

Global Capital

Political Economy of Capitalist Power

York University, Political Science 6285 (0.3)
Fall, September 8 – December 7, 2014, Tuesday 11:30-14:30

Course Director: Jonathan Nitzan

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OVERVIEW

Description

What is capital? Despite centuries of debate, there is no clear answer to this question – and for a good reason. Capital is a polemic term. The way we define it attests our theoretical biases, ideological disposition, view of politics, class consciousness, social position, and more.

Is capital the same as machines, or is it merely a financial asset? Is it a material article or a social process? Is it a static substance or a dynamic entity? The form of capital, its existence as monetary wealth, is hardly in doubt. The problem is with the content, the stuff that makes capital grow – and on this issue there is no agreement whatsoever. For example, does capital accumulate because it is productive, or due to the exploitation of workers? Does capital expand from within capitalism, or does it need non-capitalist institutions like the state and other ‘external’ forces? Is accumulation synonymous with economic growth, or can capital expand by damaging production and undermining efficiency? What exactly is being accumulated? Does the value of capital represent utility, abstract labour – or perhaps something totally different, such as power or force? What units should we use to measure its accumulation?

Surprisingly, these questions remain unanswered; in fact, with the victory of liberalism, most of them are no longer being asked. But the silence cannot last for long. As crisis and social strife intensify, the questions are bound to resurface. The accumulation of capital is the central process of capitalism, and unless we can clarify what that process means, we’ll remain unable to understand our world, let alone change it.

The seminar has two related goals: substantive and pedagogical. The substantive purpose is to tackle the question of capital head on. The course explores a spectrum of liberal and Marxist theories, ideologies and dogmas – as well as a radical alternative to these views. The argument is developed theoretically, historically and empirically. The first part of the seminar provides a critical overview of political economy, examining its historical emergence, triumph and eventual demise. The second part deals with the two ‘materialistic’ schools of capital – the liberal theory of utility and the Marxist theory of labour time – dissecting their structure, strengths and limitations. The third part brings power back in: it analyses the relation between accumulation and sabotage, studies the institutions of the corporation and the state and introduces a new framework – the capitalist mode of power. The final part offers an alternative approach – the theory of capital as power – and illustrates how this approach can shed light on conflict-ridden processes such as corporate merger, stagflation, imperialism and the new wars of the twenty-first century.

Pedagogically, the seminar seeks to prepare students toward conducting their own independent research. Students are introduced to various electronic data sources, instructed in different methods of analysis and tutored in developing their empirical research skills. As the seminar progresses, these skills are used both to assess various theories and to develop the students’ own theoretical/empirical research projects.

Format

Seminar lectures and class discussion.

Evaluation

Your course evaluation is based on the items listed in the table below. If you submit all the course work, your final grade will be the higher of Scheme A and B. If you fail to submit one or more of the listed items, your grade will be calculated on the basis of Scheme A.

	Scheme A	Scheme B	Maximum length	Due Date
Participation	10%	10%	—	
Research Exercise 1	15%	0	—	Tue, October 21
Research Exercise 2	15%	0	—	Tue, November 11
Paper Proposal	10%	10%		Tue, November 25
Term Paper	50%	80%	6,000 words	Fri, December 30

- **Participation.** Regular attendance and reading the assigned material before class are pre-requisites for effective participation.
- **Research Exercises.** The two research exercises are to be done in pairs. The purpose of the exercises is threefold: (a) to familiarize you with some of the data sources available for the study of political economy; (b) to give you hands-on experience in obtaining, manipulating and interpreting empirical information; and (c) to make you appreciate the importance and limitations of facts.
- **Term Paper: Short Proposal.** Students are asked to write a research paper on a topic of their choice relevant to the seminar. The paper could be: (1) a critical appraisal of one or more aspects of the literature; (2) an empirical study, preferably in reference to a theoretical debate; or (3) a more ambitious attempt to formulate and assess your own hypothesis or theory. In preparation for this research, you are asked to draft a proposal consisting of three paragraphs: (1) the question you seek to answer; (2) the possible answers to that question; and (3) the research methodology you will use to answer the question. This brief proposal is not easy to write, but writing it properly should greatly facilitate the research and writing of the paper itself. The proposal should be no longer than 500 words and should be emailed to me as a Word attachment (send to nitzan@yorku.ca).
- **Term paper: Final Draft.** The paper itself must not exceed 6,000 words, including footnotes and references but excluding charts and tables. Note: your ingenuity and in-depth understanding will be lost unless they are clearly expressed, so pay close attention to the structure of the essay, writing style, grammar and presentation. Three useful suggestions: (1) in your introduction, specify clearly the purpose, hypothesis and method of your paper; (2) make sure you deliver on what you promise; and (3) re-read and re-edit your paper several times before handing it in. Email the paper as a Word attachment (send to nitzan@yorku.ca).

A NOTE ON PROGRESSION: The assignments and paper do not assume any prior experience in doing empirical work. Consequently, these works are structured to develop your capacity in stages. In the first step (Research Exercise 1) you are asked merely to replicate an existing empirical work, so that

you can familiarize yourself with the data sources and with Excel. Building on this knowledge, the second step (Research Exercise 2) instructs you to empirically research and answer a series of questions. And in the third step (Term Paper), when you are finally standing on your own feet, your task is to both ask the questions and research the answers. Having gone through these three steps, you should be able to conduct your own independent research and further develop your capabilities.

Required Texts (available at the bookstore)

- Baumohl, Bernard. 2012. *The Secrets of Economic Indicators. Hidden Clues to Future Economic Trends and Investment Opportunities*. 3rd ed. Upper Saddle River, N.J.: FT Press.
- Caporaso, James A., and David P. Levine. 1992. *Theories of Political Economy*. Cambridge: Cambridge University Press.
- Ganshof, François Louis. 1964. [1996]. *Feudalism*. The Medieval Academy Reprints for Teaching. Translated by P. Grierson. 3rd English ed. Toronto: University of Toronto Press, Scholarly Publishing Division.
- Heilbroner, Robert. 1992. *Twenty-First Century Capitalism*. Routledge.
- Nitzan, Jonathan, and Shimshon Bichler. 2009. *Capital as Power. A Study of Order and Creorder*. RIPE Series in Global Political Economy. New York and London: Routledge. [Free PDF: <http://bnarchives.yorku.ca/259/>.]
- Veblen, Thorstein. 1923. [1967]. *Absentee Ownership and Business Enterprise in Recent Times. The Case of America*. With an introduction by Robert Leckachman. Boston: Beacon Press.

Recommended Texts (some are available at the bookstore)

- **[Highly recommended]** Strunk, William, and E. B. White. 2009. *The Elements of Style*. Originally published in 1918. 50th Anniversary ed. New York: Pearson Longman.
- Bernstein, Peter L. 1996. *Against the Gods. The Remarkable Story of Risk*. New York: John Wiley & Sons.
- Bernstein, Peter L. 2008. *A Primer on Money, Banking, and Gold*. Hoboken, N.J.: Wiley.
- Galbraith, John Kenneth. 1967. *The New Industrial State*. Boston: Houghton Mifflin Company.
- Henwood, Doug. 1997. *Wall Street. How It Works and For Whom*. London and New York: Verso. [Free PDF: <http://www.wallstreetthebook.com/WallStreet.pdf>.]
- Hill, Roderick, and Anthony Myatt. 2010. *The Economics Anti-Textbook. A Critical Thinker's Guide to Microeconomics*. Halifax, N.S. and London: Fernwood Publishing and Zed Books.
- Howard, Michael Charles, and J. E. King. 1989. *A History of Marxian Economics. Vol. 1, 1883-1929*. Princeton, N.J.: Princeton University Press.
- Howard, Michael Charles, and J. E. King. 1992. *A History of Marxian Economics. Volume II, 1929-1990*. Princeton, N.J.: Princeton University Press.
- Hunt, E. K., and Mark Lautzenheiser. 2011. *History of Economic Thought. A Critical Perspective*. 3rd ed. Armonk, N.Y.: M.E. Sharpe. [You could also get an earlier edition]
- Josephson, Matthew. 1934. *The Robber Barons. The Great American Capitalists. 1861-1901*. New York: Harcourt, Brace and Company.
- Keen, Steve. 2011. *Debunking Economics. The Naked Emperor Dethroned?* Revised and expanded ed. London: Zed Book.
- Mumford, Lewis. 1967. *Technics and Human Development*. New York: Harcourt, Brace & World, Inc.
- Mumford, Lewis. 1970. *The Pentagon of Power*. New York: Harcourt, Brace Jovanovich, Inc.
- Nitzan, Jonathan, and Shimshon Bichler. 2002. *The Global Political Economy of Israel*. London: Pluto Press. [Free PDF: <http://bnarchives.yorku.ca/8/>.]
- Olson, Mancur. 1982. *The Rise and Decline of Nations: Economic Growth, Stagflation, and Social Rigidities*. New Haven: Yale University Press.

