HISTORY OF ECONOMIC THOUGHT
(ECON 406)
Spring 2010

Professor F. S. Lee
Office: Manheim Hall, Room 202D
Office Hours: M,W, 10.00 – 11.00
By appt.
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E-mail: leefs@umkc.edu

Prerequisites: Successful Completion of Economics 201, 202 (or equivalent); and the completion of the WEPT test.

Lectures: Monday, Wednesday, 4.00 – 5.15pm, Haag Hall Room 109

Required Texts: E. K. Hunt, History of Economic Thought
R. Heilbroner, Teachings from the Worldly Philosophy

Optional Texts: V. Walsh and H. Gram, Classical and Neoclassical Theories of General Equilibrium
P. M. Lichtenstein, An Introduction to Post-Keynesian and Marxian Theories of Value and Price

Assessment: Mid-Term Test March 24, 2010 and is worth 20% of your final grade
Final Exam, May 7, 2010 at 8.00 to 10.00am and is worth 40% of your final grade.
Paper is due on April 21, 2010 and is worth 40% of your final grade.

Paper: Information about the paper will be distributed.

Problem Sets: To be distributed.

Writing: As this course requires a good deal of writing, and your writing skills will partially determine your ability to express your understanding of theory, you may want to take advantage of the College’s Writing Center. See below.

Course Description: The aim of the course is to delineate a particular body of economic theory called the surplus approach. This body of theory starts with Sir William Petty in 1660s and continued through Adam Smith, David Ricardo, Karl Marx, Wassily Leontief, Michael Kalecki, Joan Robinson, and Piero Sraffa and further developments from 1960 onwards. Its main theoretical issues are the nature of production, origin of profits, determination of prices, the distribution of income, accumulation and economic growth, and the stability and/or demise of capitalism.
The lecture series and readings are not designed to simply duplicate each other. While they are to some extent complementary, each is an independent entity, and the student will find that the lectures do not cover many points in the readings, and lectures will introduce arguments not contained in the readings. You must be responsible and take both readings and lectures seriously and not view them as substitutes.

*Required Readings

I. **Surplus Theoretic Framework: An Introduction**

A. Surplus Theories

   2. Walsh and Gram, *Classical and Neoclassical Theories*, ch. 2.
   4. Lichtenstein, *An Introduction to Post-Keynesian and Marxian*, part II and III.

B. Long Period Method of Economic Analysis

C. Deviations from Long Period Positions

D. Circular Production vs. Linear Production

II. **Surplus Models Prior to 1800**

A. Sir William Petty


B. Richard Cantillon


C. Francois Quesnay and the Physiocrates

   4. Roncaglia, *The Wealth of Ideas*, ch. 4
5. Quesnay, F. *Quesnay’s Tableau Economique.*

D. Adam Smith

3. Walsh and Gram, *Classical and Neoclassical Theories*, ch. 3.

III. **Full Flowering of the Classical Surplus Models, 1800 - 1870**

A. David Ricardo and the Corn Model


B. David Ricardo and Linear Production


C. Karl Marx and Circular Production

6. Marx, K. *Wage, Labor and Capital and Value, Price and Profit*
7. Lichtenstein, *An Introduction to Post-Keynesian and Marxian*, part V.

IV. **The Underground Years**

A. The Rise of a New View of Production and Exchange

B. V. K. Dmitriev and the Theory of value of David Ricardo


C. Von Bortkiewicz and Marx’s Transformation Problem


D. Rosa Luxemburg and the Accumulation of Capital


V. The Re-emergence of the Surplus Models, 1930 - 1960

A. Wassily Leontief and Input-Output Analysis


B. Transformation Problem Revisited


C. Kiel Group and the Capital Controversy of the 1930s


D. Two Sector Models of Production, Prices, Profits, and Accumulation: the work of Michael Kalecki, Joan Robinson, and Nicholas Kaldor
VI. The Re-establishment of the Surplus Theoretic Framework, 1960 - 1990

A. Piero Sraffa, 1960

*1. Hunt, History of Economics Thought, ch. 16.
2. Roncaglia, The Wealth of Ideas, ch. 16.
3. Lichtenstein, An Introduction to Post-Keynesian and Marxian, part IV.

