

# Capital and Power in the Global Political Economy

York University, Political Science 4291(0.3), Fall 2001

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## OVERVIEW

**DESCRIPTION:** What is capital? Is it a material thing or social relation? What is political about it and how does it relate to power? What is the role of capital in the broader international political economy? The seminar examines such questions, both theoretically and historically. The first part deals with basic conceptions of capital, emphasizing the interaction between productivity and power, and examining how this interaction affected the evolution of transnational corporations. The second part looks at the changing relationship of business enterprise and states, illustrated for example by the three-way interplay between petroleum and armament firms, superpower confrontation, and Middle-East ‘energy conflicts.’ The third part focuses on the globalization of ownership and its domestic ramifications. Particular emphasis is put on the links between capital mobility and social transformation, such as the (re)capitalization of Russia, the Asian crisis and the changing ‘Asian model’, and the dramatic U-turns from ethnic conflict to transnational liberalism in South Africa and Israel.

**FORMAT:** Lectures by the instructor, short student presentations and seminar debates.

**EVALUATION:** The course grade comprises the following items:

	Weight	Maximum length	Due date
Position paper	10%	1,000 words	Distributed in class <u>one week before</u> the debate
Presentation & participation	25%	--	
Research paper: thesis statement	10%	500 words	October 5 <sup>th</sup>
Research paper: first draft	40%	3,500 words	November 9 <sup>th</sup>
Research paper: final manuscript	15%	3,500 words	November 30 <sup>th</sup>
<b>Total</b>	<b>100%</b>		

### *General*

- All written work must be typed and should not exceed the specified word limit. Longer submissions will not be accepted. Provide your telephone and e-mail on the first page.
- 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.

### *Position paper (10%)*

- Each session begins with a lecture by the instructors, followed by brief student presentations and a debate. In preparation for these presentations, each student is asked to write a short position paper on

the readings of a particular session (the assignments are made in the first meeting of the class). The papers are written in advance and distributed in class one week before the debate, so that other students can read them beforehand. During the subsequent session, each writer makes a brief presentation of his/her paper and then the floor is opened for debate.

- These papers are ‘think pieces.’ Their purpose is not to summarize the reading, but to **convey your own critical thoughts** triggered by these readings. For instance, you may choose to criticize the logical basis or historical validity of one or more articles in the reading, examine a conclusion in the reading in light of recent developments, suggest a new line of research which can strengthen or refute what you read, etc. Whatever your choice, concentrate on your **own thoughts**. Also, the paper is written as a basis for debate, so you should try to make it interesting, provocative – and given the word limit of 1,000 – precise but concise.

#### ***Participation & presentation (25%)***

- During the course, you will be asked to present your position paper. There will be an average of 3 presentations per session, each lasting **5-7 minutes**. This time limit must be adhered to, so you should plan your talk carefully and practice its delivery. Remember that students have read your position paper, so in your presentation you should concentrate and amplify only the **key points** of your argument.
- Regular attendance and reading the assigned material **before** class are pre-requisites for effective participation.

#### ***Research paper: thesis statement (10%)***

- Students are asked to write a research paper, on a topic of their choice, relevant to the course. The paper could be (1) a critical appraisal of one or more aspects of the literature, (2) an empirical study, preferably in reference to a theoretical debate, or (3) a more ambitious attempt to formulate your own hypothesis or theory.
- The research paper is graded at three stages: (1) the thesis statement, (2) the first draft, and (3) the final manuscript.
- Perhaps the most important step in doing research is asking the right questions. This is the purpose of the thesis statement, which is hence crucial in determining not only where you are heading, but also how likely you are to get there. The statement should essentially describe (1) the question you want to address, (2) the possible answers for that question, and (3) the way you plan to approach it – including the research method and a tentative bibliography. You should think about this statement as a dynamic boundary: it may change as you proceed, but at any point in time it should be clearly delineated. This will help you focus on the crucial and stay away from the secondary. The maximum length is 500 words, plus bibliography. Longer statements will not be accepted. The due date is October 5<sup>th</sup>. I will grade these within a week and return them to you with comments, so you could move to the next stage.

#### ***Research paper: first draft (40%)***

- The first draft of the paper should be handed and will be graded as if it were your final submission. The grade will be based on four main criteria: (1) clarity and quality of the (now revised) thesis statement, (2) the logical structure and organization of the paper, (3) the quality of your research and writing, and (4) the extent of critical/independent thinking.
- The paper must not exceed 3,500 words, including footnotes and references, but excluding charts and tables. The due date is November 9<sup>th</sup>. I will grade these within a week and return them to you with comments, so you can rewrite the final manuscript.

