

Boğaziçi University | Economics Department | Summer School 2007  
ECON 312 | A Thematic Approach to Contemporary Schools of  
Thought

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## Course Description

A critical survey course on the contemporary state of the discipline of economics structured around seven themes: 1. Is economics a science or a discourse? 2. What is the nature of the orthodox/heterodox divide in economics? 3. Are “institutions” equilibrium-making devices or frameworks that structure and shape the decisions and actions of economic agents? 4. Is there a room for the “unconscious” in the economic concepts of individual rationality? 5. Is there a room for disequilibrium/chaos/disorder in the economic understandings of the social? 6. How fragile is the logic of capital accumulation? 7. Is it possible to formulate an ethical critique of capitalism and a convincing case for socialism?

## Required Books

*While it will be good for you to have these books in your library for future reference, the required chapters will be available as a part of the reading packet.*

Mirowski, Philip. *Machine Dreams: Economics Becomes a Cyborg Science*. Cambridge: Cambridge University Press, 2002.

Ruccio, David and Jack Amariglio. *Postmodern Moments in Modern Economics*. Princeton University Press, 2003.

Gibson-Graham, J. K. *A Postcapitalist Politics*. Minneapolis: Minnesota University Press, 2006.

## Course Requirements

- 1. Reading:** I expect that you have read and made the necessary effort to understand the required readings.
- 2. Attending:** I will take regular attendance and will expect you to be “present.” If you miss more than 1 meeting, your absence will begin to affect your overall grade.
- 3. Writing:** I strongly prefer print submissions to email submissions.
  - a. Response Papers:** You are expected to write three response papers. The first one is due anytime between June 28 to **July 5** and in response to readings covered under Sections 1, 2, and 3; the second one is due anytime between July 10 to **July 19** and in response to readings covered under Sections 4 and 5; and the third one is due anytime between July 24 and **August 2** and in response to readings covered under Sections 6 and 7. These papers should address the readings directly. They could focus on a subset of the readings (except for the null set) but I should be able to see an engagement with the reading material. Three pages, double spaced, 12 size font. If you are in doubt as to how to write these, contact me asap.

- b. **Term Paper:** Propose a topic on **July 19** in a 2 page (12 size, double spaced) paper prospectus + annotated bibliography. Then, pending on my approval and incorporating my suggestions, write a 15 pages (12 size, double spaced) long paper (maximum) paper and submit a print copy latest at noon on Friday, **August 3, 2007.**
4. **Engaging:** Except for the first week of classes, the first half of the week will be lectured based, whereas the second half will be discussion based. I expect you to fully participate in classroom discussion. Your participation could range from asking clarificatory questions (which will make me feel good) to challenging each others opinions (which will make feel even better). Also, you are encouraged to make use of my office hours. Of course, we should always conduct ourselves in civility.
5. **Grading:**
- |                           |            |
|---------------------------|------------|
| a. <b>Term Paper</b>      | <b>%35</b> |
| b. <b>Response Papers</b> | <b>%45</b> |
| c. <b>Participation</b>   | <b>%20</b> |

## Course Outline

**Note on supplementary readings:** This is a tough one. The required readings are already demanding. While I don't expect you to read the supplementary readings, I would like encourage you to be aware of them. But more importantly, the supplementary readings highlight the references that you should consider when you begin constructiong your bibliography towards your term paper.

### 1. Introduction: Science or Discourse?

Question of representation. Epistemology. Ontology. Methodology. The materiality of scientific practice. Science studies. Discourse analysis. The link between economic value (Walras) and linguistic value (Saussure). A brief history of economic discourses structured around contesting theories of value.

#### Required

Ruccio, David and Jack Amariglio. "An Introduction to Postmodernism, for Economics." In *Postmodern moments in modern economics*. Princeton: Princeton University Press, 2003: 1-54.

Madra, Yahya M. and Joseph T. Rebello. "The crisis of identity in modern economics." Unpublished mimeo.

#### Supplementary

Amariglio, Jack. "The Body, Economic Discourse, and Power: An Economist's Introduction to Foucault." *History of Political Economy* 20 (1988): 583-613.

Mirowski, Philip. "Cyborg Agonistes." *Machine Dreams: Economics Becomes a Cyborg Science*. Cambridge: Cambridge University Press, 2002: 1-23.