B. After Sraffa: Surplus Models and Heterodox Economics

*1. Hunt, History of Economics Thought, ch. 18, 19.,
2. Lichtenstein, An Introduction to Post-Keynesian and Marxian, part VI.

NOTE WELL: This is a somewhat difficult (though interesting) course. It demands time, careful reading, attendance, and critical evaluation of what you read and hear. Do not simply underline the material being read; rather, take notes and attempt to understand the arguments. Keep up with the readings and lectures. No tape recording of lectures is permitted unless special authorization has been given. Read supplementary material (see below). I urge you to form small study circles for the purposes of collectively studying and analyzing the material. In your studies, always ask the question "why?" I want you to start thinking and stop memorizing. Don't be afraid to talk to me, ask questions in class, or challenge any point I may make--but do so in a reasoned, critical fashion.

I am a relatively demanding instructor. Do not expect a decent grade unless you work. Missed examinations will be counted as failures. Obviously, absences for medical reasons, deaths in the family, etc. are excepted. Cheating will result in failure of the course. I have no provision for alterations of grades (except where an error was made). Do not come in at the end of the semester and attempt to bargain for a higher grade.

The College of Arts & Sciences Writing Center
The Writing Center at 5201 Rockhill Road is a free service available to all UMKC students. Students may go to the Writing Center at any point in the writing process. This can include just talking about an assignment you’ve been given in order to decide on an approach, map out a research strategy, or narrow a topic. Once you have written a draft, a Writing Center consultant can help you determine if certain sections need further development or whether your organizational plan is working. Finally, the Writing Center can help you learn the skills you need to produce a clean, reader-friendly final draft. The Writing Center is not a copy-editing or proofreading service, but tutors can help you become a more effective editor of your own writing. Writing Consultants generally work on an appointment basis, so it’s a good idea to call ahead (816-235-1146). For answers to short writing questions, you can call the Writer’s Hotline at 816-235-2244. For more information, visit our Web site: www.umkc.edu/writingcenter.

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<tr>
<th>Fall and Winter Semester Hours</th>
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<td>Monday - Wednesday 8 a.m. – 8 p.m.</td>
<td>Monday 9:00 a.m. – 5:00 p.m.</td>
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<td>Thursday 8 a.m. – 5 p.m.</td>
<td>Tuesday 8:00 a.m. – 5:00 p.m.</td>
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<td>Friday 8 a.m. – 12 p.m.</td>
<td>Wednesday 9:00 a.m. – 7:00 p.m.</td>
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<td>Saturday (MNL) 10 a.m. – 4 p.m.</td>
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Last, as suggested by the Faculty Senate, I’m attaching a statement on harassment.

**Statement on Discrimination, Intimidation, and Sexual Harassment**

The faculty, administration, staff, and students of the University of Missouri-Kansas City are dedicated to the pursuit of knowledge and the acquisition of skills that will enable us to lead rich and full lives. We can pursue these ends only in a culture of mutual respect and civility. It is thus incumbent upon all of us to create a culture of respect everywhere on campus and at all times through our actions and speech.

As a community of learners, we are committed to creating and maintaining an environment on campus that is free of all forms of harassment, intimidation, and discrimination. Any form of discrimination or coercion based on race, ethnicity, gender, class, religion, sexual orientation, age, rank, or any other characteristic will not be tolerated.

Should you, a friend, or a colleague ever experience any action or speech that feels coercive or discriminatory, you should report this immediately to the department chair, the office of the Dean, and/or the Affirmative Action Office. The Affirmative Action Office, which is ultimately responsible for investigating all complaints of discrimination or sexual harassment, is located at 218A Administrative Center, 5115 Oak Street; the office may be contacted at 816-235-1323. All formal complaints will be investigated and appropriate action taken.