**Political Economy of Capital Accumulation**

York University, Political Science 4292(6.0)
Fall 2019, September 4 – December 3
Monday & Wednesday, 19:00-22:00

**Course Director: Jonathan Nitzan**
Office: Ross S650  ·  Office hours: Tuesday 15:30-16:30, or by appointment
Voice: 736-2100 (ext. 88822)  ·  E-mail: nitzan@yorku.ca
Website: [http://www.bnarchives.net](http://www.bnarchives.net)  ·  Twitter: [https://twitter.com/BichlerNitzan](https://twitter.com/BichlerNitzan)

**OVERVIEW**

**DESCRIPTION**

Capital is the central power institution of capitalism: it is the main force underlying the relentless transformation of power relations in capitalist societies. The course explores the accumulation of capital from three interrelated perspectives: conceptual, historical and empirical. At the conceptual level, the course examines the evolution of different orthodox and critical theories of value and how these theories serve to explain and justify contending notions of accumulation. At the historical level, it traces the development of capital from its humble pre-capitalist origins to its present world dominance. At the empirical level, it studies and juxtaposes the qualitative and quantitative aspects of capital accumulation and explores what they mean for the contemporary political economy. In parallel to these explorations, the course introduces students to the art and science of empirical research. By the end of the course, students are expected to be able to develop and integrate theoretical arguments with their own empirical work.

**FORMAT**

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.

<table>
<thead>
<tr>
<th></th>
<th>Scheme A</th>
<th>Scheme B</th>
<th>Maximum length</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation</td>
<td>10%</td>
<td>10%</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Research Exercise 1</td>
<td>15%</td>
<td>0</td>
<td>—</td>
<td>Wed, October 23</td>
</tr>
<tr>
<td>Research Exercise 2</td>
<td>25%</td>
<td>0</td>
<td>—</td>
<td>Wed, November 13</td>
</tr>
<tr>
<td>Term Paper</td>
<td>50%</td>
<td>90%</td>
<td>4,000 words</td>
<td>Mon, December 16</td>
</tr>
</tbody>
</table>
**General.** All work must be typed and should not exceed the specified word limit. Late submissions will be accepted only with a valid documented reason (medical or family misfortune); otherwise, they will be subject to a penalty of 10% per day. Submitted works are final and there will be no allowance for revisions.

**Attendance and Participation** (10%). You are allowed to miss 2 sessions without reason. Every additional no-show reduces your participation grade by 2%. Students who miss more than 5 classes without reason will not be allowed to hand in their term paper.

**Research Exercises** (15% and 25%). The two research exercises are to be done in pairs (with each pair submitting a single document). 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, using and interpreting empirical information; and (c) to make you appreciate the importance and limitations of facts.

**Take Home Essay** (50%). This essay is to be written and submitted individually. The purpose is for you to creatively combine theoretical discussion with empirical analysis, building on the course material.

**TEXTS**

**Required**


**Optional (some available at the bookstore)**

## Schedule (by Week)

**Sep 2:** Introduction and Organization +  
(start topic 1 below) Capital, Capitalism and Political Economy  

**Part I: Conceptions of Capital**

1. **Sep 9:** Capital, Capitalism and Political Economy  
2. **Sep 16:** Utility and Value: Neoclassical Capital  
3. **Sep 23:** Labour and Value: Marxist Capital  
4. **Sep 30:** Power and Value: Veblen’s Capital  
5. **Oct 7:** Technology and Power  
6. **Oct 14:** Reading Week – no classes  
7. **Oct 21:** The Corporation  

**Part II: Transformations of Capital**

7. **Oct 28:** Capital AS Power: Dominant Capital and Differential Accumulation  
8. **Nov 4:** Mergers and Globalization  
9. **Nov 11:** Stagflation  
10. **Nov 18:** Capital and State: Imperialism and Beyond (I)  
11. **Nov 25:** Capital and State: Imperialism and Beyond (II)  
12. **Dec 2:** Systemic Crisis and the Asymptotes of Power [will be covered only if time permits]

