

Fall 2018  
University of Utah  
T Th: 2:00 – 3:20

Dr. Erturk  
GC # 4031  
W: 1-2 or by appt

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

The class focuses on the institutional foundations of capitalism, and considers the political and social dimensions of how property rights and contracts including broader agent economic obligations are enforced. Starting with a discussion of collective action, and the role of institutions in solving social dilemmas, the class draws from *Game Theory* and *New Institutional Economics* to elucidate how markets turn into enforcement devices under capitalism, a central idea in Political Economy whose roots go back to Marx, Polanyi and Veblen.

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 – What is it?**

*i. Enforcement, a political and social problem in need of solution*

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)

*ii. Institutions – What are they? How do they emerge and change?*

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

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

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

Vrousalis, N. (2013). "Exploitation, Vulnerability, and Social Domination," *Philosophy and Public Affairs* 41: 131-57.

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

*iii. Economics of Collective Action and Agency: Cooperation, Coordination and Clubs*

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.

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

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

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

iv. *Property Rights and Contracts – Exclusion, Appropriation vs Unequal Exchange*

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*.

Erturk, K. (2017). "Conflictual Bargaining for Rents Power Imbalances Create," University of Utah.

- Angle, J. (1986). "The Surplus Theory of Social Stratification and the Size Distribution of Personal Wealth." *Social Forces* 65: 293-326.
- Hymer, S. (1980). "Robinson Crusoe and the Secret of Primitive Accumulation," in E.J. Nell (ed.) *Growth, Profits, and Property*, Cambridge University Press.

v. *A Brief Excursion on Private Property*

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).

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

**Part II: Capitalism – what is unique?**

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,

Erturk, K. (1999). "Transformation of the Individual," *Review of Radical Political Economics*.

ii. *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

Erturk, K. & A. Kangas (2018). "Marx on Capitalists' Common's Problem," mimeo.

iii. *Collective Agency and State Formation*

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

Garrett, M. & D. Skarbek (2014). "Prison Gangs and the Community Responsibility System," *Review of Behavioral Economics* 1: 223-243.

*Theory of 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.

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

iv. *The Labor Theory of Value – Source of Profits*

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

- Ochoa, E. (1989). "Values, Prices and Wage-Profit Curves in the US Economy," *Cambridge Journal of Economics*, 13(3).
- Yoshihara, N. (2016). "A Progress Report on Marxian Economic Theory and Controversies in Exploitation Theory since Okishio," UMass Amherst, Working Paper Series.

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

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

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.

