

Fall 2021
University of Utah
T Th: 2:00 – 3:20

Dr. Erturk
GC Rm. 2781
W: 2-3 or by appt

ECON 7003: POLITICAL ECONOMY I

Course Syllabus

Course Description

The course examines the institutional foundations of capitalism, focusing specifically on how property rights and contracts are defined and enforced. It examines the historical transformation of property relations and how *work obligations* imposed on direct producers become *contractual responsibilities* under capitalism. Of particular importance in this analysis is the evolution of *coordination* – while, initially, only prevalent among socially connected individuals (such as those in kinship groups) how it comes to involve *anonymous* groups with a potential to give rise to *class agency*. From an analytical point of view, the question is *who* coordinates *how* with *whom* to enforce *what* on *who*? The first part of class uses game theoretical tools to address the different parts of this question, which amounts to considering what *institutions* are and their role in solving collective actions problems. Using this framework and drawing a contrast with *New Institutional Economics*, discussion in the second part focuses on Marx's analysis of capitalism and those overlapping themes from some of the early institutionalist economists such of Polanyi and Veblen.

Goals and Objectives

- Build foundations
- Think like a political economist
- Acquire a comparative perspective

Readings and Course Requirements

All readings used in the class will be available on Canvas or accessible online in the internet.

The class is scheduled as f2f but be prepared to go IVC or fully online on moment's notice. Make sure you have access to a computer with

- zoom
- Webcam & microphone

Communication

The easiest way to contact me is by email: korkut@economics.utah.edu.
Office hour is Wed 2 to 3pm, but you can also set up a time by appt.

Assignments and Evaluation

There are two types of assignments.

Six Short Essays - due after the completion of each module, starting with the second module.

- 60% of class grade.

Term Paper, summarizing the course in a way that reflects critically on what you have learned.

- 40% you class grade.

Course Outline

1. *What is Political Economy?*

Prasch, R. (2008). "Property, Contract and the Theory of Exchange," in *How Markets Work*, Edward Elgar.

Bowles, S. (1992). "Markets: Indispensable Servants or Cruel Masters," in B. Silverman, R. Vogt, M. Yanowitch (eds.) *Democracy in the Transition to a Market System. A US – Post Soviet Dialogue*. Routledge (republished by ME Sharpe - 2015)

Marx, *Capital*, Vol. I: "The Fetishism of Commodities and the Secret Thereof" - Ch 1, Sec 4.

2. *Market Exchange*

Market Exchange in Context

Gains from Exchange

Simple vs Complex Exchange

Ongoing Exchange and Bargaining

Social and Collective Costs of Market Exchange

Institutions Supporting Exchange

Marx (vol I) - Chp 2, 4, 5

Polanyi – Chps 3,4,5

North, D. (1990). "On Transaction Cost Theory of Exchange," *Institutions, Institutional Change and Economics Performance*, Washington Un Press.

Greif, A. (2000). "The Fundamental Problem of Exchange: A Research Agenda in Historical Institution Analysis," *European Review of Economic History* 4(3).

North, D. (1991). "Institutions," *Journal of Economic Perspectives*, 5(1).
Grundrisse (2): 156 – 65.

- Grundrisse - Introduction
- Elliot, J. (1979). "Social and Institutional Dimensions of Marx's Theory of Capitalism," *Review of Social Economy* 37(3).

3. Economics of Collective Action and Institutions

*Coordination,
Cooperation and
Club Goods
Institutions*

Elster, J. (1989). "Collective Action," (Chp 1) *The Cement of Society*, Cambridge Un Press.

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

Ostrom, E. (2003). "How Types of Goods and Property Rights Jointly Affect Collective Action," *Journal of Theoretical Politics* 15(3).

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

4. Power

*Equal vs Unequal Coordination and Norms
Coercive Power
Institutions and Power Asymmetry*

Ostrom E. (2000) "Collective action and the evolution of social norms." *Journal of Economic Perspectives* 14(3): 137-158

Veblen, T. (1934/1898). "The Instinct of Workmanship" in his *Essays in Our Changing Times*.

Vahabi, M. (2009a). An introduction to destructive coordination. *American Journal of Economics and Sociology*, 68(2), 353–386.

Bowles, S. (2008). "Power," in S. Durlauf and L. Blume (eds.) *The New Palgrave Dictionary of Economics*, 2nd edition.

- Moe, T. (2006). "Power and Political Institutions," *Perspectives on Politics* 1(2).

5. Property Relations and the State

*Scarcity, Efficiency, Power
Exclusion - Enforced Unequal Coordination
Enforcement Institutions – Club in a Club*

The State

i. Private Property

North, D. (1981). "The First Economic Revolution," Ch. 7 in his *Structure and Change in Economic History*.

Umbeck, J. (1981). "Might Makes Rights: A Theory of the Formation and Initial Distribution of Property Rights," *Economic Inquiry* 19(1).

Anderson, T. & P. Hill (1983). "Privatizing the Commons: An Improvement?" *Southern Economic Journal*, 50(2).

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

Veblen, T. (1934/1989b). "The Beginnings of Ownership" in his *Essays in Our Changing Times*.

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

- Greif, A. (2002). "Institutions and Impersonal Exchange: From Communal to Individual Responsibility," *Journal of Institutional and Theoretical Economics*, 158(1).
- Field, B. (1989). "The Evolution of Property Rights," *Kyklos* 42: 319-45.

ii. *The State*

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).

Bates, R (2001). *Prosperity and Violence. Pol Econ of Development*, chp 2 & 3.

Erturk, K. (2019). "Elite Collective Agency and the State," *Journal of Institutional Economics* 16(1).

- Pagano, U. (2003). "Nationalism, Development and Integration," *Cambridge Journal of Economics* 27.

6. Labor Power and its Reproduction

Reproduction of Labor and Collective Cost - Marx

Double Freedom of Labor - Marx

Fictitious Commodities and Double Movement - Polanyi

'Living Wage' and Law of Accumulation - Marx

i. *Collective Costs, Fictitious Commodities and Double Movement*

Marx, *Capital*, Vol. I: Chp 10 (Section 5-7).

Polanyi, K. (1944). *The Great Transformation*, Chps. 6,9,10, 12, 14-16
Grundrisse (3), pp. 483-491.

- Erturk, K. (2021). "Collective Action, Opportunism and Class Agency under Conditions of Ineffective State Enforcement," *Journal of Institutional Economics* 17(3).

ii. *Labor Theory of Value and Living Wage*

Marx, *Capital*, Vol. I: Chps. 4 – 10 (Sections 1-4), 11 and 12; 16,17,18

iii. *General Law of Accumulation*

Marx, *Capital*, Vol. I: Chps. 23 – 25

7. Organization of Production and Transformation of the Labor Process

Marx vs Coase and Williamson
Labor Discipline Model - Bowles
Labor Process
Technological Change

Marx, *Capital*, Vol. I: Chps. 13, 14, (Sections 1, 3, 4, 6) and 15

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

Pagano, U. (2007). "Karl Marx After New Institutional Economics," *Evolutionary Institutional Economic Review* 4(1): 27-53.

Bowles, S. & H. Gintis (1993). "The Revenge of Homo-Economicus: Contested Exchange and Revival Political Economy," *Journal of Economic Perspectives* 7(1).

- Erturk, K. (2021) "Induced Technology Hypothesis. Acemoglu and Marx on Deskilling (Skill Replacing) Innovations," *Review of Social Economy*, 2021, vol 79: pp. 3-24.