

Theoretical Foundations of Political Economy

Through an intensive reading of Adam Smith, Thomas Malthus, David Ricardo, Karl Marx, and John Maynard Keynes, the course develops the founding concepts of political economy. We come to understand how these concepts emerged as the response both to earlier ideas and to the economic world as experienced by the authors. In the process, we hope to gain a new perspective on modern economics.

LEARNING OBJECTIVES Upon completion of the course students will have learned how to:

- (1) read closely some of the discipline's great founding texts, such as *The Wealth of Nations* and *Capital*;
- (2) follow and independently make arguments that connect, contrast, and evaluate theoretical claims advanced by the founding authors, using both close reading and the simple analytical tools developed throughout the course; in a ten-minute presentation that is part of each lecture, a group of two or three students will hone such argumentative skills by discussing the readings and/or analytical tools covered in a preceding lecture;
- (3) locate modern economic debates within the conceptual grid opened up by the founding texts;
- (4) articulate and critically assess ethical questions of individual and collective welfare, including issues of distribution and inequality.

Grading Students will have to demonstrate the corresponding competencies by writing two short essays of four to seven pages in length, each counting for thirty percent of the semester grade. They will also be asked to do so in a final examination that requires an integrated understanding of the entire course and that accounts for another thirty percent of the course grade. The remaining ten percent of the grade will hinge on the quality of the aforementioned short presentation and on a student's participation in class through queries and comments.

Weekly recitations They are offered by the TA and will review lecture material, discuss possible essay topics, and help students prepare for the final exam by going through the corresponding two sets of review questions posted on Courseworks.

Required purchases The following four books must be purchased in the specific editions indicated:

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| Barber | William Barber, <u><i>A History of Economic Thought</i></u> (Wesleyan University Press) |
| Smith | Adam Smith, <u><i>An Inquiry into the Nature and Causes of the Wealth of Nations</i></u> (edited by E. Cannan, University of Chicago Press) |
| Malthus | Thomas Malthus, <u><i>An Essay on the Principle of Population</i></u> (edited by A. Flew, Penguin Classics) |
| Marx | Karl Marx, <u><i>Capital: An Abridged Edition</i></u> (edited by D. McLellan, Oxford World's Classics, 2008 or earlier) |

As to Keynes, we will approach his 1936 magnum opus (*The General Theory of Employment, Interest, and Money*) by means (i) of two overviews of his ideas, one that places them in the context of the history of economic thought (Pasinetti), the other a class note ('Keynes' revolution') that boils them down to their two key analytical components, and (ii) of two articles by Keynes himself, published in the immediate wake of the book and responding to critics. These four items are listed under lectures 25-27 below and available through Courseworks. Courseworks also provides the other analytical class notes that appear throughout the lecture schedule below; their purpose is to spell out the more technical aspects of the corresponding lectures, and they are considered an integral part of the course. All other required readings are accessible through the corresponding Courseworks folders and drawn from the following sources:

Denby	David Denby, Northern Lights: How modern life emerged from eighteenth-century Edinburgh, <u>New Yorker</u> 10/11/04
Ricardo	David Ricardo, <u>The Principles of Political Economy and Taxation</u>
Pasinetti	Luigi Pasinetti, <u>Growth and Income Distribution</u>
MER	Robert Tucker, <u>The Marx-Engels Reader</u>
MS-III	Medema and Samuels, <u>The History of Economic Thought: A Reader, Part III: The Marxian Challenge</u>
HOW	Garraty and Gay, <u>The Columbia History of the World</u>

Background students may find useful for the course is offered by these books:

Backhouse, The Ordinary Business of Life
 Brewer, A Guide to Marx's Capital
 Heilbroner, The Worldly Philosophers
 Macfie, The Individual in Society
 Screpanti/Zamagni, An Outline of the History of Economic Thought

Brewer and Macfie are out of print, but accessible via request to the Barnard Library.

LECTURE SCHEDULE (the listed items are required readings)

1. **Overview and organization of the course;** some foundational concepts and the corresponding algebra

- 2./3. **Smith--Introduction**
 Denby Northern Lights [a splendid overview of the Scottish Enlightenment]
 Barber Part One: Introduction and Ch.1
 Smith Introduction and Plan of the Work

 Class note Smith and the Scottish Enlightenment

4. **Smith--The Breakdown of Feudalism and the Birth of Liberty**
 Smith Book III: Of the Different Progress of Opulence in Different Nations

5. **Smith--The Division of Labor**
 Smith I.1 Of the Division of Labour
 I.2 Of the Principle which Gives Occasion to the Division of Labour

I.3 That the Division of Labour is limited by the Extent of the Market

6.-8. **Smith--Theory of Distribution**

Smith I.8 Of the Wages of Labour
I.9 Of the Profits of Stock
I.10 Of Wages and Profit in the Different Employments of Labour and Stock
I.11 Of The Rent of Land (161-163, 275-278)

Class notes A. Capital, income, productive vs. unproductive labor
B. The growth of the wealth of nations
C. Smith on wages and profits

9.-11. **Smith--Theory of Accumulation and Theory of Trade**

Smith II. Of the Nature, Accumulation, and Employment of Stock: Introduction
II.1 Of the Division of Stock
II.3 Of the Accumulation of Capital, or of Productive and Unproductive Labour
IV. Of Systems of Political Economy: Introduction
IV.1 Of the Principle of the Commercial or Mercantile System
IV.2 Of Restraints Upon the Importation of Goods
IV.3 Of the Extraordinary Restraints Upon the Importation of Goods (drop 503-513 "Digression...")

