

CSS 220: Sophomore Economics Tutorial 2017-18
Topics in the History of Economic Thought:
Four Visions of Capitalism

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PAC 325 MW 1-2 & by appt.

This tutorial will consider alternative visions of capitalism as they have unfolded in the economic literature since Adam Smith, the founder of the *classical* school of political economy, published *The Wealth of Nations* in 1776. By “capitalism” is meant, loosely, an economic system based on market exchange and the private ownership of productive assets; that is, the system which arose in Western Europe roughly five hundred years ago and which now increasingly pervades human society.

Necessarily this survey is somewhat selective. In particular, rudimentary knowledge of the neoclassical paradigm (the basis of modern mainstream economics) is taken for granted, and fans of such stalwarts as Thorstein Veblen and Joan Robinson are likely to be disappointed. Our strategy for dealing with severe strictures of time will be to focus our studies primarily on the work of three thinkers who have defined much of the ground for subsequent analysis and debate in political economy, i.e. Adam Smith, Karl Marx, and John Maynard Keynes. We will also study some of the contributions of Jean-Baptiste Say, Thomas Malthus, and David Ricardo to the classical school of thought, as well as the contributions of English economist Stanley Jevons and American economist John Bates Clark to the neoclassical “marginalist” framework. You are encouraged to make regular use of the analytical tools acquired in introductory microeconomics; these may serve to provide a common ground for assessing arguments emerging from vastly different conceptual and analytical frameworks.

Procedures: I’ll send out an overview of the week’s reading at the beginning of the week, which will include some questions to consider and a review of relevant economic concepts. We’ll meet as a group each week on Friday from 2 to 4 pm, at which point you’ll hand in your paper (typically 5-7 pages, assuming double-spaced word processing on 8.5" by 11" paper) on the week’s reading, and then discuss the issues addressed in your paper. Papers are due at the beginning of the group meeting. Our preceptor will be available earlier in the week to work with students both individually and as a group.

Note: when referring to a particular argument by an author, please give a page reference.

Primary Texts:

Adam Smith, *The Wealth of Nations* (WN)

Karl Marx, *Capital*, Vols. I and III (C.I, C.III)

J. M. Keynes, *The General Theory of Employment, Interest, and Money* (GT)

Other readings will be made available as needed.

Course Outline

I. Capitalism as a System of Natural Liberty (Adam Smith and Jean-Baptiste Say)

A. The market as a self-regulating system

WN, Book I: Chapters 1-9, 10 (Part I), 11 (Parts I and II)

B. Capital accumulation and the role of government

WN, Book II: Chapters 1-5; Jean-Baptiste Say, *A Treatise on Political Economy*, Book I, Chapter 15.

WN, Book IV, Chapters 1-2, 8; Book V, Chapter 1; Say, *Treatise*, Book I, Ch. 17, Book III, Ch. 6

II. Capitalism as a Naturally Constrained System (Thomas Malthus and David Ricardo)

Thomas Malthus, *An Essay on the Principle of Population* (1798) Chapters 1-2, 4-5, 19;
David Ricardo, *The Principles of Political Economy and Taxation*, Chapters 1, 2, 4-6

III. Capitalism as an Exploitative (or not) Class System (Karl Marx, Stanley Jevons, and John Bates Clark)

A. Marx: The systemic basis of capitalist profit

C.I: Chapter 1 section 1, Chapter 3 sections 1-2, Chapters 3-10;

B. Marx: Capital accumulation and its consequences

C.I: 12-14, 15.1-15.2, 16, 25.1-4, 32; C.III: 13

C. Jevons and Clark: The contrary neoclassical view

Stanley Jevons, *The Theory of Political Economy*, Chapters 5, 7; John Bates Clark, *The Distribution of Wealth* (1899), Chapters 1,2, 12, 13

IV. Capitalism as a Correctible System (John M. Keynes)

A. Involuntary Unemployment, Consumption, and Fiscal Policy

GT Chapters 1-10

B. Desired Investment, Interest, and Money Supply

GT Chapters 11-15, 18-19, 21, 23