. Treasury Secretary Henry Paulson appeared before the U.S. Senate to seek authorization for a government guarantee of “Fannie Mae” and “Freddie Mac,” two giant but obscure quasi-governmental corporations nicknamed for their cumbersome acronyms, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. Fannie and Freddie were on the edge of collapse, embroiled in a worsening U.S. home mortgage lending crisis that was threatening financial markets around the world. The initial sign of crisis in the world's banking systems had come more than a year earlier, when HSBC, the giant Hong Kong and Shanghai Banking Corporation, issued an unprecedented earnings warning to shocked investors in a simultaneous announcement from London and Hong Kong, blaming the problems on rising default rates in one of their divisions that specialized in lending to low-income homeowners in the U.S. Now, in the Summer of 2008, Paulson told the panel of angry Senators that reassuring the world's large institutional investors with interests in Fannie and Freddie would require the unlimited power and resources of the U.S. government; he drove the point home with a provocative metaphor:

“If you've got a squirt gun in your pocket, you may have to take it out. If you've got a bazooka, and people know you have it, you may not have to take it out. By making [the government guarantee] unspecified, it will greatly expand the likelihood it will not have to be used.”

Paulson got his bazooka, but the weapon proved useless as investor panic drove down stock markets around the world. In the Fall, some of the world's largest financial institutions collapsed, and others only survived thanks to almost 50 separate government programs to “stabilize” the financial system; the Federal Reserve used more than 21,000 separate transactions to rescue exactly the same institutions responsible for the crisis -- including more than 100 repeated infusions of several trillions of dollars to giant banks like Citigroup, Merrill Lynch, and Morgan Stanley. Ben Bernanke, chair of the U.S. Federal Reserve, later testified to the Financial Crisis Inquiry Commission, “As a scholar of the Great Depression, I honestly believe that September and October of 2008 was the worst financial crisis in global history, including the Great Depression.” Yet even as Paulson's bazooka metaphor began a long period of desperate meetings of powerful bankers and politicians (nearly all of them White men) committing trillions

of dollars to bail out banks and investors, it was a small-caliber handgun wielded by an elderly woman of color that exposed another, forgotten side of the capitalist world's harsh, unequal political-economic geographies.

In the late 1990s, a low-income African American woman in the deindustrialized city of Akron, Ohio named Addie Polk agreed to a series of mortgage loans on a small house she had purchased with her husband Robert back in 1970. Addie and Robert had paid off the loan in 1982, but then Robert, retired after many years of working at the local tire-making company, died in 1995. Addie found it more difficult to keep up with expenses. But this was a period when mortgage lenders and investors had, paradoxically, found ways to make billions of dollars of profits by aggressively pushing high-cost, high-risk loans packed with deceptive, hidden fees and penalties into low-income and racially-marginalized communities. Lenders tricked vulnerable consumers, and then earned quick fees by selling the mortgage obligations into a fast-expanding, worldwide "securitization" market of speculative debt investments with obtuse names like Residential Mortgage-Backed Securities (MBS), Collateralized Debt Obligations (CDOs), re-bundled packages of Collateralized Debt Obligations (CDO-squared), and Credit Default Swaps (CDS). Many of these obscure, confusing financial instruments were devised by Wall Street executives, working closely with highly-paid lawyers as well as mathematicians and physicists with Ph.D.s, to find ever more creative, sophisticated ways of measuring, 'monetizing,' and trading every aspect of consumers' interactions with financial institutions. Wall Street's obscure, confusing new instruments were explicitly designed to be obscure for anyone not 'in the know.' Unfortunately, these dangerous instruments proliferated in an ideological climate of de-regulation, thanks to the longstanding dominance of economic theories favoring self-correcting markets, market innovation, and the rationality of consumer choice. Elizabeth Warren, the leading analyst of America's worsening household bankruptcy crisis from the 1980s through to present times, used a telling metaphor to warn of the risks of de-regulation: thanks to the Consumer Products Safety Commission and similar policies, it's illegal for a company to sell you a toaster that's likely to burn down your house. But it was entirely legal -- and celebrated as "innovation" -- for a bank to lure you into a loan that will burn through your family's savings and accumulated home equity, eventually forcing you out of your house.