#### ***Research paper: final manuscript (15%)***

- The grade will be based on the extent to which you have successfully responded to the comments on the first draft. The maximum length is still 3,500 words and the due date is November 30<sup>th</sup>.

**READINGS:** All required readings are included in a reading kit, available from Beta Reproduction. The recommended readings should assist you in your research paper.

**NOTE:** There could be some minor deviations from the course schedule and readings as we go along.

## SCHEDULE

1. *Sep 7:* Introduction and organization

### ***I. Conceptions of capital***

2. *Sep 14:* What is capital?
3. *Sep 21:* Capital as power
4. *Sep 28:* Capital and hegemony in IPE
5. *Oct 5:* Transnational capital

### ***II. Trade and the flag***

6. *Oct 12:* Armament
7. *Oct 19:* Petroleum
8. *Oct 26:* Transnational corporations and “energy conflicts”

### ***III. Globalization of ownership***

9. *Nov 2:* Capital flows
10. *Nov 9:* Global accumulation, global instability
11. *Nov 16:* Asian miracle, Asian crisis
12. *Nov 23:* From war profits to peace dividends
13. *Nov 30:* Summing up

## READINGS

### **1. Introduction and organization**

### **2. What is capital?**

#### *Required*

1. Braudel, F. (1979) *The Wheels of Commerce. Civilization & Capitalism 15<sup>th</sup>-18<sup>th</sup> Century. Vol. 2* (New York: Harper & Row, Publishers), ‘Capital, capitalist, capitalism’ (pp. 231-249). [19 pages]
2. Hunt, E.K. (1992) *History of Economic Thought. A Critical Perspective* (New York: HaperCollins Publishers), pp. 379-383. [5 pages]
3. Shaikh, A. (1990) ‘Capital as a Social Relation,’ in J. Eatwell, M. Milgate and P. Newman (eds.) *The New Palgrave. Marxian Economics* (New York and London: W.W. Norton & Company), pp. 72-78. [7 pages]
4. Nitzan, J. and S. Bichler (2000, forthcoming) ‘Capital Accumulation: Breaking the Dualism of “Economics” and “Politics,”’ in R. Palan (ed.) *Global Political Economy: Contemporary Theories* (London and New York: Routledge). [21 pages]

#### *Recommended*

5. Galbraith, J.K. (1967) *The New Industrial State* (Boston: Houghton Mifflin Company).
6. Hunt, E.K. (1992) *History of Economic Thought. A Critical Perspective* (New York: HaperCollins Publishers), Ch. 11, ‘Neoclassical Theories of the Firm and Income Distribution: The Writings of Marshall, Clark and Böhm-Bawerk’ (pp. 351-388); Ch. 16, ‘Annulment of the Myth of the Measurable Productivity of Capital: The Writings of Sraffa’ (pp. 527-548).

7. Robinson, J. (1971) 'The Relevance of Economic Theory,' in J. Schwartz, J. (ed.). (1977) *The Subtle Anatomy of Capitalism* (Santa Monika: Goodyear), pp. 16-21.
8. Schumpeter, J.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.
9. Sweezy, P.M. (1942, 1970) *The Theory of Capitalist Development. Principles of Marxian Political Economy* (New York and London: Modern Reader Paperbacks), 'Part One: Value and Surplus Value' (pp. 11-71).

### 3. Capital as power

#### Required

1. Nitzan, J. (1998) 'Differential Accumulation: Toward a New Political Economy of Capital,' *Review of International Political Economy* 5(2): 169-216. [48 pages]

#### Recommended

2. Mumford, L. (1967) *The Myth of the Machine. Techniques and Human Development* (New York: Harcourt, Brace & World, Inc.).
3. Mumford, L. (1970) *The Myth of the Machine. The Pentagon of Power* (New York: Harcourt, Brace Jovanovich, Inc.).
4. Veblen, T. (1908) [1961] 'On the Nature of Capital. II. Investment, Intangible Assets, and the Pecuniary Magnate,' Reprinted in *The Place of Science in Modern Civilization and Other Essays* (New York: Russell and Russell), pp. 351-386.
5. Veblen, T. (1908) [1961] 'On the Nature of Capital. I. The Productivity of Capital Goods.' Reprinted in *The Place of Science in Modern Civilization and Other Essays* (New York: Russell and Russell), pp. 324-351.
6. Veblen, T. (1904) [1975] *The Theory of Business Enterprise* (Clifton, New Jersey: Augustus M. Kelley, Reprints of Economics Classics).
7. Veblen, T. (1923) [1967] *Absentee Ownership and Business Enterprise in Recent Times. The Case of America*, with an introduction by Robert Leckachman (Boston: Beacon Press).

