

# The Capitalist Mode of Power

## *A Research Seminar*

York University, Political Science 6260 (6.0)  
Fall, September 9 – December 8, 2009  
Tuesday 14:30-17:30 & Thursday 11:30-14:30

**Course Director: Jonathan Nitzan**

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### OVERVIEW

#### **Description**

Capitalism is often understood as a mode of production and consumption. The seminar critiques this view and offers an alternative perspective of capitalism as a mode of power.

Thematically, the course consists of five parts: (1) Dilemmas of Political Economy: the two basic bifurcations separating 'politics' from 'economics' and the 'real' from the 'nominal', and how these dualities have gradually fractured political economy; (2) The Enigma of Capital: the liberal and Marxists conceptions of value and capital and why political economists still try to sort them out; (3) Capitalization: how discounting conquered the world while political economists looked the other way; (4) Bringing Power Back In: the history and theory of the capitalist mode of power; and (5) Capital as Power: a radical alternative to liberal and Marxists theories of accumulation.

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 project.

#### **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 any 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	—	October 22
Research Exercise 2	15%	0	—	November 12
Paper Proposal	10%	10%		November 26
Term Paper	50%	80%	6,000 words	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](mailto: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](mailto:nitzan@yorku.ca)).

A NOTE ON PROGRESSION: The assignments and paper 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 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. 2008. *The Secrets of Economic Indicators. Hidden Clues to Future Economic Trends and Investment Opportunities*. 2nd ed. Upper Saddle River, N.J.: Wharton School Pub.
- Caporaso, James A., and David P. Levine. 1992. *Theories of Political Economy*. Cambridge: Cambridge University Press.
- Ganshof, François Louis. 1964. *Feudalism*. 3rd English ed. New York: Harper & Row.
- 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.
- 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)

- 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.
- 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. (2002) *History of Economic Thought. A Critical Perspective* (New York: M.E. Sharpe).
- Josephson, Matthew. 1934. *The Robber Barons. The Great American Capitalists. 1861-1901*. New York: Harcourt, Brace and Company.
- Keen, Steve. 2001. *Debunking Economics. The Naked Emperor of the Social Sciences*. Annandale and London: Pluto Press Australia and Zed Books.
- 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. [full PDF text: <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.
- 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 10:* Introduction and Organization

**Dilemmas of Political Economy**

1. *Sep 15 & 17:* The Capitalist Dualities and the Fracturing of Political Economy

**The Enigma of Capital**

2. *Sep 22 & 24:* Neoclassical Theories of Capital: Utility

3. *Sep 29 & Oct 1:* Marxist Theories of Capital: Labour

4. *Oct 6 & 8* What is Being Accumulated?

*Oct 13 & 15:* Study week – no classes

**Capitalization**

5. *Oct 20 & 22:* Capitalization: The Architecture of Power

**Bringing Power Back In**

6. *Oct 27 & 29:* Accumulation and Sabotage

7. *Nov 3 & 5:* The Corporation

8. *Nov 10 & 12:* Modes of Power

**Accumulation of Power**

9. *Nov 17 & 19:* Dominant Capital & Differential Accumulation

10. *Nov 24 & 26:* Breadth: Greenfield, Mergers & Globalization

11. *Dec 1 & 3:* Depth: Cost Cutting and Stagflation

12. *Dec 8:* Regimes of Accumulation: Prosperity and Crisis

**READINGS**

The required readings are available from one of the following sources: (1) required textbook; (2) course kit; (3) York Library's eResources; (4) specified URL. (\*) Denotes technically difficult material.

**Introduction and Organization**

- Heilbroner, Robert. 1992. *Twenty-First Century Capitalism*. Toronto: Anansi. [required textbook]

**1. The Capitalist Dualities and the Fracturing 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. [course kit 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]

#### *Background (recommended)*

- Céline, Louis-Ferdinand. 1932. [1983]. *Journey to the End of the Night*. Translated by R. Manheim. np: New Directions.
- Houellebecq, Michel. 2005. *The Possibility of an Island*. Translated from the French by Gavin Bowd. 1st American ed. New York: Alfred A. Knopf.

#### *Optional Bibliography*

- 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. 351-388; 527-548. [course kit; 60 pages]
- 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. [course kit; 6 pages]
- (\*) Keen, Steve. 2001. *Debunking Economics. The Naked Emperor of the Social Sciences*. Annandale and London: Pluto Press Australia and Zed Books. Ch. 2: 'The Calculus of Hedonism,' pp. 23-54; Ch. 3: 'The Price of Everything and the Value of Nothing,' pp. 54-84. [course kit; 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. 5, 'Neoclassical Parables,' pp. 67-83 [required textbook; 17 pages]

*Background (recommended)*

- Huxley, Aldous. 1932. *Brave New World*. With a special Forward by the author. New York: The Modern Library.

