

Division of the Social Sciences
University of Minnesota, Morris

History of Economic Thought I

(Econ 3211)

Spring 2008

Monday: 3:30 P.M. – 5:10 P.M.

Class: Imholte 112

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Office Hours: MW: 2:30 PM – 3:30 PM and/or by appointment

TEXTBOOKS:

E. K. Hunt, *History of Economic Thought: A Critical Perspective*, 2nd Edition
(Armonk, New York: M. E. Sharpe, 2002).

ADDITIONAL MATERIALS:

OPTIONAL REFERENCE:

Joseph A. Schumpeter, *History of Economic Analysis* (New York: Oxford University Press, 1954 [1994]).

Further readings may be found on reserve at Rodney A. Briggs Library.

COURSE DESCRIPTION:

The origin and Development of economic thought from Mercantilism through the classical school. Among others, Adam Smith, David Ricardo, and Karl Marx are featured. Nature of economics as a social science through the study of its historical development. (Prerequisite Eco.1111, Econ. 1112.)

COURSE OBJECTIVE:

The purpose of this course sequence is to focus on the genealogy ideas and the methodology of theorizing in economics of capitalism as a historically unique and specific mode of production. We attempt to understand the social relations, material conditions, historical transformation, and institutional underpinnings of capitalism, on the one hand, and critically examine the significance of theories, and validity and relevance

of methodologies offered by the classical school of political economy, á la Adam Smith, David Ricardo and Thomas Malthus, side by side with the critique of political economy by Karl Marx. In this context, the history of material developments provides a definitive foundation for further examination of the history of ideas—and vice-versa.

COURSE REQUIREMENT:

While the above texts tend to establish the basic groundwork, the lecture materials will essentially rotate around half a dozen or so grand historical debates and controversies in economics since Adam Smith. Therefore, our major task concerning the class participation and class discussion is analytical. Consequently, class participation and class discussion carry considerable weight in the outcome and final grading of this seminar. In addition to a midterm and a final exam, there will be a number of chosen topics for presentation by students (individually or in groups), followed by further discussion by the entire class. These topics shall be selected by the students in close consultation with the instructor.

GRADE DISTRIBUTION:

Midterm Exam:	30%
Final Exam:	35%
Topical Presentations:	25%
Class Participation:	10%

Grading Scale:

A: 93 – 100	A-: 90 – 92	B+: 87 – 89
B: 83 – 86	B-: 80 – 82	C+: 76 – 79
C: 72 – 75	C: 68 – 71	D+: 64 – 67
D: 60 – 63	F: 60—and below.	

TENTATIVE COURSE OUTLINE
History of Economic Thought I

Week One & Two:

1) Plan of the materials, the framework and initial lecture, an overall discussion about the format and nature of exams, and importance of topical presentations.

2) Is all history a history of capitalism? If not, what is specific about capitalism? Analytical division of history; pre-history and origin of capitalism; Capitalist mode of production and capitalist proper; specificity of capitalism; creation of working class; creation of wealth and capitalism; means of production and relations of production. [J.A. Schumpeter, *History of Economics Analysis*, Part I: Ch. 1 (pp. 3-11), Ch. 2 (pp. 12-20); E.K. Hunt, *History of Economic Thought*, Ch. 1; *Mini-Lectures and Class Discussions*.]

3) Methodology: Methodological Problems and Issues in Economics. [Mini-Lectures and Class Discussions.]

Weeks Three through Six:

1) Classical Political Economy: Adam Smith (1723-1790): Political Economy of Capitalism; Smith's division of human history; notion of 'absolute advantage'; Smith on division of labor (the pin factory); his notion of 'natural law'; free trade and wealth of nations; his adding-up value (and price) theory; 'use value' and 'exchange value'; Smith's 'stages of economic development'; Smith and the quantity theory of money; Smith's notion of 'primary accumulation' (*not* 'primitive accumulation'). [E.K. Hunt, *History of Economic Thought*, Ch. 3; Concept of 'Natural Law,' *Mini-Lectures and Class Discussions*.] **Assignment and Delivery of Topical Class Presentations.**

2) Classical Political Economy: David Ricardo (1772-1823): the concept of "comparative advantage" (or, more precisely, comparative cost); Ricardo's labor-embodied value; Ricardo's distributive theory and capita-labor divide; Ricardo's rent theory ("extensive" and "intensive" margin in agriculture); Ricardo's reliance on Malthus' 'population theory' (Thomas R. Malthus 1766-1834); stationary state and falling rate of profit; Ricardo's notion of free trade; Ricardo's monetary theory; the critical appraisal of Ricardo's framework. [E.K. Hunt, *History of Economic Thought*, Ch. 5; ['Say's Law of Markets']; *Mini-Lectures and Class Discussions*.] **Delivery of Topical Class Presentations.**

Weeks Seven:

1) Utopian Socialists

- **Charles Fourier (1772-1837)**
- **Robert Owen (1771-1858)**
- **Pierre Joseph Proudhon (1809-1865)**

- **Henri de Saint-Simon (1760-1825)**

Week Eight:

MIDTERM EXAM, March 24, 2008 **MIDTERM EXAM**

Week Nine through Twelve:

2) Critique of Classical political Economy: Karl Marx (1818-1883): Critique of Classical Labor Theory; Marx's theory of technological change and the critique of 'stationary state'; Marx on the length of the 'working day'; Marx's critique of the 'natural law'; gravitational theory and the critical examination of 'economic equilibrium'; notion of 'concrete' and 'abstract' labor; 'socially necessary labor time'; Marx's theory of value, 'surplus value' and 'prices of production'; Marx's 'gravitational' theory and market fluctuation; Marx, 'cycles of production', and 'tendency for the rate of profit to fall'; Marx's theory of crises; Marx on monopoly and competition in capitalism; Marx's critique of Ricardo's rent theory; the theory of 'technical', 'organic' and 'value' composition of capital; Marx on 'enclosure's movement'; Marx's theory of 'class' and socioeconomic polarization in capitalism; Marx's 'industrial reserve army of labor'; Marx and contemporary capitalism: is Marx relevant to the Twenty-first century? [E.K. Hunt, *History of Economic Thought*, Ch. 9; Mini-Lectures and Class Discussions.]
Delivery of Topical Class Presentations.

Week Ten and Eleven:

- **Critique of political Economy Continues**
- **Delivery of Topical Class Presentation Continues**

Week Thirteen & Fourteen:

The Emergence of the *Marginalist Revolution* Part I

- **William Stanley Jevons (1835-1882)**
- **Carl Menger (1840-1921)**
- **Léon Walras (1834-1910)**

[E.K. Hunt, *History of Economic Thought*, Ch. 10; Optional: J.A. Schumpeter, *History of Economics Analysis*, Part IV: Ch. 5 (825-829), Ch. 7 (on Walrasian General Equilibrium: pp. 998-1016); Mini-Lectures and Class Discussions.]

- **Delivery of Topical Class Presentation Continues**

Week Fifteen:

FINAL EXAM Tuesday, May 13, 2008 **FINAL EXAM**