- Wilkinson, Richard G., and Kate Pickett. 2009. *The Spirit Level. Why Greater Equality Makes Societies Stronger*. New York: Bloomsbury Press.
- Sweezy, Paul M. 1942. *The Theory of Capitalist Development. Principles of Marxian Political Economy*. New York and London: Modern Reader Paperbacks.
- Varoufakis, Yanis, Joseph Halevi, and Nicholas Theocarakis. 2011. *Modern Political Economics: Making Sense of the Post-2008 World*. London and New York: Routledge.
- Veblen, Thorstein. 1904. [1975]. *The Theory of Business Enterprise*. Clifton, New Jersey: Augustus M. Kelley, Reprints of Economics Classics.
- Veblen, Thorstein. 1919. [1964]. *The Place of Science in Modern Civilisation and Other Essays*. New York: Russell & Russell.
- Veblen, Thorstein. 1934. *Essays in Our Changing Order*. New York: The Viking Press.

SCHEDULE

Sep 8 Introduction and Organization

Dilemmas of Political Economy

1. *Sep 15:* The Rise and Demise of Political Economy

The Enigma of Capital

2. *Sep 22:* Neoclassical Theories of Capital: Utility
3. *Sep 29:* Marxist Theories of Capital: Labour

Bringing Power Back In

4. *Oct 6:* Accumulation and Sabotage
5. *Oct 13:* Organs of Capital: Corporations and Governments
6. *Oct 20:* Modes of Power: Ancient, Feudal, Capitalist

Accumulation of Power

7. *Oct 27:* Dominant Capital & Differential Accumulation
8. *Nov 3:* Breadth: Greenfield, Mergers & Globalization
9. *Nov 10:* Depth: Cost Cutting and Stagflation
10. *Nov 17:* Regimes of Accumulation: Theory and History
11. *Nov 24:* Regimes of Accumulation: Theory and History
12. *Dec 1:* Systemic Crisis and the Asymptotes of Power

READINGS

Introduction and Organization

Useful Overviews (optional)

- Heilbroner, Robert. 1992. *Twenty-First Century Capitalism*. Toronto: Anansi. [required textbook]
- Bichler, Shimshon, and Jonathan Nitzan. 2011. Differential Accumulation. Monograph, Jerusalem and Montreal (December), pp. 1-13. [<http://bnarchives.yorku.ca/323/>]
- Bichler, Shimshon, Jonathan Nitzan, and Piotr Dutkiewicz. 2013. Capitalism as a Mode of Power: Piotr Dutkiewicz in Conversation with Shimshon Bichler and Jonathan Nitzan. In *22 Ideas to Fix the World: Conversations with the World's Foremost Thinkers*, edited by P. Dutkiewicz and R. Sakwa. New York: New York University Press and the Social Science Research Council, pp. 326-354. [<http://bnarchives.yorku.ca/372/>]

1. The Rise and Demise of Political Economy

Required Readings

- Caporaso, James A., and David P. Levine. 1992. *Theories of Political Economy*. Cambridge: Cambridge University Press, 'Introduction' and Ch. 1: 'Politics and Economics,' pp. 1-32. [required textbook; 32 pages]
- Wallerstein, Immanuel Maurice. 2004. *World-Systems Analysis. An Introduction*. Durham: Duke University Press, Ch.1: 'Historical Origins of World-Systems Analysis. From Social Disciplines to Historical Social Sciences,' pp. 1-22. [Moodle; 22 pages]
- Nitzan, Jonathan, and Shimshon Bichler. 2009. *Capital as Power. A Study of Order and Creorder*. RIPE Series in Global Political Economy. New York and London: Routledge, Part I, 'Dilemmas of Political Economy,' pp. 1-63 [required textbook; 63 pages]
- Bichler, Shimshon, and Jonathan Nitzan. 2012. Capital as Power: Toward a New Cosmology of Capitalism. *Real-World Economics Review* (61, September): 65-84. [<http://bnarchives.yorku.ca/343/>; 20 pages]

Novels (optional)

- Céline, Louis-Ferdinand. 1932. [1983]. *Journey to the End of the Night*. Translated by R. Manheim. np: New Directions.
- Houellebecq, Michel. 2000. *The Elementary Particles*. Translated from the French by Frank Wynne. New York: Knopf.

Additional Bibliography (optional)

- Diamond, Jared M. 1999. *Guns, Germs, and Steel. The Fate of Human Societies*. New York: W.W. Norton & Co.
- Dowd, Douglas. 2000. *Capitalism and Its Economics: A Critical History*. London and Sterling, Virginia: Pluto Press.
- Heilbroner, Robert. 1980. *The Worldly Philosophers. The Lives, Times, and Ideas of the Great Economic Thinkers*. Fifth ed. New York: Simon and Schuster.
- Huberman, Leo. 1936. [1961]. *Man's Worldly Goods. The Story of the Wealth of Nations*. New York: Monthly Review Press.

- Josephson, Matthew. 1934. *The Robber Barons. The Great American Capitalists. 1861-1901*. New York: Harcourt, Brace and Company.

2. Neoclassical Theories of Capital: Utility

Required Readings

- Caporaso, James A., and David P. Levine. 1992. *Theories of Political Economy*. Cambridge: Cambridge University Press, Ch. 4: 'Neoclassical Political Economy,' pp. 77-99. [required textbook; 23 pages]
- Hunt, E.K. (1992) *History of Economic Thought. A Critical Perspective* (New York: HaperCollins Publishers), Ch. 11, 'Neoclassical Theories of the Firm and Income Distribution: The Writings of Marshall, Clark and Böhm-Bawerk'; Ch. 16, 'Annulment of the Myth of the Measurable Productivity of Capital: The Writings of Sraffa,' pp. 286-315; 434-458. [Moodle; 55 pages]
- Arnsperger, Christian, and Yanis Varoufakis. 2006. What Is Neoclassical Economics? The Three Axioms Responsible for its Theoretical Oeuvre, Practical Irrelevance and, thus, Discursive Power. *Post-Autistic Economics* (38, July).
<http://www.paecon.net/PAEReview/issue38/ArnspergerVaroufakis38.htm>.
- Nitzan, Jonathan, and Shimshon Bichler. 2009. *Capital as Power. A Study of Order and Creorder*. RIPE Series in Global Political Economy. New York and London: Routledge, Ch. 5, 'Neoclassical Parables,' pp. 67-83 [required textbook; 17 pages]

Novels and films (optional)

- Huxley, Aldous. 1932. *Brave New World*. With a special Forward by the author. New York: The Modern Library.
- Huxley, Aldous. 1962. *Island. A Novel*. 1st ed. New York: Harper.
- Curtis, Adam, 2002, *The Century of the Self*, BBC TV series.

