

Seven Lectures on Capital

Tel-Aviv University, Eitan Berglas School of Economics, Fall 2004

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ABSTRACT

What is capital? Is capital the same as machines, or is it merely a financial asset? Is it 'material' or 'social'? Is it static or dynamic? Surprisingly, these questions have no clear answers. The form of capital, its existence as monetary wealth, is hardly in doubt. The problem is with the content, the 'stuff' which makes capital grow, and on this aspect of capital there is no agreement whatsoever. For example, does capital accumulate because it is 'productive,' or due to the 'exploitation' of workers? Does capital expand 'on its own,' or does it need 'external' institutions such as the state? Can capital grow by undermining production and efficiency? What exactly is being accumulated? Does the value of capital represent a tangible 'thing,' 'utils,' 'dead labour' or perhaps something totally different? What units should we use to measure its accumulation?

The course offers a critical examination of the concept of capital, the process of capital accumulation, and the broader implications of capital accumulation for understanding how capitalism works. The first lecture provides an overview of political economy. The next two lectures outline the two existing approaches to capital: the utility-based neoclassical view and the labour-based Marxist perspective. The last four lectures present an alternative power-based approach to capital.

READINGS

The brevity and wide scope of the course – seven lectures in three weeks, covering multiple topics – make it difficult to teach and study. The difficulty is augmented by the facts that many of the readings are available only in English. Each topic includes several recommended readings that may help you prepare for the presentation. The additional bibliography extends the scope for those interested in reading more on the topic

COURSE REQUIREMENTS

Attendance. A sign-up sheet will be circulated every class. Students who attend 6 or 7 lectures receive a 5% bonus.

Paper. The course grade will be based on a short paper. The topic of the paper will be chosen from a list of general questions provided by the course director during the last lecture. The text of the paper should not exceed 1,500 words (plus optional charts and tables). The papers could be written in English or Hebrew. You could work in pairs and submit joint papers (no more than two people). The paper is due, as a Word attachment sent to my email, on December 15, 2004. Late papers will not be accepted.

Language. The lectures are in English, but you are free to ask questions in Hebrew if you wish.

LECTURES

1. What is Political Economy?

Background Readings

- Bichler, Shimshon, and Jonathan Nitzan. 2003. Political Economy: Past and Future. Mimeograph, Jerusalem and Tel Aviv. November, pp. 1-5. (<http://bnarchives.yorku.ca>)
- Bowles, Samuel, and Richard Edwards. 1993. *Understanding Capitalism. Competition, Command, and Change in the U.S. Economy*. New York: HarperCollins Publishers., Parts One and Two, pp. 1-126.
- Caporaso, James A., and David P. Levine. 1992. *Theories of Political Economy*. Cambridge: Cambridge University Press.
- Dowd, Douglas. 2000. *Capitalism and Its Economics: A Critical History*. London and Sterling, Virginia: Pluto Press.
- Heilbroner, Robert. 1980. *The Worldly Philosophers. The Lives, Times, and Ideas of the Great Economic Thinkers*. Fifth ed. New York: Simon and Schuster.
- Heilbroner, Robert. 1992. *Twenty-First Century Capitalism*. Toronto: Anansi.
- Huberman, Leo. 1936. [1961]. *Man's Worldly Goods. The Story of the Wealth of Nations*. New York: Monthly Review Press.
- Hunt, E. K. 1992. *History of Economic Thought. A Critical Perspective*. 2nd ed. New York: HarperCollins Publishers.
- Josephson, Matthew. 1934. *The Robber Barons. The Great American Capitalists. 1861-1901*. New York: Harcourt, Brace and Company.
- Schumpeter, Joseph A. 1943. [1976]. *Capitalism, Socialism and Democracy*. with an Introduction by Tom Bottomore. London: George Allen & Unwin.