*Optional Bibliography*

- 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 15<sup>th</sup>-18<sup>th</sup> 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.
- 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.
- 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. 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]
- Hunt, E. K. 1992. *History of Economic Thought. A Critical Perspective*. 2nd ed. New York: HarperCollins Publishers. Ch. 9, 'Karl Marx,' pp. 249-303. [course kit; 55 pages]

- 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. [course kit; 31 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. [course kit; 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]

#### *Background (recommended)*

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

#### *Optional Bibliography*

- 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* (I/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.
- 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.
- 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. 1990. Capital as a Social Relation. In *The New Palgrave. Marxian Economics*, edited by J. Eatwell, M. Milgate and P. Newman. New York and London: W.W. Norton & Company, pp. 72-78.
- 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.
- 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.
- 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. What is Being Accumulated?

##### *Required Readings*

- (\*) Robinson, Joan. 1962. *Economic Philosophy*. Chicago: Aldine Pub. Co. Ch.3: 'The Neoclassics: Utility,' pp. 47-72 [course kit; 26 pages]
- (\*) Harvey, Philip. 1985. The Value-Creating Capacity of Skilled Labor in Marxian Economics. *Review of Radical Political Economics* 17 (1/2): 83-102. [eResources; 20 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. 8, 'Accumulation of What?' pp. 125-144 [required textbook; 20 pages]

#### 5. Capitalization: The Architecture of Power

##### *Required Readings*

- Sweezy, Paul M. 1991. Monopoly Capital After Twenty-Five Years. *Monthly Review* 43 (7): 52-57. [eResources; 8 pages]
- Brealey, Richard A., Stewart C. Myers, Alan J. Marcus, Elizabeth M. Maynes, and Devashis Mitra. 2009. *Principles of Corporate Finance*. 4th Canadian ed. McGraw-Hill Ryerson Higher Education, Chs. 4, 10-11, pp. 80-129, 303-366 [course kit; 113 pages]



- Faulhaber, Gerald R., and William J. Baumol. 1988. Economists as Innovators: Practical Products of Theoretical Research. *Journal of Economic Literature* XXVI (June), pp.: 583-585. [eResources; 3 pages]
- Fisher, Irving. 1896. What is Capital? *The Economic Journal* 6 (24, December): 509-534. [eResources; 36 pages]
- Perelman, Michael. 1990. The Phenomenology of Constant Capital and Fictitious Capital. *Review of Radical Political Economics* 22 (2-3): 66-91. [eResources; 26 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 III, 'Capitalization,' pp. 147-214. [required textbook; 68 pages]

#### *Background (recommended)*

- Orwell, George. 1936. [1999]. *Keep the Aspidistra Flying*. San Diego: Harcourt Brace.

#### *Optional Bibliography*

- Baskin, Jonathan Barron. 1988. The Development of Corporate Financial Markets in Britain and the United States, 1600-1914: Overcoming Asymmetric Information. *Business History Review* 62 (2, Summer): 199-237. [eResources]
- Baskin, Jonathan Barron, and Paul J. Miranti. 1997. *A History of Corporate Finance*. Cambridge: Cambridge University Press. McGraw-Hill Book Company Inc.
- Bernoulli, Daniel. 1738. [1955]. Exposition of a New Theory on the Measurement of Risk. (Originally published in Latin in 1738 as 'Specimen Theoriae Novae de Mesura Sortis'). Translated by Louise Sommer. *Econometrica* 22 (1, January): 23-36. [eResources]
- Bernstein, Peter L. 1992. *Capital Ideas. The Improbable Origins of Modern Wall Street*. New York and Toronto: Free Press and Maxwell Macmillan Canada.
- Bernstein, Peter L. 1996. *Against the Gods. The Remarkable Story of Risk*. New York: John Wiley & Sons.
- Black, Fischer. 1986. Noise. Papers and Proceedings of the Forty-Fourth Annual Meeting of the American Finance Association, New York, New York, December 28-30, 1985. *The Journal of Finance* 41 (3, July): 529-543. [eResources]
- Cardoza, Keith, Justin Basara, Liddy Cooper, and Rick Conroy. 2006. The Power of Intangible Assets. An Analysis of the S&P 500. Chicago, Illinois: Ocean Tomo, Intellectual Capital Equity. <http://www.icknowledgecenter.com/WhitePapers/OceanTomoS&P500.pdf>
- de Roover, Raymond Adrien. 1974. *Business, Banking, and Economic Thought in Late Medieval and Early Modern Europe*. Chicago: University of Chicago Press.
- Epstein, Gerald A., ed. 2005. *Financialization and the World Economy*. Cheltenham, UK and Northampton, MA, USA: Edward Elgar.
- Fetter, Frank Albert. 1914. Interest Theories, Old and New. *American Economic Review* 4 (1, March): 68-92. [eResources]
- Fetter, Frank Albert. 1914. Capitalization versus Productivity: Rejoinder. *The American Economic Review* 4 (4, December): 856-859. [eResources]
- Fisher, Irving. 1907. *The Rate of Interest. Its Nature, Determination and Relation to Economic Phenomena*. New York: The Macmillan Company. [\[http://socserv.mcmaster.ca/econ/ugcm/3ll3/fisher/RateofInterest.pdf\]](http://socserv.mcmaster.ca/econ/ugcm/3ll3/fisher/RateofInterest.pdf)
- Froud, Julie, Colin Haslam, Sukhdev Johal, and Karl Williams. 2002. Shareholder value and Financialization: Consultancy Promises, Management Moves. *Economy and Society* 29 (1): 80-110. [eResources]
- Galbraith, John Kenneth. 1990. *A Short History of Financial Euphoria*. New York: Penguin.

