First Lecture

Political Economy: An Overview

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

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

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

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

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

The Great Depression
- Political economic: deepest crisis ever
- Ideology: communism and fascism
- Theory: from particles to aggregates, from peace dividends to war profits
The rise of Keynesianism
• Keynes' *General Theory* and the “Keynesian Revolution”
• The background: Marxist material determinism
• The aggregate view: national accounting, macroeconomics, econometrics
• Uncertainty: “we simply don’t know”
• Financial intermediation, psychological mismatch
• Chronic unemployment, inherent instability
• The “Neoclassical Synthesis”
• Government intervention: higher spending, socialized investment
• The welfare/warfare state: “military Keynesianism”

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

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

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

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

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

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

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

UNEMPLOYMENT
(%, right)

(Government spending / GDP = 5%)

(Government spending / GDP = 20%)

GDP
(annual % growth, left)

SOURCE: US Department of Commerce, Bureau of Economic Analysis
Unemployment and Inflation in the United States

NOTE: Series are smoothed as 3-year moving averages.

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