Additional Bibliography (optional)

- Böhm-Bawerk, Eugen von. 1891. [1971]. *The Positive Theory of Capital*. Translated with a Preface and Analysis by W. Smart. Freeport, New York: Books for Libraries Press.
- Braudel, F. (1979) *The Wheels of Commerce. Civilization & Capitalism 15th-18th Century. Vol. 2* (New York: Harper & Row, Publishers), 'Capital, capitalist, capitalism,' pp. 231-249.
- Clark, John Bates. 1899. [1965]. *The Distribution of Wealth*. New York: Augustus M. Kelley.
- Harcourt, Geoffrey C. 1972. *Some Cambridge Controversies in the Theory of Capital*. Cambridge: Cambridge University Press.
- Lee, Frederic S., and Steve Keen. 2004. The Incoherent Emperor: A Heterodox Critique of Neoclassical Microeconomic Theory. *Review of Social Economy* LXII (2, June): 169-199.
- Marshall, Alfred. 1920. *Principles of Economics. An Introductory Volume*. 8th ed. London: Macmillan. (First published in 1890).
- Fisher, Irvin. 1896. What is Capital? *The Economic Journal* 6 (24, December): 509-534. [eResources]
- Keen, Steve. 2001. *Debunking Economics. The Naked Emperor of the Social Sciences*. Annandale and London: Pluto Press Australia and Zed Books. Ch. 1-6, pp. 21-147.
- Mirowski, Philip. 1989. *More Heat Than Light: Economics as Social Physics, Physics as Nature's Economics, Historical Perspectives on Modern Economics*. Cambridge and New York: Cambridge University Press.

- Nitzan, Jonathan. 1989. Price and Quantity Measurements: Theoretical Biases in Empirical Procedures. Working Paper 14/1989, Department of Economics, McGill University, Montreal, pp. 1-24. [<http://bnarchives.yorku.ca/137/>]
- Nitzan, Jonathan, and Shimshon Bichler. 2009. *Capital as Power. A Study of Order and Creorder*. RIPE Series in Global Political Economy. New York and London: Routledge, Ch. 8, 'Accumulation of What?' pp. 125-144. [<http://bnarchives.yorku.ca/259/>].
- OECD. 2001. *Measuring Capital. Measurement of Capital Stocks, Consumption of Fixed Capital and Capital Services*. OECD Manual. Paris: OECD Publication Services, [<http://www.oecd.org/dataoecd/61/57/1876369.pdf>].
- Robinson, Joan. 1962. *Economic Philosophy*. Chicago: Aldine Pub. Co. Ch. 3, 'The Neo-Classics: Utility,' pp. 48-70.
- Robinson, Joan. 1971. The Relevance of Economic Theory. In *The Subtle Anatomy of Capitalism*, edited by J. Schwartz. Santa Monica, California: Goodyear Publishing Company, Inc. pp. 16-21.
- Robinson, Joan. 1981. *What Are the Questions? and Other Essays*. Armonk, NY: M. E. Sharpe. 'Controversy,' pp. 96-140.
- Schumpeter, J.A. (1954) *History of Economic Analysis*, Ed. from manuscript by E.B. Schumpeter (New York: Oxford University Press), Section 6.5 'Capital', pp. 625-645.
- Sraffa, Piero. 1926. The Law of Return Under Competitive Conditions. *The Economic Journal* 36 (144, December): 535-550. [eResources]
- Sraffa, Piero. 1960. *Production of Commodities by Means of Commodities. Prelude to a Critique of Economic Theory*. Cambridge: Cambridge University Press.
- Veblen, Thorstein. 1908. [1961]. Professor Clark's Economics. In *The Place of Science in Modern Civilisation and Other Essays*. New York: Russell & Russell, pp. 180-230.

3. Marxist Theories of Capital: Labour

Required Readings

- Caporaso, James A., and David P. Levine. 1992. *Theories of Political Economy*. Cambridge: Cambridge University Press, Ch. 3: 'Marxian Political Economy,' pp. 55-78. [required textbook; 24 pages]
- [Read one of the following two items]
- Sweezy, Paul M. 1942. *The Theory of Capitalist Development. Principles of Marxian Political Economy*. New York and London: Modern Reader Paperbacks. 'Part One: Value and Surplus Value' and Ch. VII 'The Transformation of Values into Prices,' pp. 11-71, 109-130 [Moodle; 92 pages]
- Hunt, E. K. 1992. *History of Economic Thought. A Critical Perspective*. 2nd ed. New York: Harper-Collins Publishers. Ch. 9, 'Karl Marx,' pp. 249-303. [Moodle; 55 pages]
- Castoriadis, Cornelius. 1984. Value, Equality, Justice, Politics: From Marx to Aristotle and from Aristotle to Ourselves. In *Crossroads in the Labyrinth*. Translated from the French by Kate Soper and Martin H. Ryle. Brighton, Sussex: The Harvester Press Limited, pp. 260-339. [Moodle; 80 pages]
- Nitzan, Jonathan, and Shimshon Bichler. 2009. *Capital as Power. A Study of Order and Creorder*. RIPE Series in Global Political Economy. New York and London: Routledge, Ch. 6-7, 'The Marxist Entanglement I & II,' pp. 84-124 [required textbook; 41 pages]

Novels (optional)

- Sinclair, Upton. 1906. *The Jungle*. New York: Grosset & Dunlap.
- Orwell, George. 1937. *The Road to Wigan Pier*. London: V. Gollancz Ltd.
- Steinbeck, John. 1939. *The Grapes of Wrath*. New York: Viking Press.

Additional Bibliography (optional)

- Avineri, Shlomo. 1968. *The Social and Political Thought of Karl Marx*. London: Cambridge University Press, Chs. 2-3, pp. 8-64.
- Baumol, William J. 1974. The Transformation of Values: What Marx 'Really' Meant (An Interpretation). *Journal of Economic Literature* 12 (1, March): 51-62. [eResources]
- Castoriadis, Cornelius. 1987. *The Imaginary Institution of Society*. Cambridge: The MIT Press.
- Elson, Diane. 1979. The Value Theory of Labour. In *Value. The Representation of Labour in Capitalism*, edited by D. Elson. London and Atlantic Highlands, N.J.: CSE Books and Humanities Press, pp. 115-180.
- Fine, Ben, and Laurence Harris. 1979. *Rereading Capital*. New York: Columbia University Press. Chs. 1-3, pp. 3-57.
- Foley, Duncan K. 2000. Recent Developments in the Labor Theory of Value. *Review of Radical Political Economics* 32 (1): 1-39. [eResources]
- Foley, Duncan K. 1986. *Understanding Capital. Marx's Economic Theory*. Cambridge, Massachusetts and London, England: Harvard University Press.
- Freeman, Alan, Andrew Kliman, and Julian Wells, eds. 2000. *The New Value Controversy and the Foundations of Economics*. Cheltenham, UK and Northampton, Massachusetts: Edward Elgar.
- Gough, Ian. 1972. Marx's Theory of Productive and Unproductive Labour. *New Left Review* (1/76, November-December): 47-72.
- Harrison, John. 1973. Productive and Unproductive Labour in Marx's Political Economy. *Bulletin of the Conference of Socialist Economists* Autumn: 70-82.
- Harvey, David. 1982. [1999]. *The Limits to Capital*. London and New York: Verso. Ch. 1, 'Commodities, Values and Class Relations,' pp. 1-38.
- Harvey, Philip. 1985. The Value-Creating Capacity of Skilled Labor in Marxian Economics. *Review of Radical Political Economics* 17 (1/2): 83-102.
- Hodgson, Geoffrey. 1982. Marx Without the Labor Theory of Value. *Review of Radical Political Economics* 14 (2): 59-65. [eResources]
- Hunt, E. K. 1979. The Categories of Productive and Unproductive Labor in Marxist Economic Theory. *Science & Society* 43: 303-325.
- Howard, Michael Charles, and J. E. King. 1992. *A History of Marxian Economics. Volume II, 1929-1990*. Princeton, N.J.: Princeton University Press. Part IV, 'Value and Exploitation' (pp. 225-308).
- Kay, Geoffrey. 1979. Why Labour is the Starting Point of Capital. In *Value. The Representation of Labour in Capitalism*, edited by D. Elson. London and Atlantic Highlands, N.J.: CSE Books and Humanities Press, pp. 46-66.
- Keen, Steve. 2001. *Debunking Economics. The Naked Emperor of the Social Sciences*. Annandale and London: Pluto Press Australia and Zed Books. Ch. 13, 'Nothing to Lose But Their Minds,' pp. 269-299.
- Kliman, Andrew. 2007. *Reclaiming Marx's Capital. A Refutation of the Myth of Inconsistency*. Lanham, MD: Lexington Books.
- Marx, Karl. 1909. *Capital. A Critique of Political Economy*. 3 vols. Chicago: Charles H. Kerr & Company.
- Robinson, Joan. 1962. *Economic Philosophy*. Chicago: Aldine Pub. Co. Ch. 2, 'The Classics: Value,' pp. 28-47.
- Robinson, Joan. 1981. Aspects of Marxism. In *What Are the Questions? and Other Essays*. Armonk, NY: M. E. Sharpe, pp. 155-202.
- Savran, Sungur, and Ahmet E. Tonak. 1999. Productive and Unproductive Labour: An Attempt at Clarification and Classification. *Capital & Class* (68, Summer): 113-152. [eResources]
- Sayer, Derek. 1987. *The Violence of Abstraction. The Analytic Foundations of Historical Materialism*. Oxford, UK and New York: Basil Blackwell.

