

### **Historical Foundations of Political Economy I**

This course provides an introduction to the history of classical economic thought. Classical economics provides important building blocks for an understanding of modern capitalism, because it attempts to integrate its economic analysis with social class, income distribution, real competition, technological change, and the world economy. This particular course is the first of a two-part sequence, and its particular focus is on Smith, Ricardo, and Marx. No prior background is required, and the course is open to advanced undergraduates .

**Grading:** Grades will be based on a midterm and a final exam.

**Office Hours:** Tuesdays 4 – 6pm  
1124, 6 E. 16<sup>th</sup> St.

**Lab sessions:** Mondays 6 – 8pm  
906, 6 E. 16<sup>th</sup> St.

**Readings:** All of the readings are available at the library's physical reserve or on e-reserve: <http://ereserves.newschool.edu/eres/default.aspx>. The main texts of Smith, Ricardo, and Marx are on physical reserve at Fogelman, and are also available online at <http://www.marxists.org/>. If there are any issues posting readings to e-reserves, the necessary text will be placed on physical reserve.

#### ***Required:***

Robert Heilbroner, The Worldly Philosophers, seventh edition, Simon and Schuster, 1999.

Karl Marx, Capital, Volumes I-III, International Publishers, 1967. (*Penguin edition is okay as well*)

#### ***Students are encouraged to consider the following books:***

Robert Heilbroner, Teachings from the Worldly Philosophy, W.W. Norton, 1998.

Robert Heilbroner, editor. The Essential Adam Smith. W.W. Norton & Company, Inc., 1986.

(*or*)

Adam Smith. The Wealth of Nations. (*Any publication that is the Andrew Skinner edition with books I-III Complete will suffice*)

Piero Sraffa, editor, The Collected Works of David Ricardo, Vol. 1, Liberty Fund, Inc., 2004.

John Eatwell, et al., editors, The New Palgrave: Marxian Economics, Macmillan, 1990.

#### ***Editions of Marx's works referred to are:***

Capital (K), Vol. I-III, International Publishers, 1967

Grundrisse (GR), Penguin, 1973

Theories of Surplus Value (TSV), Progress Publishers, 1963/68/71

Contribution to the Critique of Political Economy (Contribution), International Publishers, 1972

Marx-Engels Selected Correspondence (Correspondence), Progress Publishers, 1975 (3<sup>rd</sup> ed.)

### **Course Outline and Readings**

Starred readings are required. All other readings are optional and provided as suggestions for those who wish to read further and deepen their understanding of a given topic.

#### **1. Introduction to Economic Theories of Capitalism: Why Study the Classics?**

\* Meek, R. 1967. Economics and Ideology and Other Essays, Chapman and Hall Ltd, London: pp. 18-50 ("Adam Smith ...", and "The Scottish Contribution ...").

\* Dobb, M. 1937. Political Economy and Capitalism, Routledge & Kegan Paul Ltd, London (second edition, 1968): ch II-III

\* Meek, R. 1967. *op cit*, pp. 93-112, 179-195 ("Karl Marx's Economic Method", "The Place of Keynes ...").

\* Heilbroner, R.L. 1985. The Nature and Logic of Capitalism, W.W. Norton & Co., New York: ch 1-3, 6.

\* Shaikh, Anwar 2004. "The Power of Profit", *Social Research*, Vol 71: No 2: Summer 2004, pp. 371-381.

\* Heilbroner, R.L. 1999 The Worldly Philosophers, Simon and Schuster, New York (7<sup>th</sup> edition): preface, ch 1 & 2.

Heilbroner, R.L. Teachings from the Worldly Philosophy, W.W. Norton & Co., New York. 1996: chapters on Aristotle, Aquinas, Mun, Cantillon and Quesnay.

Bowles, S. and Edwards, R. and Roosevelt, F. 2005 Understanding Capitalism: Competition, Command, and Change (third edition), Oxford University Press, NY: ch 1-3

Hunt, E. K. 1990. Property and Prophets, Harper and Row, New York (sixth edition): ch 1-6.

Davis, J. B. 2003. The Theory of the Individual in Economics: Identity and Value, Routledge, London: Ch 2 ("The atomistic individual") and Ch. 6 ("The embedded individual").

Locke, John. The Second Treatise on Government, Chapter 5.