Brokers and lenders thus aggressively pursued millions of customers like Addie. The last loan she got, when she was in her mid-eighties, was a thirty-year mortgage that put her in debt for 180 percent of the assessed value of her home (which was worth about \$32,000). Addie eventually fell behind on the payments, and the lender -- Countrywide Home Loans, then the nation's largest home-loan originator -- began foreclosure proceedings. The loan was then transferred to Fannie Mae (one of those obscure giants Paulson was trying to rescue with his metaphorical bazooka) which acquired the home at sheriff's auction. Addie, who was by then 90 years old, began receiving a series of foreclosure notices, while many miles away in California, Angelo Mozilo, CEO of Countrywide, delivered a speech to the right-wing Milken Institute in which he blamed the worsening crisis on "special pressure from minority advocates to help people buy homes," which forced lenders to "lower their mortgage standards." In fact, journalists later documented, Mozilo had aggressively pressured the reluctant chief executive Fannie Mae to purchase the increasingly dangerous loans Countrywide was churning out. Later, as the crisis worsened and Countrywide was taken over by one of the nation's few surviving large banks -- in a transaction that analysts later dubbed "the deal from hell" in light of the legal liabilities for

Countrywide's years of deception -- Mozilo was negotiating to retire with a \$112 million bonus package, culminating a decade in he had already received some \$410 million in compensation. Back in Akron, two sheriff's deputies arrived to enforce an eviction order against Addie. There was no answer when the deputies pounded on the door, but then they heard loud banging noises from the second floor. A neighbor grabbed a stepladder to investigate. He found her on the bed in a pool of blood. Wracked with guilt for getting deeply into debt and falling behind on her payments, lying alone in bed upstairs while the deputies pounded on the door to kick her out of her and Robert's home, she shot herself with a small handgun.

This story highlights some of the themes we'll explore in this course. Our purpose is to analyze contemporary theories and debates in **political-economic geographies** -- the study of political struggles and decisions over economic practices, as they reflect and reinforce geographical processes, inequalities, and uneven development. Henry Paulson's bazooka, and Addie Polk's small handgun, draw attention to the relationship between the local scale of a low-income neighborhood in a deindustrializing city, and the transnational scale of investment markets and political centers from Hong Kong and London to Washington DC and New York City. They remind us that inequalities of race also involve other aspects of identity and social position -- Addie was a single, elderly widow of a working-class man. They remind us that economic processes -- how people promise their homes in return for loans from banks, and the rules of the game when things go bad -- are always subject to political decisions. The world's largest banks got bailed out, while Addie Polk blamed herself for getting into debt -- the same debt that made Wall Street bankers and brokers wealthy. It's a heartbreaking story, but it is crucially important to analyze the full complexity and theoretical implications of these kinds of processes; to learn more about these dynamics from the perspectives of your instructors in this course, see Wyly, Elvin K. and C.S. Ponder (2011), "Gender, Age, and Race in Subprime America," *Housing Policy Debate* 21(4), 529-564, and Rosenman, Emily, Samuel Walker, and Elvin Wyly (2014). "The Shrinkage Machine: Race, Class, and the Renewal of Urban Capital." In Horace R. Hall, Cynthia Cole Robinson, and Amor Kohli, eds., *Uprooting Urban America: Multidisciplinary Perspectives on Race, Class, & Gentrification*. New York: Peter Lang, pp. 41-73.

Addie survived the gunshot wound, but she died just a few months later in a nursing home. Mozilo was ensnared in ongoing litigation, and was eventually forced to give back a few of the millions of his bonus package -- but only a few. And the financial practices symbolized by Addie's experience with Mozilo's Countrywide sent shock waves of unemployment, foreclosure, and family distress across many parts of the world, and exacerbated America's entrenched inequalities of race and class. Between 2005 and 2009, African American and Latina/Latino households in the United States endured losses in household wealth of 52 percent and 66 percent, respectively, compared to 16 percent for Whites.

REQUIRED TEXTS

Roy, Ananya (2010). *Poverty Capital: Microfinance and the Making of Development*. New York: Routledge.

Fraser, Nancy (2013). *Fortunes of Feminism: From State-Managed Capitalism to Neoliberal Crisis*. London: Verso.

Harvey, David (2014). *Seventeen Contradictions and the End of Capitalism*. New York: Oxford University Press.

Gilmore, Ruth Wilson (2007). *Golden Gulag: Prisons, Surplus, Crisis and Opposition in Globalizing California*. Berkeley, CA: University of California Press.

EVALUATION

20% Participation: discussion, engaging with the material, and in-class assignments

- 10% discussion
- 10% in-class activities

20% Module 1 Writing assignment

60% for final term paper (including draft submissions)

Final Papers are due no later than 5:00 PM Friday, April 24, 2015. Papers should be approximately 3,500 words, not counting references; include an abstract of no more than 150 words. Papers must conform to general guidelines at <http://www.geog.ubc.ca/~ewyly/guidelines.html>

All submissions should be on paper, printed on one side only of standard, 8.5 x 11.0 inch paper.