- Shaikh, Anwar M., and E. Ahmet Tonak. 1994. *Measuring the Wealth of Nations. The Political Economy of National Accounts*. Cambridge and New York: Cambridge University Press.
- Tsuru, Shigeto. 1993. *Institutional Economics Revisited*. Raffaele Mattioli lectures. Cambridge and New York: Cambridge University Press. Ch. One, 'Reappraisal of Marxian Political Economy as "Institutionalism" in the Broad Sense of the Term,' pp. 3-16.

4. Accumulation and Sabotage

Required Readings

- Veblen, Thorstein. 1923. [1967]. *Absentee Ownership and Business Enterprise in Recent Times. The Case of America*. With an introduction by Robert Leckachman. Boston: Beacon Press. Read cover to cover, with special emphasis on Chs. I-VI (pp. 3-118), Chs. VIII-IX (pp. 205-228) and Chs. XI-XIII (pp. 284-445). [required textbook; 302 pages]
[The following two articles by Veblen can be read as an analytical synopsis of (but not a substitute to) his *Absentee Ownership*]
- Veblen, Thorstein. 1908. On the Nature of Capital. *Quarterly Journal of Economics* XXII (4, August): 517-542. [eResources; 26 pages]
- Veblen, Thorstein. 1908. On the Nature of Capital: Investment, Intangible Assets, and the Pecuniary Magnate. *Quarterly Journal of Economics* XXIII (1, November): 104-136. [eResources; 33 pages]
- Marglin, Stephen A. 1974. What Do Bosses Do? The Origins and Functions of Hierarchy in Capitalist Production. *Review of Radical Political Economics* 6 (2, July): 60-112. [eResources; 53 pages]
- Nitzan, Jonathan, and Shimshon Bichler. 2009. *Capital as Power. A Study of Order and Creorder*. RIPE Series in Global Political Economy. New York and London: Routledge, Ch. 12, 'Accumulation and Sabotage,' pp. 217-248. [required textbook; 32 pages]

Novels and Films (optional)

- London, Jack. 1907. [1957]. *The Iron Heel*. New York: Hill and Wang.
- Traven, B. 1929. [1979]. *The White Rose*. Translated from the German by Donald J. Davidson. Westport, Conn.: L. Hill.
- *Who Killed the Electric Car?* (2006) Written and directed by Chris Paine.

Additional Bibliography (optional)

- Dorfman, Joseph. 1934. *Thorstein Veblen and his America*. New York: Viking Press.
- Dowd, Douglas Fitzgerald. 1965. *Thorstein Veblen. A Critical Reappraisal*. Lectures and essays commemorating the hundredth anniversary of Veblen's birth. Ithaca, New York: Cornell University Press.
- Dugger, William M., and Howard J. Sherman. 2000. *Reclaiming Evolution. A Dialogue Between Marxism and Institutionalism on Social Change*. London: Routledge.
- Hunt, E. K. 1992. *History of Economic Thought. A Critical Perspective*. 2nd ed. New York: HarperCollins Publishers, Ch. 12, 'Thorstein Veblen' (pp. 389-428).
- Landes, David S. 1986. What Do Bosses Really Do? *The Journal of Economic History* 46 (3, September): 585-623.
- Nitzan, Jonathan. 1992. From Olson to Veblen: The Stagflationary Rise of Distributional Coalitions. Paper read at the annual meeting of The History of Economics Society, May 30 - June 2, at Fairfax, Virginia. [<http://bnarchives.yorku.ca/176/>]
- Riesman, David. 1953. *Thorstein Veblen. A Critical Interpretation*. New York: Scribner.

- Sweezy, Paul M. 1946. [1953]. Thorstein Veblen: Strengths and Weaknesses. In *The Present as History. Essays and Reviews on Capitalism and Socialism*. New York and London: Monthly Review Press.
- Tilman, Rick. 1992. *Thorstein Veblen and His Critics, 1891-1963. Conservative, Liberal, and Radical Perspectives*. Princeton, New Jersey: Princeton University Press.
- Veblen, Thorstein. 1898. [1934]. The Beginning of Ownership. In *Essays in Our Changing Order*, edited by L. Ardroni. New York: The Viking Press, pp. 32-49.
- Veblen, Thorstein. 1904. [1975]. *The Theory of Business Enterprise*. Clifton, New Jersey: Augustus M. Kelley, Reprints of Economics Classics.
- Veblen, Thorstein. 1919. [1964]. *The Place of Science in Modern Civilisation and Other Essays*. New York: Russell & Russell.
- Veblen, Thorstein. 1919. [1934]. *The Vested Interest and the State of Industrial Arts*. New York: B. W. Huebsch.
- Veblen, Thorstein. 1934. *Essays in Our Changing Order*. New York: The Viking Press.

5. Organs of Capital: Corporations and Governments

Required Readings

- Berle, Adolf Augustus, and Gardiner Coit Means. 1932. [1967]. *The Modern Corporation and Private Property*. Revised ed. New York: Harcourt, Brace & World. Read 'Property, Production and Revolution. A Preface to the Revised Edition' (pp. vii-xxvii), 'Implications of the Corporate Revolution in Economic Theory' (pp. xxix-xxxvii). [Moodle; 31 pages]
- Chandler, Alfred D. Jr. 1977. *The Visible Hand: The Managerial Revolution in American Business*. Cambridge: Harvard University Press. 'Introduction: The Visible Hand' (pp. 1-12). [eResources <http://preview.tinyurl.com/kcqpkl>; 12 pages]
- Zeitlin, Maurice. 1974. Corporate Ownership and Control: The Large Corporation and the Capitalist Class. *American Journal of Sociology* 79 (5): 1073-1119. [eResources; 47 pages]
- Baran, Paul. A., and Paul M. Sweezy. 1966. *Monopoly Capital. An Essay on the American Economic and Social Order*. New York: Modern Reader Paperbacks. Ch. 2, 'The Giant Corporation' (pp. 14-51) [Moodle; 38 pages]
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- Kosinski, Jerzy N. 1971. *Being There*. 1st ed. New York: Harcourt Brace Jovanovich.
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- Scott, J. 1997. *Corporate Business and Capitalist Classes*. Oxford: Oxford University Press.
- Screpanti, E. 1999. Capitalist Forms and the Essence of Capitalism. *Review of International Political Economy* 6 (1): 1-26. [eResources; 26 pages]
- Steindl, Josef. 1945. *Small and Big Business. Economic Problems of the Size of Firms*. Institute of Statistics, Monograph No. 1. Oxford: Basil Blackwell.
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- Tool, Marc R., and Warren J. Samuels, eds. 1989. *The Economy as a System of Power*. 2nd completely revised ed. New Brunswick, N.J.: Transaction Books.

