Fall 2011 Dr. Erturk

University of Utah Office: OSH – 354

Hrs: T 11-12pm

# ECON 7003-01: POLITICAL ECONOMY I

The class starts with a discussion of some new developments in economics that go under the heading, neo-institutionalism, 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, both heterodox and orthodox.

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. *Invisible Hand, Homoeconomicus and Contested Exchange*

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*.

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 Problems*

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.

* Fehr, E. & S. Gachter (2000). “Fairness and Retaliation: the Economics of Reciprocity,” *Journal of Economic Perspectives*, 14, pp. 159-81.

*iii. Ownership, Property and Power*

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

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

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

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

1. **Economics of Governance**

* 1. *Institutions of Enforcement*

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

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

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

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

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* 1. *Economics of the Nation-State*

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

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

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

* D’Antoni, M. & U. Pagano (2002). “National Culture and Social Protection as Alternative Insurance Devices,” *Structural Change and Economic Dynamics*, 13, pp. 367-86.

1. **Theory of Capitalism**
   1. *Overview*

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

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

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

*Commodity Production – Transformation of Exchange*

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

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

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

Marx - *Grundrisse*: pp. 483-488

*iii. Capital as Social Relation - Transformation of Production*

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 Critique 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. Economic Theory in Flux**

Davis, J. B. (2006). “The Turn in Economics: Neoclassical Dominance to Mainstream Pluralism?” *Journal of Institutional Economics*, 2(1), pp. 1-20.

Gintis, H. et al. (ed.) (2009). *Moral Sentiments and Material Interests.*

North, D. (1990). *Institutions, Institutional Change and Economic Performance*.