Topic 1

The Rise and Demise of Political Economy

Bifurcation
- Order: division vs. fracture
- Discipline vs. free knowledge
- Politics vs. economics
- Politics: authority, public, government
- Economics: rationality, provision, market institutions
- Theory as ideology

Adam Smith and the De-Politicization of the Economy
- The triple revolution: capitalist, industrial, scientific
- The new cosmology: nature and society
- The mechanical world view: from Kepler to Newton
- Natural laws, social laws: from hierarchy to equilibrium
- The invisible hand: *laissez faire*
- Liberal revolutions
- Newtonian Functions: force/counterforce, supply/demand
- Egocentrism, market and capital
- Capitalist ideology: from liberation to discipline

David Ricardo and the Rise of Value Theory
- Productivity and ownership
- Production and prices
- Quantifying John Locke: a labour theory of property

Karl Marx's Critique
- Historical Laws of Motion
- Capitalism as a transitory system
- Exploitation and unearned surplus
- The totality of society: re-politicizing the economy
- Theoretical crisis: from competition to monopoly, from growth to imperialism
- Neo-Marxism, post-Marxism

The Neoclassical Backlash
- Neo-positivism
- From "society" to "social sciences"
- The rise of "pure" economics – separating politics from economics
- Calculated choice: from classes to "agents"
- The production function: justifying profit
- The independence of supply and demand
- From dynamics to statics
- Status quo: "initial endowments," marginalism, equilibrium
- The end of history

The Great Depression
- Political economic: deepest crisis ever
- Ideology: communism and fascism
- Theory: from particles to aggregates, from peace dividends to war profits

The rise of Keynesianism
- Keynes' *General Theory* and the "Keynesian Revolution"
- The background: Marxist material determinism
- The aggregate view: national accounting, macroeconomics, econometrics
- Uncertainty: "we simply don't know"
- Financial intermediation, psychological mismatch
- Chronic unemployment, inherent instability
- The "Neoclassical Synthesis"
- Government intervention: higher spending, socialized investment
- The welfare/warfare state: "military Keynesianism"

Sociology
- From homo-economicus to homo-collectivus
- Masses and crowds
- Max Weber – depoliticizing class
- System, interactions, structures
- Talcott Parsons: modeling Weber

Political Science
- From political economy to "political science"
- Ideological rationale: "indeterminate" politics
- Scientific rationale: decomposition and composition
- Practical rationale: managing the United States

Public Administration
- Public sector growth: size and complexity
- Frederick Taylor and "scientific management"
- What is an "efficient" public sector?
- The science of "decision making": the art of para-metering
- Why is the public sector "inefficient"?
- Privatization

Security Studies and International Relations
- The Cold War, militarization and the "violence expert"
- Complexity: from "rifles on sale," to "strategy" to the "military-industrial complex"
- Hans Morgenthau and the rise of Realism
- Nation state, the national interest and the politics of blue blood
- Game theory: arms races, deterrence, balance of power

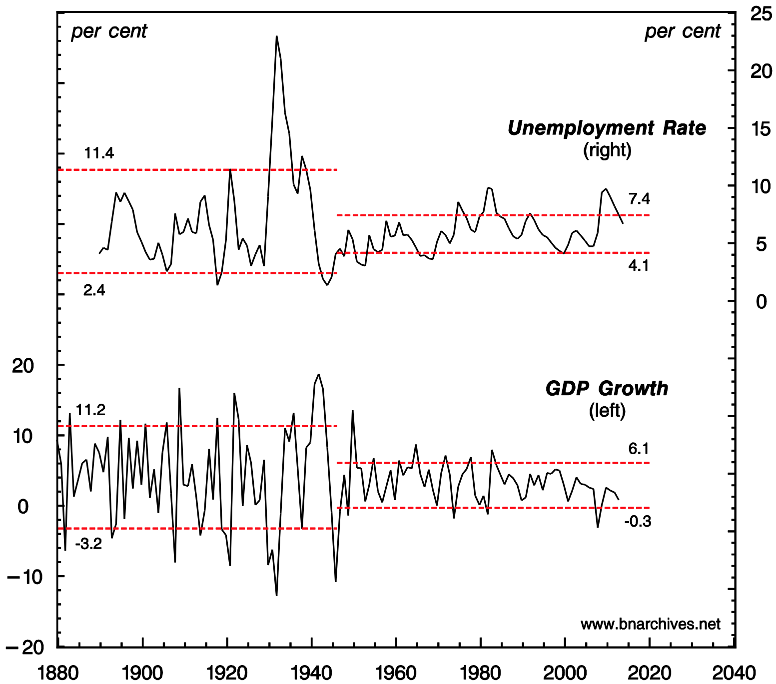
Political Philosophy
- The Soviets' secret weapon: "ideology"
- The liberal antidote: Popper, Strauss, Berlin
- Logical positivism and the depoliticization of philosophy
- Political regimes: democracy against totalitarianism
- From capitalism, to modernization, to "stable democracy"