6. Modes of Power: Ancient, Feudal, Capitalist

Required Readings

- Mumford, Lewis. 1967. *The Myth of the Machine. Technics and Human Development*. New York: Harcourt, Brace & World, Inc. Read cover to cover, with special emphasis on Chs. 6-11 (pp. 126-262). [Scott library reserve; 137 pages]
- Ganshof, François Louis. 1964. [1996]. *Feudalism*. The Medieval Academy Reprints for Teaching. Translated by P. Grierson. 3rd English ed. Toronto: University of Toronto Press, Scholarly Publishing Division. [required textbook]
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Novels and Films (optional)

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- Clavell, James. 1975. *Shogun. A Novel of Japan*. 1st ed. New York: Atheneum. [Then read Smith, Henry, ed. 1980. *Learning from Shogun. Japanese History and Western Fantasy*. Santa Barbara: University of California Santa Barbara.]
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- Galbraith, John Kenneth. 1967. *The New Industrial State*. Boston: Houghton Mifflin Company. Read particularly Chs. I-XV (pp. 1-178).

- Galbraith, John Kenneth. 1983. *The Anatomy of Power*. Aldershot Hants, England and Brookfield, Vermont, USA: Houghton Mifflin Company.
- Lukes, Steven. 1974. *Power: A Radical Analysis*. London and New York: Macmillan.
- Mann, Michael. 1986. *The Sources of Social Power*. 2 vols. Cambridge, UK and New York: Cambridge University Press.
- Heller, Henry. 2011. *The Birth of Capitalism. A Twenty-First-Century Perspective*. London, Halifax and New York: Pluto Press and Fernwood Pub. Distributed in the U.S.A. exclusively by Palgrave Macmillan.
- Hilton, Rodney, ed. 1978. *The Transition from Feudalism to Capitalism*. London: Verso.
- Lopez, Robert Sabatino. 1967. *The Birth of Europe*. London: Phoenix House.
- Lopez, Robert Sabatino. 1976. *The Commercial Revolution of the Middle Ages, 950-1350*. Cambridge, England and New York: Cambridge University Press.
- Marcuse, Herbert. 1941. [1998]. Some Social Implications of Modern Technology. In *Technology, War and Fascism*, edited by D. Kellner. London and New York: Routledge, pp. 41-65.
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- Pirenne, Henri. 1937. [1956]. *Economic and Social History of Medieval Europe*. Translated from the French by I. E. Clegg. New York: Harcourt Brace.

7. Dominant Capital & Differential Accumulation

Required Readings

- Caporaso, James A., and David P. Levine. 1992. *Theories of Political Economy*. Cambridge: Cambridge University Press. Ch. 7, 'Power-Centered Approaches to Political Economy,' pp. 159-180. [required text; 22 pages]
- Olson, Mancur. 1982. *The Rise and Decline of Nations: Economic Growth, Stagflation, and Social Rigidities*. New Haven: Yale University Press. Read as much as you can, with special emphasis on Chs. 1-3, pp. 1-75. [Scott library reserve; 75 pages]
- Nitzan, Jonathan, and Shimshon Bichler. 2009. *Capital as Power. A Study of Order and Creorder*. RIPE Series in Global Political Economy. New York and London: Routledge, Ch. 14, 'Differential Accumulation and Dominant Capital,' pp. 305-333. [required textbook; 29 pages]

Novels and Films (optional)

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- Nitzan, Jonathan, and Shimshon Bichler. 2002. *The Global Political Economy of Israel*. London: Pluto Press. [<http://bnarchives.yorku.ca/8/>]
- Olson, Mancur. 1965. *The Logic of Collective Action. Public Goods and the Theory of Groups*. Harvard economic studies, Vol. 124. Cambridge, Mass.: Harvard University Press.
- Sherman, Howard J. 1985. Monopoly Capital vs. the Fundamentalists. In *Rethinking Marxism. Struggles in Marxist Theory. Essays for Harry Magdoff & Paul Sweezy*, edited by S. Resnick and R. Wolff. Brooklyn, NY: Autonomedia, pp. 359-377.
- Tool, Marc R., and Warren J. Samuels, eds. 1989. *The Economy as a System of Power*. 2nd completely revised ed. New Brunswick, N.J.: Transaction Books.

8. Breadth: Greenfield, Mergers and Globalization

Required Readings

- Scherer, F. M., and David Ross. 1990. *Industrial Market Structure and Economic Performance*. 3rd ed. Boston: Houghton Mifflin. Ch. 5, 'Mergers: History, Effects, and Policy' (pp. 153-198) [Moodle; 46 pages]
- Lebowitz, Michael A. 1985. The Theoretical Status of Monopoly Capital. In *Rethinking Marxism. Struggles in Marxist Theory. Essays for Harry Magdoff & Paul Sweezy*, edited by S. Resnick and R. Wolff. Brooklyn, NY: Autonomedia, pp. 185-203. [Moodle; 19 pages]
- Nitzan, Jonathan, and Shimshon Bichler. 2009. *Capital as Power. A Study of Order and Creorder*. RIPE Series in Global Political Economy. New York and London: Routledge, Ch. 15, 'Breadth,' pp. 334-360. [required textbook; 27 pages]

Novels and Films (optional)

- Adiga, Aravind. 2008. *The White Tiger: A Novel*. New York: Free Press.
- *The Coca-Cola Kid*. 1985. Written by Frank Moorhouse, Directed by Dusan Makavejev.

Additional Bibliography (optional)

- Browne, Lynn E., and Eric S. Rosengren, eds. 1987. *The Merger Boom. Proceedings of a Conference Held in October 1987*. Melvin Village, New Hampshire: Federal Reserve Bank of Boston.
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- Francis, Joseph, Shimshon Bichler, and Jonathan Nitzan. 2013. The Buy-to-Build Indicator: New Estimates and Comment. Monograph, London, Jerusalem and Montreal (March-April), pp. 1-12. [<http://bnarchives.yorku.ca/381/>]
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- Lamoreaux, Naomi R. 1985. *The Great Merger Movement in American Business, 1895-1904*. Cambridge, England and New York: Cambridge University Press.
- Mann, Michael, Giovanni Arrighi, Jason W. Moore, Robert Went, Kees van der Pijl, and William I. Robinson. 2001-2002. The Transnational Ruling Class Formation Thesis: A Symposium. *Science & Society* 65 (4, Winter): 464-508. [eResources]
- Pitelis, Christos, and Roger Sugden, eds. 2000. *The Nature of the Transnational Firm*. 2nd ed. London and New York: Routledge.
- Pryor, Frederic L. 2001. Dimensions of the Worldwide Merger Boom. *Journal of Economic Issues* 35 (4, December): 825-840. [eResources]
- Ravenscraft, David J., and F. M. Scherer. 1987. *Mergers, Sell-Offs, and Economic Efficiency*. Washington, D.C.: The Brookings Institution.
- United Nations Conference on Trade and Development. Annual. *World Investment Report*. New York and Geneva: United Nations.
- Vernon, Raymond. 1977. *Storm Over the Multinationals: The Real Issues*. Cambridge, Mass.: Harvard University Press.
- Vernon, Raymond. 1998. *In the Hurricane's Eye. The Troubled Prospects of Multinational Enterprises*. Cambridge, Mass.: Harvard University Press.