### 4. Capital and hegemony in IPE

#### Required

1. Arrighi, G. (1993) 'The Three Hegemonies of Historical Capitalism,' in S. Gill (ed.) *Gramsci, Historical Materialism and International Relations* (Cambridge: Cambridge University Press), pp. 148-185. [38 pages]
2. Gill, S. and D. Law (1993) 'Global Hegemony and the Structural Power of Capital,' in S. Gill (ed.) *Gramsci, Historical Materialism and International Relations* (Cambridge: Cambridge University Press), pp. 193-126. [34 pages]

#### Recommended

3. Gill, S. and D. Law (1988) *The Global Political Economy. Perspectives, Problems and Policies* (Baltimore: Johns Hopkins University Press), Ch. 6: 'Key Concepts: Power, Structure and Hegemony,' pp. 71-80.
4. Magdoff, H. (1972) 'Imperialism: A Historical Survey.' Reprinted in *Imperialism: From the Colonial Age to the Present. Essays by Harry Magdoff* (New York: Monthly Review Press), pp. 94-113.

### 5. Transnational capital

#### Required

1. Dicken, P. (1992) *Global Shift. The Internationalization of Economic Activity*, 2<sup>nd</sup> Edn (New York and London: The Guilford Press), Ch. 5: 'Why Internationalize? Explaining the Transnational Corporation'; Ch. 6: 'The Political Dimension: Nation States and the Internationalization of Economic Activity,' pp. 120-188. [69 pages]

*Recommended*

2. Brewer, A. (1990) *Marxist Theories of Imperialism. A Critical Survey*, 2<sup>nd</sup> Ed. (London and New York: Routledge).
3. Hymer, S.H. (1960, 1976) *The International Operations of National Firms: A Study of Direct Foreign Investment* (Cambridge Mass. and London, England: The MIT Press).
4. Hymer, S.H. (1972) 'The Multinational Corporation and the Law of Uneven Development.' Reprinted in H. Radice (ed.) (1975) *International Firms and Modern Imperialism. Selected Readings*. (Harmondsworth, Middlesex, England: Penguin Books), pp. 37-62.
5. Kautsky, K. (1970) 'Ultra-Imperialism,' *New Left Review*, 59, Jan/Feb: 41-46. Original German version published in 1914.
6. Kindelberger, C.P. (1984) *Multinational Excursions* (Cambridge, Mass. and London, England: The MIT Press).
7. Magdoff, H. (1969) *The Age of Imperialism. The Economics of US Foreign Policy*, 1<sup>st</sup> Modern Reader Ed. (New York: Monthly Review Press).
8. Pitelis. C. and R. Sugden (eds.) (1991) *The Nature of the Transnational Firm* (London: Routledge).
9. Radice, H. (ed.) (1975) *International Firms and Modern Imperialism. Selected Readings*. (Harmondsworth, Middlesex, England: Penguin Books).
10. United Nations Conference on Trade and Development (annual) *World Investment Report* (New York and Geneva: United Nations).
11. Wade, R. (1996) 'Globalization and Its Limits: Reports of the Death of the National Economy are Greatly Exaggerated,' in S. Berger and R. Dore (eds.) *National Diversity and Global Capitalism* (Ithaca and London: Cornell University Press).

**6. Armament***Required*

1. Krause, K. (1992) *Arms and the State: Patterns of Military Production and Trade* (Cambridge: Cambridge University Press), Ch. 1, 'Motive Forces in the Evolution of the Arms Transfer and Production System,' pp. 12-33; Ch. 4, 'An Overview of the Post-1945 Global Arms Transfer System,' pp. 81-98; Ch. 5, 'The Dominance of First Tier Producers and Suppliers,' pp. 99-126. [68 pages]
2. Grant, C. (1997) 'Linking Arms. A Survey of the Global Defense Industry,' *The Economist*, June 14<sup>th</sup>, pp. 1-18. [18 pages]