- Graham, Benjamin, and David L. Dodd. 1934. *Security Analysis*. 1st ed. New York and London: Whittlesey House McGraw-Hill Book Company Inc.
- Hacking, Ian. 1975. *The Emergence of Probability. A Philosophical Study of Early Ideas about Probability, Induction and Statistical Inference*. London and New York: Cambridge University Press.
- Hacking, Ian. 1990. *The Taming of Chance*. Cambridge and New York: Cambridge University Press.
- Hall, Robert E. 2001. The Stock Market and Capital Accumulation. *The American Economic Review* 91 (5, December): 1185-1202. [eResources]
- Henwood, Doug. 1997. *Wall Street. How It Works and For Whom*. London and New York: Verso. <http://www.wallstreetthebook.com/WallStreet.pdf>
- Holton, Glyn A. 2004. Defining Risk. *Financial Analysts Journal* 60 (6, November/December): 19-25. [eResources]
- Kindleberger, Charles P. 1978. *Manias, Panics, and Crashes. A History of Financial Crises*. New York: Basic Books, Inc. Publishers.
- Krippner, Greta R. 2005. The Financialization of the American Economy. *Socio-Economic Review* (3): 173-208. [eResources]
- Mackay, Charles. 1841. [1932]. *Extraordinary Popular Delusions and the Madness of Crowds*. Foreword by Bernard M. Baruch. New York: Farrar, Straus and Giroux.
- Mandelbrot, Benoit, and Richard L Hudson. 2004. *The (Mis)Behavior of Markets. A Fractal View of Financial Turbulence*. New York: Basic Books.
- Markowitz, Harry. 1952. Portfolio Selection. *The Journal of Finance* 7 (1, March): 77-91. [eResources]
- Sharpe, William F. 1964. Capital Asset Prices: A Theory of Market Equilibrium Under Conditions of Risk. *Journal of Finance* 19: 425-442. [eResources]
- Shiller, Robert J. 2000. *Irrational Exuberance*. Princeton, NJ: Princeton University Press.
- Taibbi, Matt. 2009. The Great American Bubble Machine. *Rolling Stone*, July 9-23, pp. 52-61, 98-101.
- Williams, Karel, William Lazonick, Mary O'Sullivan, François Morin, Ulrich Jürgens, Katrin Naumann, Joachim Rupp, Julie Froud, Colin Haslam, Sukhdev Johal, Robert Boyer, Michel Aglietta, John Grahl, and Paul Teague. 2000. Special Issue on Shareholders Value and Financialization. *Economy and Society* 29 (1, February): 1-178. [eResources]

## 6. 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, S.A. 1974. [1996]. What Do Bosses Do? The Origins and Functions of Hierarchy in Capitalist Production. *Review of Radical Political Economics* 6 (2): 60-112. [course kit; 53 pages]

- Means, Gardiner C. 1935. Price Inflexibility and Requirements of a Stabilizing Monetary Policy. *Journal of the American Statistical Association* 30 (June): 401-413. [eResources; 13 pages].
- Hall, R. L., and C. J. Hitch. 1939. Price Theory and Business Behaviour. *Oxford Economic Papers* (2): 12-45. [eResources; 34 pages]
- (\*) Kalecki, Michal. 1943. [1971]. Costs and Prices. In *Selected Essays on the Dynamics of the Capitalist Economy, 1933-1970*. Cambridge: Cambridge University Press, pp. 43-61. [course kit; 19 pages]
- Lanzillotti, Robert F. 1958. Pricing Objectives in Large Companies. *American Economic Review* 48 (5, December): 921-940. [eResources; 20 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]

#### *Background (recommended)*

- 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.
- Paine, Chris. 2006. *Who Killed the Electric Car*. A Documentary Movie: Plinyminor.

#### *Optional Bibliography*

- Blair, John M. 1972. *Economic Concentration: Structure, Behavior and Public Policy*. New York: Harcourt, Brace Jovanovich, Chs. 16-19, pp. 405-522. [Perhaps the best review of oligopolistic pricing]
- Blinder, Alan S., Elie Canetti, David Lebow, and Jeremy Rudd. 1998. *Asking About Prices. A New Approach to Understanding Price Stickiness*. New York: Russell Sage Foundation.
- 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.
- Lee, Frederic S. 1984. The Marginalist Controversy and the Demise of Full Cost Pricing. *Journal of Economic Issues* 18: 1107-1132. [eResources]
- Machlup, Fritz. 1967. Theories of the Firm: Marginalist, Behavioral, Managerial. *American Economic Review* 57 (1, March): 1-33. [eResources].
- 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. Ardzrooni. 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.