MODULE 1: PLACING THE SELF IN POLITICAL-ECONOMIC GEOGRAPHIES

Instructors: Sage Ponder and Emily Rosenman, with Elvin Wyly

Module Summary

Political economic analysis is often considered by students to have high barriers to entry in terms of the reputed masculinism of its “heavyweight” authors (i.e. Karl Marx, Antonio Gramsci, Louis Althusser), and forced engagement in esoteric discussions based on prerequisite theoretical knowledge. Our intent in the first module of this course is to de-alienate students from political economic theory and analysis – that is, to reconceive political economy not as systems and forces that take place outside everyday life, but instead to approach these topics as intimately connected to personal experiences, taking the lives of the instructors and the students enrolled in this course as our empirical working grounds. Our approach thus combines theoretical readings and discussion with activities and assignments based on our everyday lives. Students will acquire the confidence to discuss these topics at a high level and to perform their own political economic analyses. A wide range of political economic theory will be considered.

Module 1 Writing Goals:

1. Provide students with a holistic picture of political economy
2. Help students to imagine themselves as actors in political economy
3. Teach students to do political economic analysis

Module 1 Writing Assignment:

The graded writing assignment is a culmination of the two in-class writing activities; the “future self” mental exercise (Week 1), and the political economic analysis of a childhood photo (Week 2). Students will reconcile where they want to be in 10 years with their political economic analysis of childhood photo to highlight political economic barriers and advantages of their own positionality in their personal life trajectories. This assignment is meant to personalize and demystify political economic analysis and will be further explained in class.

Due date: in class, February 23, 2015.

SCHEDULE

January 5: Introduction, Part 1

This first week of the course will begin with a presentation of the course goals, expectations, classroom etiquette, the instructors’ approach to political economic analysis, and the instructors’ approach to teaching and seminar facilitation. This session will also provide an introductory explanation of political economy and a few of the major critiques we will explore in the first six weeks.

Readings: none

Lecture: Varieties of political economy (emphasis on geographically-informed political-economic analysis) and axes of difference in political economic analysis.

Activity: Flower of power exercise.

January 12: Introduction, Part 2

This week continues to explore the definition of political economy and introduces axes of difference that intersect with the traditional political economic analytic lens (class). We will also focus on critical, active reading comprehension and discussion skills that students will be expected to apply in subsequent weeks.

Required Readings:

- Sheppard, Eric, Trevor Barnes, Jamie Peck, and Adam Tickell (2004). “Critical reading.” From Introduction: *Reading Economic Geography*. Malden, MA: Blackwell Publishing, pp. 7-9.
- Fincher, Ruth, and Jane M. Jacobs (1998). “Introduction.” In *Cities of Difference*. New York: Guilford Press, 1-26.
- McCaig, Linda (2005). “More than just consumers.” Available at: <http://www.concordia.ca/content/dam/artsci/polanyi/docs/McQuaig-article.pdf>

- Brady, Judy (1993[1971]). “I want a wife.” Available at: <http://www.columbia.edu/~sss31/rainbow/wife.html>
- Danielson, Stentor (2009). “Identity.” In *Overview of human geography* (online textbook). Available at: <http://debitage.net/humangeography/disability.html>

Suggested reading

- Polanyi, Karl (1957). “The Economy as Instituted Process.” in *The Sociology of Economic Life*, edited by mark Granovetter and Richard Swedberg. Find here under “the formal and substantive definitions of economic” section: http://faculty.babson.edu/krollag/org_site/org_theory/granovet_articles/polanyi_instit.htm
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- Dale, Gareth (2010). Karl Polanyi. Cambridge: Polity Press. *Chapter 2: The Great Transformation*.

Discussion: Critical discussion of this week’s readings.

Activities: Envisioning future selves exercise and definition of a community agreement for conduct of this seminar.

Note: Bring a childhood photo to the next class meeting.

January 19: Critiquing the Critique(s) of Capitalism

This week covers several varieties of critiques of capitalism. Our intent is to use a broad brush to introduce students to ‘traditional’ political economic approaches to capitalism and to subsequent approaches that question this critique. The discussion focus will be on the various epistemologies present in the analyses.

Required Readings:

- Derickson, Kate Driscoll (2009). Toward a non-totalizing critique of capitalism. *The Geographical Bulletin* 50, 3-15.
- Balko, Radley (2014). How municipalities in St. Louis County, MO. profit from poverty. *The Washington Post*, September 3. Available at: <http://www.washingtonpost.com/news/the-watch/wp/2014/09/03/how-st-louis-county-missouri-profits-from-poverty/?hpid=>
- Harvey, David (2010). Chapter 1: The disruption. In *The enigma of capital and the crises of capitalism*. New York: Oxford, 1-39.
- J.K. Gibson-Graham. (1996). Chapter 1: Strategies. In *The end of capitalism (as we knew it): a feminist critique of political economy*. Minneapolis: University of Minnesota Press, 1-23.