*Recommended*

3. Bichler, S. and J. Nitzan (1996) 'Military Spending and Differential Accumulation: A New Approach to the Political Economy of Armament — The Case of Israel,' *Review of Radical Political Economics*, 28(1): 52-97.
4. Griffin J.L., J.A. Devine and M. Wallace (1982) 'Monopoly Capital, Organized Labor and Military Expenditures in the United States, 1949-1976,' in M. Burawoy and T. Stocpol (eds.) *Marxist Inquiries: Studies of Labor, Class and States. American Journal of Sociology*, 88, Supplement (Chicago and London: The University of Chicago Press), pp. S113-S153.
5. Harkavy, R.E. and S.G. Neuman (eds.) (1994) *The Arms Trade: Problems and Prospects in the Post-Cold War World. The Annals of the American Academy of Political and Social Science*, 535.
6. Howard, M.C. and J.E. King (1992) *A History of Marxian Economics*, Ch. 8: 'The Permanent War Economy' (pp. 149-164).
7. Sampson, A. (1977) *The Arms Bazaar. From Lebanon to Lockheed* (New York: The Viking Press).
8. Smith, R.P. (1977) 'Military Expenditure and Capitalism,' *Cambridge Journal of Economics* 1(1): 61-76.

9. Tsuru, S. (1961) 'Has Capitalism Changed?' in S. Tsuru (ed.) *Has Capitalism Changed? An International Symposium on the Nature of Contemporary Capitalism* (Tokyo: Iwanami Shoten), pp. 1-66.
10. U.S. Congress, Office of Technological Assessment (1991) *Global Arms Trade*, OTA-ISC-460 (Washington, DC: GPO), June.

## 7. Petroleum

### Required

1. Penrose, E. (1987) 'The Structure of the International Oil Industry: Multinationals, Governments and OPEC,' in J. Rees and P. Odell (eds.) *The International Oil Industry* (New York: St. Martin's Press), pp. 9-18. [10 pages]
2. Frank, L.P. (1985) 'The First Oil Regime,' *World Politics*, 37(4): 586-598. [13 pages]
3. Wilson, E.J. III (1987) 'World Politics and International Energy Markets,' *International Organization*, 41(1): 125-149. [25 pages]
4. 'Drowning in Oil,' *The Economist*, March 6<sup>th</sup>, 1999, p. 19. [1 page]
5. 'The Next Shock?,' *The Economist*, March 6<sup>th</sup>, 1999, pp. 23-25. [3 page]

### Recommended

6. Adelman, M.A. (1995) *The Genie Out of the Bottle: World Oil Since 1970* (Cambridge, MA.: MIT Press).
7. Blair, J. (1976) *The Control of Oil* (New York: Vintage Books).
8. Bromley, S. (1991) *American Hegemony and World Oil: The Industry, the State System and the World Economy* (Pennsylvania: Pennsylvania State University Press).
9. Yergin, D. (1991) *The Prize: The Epic Quest for Oil, Money and Power* (New York: Simon and Schuster).

## 8. Transnational corporations and "energy conflicts"

### Required

1. Nitzan, J. and S. Bichler (1995) 'Bringing Capital Accumulation Back In: The Weapondollar-Petrodollar Coalition — Military Contractors, Oil Companies and Middle-East "Energy Conflicts,"' *Review of International Political Economy*, 2(3): 446-515. [70 pages]

### Recommended

2. Bichler, S. and J. Nitzan (1996) 'Putting the State In Its Place: US Foreign Policy and Differential Accumulation in Middle-East "Energy Conflicts,"' *Review of International Political Economy*, 3(4): 608-661.
3. Cockburn, A. and L. Cockburn (1991) *Dangerous Liaison. The Inside Story of the U.S.-Israeli Covert Relationship* (Toronto: Stoddart).
  - Darwish, A. and G. Alexander (1991) *Unholy Babylon. The Secret History of Saddam's War* (London: Victor Gollancz Ltd.).
  - Ferrari, P. J. Knopf and R. Madrid (1987) *U.S. Arms Exports: Policies and Contractors* (Washington DC.: Investor Responsibility Research Centre).
  - McCartney, L. (1989) *Friend in High Places. The Bechtel Story: The Most Secret Corporation and How it Engineered the World* (New York: Ballantine Books).
  - Timmerman, K.R. (1991) *The Death Lobby. How the West Armed Iraq* (Boston: Houghton Mifflin Company).

## 9. Capital flows

### Required

1. Cohen, B.J. (1995) 'A Brief History of International Monetary Relations,' in J.A. Frieden and D.A. Lake (eds.) *International Political Economy. Perspectives on Global Power and Wealth*, 3<sup>rd</sup> edn., pp. 209-229. [21 pages]

2. Frieden, J.A. (1995) 'Capital Politics: Creditors and the International Political Economy,' in J.A. Frieden and D.A. Lake (eds.) *International Political Economy. Perspectives on Global Power and Wealth*, 3<sup>rd</sup> edn., pp. 282-298. [18 pages]
3. Beddoes, Z.M. (1999) 'Time for a Redesign? A Survey of Global Finance,' *The Economist*, January 30<sup>th</sup>. [14 pages]

*Recommended*

4. Kindleberger, C.P. (1987) *International Capital Movements*, Based on the Marshall Lectures given at the University of Cambridge 1985 (Cambridge: Cambridge University Press).