2. Utility and Capital: Neoclassical Parables

Recommended

- Fisher, Irvin. 1896. What is Capital? *The Economic Journal* 6 (24, December): 509-534.
- Georgescu-Roegen, Nicholas. 1979. Methods in Economic Science. *Journal of Economic Issues* XIII (2, June): 317-328.
- Hunt, E. K. 1992. *History of Economic Thought. A Critical Perspective*. 2nd ed. New York: HarperCollins Publishers. Ch. 16, 'Annulment of the Myth of the Measurable Productivity of Capital: The Writings of Sraffa' (pp. 527-548).
- Keen, Steve. 2001. *Debunking Economics. The Naked Emperor of the Social Sciences*. Annandale and London: Pluto Press Australia and Zed Books. Ch. 2, 'The Calculus of Hedonism'; Ch. 3, 'The Price of Everything and the Value of Nothing'; and Ch. 6, 'The Holy War Over Capital' (pp. 23-53, 54-84 and 129-147).

Additional Bibliography

- רובינסון, ג'ואן (1965, 1961) פילוסופיית הכלכלה (תרגום). מרחביה: ספרית הפועלים, פרק שלישי, ע"ע 74-103.
- Braudel, Fernand. 1985. *Civilization & Capitalism, 15th-18th Century*. Trans. from the French and Revised by Sian Reynolds. Vol. 2: *The Wheels of Commerce. Civilization & Capitalism 15th-18th Century*, 'Capital, capitalist, capitalism' (pp. 232-249).
- Harcourt, Geoffrey C. 1972. *Some Cambridge Controversies in the Theory of Capital*. Cambridge: Cambridge University Press.
- Hunt, E. K. 1992. *History of Economic Thought. A Critical Perspective*. 2nd ed. New York: HarperCollins Publishers. Ch. 11, 'Neoclassical Theories of the Firm and Income Distribution: The Writings of Marshall, Clark and Böhm-Bawerk,' (pp. 351-388).
- Robinson, Joan. 1962. *Economic Philosophy*. Chicago: Aldine Pub. Co., Ch. 3.
- Schumpeter, Joseph A. 1954. *History of Economic Analysis*. Ed. from manuscript by E. B. Schumpeter. New York: Oxford University Press, Section 6.5 'Capital' (pp. 625-645).
- Sraffa, Piero. 1926. The Law of Return Under Competitive Conditions. *The Economic Journal* 36 (144, December): 535-550.
- Sraffa, Piero. 1960. *Production of Commodities by Means of Commodities. Prelude to a Critique of Economic Theory*. Cambridge: Cambridge University Press.
- Veblen, Thorstein. 1908. [1961]. Professor Clark's Economics. In *The Place of Science in Modern Civilisation and Other Essays*. New York: Russell & Russell, pp. 180-230.
- Veblen, Thorstein. 1909. [1961]. The Limitations of Utility Analysis. In *The Place of Science in Modern Civilisation and Other Essays*. New York: Russell & Russell, pp. 231-251.

3. Labour-Value and Capital: Marxist Controversies**Recommended**

- מארקס, קארל (1953) הקאפיטאל. ביקורת הכלכלה המדינית, מרחביה: ספרית פועלים. ספר ראשון: תהליך הייצור של ההון. פרקים: 21-22, 1-4 (ע"מ: 29-142, 464-502).
- סוויזי, פול (1961, 1942) תורת התפתחות הקאפיטליזם (תרגום). ת"א: הקיבוץ המאוחד, פרקים א-ד, ז.
- Keen, Steve. 2001. *Debunking Economics. The Naked Emperor of the Social Sciences*. Annandale and London: Pluto Press Australia and Zed Books. Ch. 15, 'Nothing to Lose But Their Minds,' (pp. 269-299).
- Marx, Karl. 1909. *Capital. A Critique of Political Economy*. 3 vols. Chicago: Charles H. Kerr & Company, Chs. 1-4, 21-22.
- Sweezy, Paul M. 1942. *The Theory of Capitalist Development. Principles of Marxian Political Economy*. New York and London: Modern Reader Paperbacks, Ch. 1-4, 7.

