

ECON 7004-01: POLITICAL ECONOMY II

The class starts with a discussion of some post Walrasian developments in economics associated with the rise of the theory of contested exchange and incomplete contracts along with behavioral extensions of game theoretic experiments including some recent analytical 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 political economy has 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

I. Market Exchange and Society

i. Invisible Hand 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.

Foley, D. (2004). "Rationality and Ideology in Economics," *Social Research*, 71(2).

Faulhaber, R. (1977). "The Rise and Fall of Self-Interest," *Review of Social Economy*, 35(3), pp. 311-29.

* 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. Gächter (2000). "Fairness and Retaliation: the Economics of Reciprocity," *Journal of Economic Perspectives*, 14, pp. 159-81.

iii. *Ownership, Property Relations 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*.

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

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

II. Theory of Capitalism

i. *Commodity Production – Transformation of Exchange*

Marx – *Grundrisse*: pp. 83-111.

Marx – *Grundrisse*: pp. 145 to 165

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

ii. *Commodification of Labor & "Fictitious" Commodities*

Polanyi, *The Great Transformation* – Chps 2 - 6

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. *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.

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

III. Pointers for Modern Economics

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

Ertürk, K. (1996) “On the Keynesian Notion of Equilibrium and Dynamics,” *Cambridge Journal of Economics*, 20(3).

Clower, R. (1999). “Post Keynes Monetary and Financial Theory,” *Journal of Post Keynesian Economics*, 21(3), pp. 399-414.

Bowles, S. (1974). “Economists as Servants of Power,” *American Economic Review*, Vol. 64, No. 2, Papers and Proceedings of the Eighty-sixth Annual Meeting of the American Economic Association, May, pp. 129-132.

* Dobb, M. (1973). *Theories of Value and Distribution since Adam Smith*, Chps. 2, 3.