Suggested readings:

- Roy, Arundati (2014). *Capitalism: a ghost story*. Chicago: Haymarket Books.
- Wright, Erik Olin (2010). Chapter 3: What’s so bad about capitalism? In *Envisioning real utopias*. London: Verso.

- Collins, Patricia Hill (2000). Gender, Black feminism, and Black political economy. *The Annals of the American Academy of Political and Social Science* 568(1), 41-53.

Discussion topics: Compare/contrast the approaches of these readings and epistemologies of various authors. Discuss how to read actively and critically and how to bring a detailed reading of assigned articles into a seminar discussion.

Activity: Political economic analysis of childhood photo. (An alternative assignment will also be available).

January 26: “Real Estate Week”

This session begins with a reflection on the previous (foundational) weeks of this module and how the content covered thus far relates to the case studies presented in the next three weeks.

This week focuses on real estate and the housing market and explores how these topics are connected to students’ everyday lives. We introduce the concept of class monopoly rent and discuss how it plays out in several contemporary and historical contexts. We also discuss how class monopoly rent might be extended to intersecting axes of difference, including race, gender, and sexuality.

Required Readings:

- Harvey, David (1974). Class-monopoly rent, finance capital, and the urban revolution. *Regional Studies* 8(3-4), 239-255.
- Clark, Eric (1995). The rent gap re-examined. *Urban Studies*, 32(9), 1489-1503.
- Clark, Eric (2005). The order and simplicity of gentrification - a political challenge. In R. Atkinson & G. Bridge (Eds.), *Gentrification in a global context: The new urban colonialism*. Oxon: Routledge, 256-264.
- Walia, Harsha and Diewert, Dave (2012). Moving on up: gentrification in Vancouver’s Downtown Eastside. *Rabble.ca*, February 24. Available at: <http://rabble.ca/news/2012/02/moving-gentrification-vancouvers-downtown-eastside>
- McKittrick, Katherine (2006). Chapter 4: Nothing’s shocking: Black Canada. In *Demonic grounds: Black women and the cartographies of struggle*. Minneapolis: University of Minnesota Press, 91-120.

Suggested reading:

- Cahill, Caitlin (2007). Negotiating grit and glamour: young women of color and the gentrification of the Lower East Side. *City & Society* 19(2), 202-231.
- Nelson, Jennifer (2008). *Razing Africville: a geography of racism*. Toronto: University of Toronto Press.

Discussion: (1) Re-cap of first three weeks, and how the next three weeks will link to what we’ve already done, (2) bringing theory (Harvey and Clark) to the case studies, (3) talk about assignment due in week 6.

Activity: Small-group discussions on personal housing histories/apartment-finding stories – discussion prompts related to sorting in the real estate market

February 2: Charity, Altruism, and the Political Economy of Philanthropy

In preceding weeks we have learned about key principles of political economic analysis. These principles are applicable to a wide variety of empirical situations and analyses. This week we present two political-economic analyses “at work” by examining the fields in which Sage and Emily are currently conducting research.

Emily’s research focuses on the political economic functions of philanthropy in capitalism, broadly exploring philanthropy’s economic, social, cultural, and political meanings and effects. We will discuss class and other types of relationships engendered by philanthropy, how donor/philanthropist ideologies and values are filtered through charitable giving, and the place of charitable giving in our individual lives. Sage’s research considers the environmental movement through the lens of two related, yet contrasting concepts: environmental racism and environmental justice. We will explore several mechanisms by which environmental racism remains a powerful conduit of accumulation.

Required Readings:

- The Economist. (2006). Special report on wealth and philanthropy: the business of giving. Available at: <http://www.economist.com/node/5517605>
- Zizek, Slavoj (2006). The liberal communists of Porto Davos. *In These Times*, August 6. Available at: <http://www.inthesetimes.com/site/main/article/2574/>
- McGoey, Linsey (2012). Philanthrocapitalism and its critics. *Poetics* 40(2), 185-199.
- Brahinsky, Rachel, Jade Sasser & Laura-Anne Minkoff-Zern (2014). Race, space, and nature: an introduction and critique. *Antipode*, 46(5), 1135-1152.