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- מרקס, קארל (1844, 1977) כתבי שחרות. (תרגום ועריכה שלמה אבינרי). ת"א: ספרית פועלים, פרקים: 'כתבי-יד כלכליים-פילוסופיים', 'האידיאולוגיה הגרמנית'.
- רובינסון, ג'ואן (1965, 1961) פילוסופיית הכלכלה (תרגום). מרחביה: ספרית הפועלים, פרק שלישי, ע"ע 74-103.
- Baumol, William J. 1974. The Transformation of Values: What Marx 'Really' Meant (An Interpretation). *Journal of Economic Literature* 12 (1, March): 51-62.

- Castoriadis, Cornelius. 1984. Value, Equality, Justice, Politics: From Marx to Aristotle and from Aristotle to Ourselves. In *Crossroads in the Labyrinth*. Translated from the French by Kate Soper and Martin H. Ryle. Brighton, Sussex: The Harvester Press Limited, pp. 260-339.
- Hunt, E. K. 1992. *History of Economic Thought. A Critical Perspective*. 2nd ed. New York: HarperCollins Publishers. Ch. 9, 'Karl Marx' (pp. 249-303).
- Robinson, Joan. 1962. *Economic Philosophy*. Chicago: Aldine Pub. Co., Ch. 3
- Robinson, Joan. 1966. *An Essay on Marxian Economics*. 2nd ed. London: Macmillan.
- Savran, Sungur, and Ahmet E. Tonak. 1999. Productive and Unproductive Labour: An Attempt at Clarification and Classification. *Capital & Class* (68, Summer): 113-152.
- Sayer, Derek. 1987. *The Violence of Abstraction. The Analytic Foundations of Historical Materialism*. Oxford, UK and New York: Basil Blackwell.
- Shaikh, Anwar M., and E. Ahmet Tonak. 1994. *Measuring the Wealth of Nations. The Political Economy of National Accounts*. Cambridge and New York: Cambridge University Press.
- Tsuru, Shigeto. 1993. *Institutional Economics Revisited*. Raffaele Mattioli lectures. Cambridge and New York: Cambridge University Press. Ch. 1, 'Reappraisal of Marxian Political Economy as 'Institutionalism' in the Broad Sense of the Term' (pp. 3-16).