Political Parties
- The "party system" vs. the "political marketplace"

Statism
- The state as an “arena”: liberal multiplicity, radical ordering, Marxist superstructure
- The state as a “subject”
- Stephen Krasner: from the interest *of* the community to the interest *for* the community
- Nicos Poulantzas: the “last instance” of the economic vs. the “relative autonomy” of the state

Cracks
- Questioning realism: complex interdependence, world systems and hegemony
- Postism: culture, criticism, ethnicity, gender and communication
- The three crisis of economics
- 1930s: the collapse of self-regulation
- 1970s: the rise of stagflation
- 1990s: the “new economy” bubble, financial “delinking” and the return of stagflation
- The end of economic measurement?

U.S. Unemployment and GDP Growth

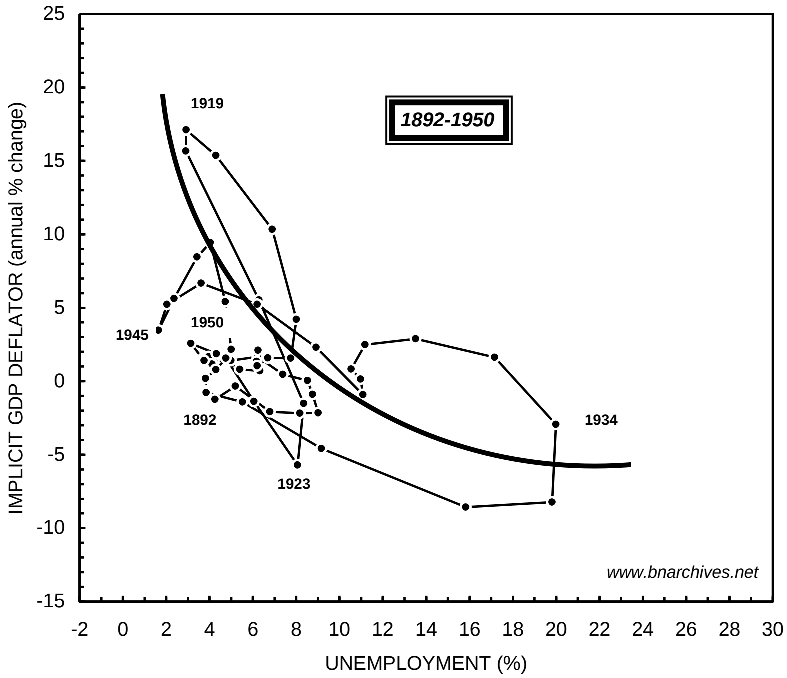


NOTE: GDP growth is the annual rate of change of GDP in constant prices. Unemployment is expressed as a share of the labour force. The last data points are 2013 for GDP growth and 2014 for the unemployment rate.

SOURCE: Global Financial Data (series codes: GDPCUSA_Close for GDP in constant prices); *Historical Statistics of the United States, Earliest Times to the Present: Millennial Edition* (online) (series code: Unemployed_AsPercentageOf_CivilianLaborForce_Ba475_Percent for the unemployment rate [till 1947]); U.S. Bureau of Labor Statistics through Global Insight (series code: RUC for the unemployment rate, computed as annual averages of monthly data [1948 onward]).

[Taken from Nitzan, Jonathan, and Shimshon Bichler. 2014. Can Capitalists Afford Recovery? Three Views on Economic Policy in Times of Crisis. *Review of Capital as Power* 1 (1): 118, http://bnarchives.yorku.ca/414/]

Unemployment and Inflation in the United States



NOTE: Series are smoothed as 3-year moving averages.
SOURCE: U.S. Bureau of Economic Analysis, through DRI; U.S. Department of Commerce. Bureau of the Census. 1975. *Historical Statistics of the United States. Colonial Times to 1970* . 2 vols. Washington D.C.: Government Printing Office.

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