

*Division of the Social Sciences  
University of Minnesota, Morris*

# POLITICAL ECONOMY

(Econ 3009)

## Spring 2015

T, TH: 2:00 PM – 3:40 PM

Class: Imholte Hall 101

Dr. Cyrus Bina

*Office:* Camden Hall 206

*Phone & Voicemail:* 589-6193

*Fax:* 589-6117

*Mailbox:* Camden Hall 109

*E-mail:* [binac@morris.umn.edu](mailto:binac@morris.umn.edu)

*Website:* <http://cda.morris.umn.edu/~binac/index.htm>

*Office Hours:* Tuesdays and Thursdays: 11:45 AM – 1:00 PM and/or by appointment

### TEXTBOOKS

#### **Required:**

Ben Fine and Alfredo Saad-Filho, *Marx's 'Capital'*. 5th Edition (London: Pluto Press, 2010).

John F. Weeks, *Economics of the 1%: How Mainstream Economics Serves the Rich, Obscures Reality and Distorts Policy*. (London and New York: Anthem Press, 2014).

Harry G. Frankfurt, *On Bullshit*. (Princeton, New Jersey: Princeton University Press, 2005).

Cyrus Bina, *Oil: A Time Machine—Journey Beyond Fanciful Economics and Frightful Politics*. 2nd Edition Ronkonkoma (New York: Linus Publications, 2012).

Anwar Shaikh, “The First Great Depression of the 21<sup>st</sup> Century,” *The Socialist Register*. (London: Merlin Press, 2011) - [on reserve at the Briggs Library].

Cyrus Bina, "Economic Crises, Marx's Value Theory, and 21<sup>st</sup> Century Capitalism," *Radical Notes Journal*, May 9, 2010:  
<http://radicalnotes.com/2010/05/09/economic-crises-marxs-value-theory-and-21st-century-capitalism-an-interview-with-cyrus-bina/>

Cyrus Bina, **Keynote Speech**: "Globalization, Value Theory, and Crisis":  
<http://www.morris.umn.edu/newsevents/binakeynote/>

Cyrus Bina et al. (eds) *Beyond Survival: Wage Labor in the Late Twentieth Century*. (Armonk, New York: M. E. Sharpe, 1996), Ch. 1 - [on reserve at the Briggs Library].

### **Optional:**

Daniel W. Drezner, *Theories of International Politics and Zombies*. (Princeton, New Jersey: Princeton University Press, 2011).

Charles Sackrey, Geoffrey Schneider, and Janet Knoedler, *Introduction to Political Economy*. 6<sup>th</sup> Edition (Boston: Economic Affairs Bureau, 2010).

Tom Mertes, *A Movement of Movements: Is Another World Really Possible?* (ed.) (New York: Verso, 2004).

Ron Baiman, Heather Boushey, and Dawn Saunders, *Political Economy and Contemporary Capitalism*. (eds) (Armonk, New York: M.E. Sharpe, 2000).

James A. Caporaso and David P. Levine, *Theories of Political Economy*. (Cambridge, UK: Cambridge University Press, 2003).

### **COURSE DESCRIPTION:**

This 4-credit seminar provides the basic knowledge of political economy, including its historical context, genealogy, method of inquiry, scope, overarching relevance, and its overwhelming advantage over the conventional (axiomatic) economics. The focus of the study will be upon critical examination, analysis, dialectical interpretation, and radical explanation of contemporary capitalist economy, polity, and society. The framework of analysis combines the historical evolution and socioeconomic transformation of capitalism, including the critical examination of power relation and conflict and their ideological implication in the post-hegemonic globalized world of today. This course also attempts to focus on topical and illustrative examples, such as oil, war, and obfuscation of their relationship at the present. This provides an opportunity to reexamine the epochal meaning of the rise and fall of the Pax Americana and its wide-ranging political implications for world in respect to the U.S. invasion of Afghanistan and Iraq, and larger U.S. foreign policy.

**COURSE OBJECTIVES:**

- The meaning and role of *methodology*, and the necessity of synthetic analysis in any *natural* or *social* inquiry; and absurdity of timeless theory and idealized hypothesis
- The meaning of *capital* as a social relation in the epoch of capitalism
- The context and tradition of Political Economy as opposed to conventional (axiomatic) Economics
- The importance of class relations and consequence of class polarization in capitalism
- The uniqueness of capitalism as a social, political, and historical system
- The meaning of social relations, accumulation, and the dynamics of labor process
- The role of technological change in dynamics of capitalism
- The role of economic and political institutions in contemporary capitalism
- The characteristics of economic crises and economic reproduction in capitalism
- The role of ideology and ideological institutions in capitalism
- The concept of power relations and meaning of power in capitalism
- The relevance and significance of *mediating* institutions
- The application of political economy to concrete issues, such as oil, war, and U.S. foreign policy

