Fall 2012 Dr. Erturk

University of Utah Office: OSH – 354

Hrs: M: 1-2pm

# ECON 7003-01: POLITICAL ECONOMY I

The class starts with a discussion of some new developments in economics that go under the heading, Post-Walrasian economics, including the theory of contested exchange, incomplete contracts and transaction cost economics along with behavioral extensions of game theoretic experiments and models of conflict. The class then concentrates on the older non-Walrasian conceptions of market exchange as found, most notably, in Polanyi, Marx and Veblen and discusses the theory of capitalism as a distinct form of market economy found in the works of these authors. The class ends with a brief discussion of the relevance of political economy for modern economics in its many versions.

Readings indicated with an asterisk are recommended, and all others required. Class evaluation will be based on class participation (10%), two mid-term exams (30% each) and a final examination (30%).

**COURSE OUTLINE**

1. **Market Exchange and Society**
   1. *Self-Regulation, Agency and Conflict*

Bowles, S. & H. Gintis (1993). “The Revenge of Homo Economicus: Contested Exchange and the Revival of Political Economy,” *Journal of Economic Perspectives*, 7(1), Winter, pp. 83-102.

Veblen, T. (1934). “The Instinct of Workmanship” in his *Essays in Our Changing Times*.

Hardin, G. (1968). “The Tragedy of the Commons,” *Science* 162(3859).

* Foley, D. (2004). “Rationality and Ideology in Economics,” *Social Research*, 71(2).
* Evensky (2005). “Adam Smith’s Theory of Moral Sentiments: On Morals and Why They Matter to a Liberal Society of Free People and Free Markets,” *Journal of Economic Perspectives* 19(3), pp. 109-30.

*ii. “Spontaneous Order” and Collective Action*

Sudgen, R. (1989). “Spontaneous Order,” *Journal of Economic Perspectives*, 3(4), pp. 85-97.

Ostrom, E. (2000). “Collective Action and the Evolution of Social Norms,” *Journal of Economic Perspectives*, 14(3), pp. 137-58.

Axelrod, R. & W. Hamilton (1981). “The Evolution of Cooperation,” *Science*, 211, pp. 1390-16.

Nesse, R. (2010). “Social Selection and the Origins of Culture,” in M. Schaller, J. Heine, A. Norenzayan, T. Yamagishi & T. Kameda (eds.) *Evolution, Culture, and the Human Mind*.

* Fehr, E. & S. Gachter (2000). “Fairness and Retaliation: the Economics of Reciprocity,” *Journal of Economic Perspectives*, 14, pp. 159-81.
* Bowles, S. & H. Gintis (2002). Social Capital and Community Governance,” *Economic Journal*, 112.

*iii. Ownership, Property, Power and Social Organization*

Hymer, S. (1980). “Robinson Crusoe and the Secret of Primitive Accumulation,” in E.J. Nell (ed.) *Growth, Profits, and Property*, Cambridge University Press.

Veblen, T. (1934). “The Beginnings of Ownership” in his *Essays in Our Changing Times*.

Gintis, H. (2007). “The Evolution of Private Property,” *Journal of Economic Behavior & Organization*, 64, pp. 1-16.

* Rider, R. (1999). “Conflict, the Sire of Exchange,” *Journal of Economic Behavior & Organization*, 40, pp. 217-32.

1. **Formal Institutions of Enforcement - Economics of Governance**

* 1. *The State – Enforcement of Property Relations*

North, D. (1981). “A Neoclassical Theory of the State,” Ch..3 in his *Structure and Change in Economic History*. W.W. Norton & Company.

Harvey, D. (1976). “The Marxian Theory of the State,” *Antipode*, 8(2).

Marx, K. & F. Engels (1848). *The Communist Manifesto*

Polanyi, K. (1944). *The Great Transformation*, Chp. 5

Pagano, U. (2003). “Nationalism, Development and Integration,” *Cambridge Journal of Economics* 27, pp. 623-46.

* 1. *The Firm- Enforcement of Contracts*

Hardin, R. (1995). “Group Power,” Ch. 2 in his *One for All. The Logic of Group Conflict*. Princeton University Press.

Williamson, O. (2005). “The Economics of Governance,” *American Economic Review*, 95(2), Papers and Proceedings.

Coase, R. (1937). “The Nature of the Firm,” *Economica*, 4(16).

1. **Capitalism in Historical Perspective**
   1. *Self-Regulation and Commodity Production*

Marx, *Capital,* Vol. I: Chp. 1 (sections 4, 2); Chps. 2, 4 and 5

Polanyi, K. - Great Transformation – Chps. 3,4

Marx, K. – *Grundrisse*, Introduction, pp. 83-111; 145-65.

*ii. Commodification of Labor & “Fictitious” Commodities*

Marx, *Capital,* Vol. I: Chps. 6 – 10.

Marx - *Grundrisse*: pp. 483-488

*iii. Production and its Transformation*

Polanyi, K. (1944). *The Great Transformation*, Chps. 11 – 18.

Marx, *Capital,* Vol. I: Chps. 6 – 10;

Chps. 12 through 14

Chp 15 – sections 1, 3, 4, 6

Chps. 23 through 26

*iv. Normative Underpinnings of Capitalism*

Marx, K. (1844). “Estranged Labor and Capital.”

Hunt, E.K. (1978). “Normative Foundations of Social Theory: An Essay on the Criteria Defining Social Economies,” *Review of Social Economy*, December, pp. 285-309.

Polanyi, *The Great Transformation* – Chps 1-2.

Polanyi, K. (1947). “Our Obsolete Market Mentality: Civilization Must Find a New Thought Pattern.” *Commentary*, vol. 3.

\* Erturk, K. (1999), “Marx, Postmodernity and the Transformation of the Individual.” *Review of Radical Political Economics*, 31(2).

**III. Economics in Flux – What Does it All Mean?**

Leinjohnufvud, A. (2007). “The Individual the Market and the Division of Labor in Society,” *Capitalism and Society* 2(2).