4. A Power Theory of Value: Dominant Capital and Differential Accumulation

Recommended

- ביכלר, שימשון ויהונתן ניצן (2001) *מרווחי מלחמה לדיבידנדים של שלום*. ירושלים: כרמל. פרק ב', 'הון ותהליך הצבר ההון' (ע"מ 37-127). <http://bnarchives.yorku.ca>
- Coase, Ronald H. 1937. [1996]. The Nature of the Firm. In *The Economic Nature of the Firm. A Reader*, edited by L. Putterman and R. S. Kroszner. Cambridge: Cambridge University Press, pp. 89-104.
- De Soto, Hernando. 2000. *The Mystery of Capital. Why Capitalism Triumphs in the West and Fails Everywhere Else*. New York: Basic Books, Ch. 3: 'The Mystery of Capital' (pp. 39-67).
- Kalecki, Michal. 1943. [1971]. Costs and Prices. In *Selected Essays on the Dynamics of the Capitalist Economy, 1933-1970*. Cambridge: Cambridge University Press, pp. 43-61.
- Mumford, Lewis. 1967. *The Myth of the Machine. Technics and Human Development*. New York: Harcourt, Brace & World, Inc. Chs. 6-11 (pp. 126-262).
- Nitzan, Jonathan. 1998. Differential Accumulation: Toward a New Political Economy of Capital. *Review of International Political Economy* 5 (2): 169-216. <http://bnarchives.yorku.ca>
- Scherer, F. M., and David Ross. 1990. *Industrial Market Structure and Economic Performance*. 3rd ed. Boston: Houghton Mifflin. Ch. 3, 'Industry Structure' (pp. 58-96).
- Sweezy, Paul M. 1991. Monopoly Capital After Twenty-Five Years. *Monthly Review* 43 (7): 52-57.
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- Baran, Paul. A., and Paul M. Sweezy. 1966. *Monopoly Capital. An Essay on the American Economic and Social Order*. New York: Modern Reader Paperbacks.
- Berle, Adolf Augustus, and Gardiner Coit Means. 1932. [1967]. *The Modern Corporation and Private Property*. Revised ed. New York: Harcourt, Brace & World.
- Blair, John M. 1972. *Economic Concentration: Structure, Behavior and Public Policy*. New York: Harcourt, Brace Jovanovich.
- Bowles, Samuel, M. Franzini, and Ugo Pagano. 1999. *The Politics and Economics of Power*. London and New York: Routledge.
- Chandler, Alfred D. Jr. 1977. *The Visible Hand: The Managerial Revolution in American Business*. Cambridge: Harvard University Press.
- Chandler, Alfred D. Jr. 1962. *Strategy and Structure. Chapters in the History of the Industrial Enterprise*. Cambridge, Mass.: The M.I.T. Press.
- Caporaso, James A., and David P. Levine. 1992. *Theories of Political Economy*. Cambridge: Cambridge University Press. Ch. 7, 'Power-Centered Approaches to Political Economy,' pp. 159-180.
- Dugger, William M., and Howard J. Sherman. 2000. *Reclaiming Evolution. A Dialogue Between Marxism and Institutionalism on Social Change*. London: Routledge.
- Edwards, Richard. 1979. *Contested Terrain. The Transformation of the Workplace in the Twentieth Century*. New York: Basic Books.
- Galbraith, John Kenneth. 1958. *The Affluent Society*. Boston: Houghton Mifflin.
- Marcuse, Herbert. 1941. [1998]. Some Social Implications of Modern Technology. In *Technology, War and Fascism*, edited by D. Kellner. London and New York: Routledge, pp. 41-65. [25 pages]
- Marglin, S.A. 1974. [1996]. What Do Bosses Do? The Origins and Functions of Hierarchy in Capitalist Production. *Review of Radical Political Economics* 6 (2): 60-112. Reprinted in *Radical Political Economy: Explorations in Alternative Economic Analysis*, edited by V.D. Lippit. Armonk, N.Y. and London: Sharpe, pp. 19-59. [41 pages]
- Mumford, Lewis. 1970. *The Myth of the Machine. The Pentagon of Power*. New York: Harcourt, Brace Jovanovich, Inc.
- Olson, Mancur. 1982. *The Rise and Decline of Nations: Economic Growth, Stagflation, and Social Rigidities*. New Haven: Yale University Press. Chs. 1-3 (pp. 1-75).
- Steindl, Josef. 1945. *Small and Big Business. Economic Problems of the Size of Firms*. Institute of Statistics, Monograph No. 1. Oxford: Basil Blackwell.
- Steindl, Josef. 1952. [1976]. *Maturity and Stagnation in American Capitalism*. New York: Monthly Review Press.
- Tool, Marc R., and Warren J. Samuels, eds. 1989. *The Economy as a System of Power*. 2nd completely revised ed. New Brunswick, N.J.: Transaction Books.
- Veblen, Thorstein. 1904. [1975]. *The Theory of Business Enterprise*. Clifton, New Jersey: Augustus M. Kelley, Reprints of Economics Classics.
- Veblen, Thorstein. 1923. [1967]. *Absentee Ownership and Business Enterprise in Recent Times. The Case of America*. With an introduction by Robert Leckachman. Boston: Beacon Press.
- Zeitlin, Maurice. 1974. Corporate Ownership and Control: The Large Corporation and the Capitalist Class. *American Journal of Sociology* 79 (5): 1073-1119.