### 2. Discipline: Orthodox and Heterodox

Is it possible to speak about "orthodoxy" within the discipline of economics? If an orthodoxy exists, is it any different from the neoclassical paradigm that has come to dominate the discipline

for so long? What is the state of heterodoxy? What are the conditions of **true** pluralism within the discipline? This section will introduce a series of theoretical perspectives both from the mainstream as well as the margins of the discipline. This section will also offer a brief history of economics, but this time focusing on the historical genealogy of various schools of thought.

### Required

Davis, John B. "The Turn in Economics: Neoclassical Dominance to Mainstream Pluralism." *Journal of Institutional Economics*. 2, No. 1, 2006: 1-20.

Garnett Jr., Robert F. "Whither Heterodoxy?" *post-autistic economics review* 34 (October 2005): 2-21.

### Supplementary

Colander, David. "The Death of Neoclassical Economics." *Journal of the History of Economic Thought* 22, No. 2 (June 2000): 127-43.

Bowles, Samuel, and Herbert Gintis. "Walrasian Economics in Retrospect." *Quarterly Journal of Economics* 115, No. 4 (November 2000): 1411-39.

## 3. Institutions: Solutions or Frameworks?

In this section, we will focus on the difference between new institutionalism and "old" institutionalism. The difference between these two very broad schools of thought is an important one for understanding a foundational split within the discipline of economics: How to conceptualize "institutions"? Are institutions "solutions" to market failures (to achieve equilibrium) in a world populated by (boundedly) rational yet essentially opportunistic agents (as new institutionalists would have it) or are institutions "frameworks" that enable socially constituted actors to interact with one another in a complex world (as "old" institutionalists would have it)?

### Required

Coase, Ronald H. "The Nature of the Firm." *Economica* 4 (1937): 386-405.

Bowles, Samuel. "The Production Process in a Competitive Economy: Walrasian, Neo-Hobbesian, and Marxian Models." 75, No. 1 (March 1985): 16-36.

Hodgson, Geoffrey M. "The Approach of Institutional Economics." *Journal of Economic Literature*, 36, No. 1 (March 1998a): 166-192.

Callon, Michel. "Introduction: The Embeddedness of Economic Markets in Economics." In *The Laws of the Markets*, edited by Michel Callon. Oxford: Blackwell, 1998.

Ruccio, David and Jack Amariglio. "Values and Institutional Economics." In *Postmodern Moments in Modern Economics*. Princeton: Princeton University Press, 2003: 171-215.

### Supplementary

Stigler, George. "The Economics of Information." *Journal of Political Economy* 69 (June 1961): 213-25.

Cheung, Steven N. S. "On the New Institutional Economics" In *Contract Economics*, edited by Lars Werin and Hans Wijkander. Oxford, UK and Cambridge, USA: Blackwell, 1992: 48-65.

Granovetter, Mark. "The Nature of Economic Relations." In *Understanding Economic Process*, edited by S. Ortiz and S. Lees. Lanham and London: University Press of America (for Society for Economic Anthropology), 1992: 21-37.

Hodgson, Geoffrey M. "Institutional Economic Theory: The Old versus the New." In *Why Economists Disagree: An Introduction to Alternative Schools of Thought*, edited by D. Prychitko. Albany: State University of New York Press, 1998b: 155-177.

Rutherford, Malcolm. *Institutions in economics: The old and the new institutionalism*. Cambridge: Cambridge University Press, 1994.

Vromen, Jack J. *Economic Evolution: An Enquiry into the Foundation of New Institutional Economics*. London: Routledge, 1995.

## **July 5: Final day for the first response paper!**

### **4. Individual: From Rationality to Unconscious**

Is *homo economicus* really a rational agent who is necessarily fully conscious of his action or is s/he a mere bearer (*träger* in German) of the what social structures and selection mechanisms dictate? The debate on rationality ranges from philosophical reflections (A. Sen) to explorations into experimental "anomalies" all the way to computer generated simulation models with zero-intelligence agents (zoids). In this unit, our aim is to survey the state of the debate within the discipline of economics. While attending to the diversity of positions that can be located within the late neoclassical mainstream (behavioural, experimental, cognitive, and evolutionary approaches), attention will also be devoted to institutionalist as well as post-structuralist notions of subjectivity that conceptualize the human subject as a speaking being split between conscious and unconscious registers.

#### **Required**

Veblen, Thorstein, 1898. "Why is economics not an evolutionary science?" Reprinted in *Cambridge Journal of Economics*, Vol. 22, 1998, pp. 403-414.

Becker, Gary S. "Irrational Behavior and Economic Theory." *Journal of Political Economy* 70, No. 1 (February 1962): 1-13.