9. Depth: Cost Cutting and Stagflation

Required Readings

- Hirschman, Albert O. 1985. Reflection on the Latin American Experience. In *The Politics of Inflation and Economic Stagnation*, edited by L. N. Lindberg and C. S. Maier. Washington D.C.: Brookings Institution, pp. 53-77. [Moodle; 25 pages]
- Kotz, David M. 1982. Monopoly, Inflation, and Economic Crisis. *Review of Radical Political Economics* 14 (4, Winter): 1-17. [eResources; 17 pages]
- Nitzan, Jonathan, and Shimshon Bichler. 2002. *The Global Political Economy of Israel*. London: Pluto Press, Ch. 4: 'The Making of Stagflation,' pp. 137-197 [<http://bnarchives.yorku.ca/8/>; 61 pages]
- Nitzan, Jonathan, and Shimshon Bichler. 2009. *Capital as Power. A Study of Order and Creorder*. RIPE Series in Global Political Economy. New York and London: Routledge, Ch. 16, 'Depth,' pp. 361-382. [required textbook; 22 pages]

Autobiographies (optional)

- Haffner, Sebastian. 2002. *Defying Hitler: A Memoir*. 1st American ed. New York: Farrar Straus and Giroux.
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- Ackley, G. 1959. Administered Prices and the Inflationary Process. *American Economic Review, Papers and Proceedings* 49 (2, May): 419-430. [eResources]
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- Nitzan, Jonathan. 1990. Inflation and Market Structure. Discussion Paper, Department of Economics, McGill University, Montreal, pp. 1-59. [<http://bnarchives.yorku.ca/161/>]
- Nitzan, Jonathan. 1990. Macroeconomic Perspectives on Inflation and Unemployment. Discussion Paper, Department of Economics, McGill University, Montreal, pp. 1-46. [<http://bnarchives.yorku.ca/159/>]
- Nitzan, Jonathan. 1990. Price Behaviour and Business Behaviour. Discussion Paper, Department of Economics, McGill University, Montreal, pp. 1-33. [<http://bnarchives.yorku.ca/160/>]
- Nitzan, Jonathan. 1992. From Olson to Veblen: The Stagflationary Rise of Distributional Coalitions. Paper read at the annual meeting of The History of Economics Society, May 30 - June 2, at Fairfax, Virginia. [<http://bnarchives.yorku.ca/176/>]
- Phillips, A. W. 1958. The Relation Between Unemployment and the Rate of Change of Money Wages in the United Kingdom, 1861-1957. *Economica* New Series 25 (100, November): 283-299.
- Rowthorn, R. E. 1977. Conflict, Inflation and Money. *Cambridge Journal of Economics* 1 (3, September): 215-239. [eResources]
- Stigler, George Joseph, and James Keith Kindahl. 1970. *The Behavior of Industrial Prices*. New York: National Bureau of Economic Research; distributed by Columbia University Press.
- Weintraub, Sidney. 1978. *Capitalism's Inflation and Unemployment Crisis. Beyond Monetarism and Keynesianism*. Reading, Mass. Don Mills, Ont.: Addison-Wesley.

10 & 11. Regimes of Accumulation: Theory and History

Required Readings

- Arrighi, Giovanni. 1993. The Three Hegemonies of Historical Capitalism. In *Gramsci, Historical Materialism and International Relations*, edited by S. Gill. Cambridge: Cambridge University Press, pp. 148-185. [Moodle; 38 pages]
- Magdoff, Harry. 1972. Imperialism. A Historical Survey. In *Imperialism: From the Colonial Age to the Present. Essays by Harry Magdoff*. New York: Monthly Review Press, pp. 94-113. [Moodle; 20 pages]
- Harvey, David. 2003. The 'New' Imperialism: Accumulation by Dispossession. In *The New Imperial Challenge. Socialist Register 2004*, edited by L. Panitch and C. Leys. London: Merlin Press, pp. 62-87. [eResources; 26 pages]
- Machover, Moshé. 1999. The 20th Century in Retrospect. *Worker's Liberty* (# 59): 1-13. [<http://archive.workersliberty.org/wlmags/wl59/moshe.htm>; 13 pages]
- Bichler, Shimshon, and Jonathan Nitzan. 2012. Imperialism and Financialism: The Story of a Nexus. *Journal of Critical Globalization Studies* (5, January): 42-78. [<http://bnarchives.yorku.ca/329/>; 37 pages].
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- Nitzan, Jonathan, and Shimshon Bichler. 2002. *The Global Political Economy of Israel*. London: Pluto Press, Ch. 5: 'The Weapondollar-Petrodollar Coalition,' pp. 198-273 [<http://bnarchives.yorku.ca/8/>; 86 pages]
- Nitzan, Jonathan, and Shimshon Bichler. 2006. New Imperialism or New Capitalism? *Review XXIX* (1, April): 1-86. [eResources; 86 pages]

Novels

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- Bichler, Shimshon, and Jonathan Nitzan. 2004. Dominant Capital and the New Wars. *Journal of World-Systems Research* 10 (2, August): 255-327. [<http://bnarchives.yorku.ca/1/>]
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- Hudson, Michael. 2003. *Super Imperialism. The Origin and Fundamentals of U.S. World Domination*. 2nd ed. London and Sterling, Va.: Pluto Press.

- Kautsky, Karl. 1970. Ultra-Imperialism. Original German version published in 1914. *New Left Review* 59 (Jan/Feb): 41-46.
- Lenin, Vladimir I. 1917. [1987]. Imperialism, The Highest State of Capitalism. In *Essential Works of Lenin. 'What Is to Be Done?' and Other Writings*. New York: Dover Publications, Inc., pp. 177-270.
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- Marx, Karl. 1909. *Capital. A Critique of Political Economy*. 3 vols. Chicago: Charles H. Kerr & Company, Vol. 1, 'Genesis of the Industrial Capitalist' and 'Historical Tendency of Capitalist Accumulation,' pp. 822-837.
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- Nitzan, Jonathan, and Shimshon Bichler. 2004. Clash of Civilization, or Capital Accumulation? *News From Within* XX (3, June-July): 4-6. [<http://bnarchives.yorku.ca/28/>]
- Nitzan, Jonathan, and Shimshon Bichler. 2006. Cheap Wars. *Tikkun*, August, 9. [<http://bnarchives.yorku.ca/205/>]
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- Radice, Hugo. 1999. Taking Globalization Seriously. In *Socialist Register 1999. Global Capitalism Versus Democracy*, edited by L. Panitch and C. Leys. London: Merlin Press, pp. 1-28.
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- Went, Robert. 2002-2003. Globalization in the Perspective of Imperialism. *Science & Society* 66 (4, Winter): 473-497. [eResources]

12. Systemic Crisis and the Asymptotes of Power

Required Readings

- Bichler, Shimshon, and Jonathan Nitzan. 2010. Systemic Fear, Modern Finance and the Future of Capitalism. Monograph, Jerusalem and Montreal (July), pp. 1-42. [<http://bnarchives.yorku.ca/289/>]
- Kliman, Andrew, Shimshon Bichler, and Jonathan Nitzan. 2011. Systemic Crisis, Systemic Fear: An Exchange. Special Issue on 'Crisis'. *Journal of Critical Globalization Studies* (4, April): 61-118. [<http://bnarchives.yorku.ca/314/>]
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- Bichler, Shimshon, and Jonathan Nitzan. 2013. Can Capitalists Afford Recovery? Economic Policy When Capital is Power. *Working Papers on Capital as Power* (2013/01, October): 1-36.
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RESEARCH EXERCISES 1 AND 2

Purpose. The purpose of the exercises is threefold: (a) to familiarize you with some of the data sources available for the study of the political economy; (b) to give you hands-on experience in obtaining, manipulating and interpreting empirical information; and (c) to make you appreciate the importance and limitations of facts.