5-6. Regimes of Differential Accumulation: “Breadth” and “Depth”

Recommended

ביכלר, שימשון ויהונתן ניצן (2001) *מרווחי מלחמה לדיבידנדים של שלום*. ירושלים: כרמל. פרק ד', 'אינפלציה והמקרה הישראלי'; פרק ה', 'צמיחתה ושקיעתה של האינפלציה בישראל', ע"מ 206-306
<http://bnarchives.yorku.ca>

Hirschman, Albert O. 1985. Reflection on the Latin American Experience. In *The Politics of Inflation and Economic Stagnation*, edited by L. N. Lindberg and C. S. Maier. Washington D.C.: Brookings Institution, pp. 53-77. [25 pages]

Kotz, David M. 1982. Monopoly, Inflation, and Economic Crisis. *Review of Radical Political Economics* 14 (4): 1-17.

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Scherer, F. M., and David Ross. 1990. *Industrial Market Structure and Economic Performance*. 3rd ed. Boston: Houghton Mifflin. Ch. 5, ‘Mergers: History, Effects, and Policy’ (pp. 153-198).

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Blair, John M. 1974. Market Power and Inflation: A Short-Run Target Return Model. *Journal of Economic Issues* 8 (2, June): 453-478.

Fischer, David Hackett. 1996. *The Great Wave. Price Revolution and the Rhythm of History*. New York and Oxford: Oxford University Press.

Hall, R. L., and C. J. Hitch. 1939. Price Theory and Business Behaviour. *Oxford Economic Papers* (2): 12-45.

Kotz, David M. 1987. Radical Theories of Inflation. In *The Imperiled Economy. Book I. Macroeconomics from a Left Perspective*, edited by R. D. Cherry. New York: Union for Radical Political Economics, pp. 83-91. [19 pages]

Means, Gardiner C. 1935. Price Inflexibility and Requirements of a Stabilizing Monetary Policy. *Journal of the American Statistical Association* 30 (June): 401-413.

Ravenscraft, David J., and F. M. Scherer. 1987. *Mergers, Sell-Offs, and Economic Efficiency*. Washington, D.C.: The Brookings Institution.

7. Global Accumulation and the New Wars

Recommended

קוקבורן, א. ול. קוקבורן (1992) יחסים מסוכנים. תל-אביב: מעריב, פרקים 7-10.

ביכלר, שימשון ויהונתן ניצן (2001) *מרווחי מלחמה לדיבידנדים של שלום*. ירושלים: כרמל. פרק ו', 'קואליציית הנשק והנפט', ע"מ 307-393
<http://www.arts.yorku.ca/politics/nitzan/bnarchives/books/index.html>

Bichler, Shimshon, and Jonathan Nitzan. 2004. Dominant Capital and the New Wars. *Journal of World-Systems Research* 10 (2, August): 255-327. <http://bnarchives.yorku.ca>

- Cockburn, Andrew, and Leslie Cockburn. 1991. *Dangerous Liaison. The Inside Story of the U.S.-Israeli Covert Relationship*. 1st ed. New York: HarperCollinsPublishers, Ch. 7-10.
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- McCartney, Laton. 1989. *Friends in High Places. The Bechtel Story: The Most Secret Corporation and How it Engineered the World*. New York: Simon and Schuster.

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- Tsuru, Shigeto. 1956. Has Capitalism Changed? In *Has Capitalism Changed? An International Symposium on the Nature of Contemporary Capitalism*, edited by S. Tsuru. Tokyo: Iwanami Shoten, pp. 1-66.
- Wilson, Ernest J. 1987. World Politics and International Energy Markets. *International Organization* 41 (1, Winter): 125-149.
- Yergin, Daniel. 1991. *The Prize. The Epic Quest for Oil, Money, and Power*. New York: Simon and Schuster.

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The seven creative principles : being a series of seven lectures delivered before the society for esoteric culture, of Boston, with introductory lecture on the idea of God, and concluding lecture on the esoteric significance of color. by. Butler, Hiram E. (Hiram Erastus), 1841-1916.