

Fall 2016  
University of Utah  
T Th: 2:00 – 3:20

Dr. Erturk  
Office: Bldg 73, Rm 240  
W: 1-2 or by appointment

## **ECON 7003-01: POLITICAL ECONOMY I**

The class starts with a discussion of institutions and economics of collective action. New developments that often go under the heading *post-Walrasian* (and *new institutional*) economics) are used to discuss themes from the old Political Economy, and most notably from Marx, Polanyi and Veblen that focus specifically on the institutional foundations of capitalism. Using modern tools of analysis as needed the class develops this older non-Walrasian tradition in economics with a focus on its relevance for contemporary economic problems and theoretical discussions.

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**

#### **Part I: Political Economy – Old and New**

##### *i. Markets, Institutions and Economic Analysis*

Prasch, R. (2008). "Property, Contract and the Theory of Exchange," Lecture I in his *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)

- Dixit, A. (2009). "Governance Institutions and Economic Activity," *American Economic Review* 99(1).

##### *ii. Economics of Collective Action and Institutions*

North, D. (1991). "Institutions," *Journal of Economic Perspectives*, 5(1).

Ferguson, W. (2015). Chp 2 & 3, *Collective Action and Exchange*. Stanford Un Press.

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

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.
- Nowak, M. (2006). "Five Rules for the Evolution of Cooperation," *Science* 314(5805).

### iii. *Emergence and Change of Institutions*

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

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

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

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

- Knight, J. (1998). "Models, Interpretations and Theories: Constructing Explanations of Institutional Emergence and Change," in J. Knight & I. Sened (eds.) *Explaining Social Institutions*. Un of Michigan Press.
- Erturk, K. (1998). "Transformation of the Individual,"

### iii. *Property Rights and Enforcement*

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

Field, B. (1989). "The Evolution of Property Rights," *Kyklos* 42: 319-45.

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.

- Anderson, T. & P. Hill (1983). "Privatizing the Commons: An Improvement?" *Southern Economic Journal*, 50(2).
- Eggertson (1990). "Economics of Exclusive Rights," Chp 4 in his *Economic Behavior and Institutions*. Cambridge Un Press.
- Hymer, S. (1980). "Robinson Crusoe and the Secret of Primitive Accumulation," in E.J. Nell (ed.) *Growth, Profits, and Property*, Cambridge University Press.

### iv. *Political Economy of Enforcement*

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

Greif, A. (2002). "Institutions and Impersonal Exchange: From Communal to Individual Responsibility," *Journal of Institutional and Theoretical Economics*, 158(1).

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

Acemoglu, D. (2003). "Why not a Political Coase Theorem? Social Conflict, Commitment and Politics," *Journal of Comparative Economics* 31: 620-652.

- Erturk, K. (2016). "Why is the Predator State a Predator State?" mimeo.

## Part II: Capitalism – New Property Rights and Self-Regulating Markets

### i. *Commodification of Labor Power and Dual Freedom of Labor*

Marx, *Capital*, Vol. I: Chp. 1 (section 4); Chp. 2

Marx, K. – *Grundrisse*, Introduction, pp. 83-111; 145-65; 483-488

Polanyi, K. (1944). *The Great Transformation*, Chps: 3 – 5,

### ii. *The Labor Theory of Value – Source of Profits*

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

### iv. *Regulation of Collective Costs, Fictitious Commodities and the Double Movement*

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

Polanyi, K. (1944). *The Great Transformation*, Chp. 6,9,10, 14-16

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

- Gold, D., Lo, C. and E.O. Wright (1975). "Recent Developments in the Marxian Theories of the Capitalist State," *Monthly Review*, October and November.

### v. *Organization of Production and Transformation of the Labor Process*

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

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

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

Jensen, M. & W. Meckling (1976). "Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure," *Journal of Financial Economics* 3.

### vi. *Accumulation of Capital and Technological Change*

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

Goodwin, R. (1967). "A Growth Cycle," in C. Feinstein (ed.) *Socialism, Capitalism and Economic Growth*. Cambridge University Press.