## Readings

### Introduction and Organization

**Overview**


### 1. Capital, Capitalism and Political Economy

**Required Readings**


**Optional Bibliography**


2. Utility and Value: Neoclassical Capital

**Required Readings**


**Optional Bibliography**

3. Labour and Value: Marxist Capital

**Required Readings**


**Optional Bibliography**

4. Power and Value: Veblen’s Capital

**Required Readings**


**Optional Bibliography**

• Veblen, Thorstein. 1919. [1964]. The Place of Science in Modern Civilisation and Other Essays. New York: Russell & Russell.

5. Technology and Power

Required Readings

• Mumford, Lewis. 1967. Technics and Human Development. New York: Harcourt, Brace & World, Inc. If possible, read cover to cover, with special emphasis on Chs. 6-11 (pp. 126-262). [Scott library reserve; 137 pages]

Optional Bibliography

6. The Corporation

Required Readings


Optional Bibliography


7. Capital AS Power: Dominant Capital and Differential Accumulation

**Required Readings**


**Optional Bibliography**

8. Mergers and Globalization

Required Readings


Optional Bibliography

9. Stagflation

Required Readings


Optional Bibliography

10 & 11. Capital and State: Imperialism and Beyond

Required Readings


Optional Bibliography


12. Systemic Crisis and the Asymptotes of Power

Required Readings


Optional Bibliography

**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 spreadsheet 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) 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: Tue, September 10, 2019, 17:00-18:30, Scott Library, Instruction Room 530.
- Session II: Wed, September 18, 2019, 17:00-18:30, Scott Library, Instruction Room 530

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](http://researchguides.library.yorku.ca/nitzan).
Exercise 1 (15%)

Due date. October 23, 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

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 late 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.

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 and Low and Middle-Income countries (Maximum 250 words).


SOURCE: World Development Indicators, Online, 2019
**Exercise 2 (25%)**

*Due date.* November 13, 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. *Review the figure below and turn to the questions on the next page.*

![Graph showing S&P 500 'Real' Total Return Index, 'Real' Hourly Wage in Manufacturing, and Ratio of Total Return to Hourly Wage over time.](image)

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

1. (25%; up to 500 words) The top part of the figure on page 17 compares two U.S. time series, each expressed as a 10-year trailing 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 trailing 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 presented 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 17. 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 (if you cannot find a total return index, use a stock price index instead). 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 19. 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 years it reports only annual data; these annual data must 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 19.

   b. Based on the growth rates of the U.S. and the country you have chosen, assess the following statement: ‘Neoliberalism, which started in the early 1980s, has made the two countries more unstable’.

4. (25%; up to 400 words) Use Mergent to obtain the following time-series data 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 and 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 of the variation of profit – changes in sales or changes in the markup? What conclusion can you draw from this answer? (Note that, since profit is the product of sales and the markup, it is co-determined by both, by definition. The question here concerns the relative importance of their respective variations.)
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 2019:Q1.

**Term Paper (50%)**

**Due date.** December 16 (a Word file – not PDF – emailed as an attachment to nitzan@yorku.ca).

**Instructions.** Write an essay on one of the topics listed below. Your paper should provide a thoughtful theoretical examination of the issue, backed by empirical evidence. The theoretical arguments should draw on the course material and readings (required and optional); you are encouraged (but not obliged) to use additional sources. The empirical evidence could draw on secondary sources, but it must also contain your own data analysis using the skills acquired in the course. The listed topics are very broad. This generality gives you considerable flexibility; but it also means that you have to carefully – and explicitly – narrow down your question/topic to make it manageable.

The paper must be emailed to me as a single Word attachment. Make sure this single attachment includes all text and graphics (insert graphics in Word by using “insert” → “picture” → “from file”; this pasting method will reduce the file size). The paper should not be longer than 4,000 words of text (including references and notes), plus charts and tables. Longer papers will not be accepted.

