

## Second Lecture

# Political Economy

### Bifurcation

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

### Adam Smith and the De-Politicization of the Economy

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

### David Ricardo and the Rise of Value Theory

- Productivity and ownership
- Production and prices
- Quantifying John Locke: a labour theory of property

### Karl Marx's Critique

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

### The Neoclassical Backlash

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

### The Great Depression

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

**The rise of Keynesianism**

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

**Sociology**

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

**Political Science**

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

**Public Administration**

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

**Security Studies and International Relations**

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

**Political Philosophy**

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

**Political Parties**

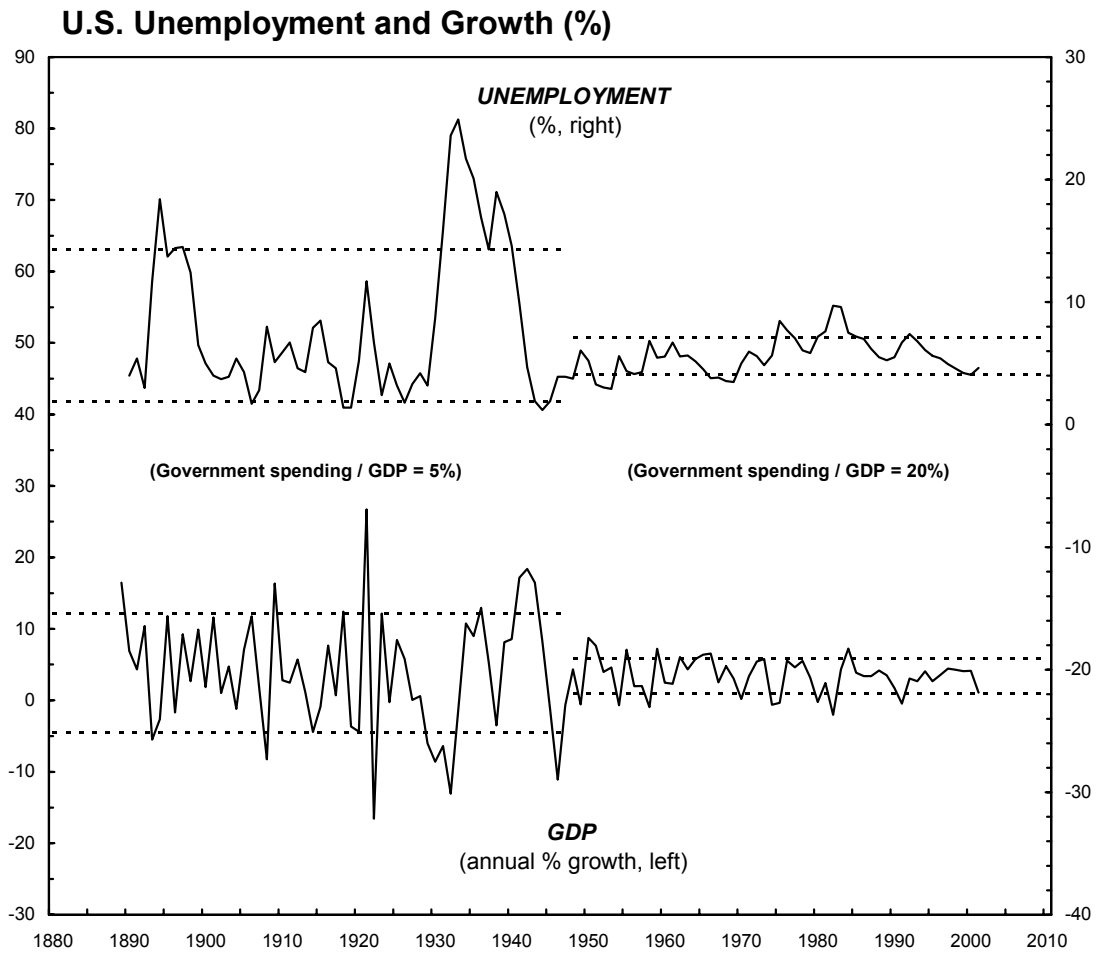
- The "party system" vs. the "political marketplace"

**Statism**

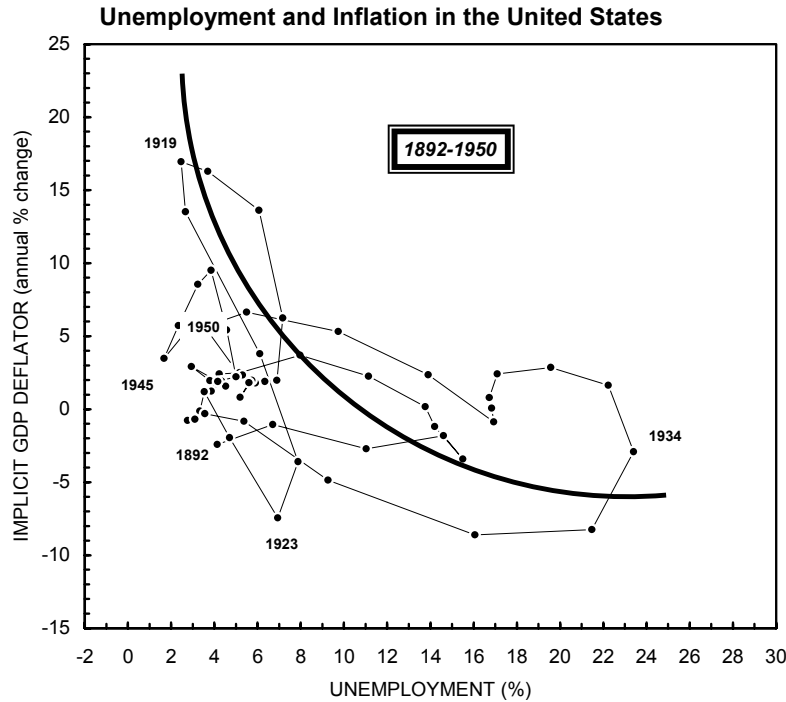
- The state as an “arena”: liberal multiplicity, radical ordering, Marxist superstructure
- The state as a “subject”
- Stephen Krasner: from the interest *of* the community to the interest *for* the community
- Nicos Poulantzas: the “last instance” of the economic vs. the “relative autonomy” of the state

**Cracks**

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



SOURCE: US Department of Commerce, Bureau of Economic Analysis



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



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