## 7. The Corporation

### *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). [course kit; 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). [course kit; 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]
- La Porta, Rafael, Florencio Lopez-De-Silanes, and Andrei Shleifer. 1999. Corporate Ownership Around the World. *Journal of Finance* 54 (2, April): 471-517. [eResources; 47 pages]
- Coase, Ronald H. 1937. [1996]. The Nature of the Firm. In *The Economic Nature of the Firm. A Reader*, edited by L. Putterman and R. S. Kroszner. Cambridge: Cambridge University Press, pp. 89-104. [course kit; 16 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) [course kit; 38 pages]
- Arrighi, Giovanni, Kenneth Barr, and Shuji Hisaeda. 1999. The Transformation of Business Enterprise. In *Chaos and Governance in the Modern World System*, edited by G. Arrighi and B. J. Silver. Minneapolis and London: University of Minnesota Press, pp. 97-150. [course kit; 54 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. 248-262. [required textbook; 15 pages]

### *Background (recommended)*

- *Rollerball*. 1975. Written by William Harrison, Directed by Norman Jewison.
- *The Corporation*. 2003. Written by Mark Achbar, Joel Bakan, and Harold Crooks, Directed by Jennifer Abbott and Mark Achbar.

### *Optional Bibliography*

- Blair, John M. 1972. *Economic Concentration: Structure, Behavior and Public Policy*. New York: Harcourt, Brace Jovanovich.

- Chandler, Alfred D. Jr. 1962. *Strategy and Structure. Chapters in the History of the Industrial Enterprise*. Cambridge, Mass.: The M.I.T. Press.
- Chandler, Alfred D. Jr. 1965. The Beginning of 'Big Business' in American Industry. In *New Views on American Economic Development. A Selective Anthology of Recent Work*, edited by R. L. Andreano. Cambridge, Mass.: Schenkman Publishing Company, pp. 277-306.
- Chandler, Alfred D. Jr. 1977. *The Visible Hand: The Managerial Revolution in American Business*. Cambridge: Harvard University Press.
- Chandler, Alfred Dupont, and Takashi Hikino. 1990. *Scale and Scope. The Dynamics of Industrial Capitalism*. Cambridge, Mass.: Belknap Press.
- Chandler, Alfred D. Jr., Franco Amatori, and Takashi Hikino, eds. 1997. *Big Business and the Wealth of Nations*. Cambridge: Cambridge University Press.
- Edwards, Richard. 1979. *Contested Terrain. The Transformation of the Workplace in the Twentieth Century*. New York: Basic Books.
- Eichner, Alfred S. 1976. *The Megacorp and Oligopoly. Micro Foundations of Macro Dynamics*. Cambridge, England and New York: Cambridge University Press.
- Foster, John Bellamy. 1986. *The Theory of Monopoly Capitalism. An Elaboration of Marxian Political Economy*. New York: Monthly Review. Ch. 3, 'Free Competition and Monopoly Capital,' pp. 51-73.
- Herman, Edward S. 1981. *Corporate Control, Corporate Power*. Cambridge and New York: Cambridge University Press.
- Moore, Thomas Gale, ed. 1983. *Corporations and Private Property*. A Conference Sponsored by the Hoover Institution. Special issue of *The Journal of Law & Economics* XXVI (2, June).
- Morck, Randall, ed. 2005. *A History of Corporate Governance Around the World. Family Business Groups to Professional Managers*. A National Bureau of Economic Research conference report. Chicago: University of Chicago Press.
- Parkinson, C. Northcote. 1974. *Big Business*. Boston: Little Brown.
- Putterman, Louis G., and Randy Kroszner, eds. 1996. *The Economic Nature of the Firm. A Reader*. 2nd ed. Cambridge and New York: Cambridge University Press. 'The Economic Nature of the Firm: A New Introduction,' pp. 1-31.
- Scherer, F. M., and David Ross. 1990. *Industrial Market Structure and Economic Performance*. 3rd ed. Boston: Houghton Mifflin. Ch. 3, 'Industry Structure' (pp. 58-96).
- 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.
- Sweezy, Paul M. 1939. [1953]. Interest Groups in the American Economy. In *The Present as History. Essays and Reviews on Capitalism and Socialism*. New York and London: Monthly Review Press, pp. 158-188.
- Sweezy, Paul M. 1942. [1953]. The Illusion of the Managerial Revolution. In *The Present as History. Essays and Reviews on Capitalism and Socialism*. New York and London: Monthly Review Press, pp. 39-66.
- 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. Modes of Power

### *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). [course kit; 137 pages]
- Ganshof, François Louis. 1964. *Feudalism*. 3rd English ed. New York: Harper & Row. [required textbook]
- 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. 13, 'The Capitalist Mode of Power,' pp. 263-302. [required textbook; 40 pages]

### *Background (recommended)*

- Golding, William. 1960. *Lord of the Flies*. Harmondsworth, Middlesex: Penguin Books.
- *Modern Times*. 1936. Written and Directed by Charles Chaplin.
- Orwell, George. 1948. *Nineteen Eighty-Four*. London and Toronto: Secker & Warburg and S. J. Reginald Saunders & Co. Ltd.
- Puzo, Mario. 1969. *The Godfather*. New York: Putnam.
- Xenophon. 1901. *The March of the Ten Thousand*. Translation of the Anabasis, preceded by a life of Xenophon, by H. G. Dakyns, M.A. Reprinted with Corrections from Volume I of *The Works of Xenophon*, translated. by H.G. Dakyns, 1890. London and New York: The Macmillan company.