Work in pairs. Working with someone else is beneficial for a number of reasons. First, it encourages discussion and debate and entices the imagination. Second, it helps prevent panic when things don't work out. And, third, it gives me less to grade. If you insist on working alone, that's OK, but clear it with me first.

Start immediately. Things always take longer than you think. Attend one of the library instruction sessions (see schedule below) and start working on the first exercise.

Back up your work. Computers can be quick to eliminate any trace of your work if you are not careful. Make sure to save frequent backups.

Excel. There are no shortcuts here. You should familiarize yourself with this spread sheet programme, simply since it is the most widely used. If you know how to plot data in another programme, that's fine too.

Presentation. Pay very close attention to aesthetics. Write your answers with care, trying to be concise but precise. Type your answers and print your tables and charts neatly.

- I strongly recommend reading the short book by William Strunk and E. B. White, *The Elements of Style* (New York: Pearson Longman, 2009). Originally published in 1918, it remains one of the clearest and most useful guides to English writing.

Library database instructions. I have arranged with Walter Giesbrecht of Scott Library (walterg@yorku.ca) to offer a basic instruction session to students in this seminar. The instruction will cover: (a) the World Bank's *World Development Indicators*, (b) *Global Insight* and (c) *Global Financial Data*. Two identical sessions will be given early in the term. You are required to attend one of them:

- Session I: Wed, September 17, 2013, 17:00-18:30, Scott Library, Instruction Room 531.
- Session II: Tue, September 23, 2012, 17:00-18:30, Scott Library, Instruction Room 531

The session will help you get started with the first assignment. The librarians are also very helpful beyond the seminar. Don't be shy to seek help – with the databases as well as with other questions. The library resource page for this course could be found here:

<http://researchguides.library.yorku.ca/nitzan>

Exercise 1 (15%)

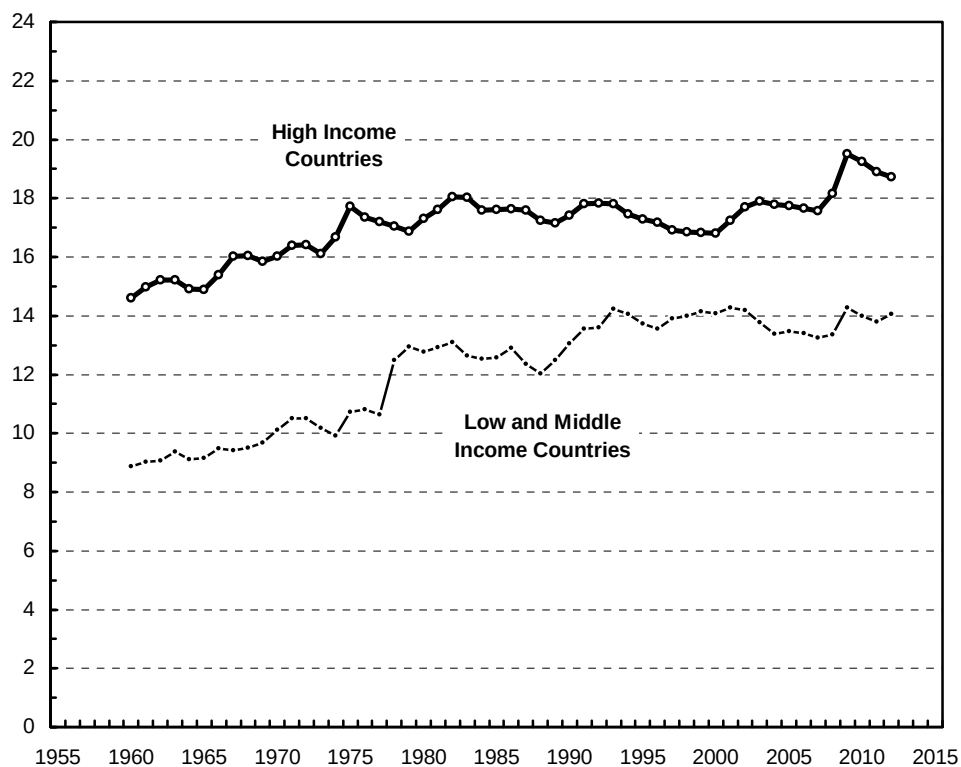
Due date. October 21, hard copy in class.

Data and presentation. This exercise uses the World Bank's *World Development Indicators*; it requires you to use Microsoft Excel or a comparable charting programme.

Questions

- (75%) Using data from the World Bank's *World Development Indicators*, plot the 'General Government Final Consumption Expenditure (% of GDP)' for both the 'High Income countries' and the 'Low and Middle Income countries.' The data begin in 1960 and extend to the early 2010s (the World Bank constantly updates its data, so your own figure may include additional/modified observations). Using Excel to chart the result, try to make your figure look exactly as the one given below (including chart proportions, font size, line style, etc.). You should hand in the Excel sheet of the graph with your answer.
- (25%) Using the data charted in your figure, assess the following statement: 'Since the early 1980s, the hallmark of neo-liberalism was smaller government.' Differentiate between the experience of high income countries on the one hand and low and middle income countries on the other (Maximum 250 words).

**General Government Final Consumption Expenditure
(% of GDP)**



NOTE: Cutoff point between Middle and High Income countries: \$12,616 Gross National Income per Capita in 2012 (using the World Bank Atlas Method).
(<http://data.worldbank.org/about/country-classifications>)

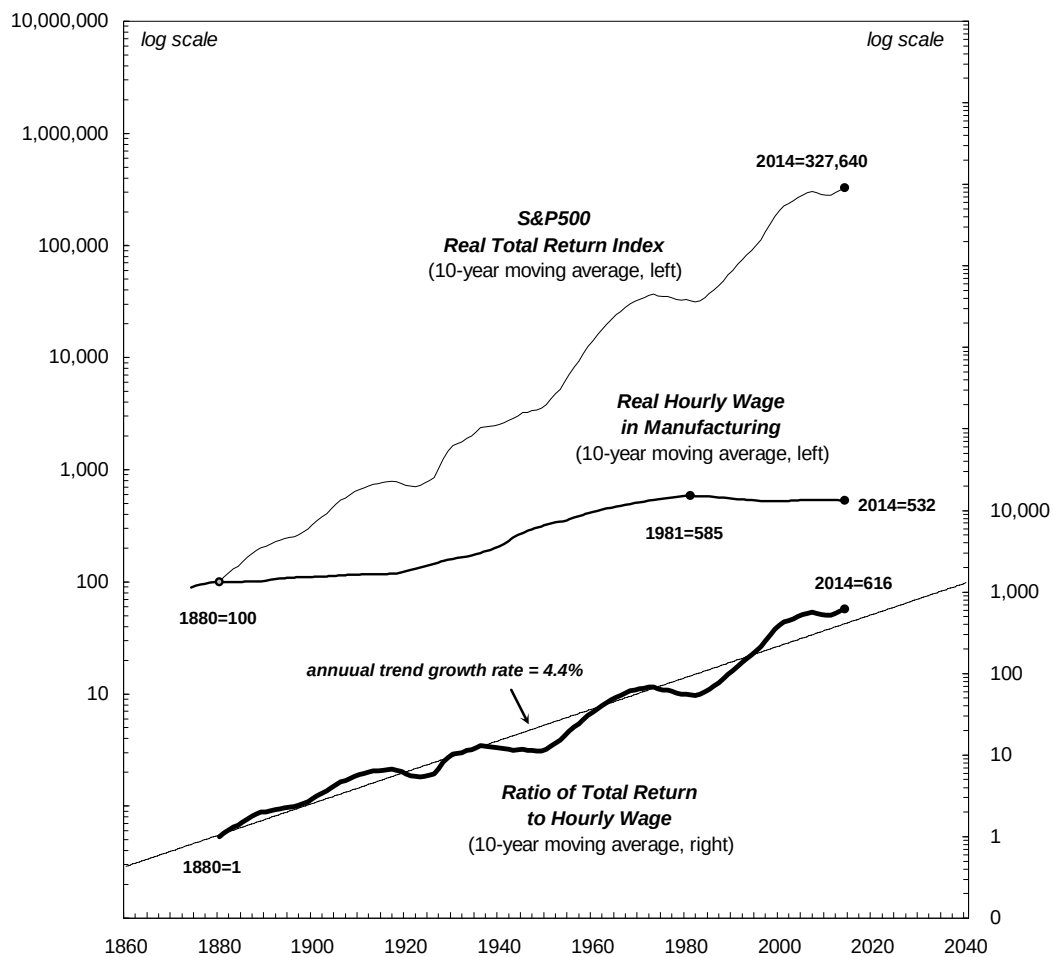
SOURCE: *World Development Indicators*, Online, 2014

Exercise 2 (25%)

Due date. November 11, hard copy in class.