Meek, R. The Economics of Physiocracy, pp. 109-114, 265-296.

#### **2. Adam Smith and the Origins of Classical Economics**

\* Adam Smith. 1776. The Wealth of Nations, Andrew Skinner (editor), Penguin Books, Harmondsworth, Middlesex, England (other editions which have Books I-III complete will also do): Introduction and Plan of the Work; ch I-IV, ch. VI-IX; Book II, ch. III, V (productive labor, trade).

\* Heilbroner, R.L. The Worldly Philosophers, Simon and Schuster, New York (7<sup>th</sup> edition): ch 3.

Heilbroner, R.L. Teachings from the Worldly Philosophy, W.W. Norton & Co., New York. 1996: chapter on Smith.

Heilbroner, R.L. "The socialization of the individual in Adam Smith", HOPE, vol. 14, No. 3, 1982.

Evensky, J. "The Evolution of Adam Smith's Views on Political Economy, HOPE, vol. 21, No. 1, 1989.

Blecker, R. "The Unnatural and Retrograde Order: Adam Smith's Theories of Trade and Development Reconsidered, Economica, V. 64, pp. 527-37, 1997.

Rosenberg, N. "Adam Smith on the Division of Labor: Two Views or One?" Economica, 1965, pp. 127-139.

### **3. Ricardo on Value and Distribution**

\* Sraffa, P. 1962. The Collected Works of David Ricardo, introduction and Chapters 1-6 of the Principles of Political Economy.

\* Heilbroner, R.L. The Worldly Philosophers, Simon and Schuster, New York (7<sup>th</sup> edition): ch 4.

Meek, R. "David Ricardo and the Development of the Labour Theory," in Studies in the Labour Theory of Value, New York: Monthly Review Press, 1956.

### **4. Ricardo on Growth, Trade, and Technology**

\* Sraffa, P. The Collected Works of David Ricardo, Chapters 7, 8, 21, 31, 32 Principles of Political Economy.

\* Shaikh, A. "Foreign Trade and the Law of Value: Part I": 281-302, Science and Society, Fall 1979

\* Pomeranz, K. & Topik, S. The World that Trade Created, M.E. Sharepe, Inc., NY. 2006. Chapters 1, 5

Pomeranz, K. & Topik, S. The World that Trade Created. M.E. Sharepe, Inc., NY. 2006. Chapter 3

Thweatt, W. "James Mill and the early development of comparative advantage," HOPE, V. 8, No. 2, pp. 207-234.

### **5. The Structure of Marx's Economic Thought**

\* Heilbroner, R.L. The Worldly Philosophers, Simon and Schuster, New York (7<sup>th</sup> edition): ch 6.

\* Dictionary of Marxist Thought, 1983, (ed) Tom Bottomore et al., Basil Blackwell, Oxford: pp. 302-309.

\* Mandel, E. 1971. The Formation of the Economic Thought of Karl Marx, Monthly Review, NY: ch 1,5,10.

\* Oakley, A. 1983. The Making of Marx's Critical Theory, Routledge, Kegan and Paul, London: ch. 1-5.

\* Mandel, E. 1975. Late Capitalism, New Left Books: ch 1

\* Marx, K. Contribution, "Preface", pp. 19-23

\* Marx, K. Capital I, "Preface to the First German Edition"; "Afterword to the Second German Edition"

\* Marx, K. "Introduction" to the Grundrisse

\* Marx-Engels Correspondence: Marx to Annenkov, Dec. 28, 1846; Marx to Engels, Feb.1, 1858; Marx to

Kugelman, March 6, 1868 & July 11, 1868; Marx to Engels, Oct. 10, 1868; Marx to Engels, April 2, 1858; Jan. 8, 1868; April 30, 1868.

\* Marx to Carlo Cafiero, July 29, 1879; cited by Derek Sayer in Late Marx and the Russian Road, T. Shanin (ed), Monthly Review N.Y., 1983, p. 165

Vygodski, V.S. 1974. The Story of a Great Discovery: How Karl Marx Wrote Capital, Abacus Press, Turnbridge Wells, Kent.

Struik, D. 1948. "Marx and Mathematics", Science and Society, Vol. 12: pp. 181-196. (An interesting article on Marx's work on calculus).

