

PAPER NO- 13
POLITICAL ECONOMY

Course Description

Employing perspectives from alternative schools of thought, this course explores the development of the structure and institutions of capitalist economies and their relationship to social and political forces. Students are expected to read some classic texts as well as more recent commentaries.

Course Outline

1. Capitalism as an Evolving Economic System

Basic features; capitalism as a historical process; accumulation and crisis; the modern corporation; monopoly capitalism—alternative perspectives.

2. The State in Capitalism

The state and the economy – contestation and mutual interdependence; the state as an arena of conflict; imperialism – the basic foundations.

3. Governance and Regulation; theories of regulation; the political economy of policy-making and governance; theories of rent-seeking and corruption.

4. Voting and Collective Action; positive and normative aspects of majority voting and other common aggregation procedures; median voter theorem; positive and normative implications of two-party and multi-party democracies; collective action; lobbying.

Readings:

1. J. Gurley, "The Materialist Conception of History", Ch.2.1 in R. Edwards, M. Reich and T. Weisskopf (ed.), *The Capitalist System*, 2nd edition, 1978.
2. O. Lange, *Political Economy*, Chapters 1 and 2, Vol. 1, 1963.
3. E. K. Hunt, *History of Economic Thought*, M.E. Sharpe, Indian edition, Shilpi Publications, 2004.
4. Irfan Habib, "Capitalism in History", *Social Scientist*, Vol. 23, pp. 15-31, 1995.,
5. R. L. Heilbroner, "*Capitalism*", in *The New Palgrave Dictionary of Modern Economics*, Macmillan, 1987. Also reprinted as Chapter 2 in *Behind the Veil of Economics* by R.L. Heilbroner, W.W. Norton, 1988.
6. P. Sweezy, *The Theory of Capitalist Development*, Monthly Review Press, 1942, chapters 2, 4, 5, 6, 8 and 10.
7. Anwar Shaikh, Entries on "Economic Crises" and "Falling Rate of Profit" in T. Bottomore et al. (eds.), *The Dictionary of Marxist Thought*, OUP, Indian edition, Maya Blackwell, 2000.
8. Vamsi Vakulabharanam, "The Recent Crisis in Global Capitalism: Towards a Marxian Understanding", *Economic and Political Weekly*, March 28, Vol. 44, pp. 144-150, 2009.
9. J. Schumpeter, *Capitalism, Socialism and Democracy*, George Allen and Unwin 1976, Chapters 6, 7 and 8.
10. P. Baran, *The Political Economy of Growth*, 1957. Chapter 3, Pelican edition, 1973.

11. R. Heilbroner, "The Role of the State", 1985. Ch.4 in *The Nature and Logic of Capitalism*.
12. M. Kalecki, "Political Aspects of Full Employment", in E.K. Hunt and J.G. Schwarz (eds.), *A Critique of Economic Theory*, Penguin Books, 1972.
13. Amit Bhaduri, "Nationalism and Economic Policy in the Era of Globalization", 2002. Ch. 2 in Deepak Nayyar (ed.), *Governing Globalization: Issues and Institutions*, Oxford University Press [also WIDER Working Paper no.188, WIDER website (2000)].
14. Prabhat Patnaik, "Introduction", in *Lenin and Imperialism*, Orient Longman, 1986.
15. James O'Connor, "The Meaning of Economic Imperialism", in Robert Rhodes, ed., *Imperialism and Underdevelopment*, New York: Monthly Review Press, pp. 101 to 111, 1970.
16. S. Bowles, H. Gintis, "The evolutionary basis of collective action", in B. Weingast, D. Wittman (eds.), *The Oxford Handbook of Political Economy*, Oxford University Press, 2008.
17. A. Dixit, "The Making of Economic Policy: A Transaction Cost Politics Perspective," Munich Lectures in Economics Series, MIT Press, 1998.
18. A. Dixit, "Lawlessness and economics: alternative modes of governance" The Gorman Lectures In Economics, Princeton University Press, 2004.
19. S. Djankov, E. Glaeser, R. La Porta, F. Lopez-de-Silanes, A. Shleifer, "The new comparative economics", *Journal of Comparative Economics* 31, 595-619, 2003.
20. A. Krueger, "The political economy of a rent-seeking society", *American Economic Review* LXIV, 291-303, 1974.
21. D. Mueller, "Public Choice III," Cambridge University Press, 2003, selections from Chapter 5, 7, 11, 13.
22. K. Murphy, A. Shleifer, R. Vishny, "Why is rent-seeking so costly to growth?", *American Economic Association Papers and Proceedings*, 409-414, 1993.
23. M. Olson, "The Logic of Collective Action," Harvard University Press, 1965.
24. R. Posner, "Theories of economic regulation", *Bell Journal of Economics* 5, 335-358, 1974.
25. A. Shleifer, R. Vishny, "Pervasive shortages under socialism", *Rand Journal of Economics* 23, 237-246, 1992.
26. A. Shleifer, R. Vishny, "Corruption", *Quarterly Journal of Economics*, 599-617, 1993.
27. G. Stigler, "The theory of economic regulation", *Bell Journal of Economics* 2, 3-21, 1971.