Sen, Amartya K. "Rational Fools: A Critique of the Behavioral Foundations of Economic Theory." *Philosophy and Public Affairs* 6 (1977): 317-344.

Ruccio, David and Jack Amariglio. "The Body and Neoclassical Economics." In *Postmodern Moments in Modern Economics*. Princeton: Princeton University Press, 2003: 92-136.

Mirowski, Philip. "Core Wars" and "Machines Who Think versus Machines That Sell." *Machine Dreams: Economics Becomes a Cyborg Science*. Cambridge: Cambridge University Press, 2002: 437-516 and 517-566.

#### **Supplementary**

Alchian, Armen A. "Uncertainty, Evolution, and Economic Theory." *Journal of Political Economy* 58, No. 3 (June 1950): 211-221.

Ruccio, David and Jack Amariglio. "Feminist Economics: (Re)Gendering Knowledge and Subjectivity." In *Postmodern Moments in Modern Economics*. Princeton: Princeton University Press, 2003: 137-170.

Sen, Amartya K. "Behaviour and the Concept of Preference." *Economica* 40 (1973): 241-259.  
Reprinted in *Rational Choice*, edited by Jon Elster. New York: New York University Press, 1986: 60-81.

Sen, Amartya. "Introduction: Rationality and Freedom" and "Individual Preference as the Basis of Social Choice." In *Rationality and Freedom*. Cambridge, MA and London: The Belknap Press of Harvard University Press, 2002: 3-64 and 300-324.

Sugden, Robert. "Rational Choice: A Survey." *Economy Journal*, 101 (July 1991): 751-85.

Sugden, Robert. "Experiments as exhibits and experiments as tests." *Journal of Economic Methodology*, 12, No. 2 (June 2005): 291-302.

Tsakalotos, Euclid. "*Homo economicus* and the reconstruction of political economy: six theses on the role of values in economics." *Cambridge Journal of Economics*, 29, No. 6, (2005) 893-908.

Davis, John B. *The Theory of the Individual in Economics: Identity and Value*. London and New York: Routledge, 2003.

## 5. Social: From equilibrium to non-equilibrium

In this section the trajectory of the concept of *equilibrium* as the harmonious reconciliation of the diverse interests of rational agents will be traced by devoting attention to the similarities/continuities and differences/divergences between neoclassical (Edgeworthian, Marshallian, and Walrasian) and late neoclassical (Nash equilibrium and evolutionary stability) concepts of equilibrium. The ongoing neoclassical obsession with equilibrium states will be juxtaposed to *disequilibrium* and *non-equilibrium* concepts of economic phenomena that are found within Keynesian, Austrian, and Marxian traditions.

### Required

Mirowski, Philip. "Do Cyborgs Dream of Efficient Markets?" and "The Empire Strikes Back." *Machine Dreams: Economics Becomes a Cyborg Science*. Cambridge: Cambridge University Press, 2002: 232-308 and 309-436.

Sugden, Robert. "Spontaneous Order." *Journal of Economic Perspectives*, 3, No. 4 (Autumn 1989): 85-97.

### Supplementary

Debreu, Gérard. *Theory of Value: An Axiomatic Analysis of Economic Equilibrium*. New Haven: Yale University Press, 1959.

Caldwell, Bruce. "Hayek's Transformation." *History of Political Economy* 20 (1988): 513-541.

Samuelson, Larry. "Evolution and Game Theory." *Journal of Economic Perspectives*, 16, No. 2 (Spring 2002): 47-66.

Ruccio, David and Jack Amariglio. "Knowledge, Uncertainty and Keynesian Economics." In *Postmodern Moments in Modern Economics*. Princeton: Princeton University Press, 2003: 55-91.

Ingrao, Bruna, and Giorgio Israel. *The invisible hand: Economic equilibrium in the history of science*. Translated by Ian McGilvray. Cambridge, MA and London: The MIT Press, 1990.

Hargreaves-Heap, Shaun, and Yanis Varoufakis. *Game Theory: A Critical Introduction*. London and New York: Routledge, 1995. (Second Edition)

## July 19: Final day for the second response paper!

### July 19: Term paper prospectus is due!

#### 6. Capitalism: From necessity to contingency

Is capitalism a structural system governed by the immutable and destructive logic of capital accumulation or is it an articulated and relational totality that is prone to fall into crises at any moment and that is in continual need for reproduction and maintenance. In this section, attention will be devoted to the shifts with Marxian tradition from its modernist skeins that emphasize necessity and view the economy to be colonized and exhausted by capitalism to non-determinist skeins that emphasize contingency and find difference *within* and *from* capitalism in our contemporary social formations.