Oakley, A. 1984/1985. Marx's Critique of Political Economy, Routledge & Kegan Paul, London: Vol I, and Vol II, parts IV-V.

Rosdolsky, R. 1977. The Making of Marx's Capital, Pluto Press, London: ch.2

Anderson, P. 1976. Considerations on Western Marxism, Verso, New Left Books, London: ch 1, 3.

## 6. Value, Use-Value and Price

\* Marx, K. Capital, Vol. 1: ch 1 (also read the first edition of Capital Vol.1, ch 1 and "Forms of Value", both published as pamphlets by Labor Publications, U.S. 1972).

\* ----- "Marginal Notes on Wagner", in Terrel Carver, Karl Marx: Texts on Method, Harper and Row, N.Y., 1975

\* Shaikh, A. 1983. "Abstract and Concrete Labour", and "Capital as a Social Relation", NPME, pp. 42-44.

\* Hymer, S. 1971. "Robinson Crusoe and the Secret of Primitive Accumulation", Monthly Review.

Marx, K. Theories of Surplus Value, Part 1: pp. 69-77, 150-151 (On Smith).

Marx, K. Theories of Surplus Value, Part 2: pp. 164-172 (On Ricardo).

Colletti, L. 1972. "Bernstein and the Marxism of the Second International" in From Rousseau to Lenin, Monthly Review Press, N.Y.

Itoh, M. 1976. "A Study of Marx's Theory of Value" Science & Society, Fall.

Weeks, J. 1981. Capital and Exploitation, Princeton Univ. Press: ch 1-2.

Foley, D. Understanding Capital, ch 1-3.

Rubin, I. 1972. Essays on Marx's Theory of Value, Black & Red, Detroit: ch 1-5,8-14.

Elson, D. 1979. "The Value Theory of Labor", in Diane Elson, Value: The Representation of Labor in Capitalism, CSE, London: pp.115-180.

Shaikh, A., and Tonak, E.A., *The Political Economy of National Accounts: An Alternate Approach to the Measurement of the Wealth of Nations*, Cambridge University Press, 1994: Ch I-II

## 7. The Theory of Money

\* Marx, K. Capital, vol. 1. ch. 2-3.

\* ---- Contribution: ch.2.

Krause, U. 1982. Money and Abstract Labor, NLB, London: ch. 1-3

de Brunhoff, S. 1967. Marx on Money, Urizen Books, N.Y: ch 1

Foley, D. 1983. "On Marx's Theory of Money" Social Concept, May.

Weeks, J. 1981. op. cit.: ch.4-5

Wray, L.R. 1990. Money and Credit in Capitalist Economies: The Endogenous Money Approach, Edward Elgar, 1990, Hampshire, England: ch 1-5, 10

Rosdolsky, R. 1977. op. cit.: ch.4-8.

## 8. The Theory of Profit: Exploitation, Surplus Value, and Transfers of Value

\* Marx, K. Capital, Vol I, Ch IV-IX.

\* Shaikh, A. 1983. "Exploitation", and "Surplus Value", New Palgrave Dictionary.

Marx, K. Grundrisse, pp.527-530; 690-695; 709.

Marx, K. Theories of Surplus Value. Part I, pp.44-59 (Physiocrats). Part 1, pp.77-95 (On Smith). Part II, pp. 395-416 (Ricardo).

Marx, K. "Wage Labor and Capital" in Selected Works.

Weeks, J. 1981. op. cit., ch. 6.

## 9. The Labor Process and the Theory of Technical Change

\* Marx, K. Capital, Vol I, Ch X (Sections 1,5,6), XI-XIV, XV (Sections 1-5)

\* Marx, K. Grundrisse, pp. 527-530, 690-695, 709.

\* Braverman, H. 1974. Labor and Monopoly Capital, Ch 1-4, 7-10, MR.

\* Rosdolsky, R. 1977. op. cit., Ch 17

\* Shaikh, A. 1990. "Organic Composition of Capital" in NPME, op cit

\* Shaikh, A. 1983. "Concentration and Centralization of Capital", DMT.

Marx, K. Capital, Vol I, Ch XVI-XXII.