Suggested readings:

- Roelofs, Jan (2007). Foundations and collaboration. *Critical Sociology* 33(3), 479–504.
- Feldman, Bob (2007). Report from the field: Left media and left think tanks--Foundation-managed protest? *Critical Sociology* 33(3), 427–446.
- Mock, Brentin (2014). Are there two different versions of environmentalism, one “white,” one “black”? *Grist.org*, July 31. Available at: <http://grist.org/climate-energy/are-there-two-different-versions-of-environmentalism-one-white-one-black/>
- Mock, Brentin (2014). Greens and civil rights activists bring Big Coal to its knees in Mississippi. *Grist.org*, August 7. Available at: <http://grist.org/climate-energy/greens-and-civil-rights-activists-bring-big-coal-to-its-knees-in-mississippi/>
- Sasser, Jade (2014). From Darkness into Light: Race, Population, and Environmental Advocacy. *Antipode*, forthcoming.

February 9: Family Day – no class

February 16 – Spring Break – no class

February 23: Transitions and Political-Economic Geographies of Incarceration

Module 1 assignment due in class today

Required Readings:

- Wacquant, Loïc (2012). “The Punitive Regulation of Poverty in the Neoliberal Age.” *Criminal Justice Matters* 89(1), 38-40.
- Wacquant, Loïc (2010). “Class, Race, & Hyperincarceration in Revanchist America.” *Daedalus*, Summer, 73-90.
- Malcolm X Grassroots Movement (2012). *Report on the Extrajudicial Killings of 120 Black People*. Atlanta, GA / Washington, DC: Malcolm X Grassroots Movement.
- Walia, Harsha, and Tagore, Proma (2012). “Prisoners of Passage: Immigrant Detention in Canada.” In Jenna M. Lloyd, Matt Mitchelson, and Andrew Burrige, eds., *Beyond Walls and Cages: Prisons, Borders, and Global Crisis*. Athens, GA: University of Georgia Press, 74-90.

Discussion: This week’s readings. We will use the last half of this session to wrap up the past six weeks and reflect on the assignment due in class today

MODULE 2: ALTERNATIVE ASSESSMENTS OF CONTEMPORARY CRISIS

Elvin Wyly

Module Summary

The interrelations among political struggles, economic decisions, and geographical processes are complex and multi-faceted. They are highly contingent, interacting in distinctive ways depending upon circumstance and context. Thus there is serious disagreement amongst critical scholars of political-economic geographies: allies united by a shared horror of the injustices of the *status quo* offer different priorities and strategies for building a better world. Considering the weight of history against the pace of contemporary change, for example, do we begin with a challenge to the oppressions of sexism, patriarchy, and heteronormativity? Or do we start with an attack on the evolutionary adaptations of racism in a world of tokenist illusions, when U.S. racists routinely cite Barack Obama’s presidency as evidence of a ‘post-racial’ era while Canadian Conservatives attack the environmentalist Japanese-Canadian David Suzuki as “xenophobic” for questioning national policies on immigration and population growth? Or do we prioritize the class inequalities that have sustained capitalist domination on a global scale for the past four hundred years?

It takes time and effort to gain a deep understanding of the arguments of scholars who have advocated these contradictory priorities -- and to find your own answers to Eric Olin Wright’s simple question, “What’s so bad about capitalism?” Thus in the second half of this course we focus carefully on the alternative perspectives of four prominent scholars who have devoted their lives to building emancipatory alternative political-economic geographies. We’ll devote a week each to recent books by Ananya Roy, David Harvey, Ruth Wilson Gilmore, and Nancy Fraser.

SCHEDULE

March 2: Race, Incarceration, and Geographies of Freedom

Ruth Wilson Gilmore (2007). *Golden Gulag: Prisons, Surplus, Crisis, and Opposition in Globalizing California*. Berkeley, CA: University of California Press.

March 9: Paths to Feminist Futures

Nancy Fraser (2013). *Fortunes of Feminism: From State-Managed Capitalism to Neoliberal Crisis*. London: Verso.

March 16: The Poverty Industry, Bottom Billion Capitalism, and the Commodified Conscience: Microfinance and Development

Ananya Roy (2010). *Poverty Capital: Microfinance and the Making of Development*. New York: Routledge.

March 23: Imagining and Enacting Real Utopias

David Harvey (2014). *Seventeen Contradictions and the End of Capitalism*. New York: Oxford University Press.

March 30: Presentation of Draft Papers

Given the timing of our class and UBC's holiday closures, this will be our last class meeting for the semester. Come to class prepared to deliver a five-minute oral presentation of a draft of your final term paper. You are free to prepare any presentation mode that works for you; my current approach to these things is to write out an exact transcript of my remarks; five minutes usually works out to about 800 words.