Data and presentation. This exercise uses data that can be retrieved from *World Development Indicators*, *Global Financial Data*, *Global Insight* and *Mergent* (you can also use other sources if you wish). The exercise also requires you to use Excel or a comparable charting programme. Document your data, including the sources and variable names, and explain all your computations.

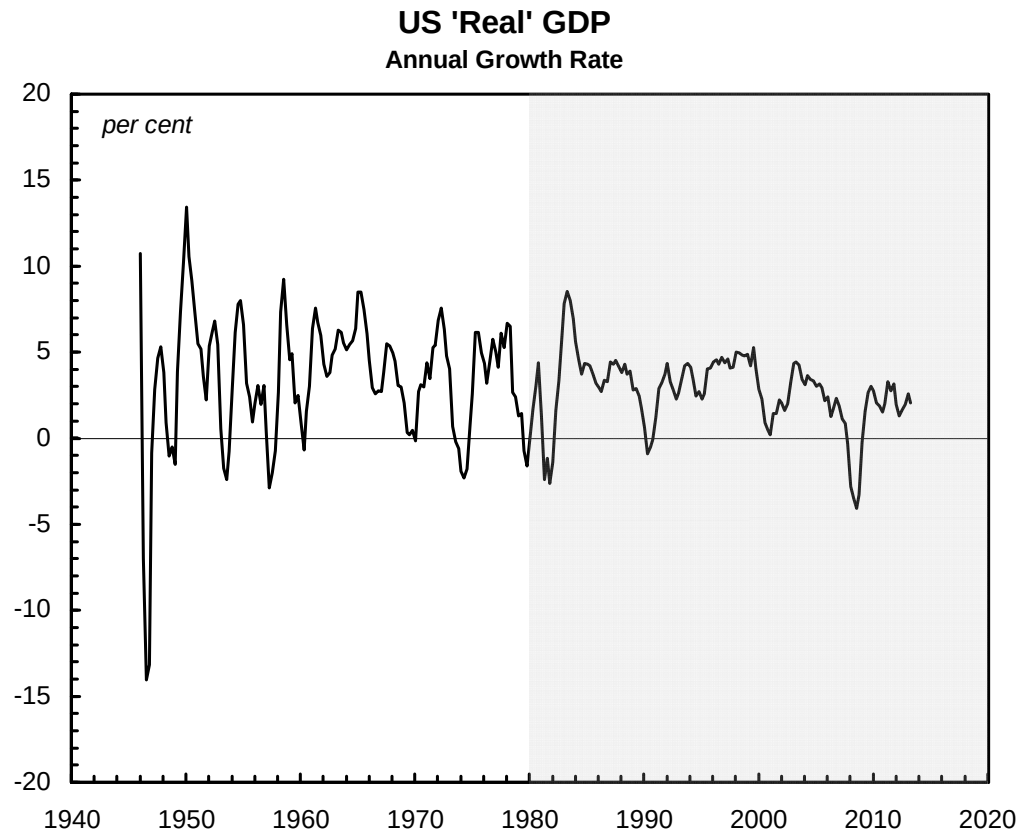
Questions (review the figure and turn to the next page)



NOTE: Real series are computed by dividing the nominal series by the CPI.

SOURCE: The S&P total return index is from Global Financial Data (till 1969) spliced with data from Global Insight (1970 onward, series code: SP500TRI). The hourly wage rate is constructed by splicing the following series. *Historical Statistics of the United States*, Millennial Edition Online: Ba4290 (hourly wages in manufacturing, all trades, 1865-1889), Ba4299 (hourly earnings in manufacturing, all industries, 1890-1913), Ba4362 (weekly earnings of production workers in manufacturing, 1914-1918), Ba4361 (hourly earnings of production workers in manufacturing, 1919-1938); Global Insight: AHPMFNS (average hourly earnings of production workers in manufacturing, 1939-present). The CPI is from Global Financial Data (till 1946) spliced with Global Insight (1947 onward, series code: CPIU).

1. (25%; up to 500 words) The top part of the figure on page 21 compares two U.S. time series, each expressed as a 10-year moving average. One is a 'flow' series: the 'real' hourly wage rate in manufacturing. The other is a 'stock' series, also expressed in 'real' terms: the total return index of the S&P500 group of companies (the term 'total' indicates that stock prices are augmented by reinvested dividends). The bottom part of the figure computes a 'differential' index: the ratio between the nominal total return index and the nominal wage rate (also expressed as a 10-year moving average). Answer the following questions:
 - a. Explain the difference between 'stock' and 'flow' data.
 - b. Explain the difference between nominal and 'real' measures.
 - c. Explain the meaning of a differential index and how it differs from 'real' measures.
 - d. What conclusions can you draw from the data in the figure?
2. (25%; up to 400 words) A good data source for this question is the IMF's *International Financial Statistics* databank available through Global Insight. Using time series data for a country of your choice (other than the United States), produce a chart similar to the one plotted on page 21. The chart should compare the evolution of the 'real' wage rate to the evolution of the 'real' total return from investing in the stock market (you can use the 'real' stock market index if you cannot find the total return index). The chart should also calculate the 'differential' ratio between the total return index of the stock market and the wage rate. What conclusions can you draw from your computations? (up to 400 words).
3. (25%; up to 400 words) Consider the figure on page 23. The chart shows the rate of growth of U.S. 'real' GDP (GDP measured in constant prices). It uses quarterly data, with each observation showing the annual per cent change from the same quarter in the previous year (e.g. Q1 1998 relative to Q1 1997, Q2 1998 relative to Q2 1997, etc.).
 - a. Use *Global Financial Data* (GFD) to obtain quarterly data for the 'real' GDP of a country other than the United States. You must choose a country whose quarterly 'real' GDP data begin in 1960 or earlier (note that GFD's quarterly data may go back only so far, and that for earlier year it reports only annual data; these annual data have to be deleted from your dataset for the purpose of the presentation here). Calculate the annual growth rate of the country's 'real' GDP and plot it similarly to the figure on page 23.
 - b. Based on the growth rates of the U.S. and the country you have chosen, assess the following statement: 'The rise of neoliberalism since the early 1980s has made the two countries more unstable'.
4. (25%; up to 400 words). Use *Mergent* to obtain the following annual time-series for a corporation of your choice: (a) net income (profit after taxes), and (b) sales revenues. Both series have to go back for at least 10 years. Using these data, compute the times series for the corporation's markup (the ratio of net profit to sales revenues). Plot all three series on the same chart (net income and sales on the left axis, the markup on the right axis; use a log scale if needed). Document the exact sources of your data, including variable names when appropriate (try to quantify your answer by assessing the relative deviations of each variable). What is the main cause for the change in profit – changes in sales or changes in the markup? What conclusion can you draw from this answer?



NOTE: The figure shows quarterly data. 'Real' GDP is expressed in constant 2009 dollars. The year-on-year rate of growth is computed between the same quarters in adjacent years. The last data point is for 2014:Q1

SOURCE: Global Financial Data (series code: GDPCUSA).