## 10. Global accumulation, global instability

*Required*

1. Radice, H. (1999) 'Taking Globalisation Seriously,' in L. Panitch and C. Leys (eds.) *Socialist Register 1999. Global Capitalism Versus Democracy*. (London: The Merlin Press), pp. 1-28. [28 pages]
2. Glyn, A. and B. Sutcliffe (1992) 'Global But Leaderless? The New Capitalist Order,' in R. Miliband and L. Panitch (eds.) *Socialist Register 1992. New World Order?* (Suffolk, England: The Merlin Press), pp. 76-95. [20 pages]

*Recommended*

3. Kindleberger, C.P. (1978) *Manias, Panics and Crashes. A History of Financial Crises* (New York: Basic Books).
4. Magdoff, H. (1992) 'Globalization – To What End?', in R. Miliband and L. Panich (eds.) *Socialist Register 1992. New World Order?* (London: Merlin Press), pp. 44-75.

## 11. Asian miracle, Asian crisis

*Required*

1. Gills, B. (1993) 'The Hegemonic Transition in East Asia: A Historic Perspective,' in S. Gill (ed.) *Gramsci, Historical Materialism and International Relations* (Cambridge: Cambridge University Press), pp. 186-212 [27 pages]
2. Krugman, P. (1994) 'The Myth of Asia's Miracle,' *Foreign Affairs*, 73(6), November/December: 62-78. [17 pages]
3. Nitzan, J. (1997) 'The "Asian Miracle": How Close to Maturity?' *The BCA Emerging Markets Strategist*, November, pp. 5-10. [6 pages]
4. Tabb, William K. (1998) 'The East Asian Financial Crisis,' *Monthly Review* 50(2), June: 24-38. [15 pages]
5. Radelet, S. and J. Sachs (1997) 'Asia's Reemergence,' *Foreign Affairs* 76(6), November/December: 45-59. [15 pages]

*Recommended*

6. Bello, W. (1998) 'East-Asia: On the Eve of the Great Transformation?' *Review of International Political Economy*, 5(3), Autumn: 424-444.
7. Bevacqua, R. (1998) 'Whither the Japanese Model? The Asian Economic Crisis and the Continuation of Cold War Politics in the Pacific Rim,' *Review of International Political Economy*, 5(3), Autumn: 410-423.
8. Freeman, C. (1998) 'The East Asian Crisis, Technical Change and the World Economy,' *Review of International Political Economy*, 5(3), Autumn: 393-409.
9. Haggard, S. and A. MacIntyre (1998) 'The Political Economy of the Asian Economic Crisis,' *Review of International Political Economy*, 5(3), Autumn: 381-392.
10. Krugman, P. (1995) 'Dutch Tulips and Emerging Markets,' *Foreign Affairs*, 74(4), July/August: 28-44.
11. Nitzan, J. (1998) 'Asian Equities: Not for the Fainthearted,' *The BCA Emerging Markets Strategist*, Monthly Forecast, February, pp. 10-19.

12. Wade, Robert (1998) 'The Asian Debt-and-Development Crisis of 1997-?: Causes and Consequences,' *World Development*, August.

## 12. From war profits to peace dividends

### Required

1. Nitzan, J. and S. Bichler (2000, forthcoming) 'Going Global: Differential Accumulation and the Great U-turn in South Africa and Israel,' *Review of Radical Political Economics*. (29 pages)

### Recommended

11. David, P. (1998) 'After Zionism,' A Survey of Israel,' *The Economist*, April, 25<sup>th</sup>.
2. Fine, B. and Z. Rustomjee (1996) *The Political Economy of South Africa. From Minerals-Energy Complex to Industrialization* (London and Boulder, CO: WestviewPress).
3. Innes, D. (1984) *Anglo American and the Rise of Modern South Africa* (New York: Monthly Review Press).
4. Natrass, N. (1994) 'Apartheid and Capitalism: Social Structure of Accumulation or Contradiction?' in D.M. Kotz, T. McDonough and M. Reich (eds.) *Social Structures of Accumulation. The Political Economy of Growth and Crisis* (Cambridge: Cambridge University Press), pp. 253-273.
5. Nitzan, J. and S. Bichler (1996) 'From War Profits to Peace Dividends – The New Political Economy of Israel,' *Capital & Class*, 60: 61-94.

## 13. Summing up