Class notes D. Absolute advantage, comparative advantage, and trade as an engine of growth
E. Smith's vent-for-surplus theory of international trade

12./13. **Smith--Theory of Value and Price**

Smith I.4 Of the Origin and Use of Money
I.5 Of the Real and Nominal Price of Commodities (drop 45-52 "In consequence...")
I.6 Of the Component Parts of the Price of Commodities
I.7 Of the Natural and Market Price of Commodities

14./15. **Malthus--Population Growth and its Checks**

Barber Ch.2
Malthus Ch.I-VI, X
HOW The Poor Laws

Class note Malthusian algebra

16./17. **Ricardo--Value and Distribution; Foreign Trade and Growth**

Barber Ch.3
Ricardo Ch.7 On Foreign Trade

Class notes A. The one-sector Ricardian growth model
B. Absolute advantage, comparative advantage, and trade as an engine of growth (class note D. in Smith folder)

- 18./19. **Marx--Introduction**
 Barber Part Two: Introduction and Ch.5
 MS-III Introduction (387-383)
 A Contribution to the Critique of Political Economy: Preface (394-396); also in MER (3-6)
 MER Estranged Labor (70-81)
 The Communist Manifesto (469-500)
- 20./21. **Marx--Commodities, Money, Capital, and Surplus Value**
 MS-III Part I: Commodities and Money
 Ch.I Commodities (395-400)
 MS-III Part II: The Transformation of Money into Capital
 Ch.IV The General Formula for Capital (400-405)
 MS-III Part III: The Production of Absolute Surplus Value
 Ch.VII: The Labour Process and the Process of Producing Surplus Value(405-416)
- Class notes A. Marx synopsis
 B. More on Marx
- 22./23. **Marx--The Accumulation of Capital and Primitive Accumulation**
 MS-III Part VII: The Accumulation of Capital
 Ch.XXV: The General Law of Capitalist Accumulation (416-424)
 MS-III Part VIII: The So-Called Primitive Accumulation
 Ch.XXVI: The Secret of Primitive Accumulation (424-426)
 Ch.XXXII: Historical Tendency of Capitalist Accumulation (426-428)
24. **Engels--The Origin of Private Property and Patriarchy**
 MER Engels The Origin of the Family, Private Property, and the State (734-59)
25. **Keynes--Effective Demand**
 Barber Part Four: Introduction and Ch.8
 Pasinetti The Economics of Effective Demand (29-39)
- 26./27. **Keynes--Interaction of Effective Demand with Liquidity Preference**
 Keynes The General Theory of Employment, Quarterly J. of Econ. 52:209-23
 Keynes Alternative Theories of the Interest Rate, Economic J. 47: 241-52
- Class note Keynes' Revolution

YOU, YOUR ESSAYS, AND YOUR WRITING FELLOW

One of the requirements of this course is working with a Barnard Writing Fellow. The Barnard Writing Fellows Program is designed to help students strengthen their writing in any discipline. It is inspired by the belief that writing is a process happening in stages, by means of different drafts. Often the most fruitful dialogues about your writing occur with your peers, and the Writing Fellows are just that. They are not tutors or TAs; they are Barnard undergraduates who participate in a semester-long workshop on the teaching of writing and, having finished their training, staff the Barnard Writing Center and work in courses across the disciplines. It is not their role to comment on the accuracy of the content of your papers, nor to grade your work. They are not enrolled in your course. You will probably know more about the course's specific material than they do, and your papers must therefore be written clearly enough so that the non-expert can understand them.

A Writing Fellow will be reading and commenting on the draft and associated outline (see b. below) of your first and - should you wish so - of your second paper. (In other words, working with a Writing Fellow is mandatory for the first, but not for the second paper.) The comments will be both written and oral, the latter conveyed during an individually scheduled Zoom conference with your Fellow. For the first paper, a conference is mandatory and absences will be penalized, as will late submission of the draft (and outline) or of the final version of a paper.

Careless drafts or outlines may lead to a grade penalty as well. In other words, they are expected to have gone through one or several revisions before you submit them to your Fellow. Apart from this, your essay grade will depend on the following five considerations:

a. your paper must be based on a close reading of a text covered by the course (or several of them, if your approach is comparative); in particular, resist straying into contemporary economic issues or modern mainstream theory, except as an aside in the conclusion;

b. your draft and its final version must be accompanied by a separate outline (of less than one page) that states the objective of your essay and, in that light, answers two questions: (i) **what** does your essay seek to show regarding the text (or texts) under consideration?; and (ii) **how** does it propose to do this, meaning by what chain of reasoning or argumentative steps?;

c. correspondingly, each one of your paragraphs and sentences must serve to advance your argument and each must follow logically from that which precedes it;

d. sentences must be grammatically correct and the words you use must actually possess the meaning that you deem them to have (use a dictionary whenever you are in doubt);

e. before criticizing or applauding an author's views, be sure you report them accurately and fairly (this follows from the imperative of close reading under a.).

Further guidelines on essay writing are provided in Courseworks.

Due dates

10/15: Draft and outline of paper on Smith

10/29: Final version thereof

12/1: Draft and outline of paper on Malthus, Ricardo, or Marx

12/14: Final version thereof