**COURSE REQUIREMENT:**

The above books largely offer a range of materials that are pertinent to the objectives of this seminar. However, from time to time, it may be necessary to supplement the debate with additional lecture or reading that believed to be useful for further illumination of the subject. Therefore, lectures and class discussions are often pivotal in the evaluation of this course. Consequently, active class participation carries considerable weight in evaluation of individual progress in this course. There will be two essay exams—a midterm and a final. There are also informal (oral) weekly reports on economic and political events pertinent to the subject. Finally, there will be a written project of 25-page long on a chosen (and approved) topic by student. These projects are scheduled for presentation at the end of semester. Finally, participation in this course will be subject to general requirements and University policies.

**GRADE DISTRIBUTION:**

Midterm Exam: .....	30.0%
Final Exam: .....	30.0%
Project for: .....	25.0%
Weekly Oral Report .....	7.5%

Active Class Participation: ..... 7.5%

GRADING SCALE:

<b>A:</b>	94 – 100	<b>A-:</b>	90 –93	<b>B+:</b>	86 –89
<b>B:</b>	82 –85	<b>B-:</b>	78 –81	<b>C+:</b>	75 –77
<b>C:</b>	71 –74	<b>C-:</b>	67 –70	<b>D+:</b>	64 –66
<b>D:</b>	60 –63	<b>F:</b>	59 and below.		

## TENTATIVE OUTLINE

WEEK  
ONE:

**MINI LECTURES:** Historical background and genealogy of political Economy; subject matter and scope of political economy, classical political economy (Adam Smith and Ricardo); a note on methodology of social sciences: division into *positive* and *normative* of the “elements” of the inquiry; positivism and the nature of *value-free* approaches to discovery, domain of ideology; ideological implication of positivism; *dialectical* method (internal and external change) and the dynamic movement of the social inquiries; science and the nature of scientific inquiry; history as a road map; the origin of capitalism.

Fine and Saad-Filho, *Marx’s Capital*, Ch.1 (History and Method); Ch.2 (Commodity Production); Ch. 3 (Capital and Exploitation)

Discussion and determination of class projects.

WEEK  
TWO:

**MINI LECTURES:** Historical evolution of capitalism, the meaning of social relations, macro and microeconomics, social relations and individual behavior, evolutions and historical tendencies, theory of production and exchange, meaning of commodity and commodity production, accumulation of capital, class relations and value formation; dialectic of polity, economy and society; uniqueness of capitalism.

Further discussion about method, specificity of capitalism, and the meaning of synthetic analysis;

Weeks, *Economics of the 1%*, Ch. 1 (Fakeconomics and Economics)

Fine and Saad-Filho, *Marx’s ‘Capital’*, Ch. 4 (Circuit of Industrial Capital); Ch. 5 (Economic Reproduction)

Following up on the projects.

WEEK

THREE:

**MINI LECTURES:** Capital as a social relation, circuit of capital and Contradictory reproduction, the role of competition, crises of accumulation, the role of ideology and notion of legitimacy.

Frankfurt, *On Bullshit*. (On how do we Know that one is seeking truth—not falsehood or fakery?)

Weeks, *Economics of the 1%*, Ch. 2 (Market Worship)

Fine and Saad-Filho, *Marx's 'Capital'*, Ch. 6 (Accumulation of Capital); Ch. 7 (Capitalism and Crisis); Ch. (Capitalism and Crisis)

Following up on the projects.

WEEK

FOUR:

**MINI LECTURES:** Production and labor process, nature of technological change in capitalism, more on competition and the crises of reproduction.

Why *labor process* and in what context the realm of production is prior to the sphere of distribution and exchange; In what sense value (as capital) belong to capitalism as an historically specific mode of production; Why history matters and so as its periodization; Why the notion of scarcity alone, which is somewhat universal for the entire human history, is inadequate for explaining the system of prices in capitalism; why the realm of Macro is prior to Microeconomics; Why the division of economics into *positive* and *normative* stems from 'misrepresentational intent'; Why the so-called *economics way of thinking* (prevailing nearly in all economics principles texts) is but a deceptive hoax.

Weeks, *Economics of the 1%*, Ch. 4 (Selling Market Myth)

Following up on the projects.

WEEK

FIVE:

**MINI LECTURES:** The notion of rent and profit, and the role of competition.

Fine and Saad-Filho, *Marx's Capital*, Ch. 13 (Marx's Theory of agricultural Rent); Bina's concept of differential oil rent; the meaning and significance of concrete (as opposed to axiomatic) analysis.