### *Optional Bibliography*

- Aston, T. H., and C. H. E. Philpin, eds. 1985. *The Brenner Debate. Agrarian Class Structure and Economic Development in Pre-Industrial Europe*. Cambridge and New York: Cambridge University Press.
- Brenner, Robert. 1977. The Origins of Capitalist Development: A Critique of Neo-Smithian Marxism. *New Left Review* 104 (July-August): 25-92.
- Bloch, Marc. 1961. *Feudal Society*. Translated from the French by L.A. Manyon. Forward by M. M. Postman. Chicago: The University of Chicago Press.
- 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.
- 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.
- Mumford, Lewis. 1934. *Technics and Civilization*. New York: Harcourt Brace and Company.
- Mumford, Lewis. 1970. *The Myth of the Machine. The Pentagon of Power*. New York: Harcourt, Brace Jovanovich, Inc.

- Pirenne, Henri. 1937. [1956]. *Economic and Social History of Medieval Europe*. Translated from the French by I. E. Clegg. New York: Harcourt Brace.

## 9. Dominant Capital and 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. [course kit; 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]

### *Background (recommended)*

- *The Coca-Cola Kid*. 1985. Written by Frank Moorhouse, Directed by Dusan Makavejev.
- *Le Couperet*. 2005. Written by Donald E. Westlake and Costa Gavras, Directed by Costa Garvas.
- Schulberg, Budd. 1941. [1990]. *What Makes Sammy Run?* New York: Vintage Books.

### *Optional Bibliography*

- Bowles, Samuel, M. Franzini, and Ugo Pagano. 1999. *The Politics and Economics of Power*. London and New York: Routledge.
- 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.

## 10. 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) [course kit; 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. [course kit; 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]

### Optional Bibliography

- 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.
- Cohen, Benjamin J. 1996. Review Article. Phoenix Risen: The Resurrection of Global Finance. *World Politics* 48 (2): 268-296.
- Dicken, Peter. 2003. *Global Shift. Reshaping the Global Economic Map in the 21st Century*. 4th ed. London and New York: Guilford Press, Ch 7: Transnational Corporations, pp. 198-237.
- Hirst, Paul, and Grahame Thompson. 1999. *Globalization in Question. The International Economy and the Possibilities of Governance*. Cambridge: Polity Press.
- Hymer, Stephen H. 1960. [1976]. *The International Operations of National Firms: A Study of Direct Foreign Investment*. Cambridge, Mass and London, England: The MIT Press.
- Hymer, Stephen H. 1970. The Efficiency (Contradictions) of the Multinational Corporation. *American Economic Review, Papers and Proceedings* 60 (2, May): 441-448. [eResources]
- Hymer, Stephen H. 1972. [1975]. The Multinational Corporation and the Law of Uneven Development. In *International Firms and Modern Imperialism. Selected Readings*, edited by H. Radice. Harmondsworth, Middlesex, England: Penguin Books, pp. 37-62.
- Kindleberger, Charles Poor. 1984. Direct Investment in Less Developed Countries: Historical Wrongs and Present Value. In *Multinational Excursions*. Cambridge, Mass.: MIT Press, pp. 60-76.
- Kindleberger, Charles Poor. 1984. *Multinational Excursions*. Cambridge, Mass.: MIT Press.
- 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.

## 11. Depth: Cost Cutting or 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. [course kit; 25 pages]



- Kotz, David M. 1982. Monopoly, Inflation, and Economic Crisis. *Review of Radical Political Economics* 14 (4): 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]

#### *Background (recommended)*

- Haffner, Sebastian. 2002. *Defying Hitler: A Memoir*. 1st American ed. New York: Farrar Straus and Giroux.
- Zweig, Stefan. 1943. *The World of Yesterday. An Autobiography*. New York: Viking Press.

#### *Optional Bibliography*

- Ackley, G. 1959. Administered Prices and the Inflationary Process. *American Economic Review, Papers and Proceedings* 49 (2, May): 419-430. [eResources]
- Blair, John M. 1974. Market Power and Inflation: A Short-Run Target Return Model. *Journal of Economic Issues* 8 (2, June): 453-478.
- Fischer, David Hackett. 1996. *The Great Wave. Price Revolution and the Rhythm of History*. New York and Oxford: Oxford University Press.
- Friedman, Milton. 1976. *Inflation and Unemployment: The New Dimension of Politics*. The 1976 Alfred Nobel Memorial Lecture. London: The Institute of Economic Affairs.
- Galbraith, John Kenneth. 1957. Market Structure and Stabilization Policy. *Review of Economics and Statistics* 39 (2, May): 124-133. [eResources]
- Hall, R. L., and C. J. Hitch. 1939. Price Theory and Business Behaviour. *Oxford Economic Papers* (2): 12-45. [eResources]
- Kalecki, Michal. 1943. [1971]. Costs and Prices. In *Selected Essays on the Dynamics of the Capitalist Economy, 1933-1970*. Cambridge: Cambridge University Press, pp. 43-61.
- Kirshner, Jonathan. 1998. Disinflation, Structural Change, and Distribution. *Review of Radical Political Economy* 30 (1, Winter): 53-90. [eResources]
- Lindberg, Leon N., and Charles S. Maier, eds. 1985. *The Politics of Inflation and Economic Stagnation. Theoretical Approaches and International Case Studies*. Washington, D.C.: The Brookings Institution.
- Means, Gardiner C. 1935. Price Inflexibility and Requirements of a Stabilizing Monetary Policy. *Journal of the American Statistical Association* 30 (June): 401-413. [eResources]
- 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. [eResrouces]
- 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.