## 10. The Theory of Persistent Unemployment: The Reproduction of a Reserve Army of Labor

\*Marx, K. Capital, Vol I, Ch XXV

\* Shaikh, A. 1983. "Reserve Army of Labour" and "Pauperization", pp. 422-423 in DMT, op. cit.

Rowthorn, B. 1980. "Marx's Theory of Wages", in Capitalism, Conflict, and Inflation, Lawrence & Wishart, London.

Goodwin, R.M. 1972. "A Growth Cycle" in E.K. Hunt and J.G. Schwartz (eds) A Critique of Economic Theory, Penguin: pp. 442-449.

## 11. The Theory of Competition

\*Marx, K. Capital, Vol III, Chs XVIII and L (Illusions created by Competition); Chs LI and XLVIII-XLIX (Production Relations and Distribution Relations)

\*Marx, K. Poverty of Philosophy, Ch. II, Sec. 3, International Publishers, 1971

\*Marx, K. Wage, Labor and Capital, any edition (this was written in 1847, and the section on competition is of particular interest). (*For reading, see section 8*)

\*Rosdolsky, R. The Making of Marx's Capital, Ch.IV, Sec.B.2, Pluto Press, 1977 (*For reading see section 7*)

\*Marx, K. Capital, Vol III, Ch X-XII (competition and the equalization of the general rate of profit)

\*Marx, K. Capital, Vol III, Ch. X: 180-195 [beginning with "For commodities..." and ending with "...producers as such"].

\*Shaikh, A. "Political Economy and Capitalism: Notes on Dobb's Theory of Crisis", Cambridge Journal of Economics, March 1978, Sec. 4 (competition forces a lowering of costs)

Semmler W. "Competition, Monopoly, and Differential Profit Rates", Review of Radical Political Economy, 13 (4), Winter 1982

## 12. Competition on a Global Scale: Trade and Uneven Development

\*Shaikh, A. "Foreign Trade and the Law of Value: Part II":47-57 & Appndx, Science and Society, Spring 1980

\*Emmanuel, A. Unequal Exchange, Ch.2, Monthly Review Press, 1972

\*Barone, C.A. Marxist Thought on Imperialism: Survey and Critique, M.E. Sharpe, Armonk, N.Y. 1985:ch 1, 2, 3, 7  
Edwards, C. The Fragmented World: Competing Perspectives on Trade, Money and Crisis, Methuen, London, 1985:1, 6, 7

Amin, S. Imperialism and Unequal Development, Monthly Review Press, NY. 1977: part 4, "The End of a Debate" p. 181-223.

Shaikh, A. "Free Trade, Unemployment, and Economic Policy", in *Global Unemployment*, J. Eatwell (ed.), M.E. Sharpe, Armonk, N.Y. 1995.

### **13. Effective Demand, Growth and Reproduction: Simple and Expanding Reproduction**

\* Marx, K. Capital, Vol I, Ch XIX, XXIII-XXIV.

\* Marx, K. Capital, Vol III (Part 3).

\* Bleaney, M. Underconsumption Theories, International Publishers, New York, 1976, Ch 6, 9, & 12.

Marx, K. Theories of Surplus Value, Part II, pp.470-492.

Marx, K. "Results of the Immediate Process of Production", pp.1060-1066, 1083-1084

Luxemburg, R. The Accumulation of Capital, Monthly Review, ch 1.

Eltis, W. 1984. The Classical Theory of Economic Growth, St. Martin's Press, NY: Ch 9

### **14. Profitability, Growth, and Recurrent Economic Crises**

Marx, K. Capital, Vol. III, Part III.

Shaikh, Anwar. "An Introduction to the History of Crisis Theories", in U.S. Capitalism in Crisis, URPE, New York, 1977.

Shaikh, Anwar. "Falling Rate of Profit" and "Economic Crisis" in T. Bottomore et al, A Dictionary of Marxist Thought, Oxford: Basil Blackwell, 1983.

Shaikh, Anwar. "Organic Composition of Capital" in J. Eatwell et al, The New Palgrave: Marxian Economics, London: Macmillan, 1990.

Dobb, Maurice. "The Falling Rate of Profit", Science and Society, 23(2), Summer 1959.

Rosdolsky, Roman. The Making of Marx's Capital, Ch. 26.

Meek, R. "The Falling Rate of Profit" in Economics and Ideology and Other Essays, London: Chapman and Hall, 1967.