WEEK  
SIX:

**MINI LECTURES:** Dynamics of Accumulation, development of Productive forces, competition and reorganization; crisis and restructuring; critique of *breakdown theory* and related arguments.

Weeks, *Economics of the 1%*, Ch. 10 (Economics of the 99%)

Anwar Shaikh, “The First Great Depression of the 21<sup>st</sup> Century”;  
Cyrus Bina, “Economic Crises, Marx’s Value Theory, and 21<sup>st</sup> Century Capitalism,” *Radical Notes Journal*, May 9, 2010:  
<http://radicalnotes.com/content/view/133/39/>.

Cyrus Bina, Keynote Speech: “Globalization, Value Theory, and Crisis.”  
<http://www.morris.umn.edu/newsevents/binakeynote/>

Following up on the projects.

WEEK  
SEVEN:

**MINI LECTURES:** Capitalist accumulation and dynamics of technological change; “creative destruction” and “destructive creation” in capitalism; labor and the labor process; de-skilling, skills, and the nature of skill formation in capitalism; the necessity of turbulence in reproduction of capital.

Bina, et al., *Beyond Survival: Wage Labor in the Late Twentieth Century*, Ch. 1 [on reserve].

WEEK  
EIGHT:

*Review of the Materials for MIDTERM EXAM*

MIDTERM EXAM - **TBA** - MIDTERM EXAM

**POLITICAL ECONOMY AND ITS APPLICATION**  
**(Oil, War, and U.S Foreign Policy)**

**Reading *Oil: A Time Machine***

(TENTATIVE OUTLINE)

WEEK

NINE:

**MINI LECTURES:** Epoch of the *Pax Americana* (1945 - 1979) and the unintended wide-ranging objectives as an international inter-state system;

Transnationalization of the circuit of capital;

Historical transformation and socio-politico-economic dimensions of globalization;

The mediating institutions and hegemony as opposed to direct international administration, say, as of the *Pax Britannica*.

WEEKS

TEN &

ELEVEN:

**MINI LECTURES:**

I. Economic Dimension:

- A. The Bretton Woods (1945-1971) and the universal currency
- B. Marshall Plan and the reconstruction of post-war Europe and Japan
- C. AID and the enforced land-reform programs in the “Third World”
- D. The role the World Bank and IMF
- E. The “Third World” Economic Development: Import-Substitution and Export Promotion Industrializations
- F. Transnationalization of Capital
- G. The Welfare State

II. Political Dimension:

- A. De-colonization: An antithesis of the *Pax Britannica*
- B. The Cold War Containment Doctrine
  1. Containment of the Soviet bloc
  2. Containment of the “Third World” democratic and nationalist movements
  3. Containment of the US civil society and the National Security State
- C. The Nature of Political “Partnership”

III. Ideological Dimension

IV. The Rise and the Fall of *Pax Americana*

V. Hegemony and the Mediating Institutions

1. The Meaning of Hegemony (Antonio Gramsci)
2. Hegemony as an Organic Whole
3. The Crisis of Hegemony

#### 4. The Rise and the Fall of Hegemony

WEEK

TWELVE:

***MINI LECTURES:***

I. The Evolution of Global Oil

A. The Colonial Oil concessions in the Middle East and Elsewhere (1901-1950): Cartelization of Oil and oil royalties

B. The Era of Transition (1950-1972)

1. Iranian Oil Nationalization (1951-1953)

2. The Post-Coup Denationalization (1954)

3. The Formation of OPEC (1960)

C. The Era of Globalization and Post-Cartelization of Oil

1. The Oil Crisis of 1973-1974

2. The Spot and Futures Prices

3. Global Competition and the Formation of Differential Oil Rents

4. OPEC as a Rent-Collecting Association

5. The End of Administrative Pricing and Control of Oil

6. Reexamination of Oil as an Alleged Cause of the US (2003) invasion of Iraq

II. Revisiting the US Hegemony: War, “Unipolarity,” and Unilateralism

III. Globalization and the New World Order

WEEKS

THIRTEEN &

FOURTEEN:

***MINI LECTURES:***

Further debate and overview on the nature of war, including the question of oil, the nature of deceit by the left and the right, and biggest U.S. foreign policy blunder probably in a century.

In addition, based on the new economic and political development around world, there would discussions that would enrich the content of this seminar.

WEEKS

FIFTEEN &

SIXTEEN

*Review of the Materials for FINAL EXAM*

**DELIVERY & PRESENTATION OF THE PROJECTS**

# **FINAL EXAM**

*Thursday, May 7, 2015: 8:30 AM – 10:30 AM*