##### Required

Ruccio, David and Jack Amariglio. "Capitalism, Socialism and Marxian Economics." In *Postmodern Moments in Modern Economics*. Princeton: Princeton University Press, 2003: 216-250.

Norton, Bruce. "Epochs and Essences: A Review of Marxist long-wave and stagnation theories." *Cambridge Journal of Economics*, 12, No. 2 (1988): 203-224.

Resnick, Stephen A. "Class, Contradiction and the Capitalist Economy." In *New Departures in Marxian Theory*, edited by Stephen A. Resnick and Richard D. Wolff. London: Routledge: 2006: 238-251.

Resnick, Stephen A. and Richard D. Wolff. "Exploitation, Consumption and the Uniqueness of US Capitalism." In *New Departures in Marxian Theory*, edited by Stephen A. Resnick and Richard D. Wolff. London: Routledge: 2006: 341-353.

Mitchell, Timothy. "McJihad: Islam in the US Global Order." *Social Text*, 20, No. 4, (2002): 1-18

##### Supplementary

Harvey, David. *The New Imperialism*. Oxford: Oxford University Press, 2005.

Norton, Bruce. "Reading Marx for class." In *Re/presenting Class: Essays in Postmodern Marxism*, edited by J. K. Gibson-Graham, S. Resnick, and R. Wolff. Durham: Duke University Press, 2001.

#### 7. Ethics: From the capitalist exception to the axiom of communism

Is communism an ideal social order where all the injustices and the wrongs of capitalism are remedied and the contradictions of class-based societies are superseded or is it simply a different way of organizing, with its own peculiar contradictions, the way we relate to social surplus? In this section, the matters of social and economic justice will be tackled. The limits of egalitarian justice will be discussed.

##### Required

Gibson-Graham, J. K. "Constructing a Language of Economic Diversity" and "Surplus Possibilities: The Intentional Economy of Mondragón." In *A Postcapitalist Politics*. Minneapolis: Minnesota University Press, 2006: 53-78 and 101-126.

Özselçuk, Ceren. "Mourning, Melancholy, and the Politics of Class Transformation." *Rethinking Marxism*, 18, No. 2 (2006): 225-240.

Özselçuk, Ceren and Yahya M. Madra. "Economy, surplus, politics: Some questions on Zizek's political economy critique of capitalism." In *Did Somebody Say Ideology? Slavoj Žižek in an Post-Ideological Universe*, edited by Heiko Feldner and Fabio Vighi. Newcastle Upon Tyne: Cambridge Scholarly Publishing, 2007f.

Zizek, Slavoj. "Multitude, Surplus, Envy" *Rethinking Marxism*, 19, No. 1 (2007): 46-58.

### **Supplementary**

Madra, Yahya M. "Questions of communism: Ethics, ontology, subjectivity." *Rethinking Marxism*, 18, No. 2 (2006): 205-224.

Özselçuk, Ceren and Yahya M. Madra. "Psychoanalysis and Marxism: From capitalist-all to communist non-all." *Psychoanalysis, Culture & Society*, 10, No. 1 (2005), 79-97.

Byrne, Ken and Stephen Healy. "Cooperative Subjects: Toward a Post-Fantasmatic Enjoyment of the Economy." *Rethinking Marxism*, 18, No. 2 (2006): 241-258.

Erçel, Kenan. "Orientalization of Exploitation: A Class-Analytical Critique of the Sweatshop Discourse." *Rethinking Marxism*, 18, No. 2 (2006): 289-306.

**August 2: Final day for the third response paper!**

**Friday, August 3: Term papers are due by noon!**

**Yahya M. Madra** teaches history of economics and political economy at Gettysburg College. He has published in *Journal of Economic Issues*, *Rethinking Marxism*, *Birikim*, *Toplum ve Bilim*, and *Psychoanalysis, Culture & Society* and in a number of edited volumes. His research fields are economic methodology and philosophy of economics and the intersection between Marxian economic theory and Lacanian psychoanalysis. He has recently completed his doctoral dissertation, "Late neoclassical economics: The persistence of theoretical humanism in contemporary economic theory" at the University of Massachusetts Amherst. He is also a part of the editorial collective of the journal *Rethinking Marxism*.