**How to write the paper.** Your ingenuity and in-depth understanding will be lost unless expressed clearly. Pay attention to the structure of the essay, writing style, grammar and presentation: (a) your paper must divided into at least three sections, with proper headings; (b) in your introduction, specify clearly the purpose, hypothesis and method of your paper; (c) make sure you deliver on what you promise; and (d) re-read and re-edit your paper several times before handing it in.

**Topics**

1. ‘Capital has become the most important form of politics, both domestically and globally.’ Write an essay articulating your agreement or disagreement with the above statement.

2. ‘Capitalism has become a bubble economy, in which financial markets are increasingly de-linked from the ‘real world.’ Discuss critically the logic and empirical bases of this statement.

3. Who rule the corporation, how do they rule it, and why does it matter? Assess these questions theoretically and empirically.

4. ‘Money and finance essentially are mechanisms of intermediation. They help the real economy function, but have little impact on the final outcomes themselves.’ Critically assess the theoretical debates and historical evidence pertaining to this statement.

5. Examine the political economy of privatization in a country of your choice. What were the causes? Who benefited, who lost and how? What were the broader ramifications for society? (Some interesting countries to look at: Argentina, Brazil, China, Israel and Russia, among others.)

6. ‘Real investment brings growth and prosperity, whereas financial investment is fictitious and wasteful. Capitalist prosperity therefore depends encouraging the former and restricting the latter.’ Assess the validity of this claim in light of the theoretical and empirical connection between capitalist production and capitalist ownership.

7. During the Apartheid era, South African capital was subject to capital controls. Most of these controls were lifted during the 1990s. Assess the impact of this change on the political economy of the country.

8. ‘A growing proportion of financial assets is owned by workers through pension funds. If this trend continues, the basic conflict between capital and labour will eventually be eliminated.’ Do you agree with the first part of this statement? Do you agree with its conclusion?
9. Is 'economics' a science or is it an ideology? Discuss from at least two different perspectives.

10. Can ‘capital’ be measured? Discuss from three different perspectives.

11. Compare and contrast the fundamental assumptions of the ‘utility,’ ‘labour value’ and ‘power’ theories of capital.

12. ‘Capital accumulation requires a state.’ Assess this statement theoretically and empirically.

13. Over the past half century, economic growth in the industrial countries has trended downward. Explain this deceleration from the perspective of at least two theories of capital accumulation.

14. Since the 1940s, the developed countries have experienced nearly uninterrupted inflation. Was this inflation ‘good’ or ‘bad’ for capital accumulation? Discuss from the viewpoint of at least two different theories of accumulation.

15. Where does the ‘normal rate of return’ come from? Answer this question from two theoretical viewpoints and, if possible, support your answers with empirical evidence.

16. Using charts, examine the long term correlation between inflation and growth in three countries of your choice. How are your finding related to the process of capital accumulation?

17. Examine the effects of 'globalization' on capital accumulation in a country of your choice.

18. Write a paper that analyses, empirically and theoretically, the relationship between power and accumulation in a country of your choice.

19. Examine, theoretically and empirically, the process of corporate centralization in a sector or a country of your choice.

20. Is contemporary capitalism ‘imperialist’? Examine this question analytically and empirically.

21. ‘The new wars of the 21st century are necessary for capital accumulation.’ Using theory and empirical evidence, explain why you agree or disagree.

22. Is knowledge a ‘factor of production’? How do intellectual property rights affect the process of capital accumulation? Examine these questions analytically and empirically.

23. ‘The environment is a public “externality”’; privatizing it will boost the accumulation of capital’. Assess the theoretical and empirical validity of this statement.

24. Examine the underlying political economy of accumulation for a particular corporation or group of corporations.

25. Using empirical evidence, examine a particular capitalist crisis from at least two theoretical perspectives.