## 12. Regimes of Accumulation: Prosperity and Crisis

*General Readings (tentative)*

**[This list will be revised, updated and trimmed in early November]**

- Barber, Lionel, Gary Becker, Alan Greenspan, Francesco Guerrera, Paul Kennedy, Nigel Lawson, Kishore Mahbubani, Kevin Murphy, Edmund Phelps, Amartya Sen, Robert Schiller, Martin Sorrell, and Martin Wolf. 2009. Future of Capitalism. The Big Debate. *Financial Times*, March. [[http://www.astrid-online.it/Dossier--d1/Rasseгна-s/FINANCIAL-TIMES\\_The-future-of-Capitalism-12\\_05\\_09.pdf](http://www.astrid-online.it/Dossier--d1/Rasseгна-s/FINANCIAL-TIMES_The-future-of-Capitalism-12_05_09.pdf)]
- Blackburn, Robin. 2008. The Subprime Crisis. *New Left Review* 50 (March-April): 63-106. [<http://www.newleftreview.org/?view=2715>]
- Bonner, William, and Addison Wiggin. 2006. *Empire of Debt. The Rise and Fall of an Epic Financial Crisis*. Hoboken, N.J.: Wiley.
- Brenner, Robert. 2002. *The Boom and the Bubble. The US in the World Economy*. London and New York: Verso.
- Brenner, Robert. 2008. Devastating Crisis Unfolds. *Against the Current* (132, January/February). [<http://www.solidarity-us.org/node/1297>]
- Bichler, Shimshon, and Jonathan Nitzan. 2010 forthcoming. Glass Ceiling: The Power Limits of Accumulation. *Science & Society*.
- Bichler, Shimshon, and Jonathan Nitzan. 2008. Contours of Crisis: *Plus ça change, plus c'est pareil?* *Dollars & Sense*, December 29. [<http://bnarchives.yorku.ca/255/>]
- Bichler, Shimshon, and Jonathan Nitzan. 2009. Contours of Crisis II: Fiction and Reality. *Dollars & Sense*, April 28. [<http://bnarchives.yorku.ca/258/>]
- Choonara, Joseph. 2009. Marxist Accounts of the Current Crisis. *International Socialism*, June 24. [<http://www.isj.org.uk/index.php4?id=557&issue=123>]
- Foster, John Bellamy. 2007. The Financialization of Capitalism. *Monthly Review* 58 (11, April). [<http://www.monthlyreview.org/0407jbf.htm>]
- Foster, John Bellamy. 2008. The Financialization of Capitalism and the Crisis. *Monthly Review* (April). [<http://www.monthlyreview.org/080401foster.php>]
- Foster, John Bellamy, and Fred Magdoff. 2009. *The Great Financial Crisis. Causes and Consequences*. New York: Monthly Review Press.
- Galbraith, John Kenneth. 1955. [1997]. *The Great Crash, 1929*. With a New Introduction by the Author. Boston: Houghton Mifflin Co.
- Harman, Chris. 2009. The Slump of the 1930s and the Crisis Today. *International Socialism*, January 9. [<http://www.isj.org.uk/index.php4?id=506&issue=121>]
- Kotz, David M. 2009. The Financial and Economic Crisis of 2008: A Systematic Crisis of Neoliberal Capitalism. *Review of Radical Political Economics* 41 (3, Summer): 305-317. [eResources]

- Palma, José Gabriel. 2009. The Revenge of the Market on the Rentiers. Why Neo-Liberal Reports of the End of History Turned Out to be Premature. *Cambridge Journal of Economics* 33 (4): 829-869. [eResources]
- Mandel, Ernest. 1995. *Long Waves of Capitalist Development. A Marxist Interpretation*. Based on the Marshall lectures given at the University of Cambridge. 2nd rev. ed. London and New York: Verso.
- 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. 17, 'Differential Accumulation: Past and Future,' pp. 383-400. [required textbook]
- Nitzan, Jonathan, and Shimshon Bichler. 2009. Contours of Crisis III: Systemic Fear and Forward-Looking Finance. *Dollars & Sense*, June 12. [<http://bnarchives.yorku.ca/262/>]
- Reinhart, Carmen M., and Kenneth S. Rogoff. 2008. This Time is Different: A Panoramic View of Eight Centuries of Financial Crises. March. *NBER Working Paper Series* (13882): 1-124. [eResources]
- Schwartz, Herman, and Leonard Seabrooke. 2008. Varieties of Residential Capitalism in the International Political Economy: Old Welfare States and the Politics of Housing. *Comparative European Politics* 6: 237-261. [eResources]
- Sherman, Howard J. 1991. *The Business Cycle. Growth and Crisis Under Capitalism*. Princeton, N.J.: Princeton University Press.
- Soros, George. 2008. The Crisis & What to Do About It. *The New York Review of Books* 55 (19, December). [<http://www.nybooks.com/articles/22113>]
- Soros, George. 2008. *The New Paradigm for Financial Markets. The Credit Crisis of 2008 and What it Means*. 1st ed. New York: PublicAffairs.
- Stiglitz, Joseph E. 2003. *The Roaring Nineties. A New History of the World's Most Prosperous Decade*. 1st ed. New York: W.W. Norton.
- Tabb, William K. 2008. Four Crises of the Contemporary World Capitalist System. *Monthly Review* (October). [<http://www.monthlyreview.org/081006tabb.php>]

## 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, discussing and debating your ideas is a catalyst for the imagination. Second, it helps prevent panic when things don't work out. And, third, it gives me less to grade. If you nevertheless want to work 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.

**Library database instructions.** I have arranged with Walter Giesbrecht of Scott Library ([walterg@yorku.ca](mailto: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) *International Statistical Yearbook* and (c) *Global Insight*. Two identical sessions will be given early in the term. You are required to attend one of them:

- Session I: Tuesday, September 15, 2009, 19:00-20:00, Scott Library, Instruction Room 531.
- Session II: Monday, September 21, 2009, 19:00-20:00, 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 will be posted in early September 2009.

**Exercise 1 (15%)**

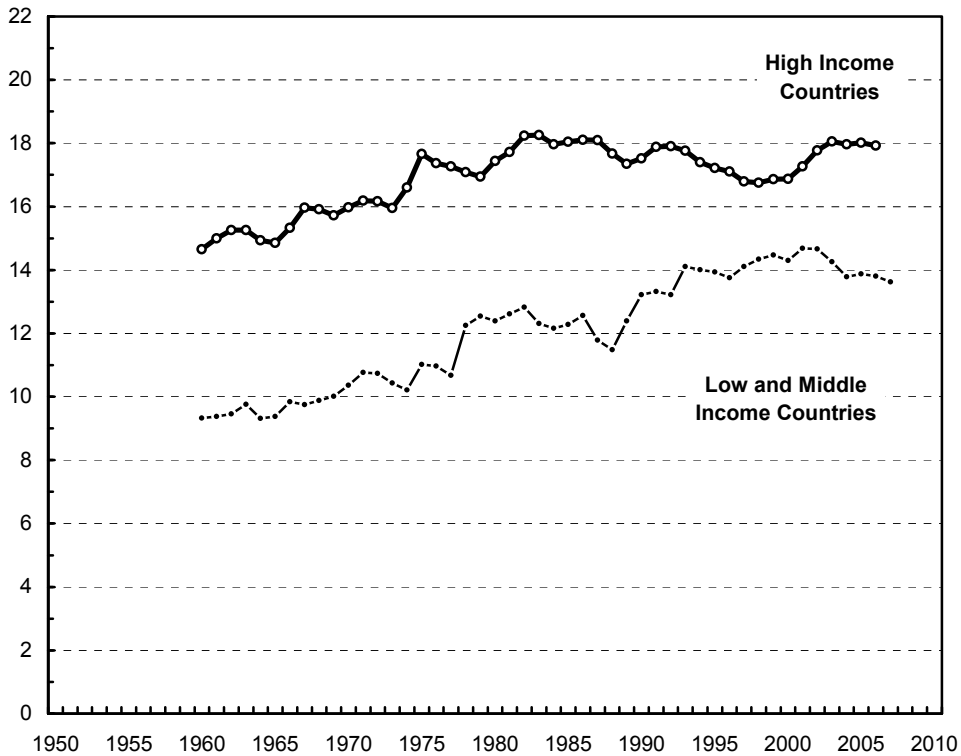
**Due date.** October 22, hard copy in class.

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

**Questions**

1. (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 mid 2000s (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.
  
2. (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: 11,906 Gross National Income per Capita in 2008.  
 SOURCE: *World Development Indicators* 2009

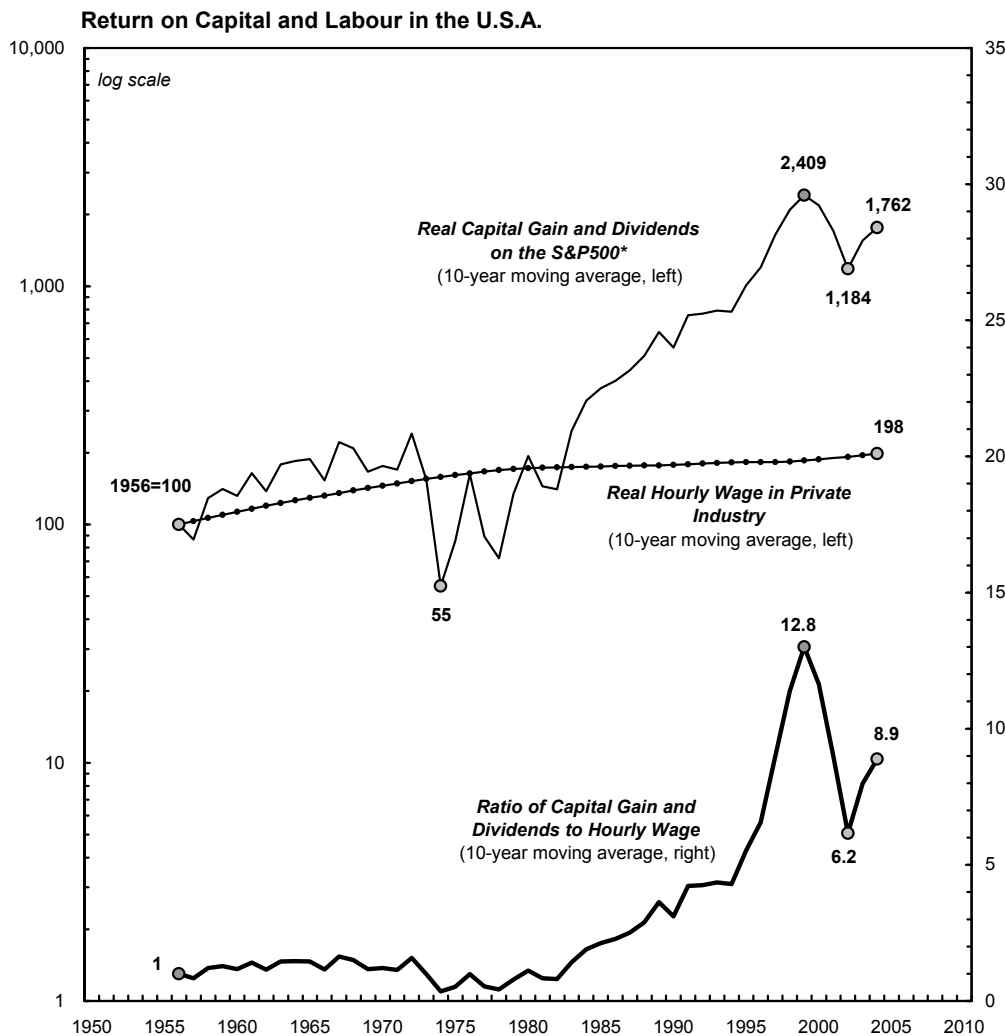
**Exercise 2 (15%)**

**Due date.** November 12, hard copy in class.

**Data and presentation.** This exercise uses data that can be retrieved from *World Development Indicators*, the *International Statistical Yearbook* or *Global Insight* (you can 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**

- (25%) The top part of the figure below compares two U.S. time series. One series is the 'real' hourly wage rate in private industry. The other series, also expressed in 'real' terms, is the sum of capital gains and dividends earned from investing in the S&P500 index. The bottom part of the figure computes a 'differential' index: the ratio between the nominal wage and the nominal capital gains and dividends. (a) Explain the difference between nominal and 'real' measures of income. (b) Explain the meaning of a 'differential' index and how it differs from 'real' measures of income. (c) What conclusions can you draw from the data in the figure? (up to 500 words).



NOTE: real series are computed by deflating nominal data by the CPI.

\* Capital gains and dividends is the difference between successive values of the S&P500 Total Return Index.

SOURCE: U.S. Bureau of the Census through Global Insight; Global Financial Data ([www.globalfindata.com](http://www.globalfindata.com))

2. (25%) Using time series data for a country of your choice (other than the United States), produce a chart similar to the one plotted on the previous page. The chart should compare the evolution of the 'real' wage rate to the evolution of 'real' capital gains from investing in the stock market. Note that capital gains/losses denote the increase or decrease of the market index between successive years (in the computation, you can use either the stock price index or the stock market total return index). The chart should also calculate the 'differential' ratio between the gains from investing in the stock market on the one hand, and the wage rate on the other. What conclusions can you draw from your computations? (up to 400 words).
3. (25%) Assess the following claim for a country of your choice: 'The rise of neoliberalism since the early 1980s has made [country X] more unstable.' Your answer should be based on the historical evolution of the following three variables, each plotted on a separate chart. Go back with the data as far as you can, so as to make the comparisons historically meaningful (up to 400 words).
  - a. The annual rate of growth of GDP, using quarterly data. This index should show the per cent rate of change of 'real' GDP, measured between the same quarters in successive years (e.g. Q1 1998 relative to Q1 1997).
  - b. The annual rate of growth of the country's stock market index, expressed in 'real' terms, and using monthly data. This index should show the per cent rate of change of the 'real' stock market index, measured between the same months in successive years (e.g., Jan 1998 relative to Jan 1997).
  - c. The annual rate of change of the country's exchange rate relative to the \$US, using monthly data. This index should show the rate of change of the exchange rate, measured between the same months in successive years (e.g., Dec 2005 relative to Dec 2004).
4. (25%). For a corporation of your choice, obtain the following annual time-series data for at least 10 years: (a) net profit after taxes, and (b) sales revenues. Compute the time series for the corporation's markup (the ratio of net profit to sales revenues). Plot all three series on the same chart (profit and sales on the left axis, the markup on the right axis). 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? (up to 400 words).