

Theoretical Foundations of Political Economy

This course introduces the main concepts, ideas, and organizing metaphors of political economy by means of an intensive reading of primary sources: Adam Smith, Karl Marx, and John Maynard Keynes. The main goal of the course is to learn to see the world as it appeared to each of these authors in the context of the historical experience they each sought to understand.

Students will write three short papers (5 pages maximum), one on each section of the course, and each will count 25% of the semester grade. A final examination (25%) will require the student to integrate all three sections of the course.

The following books are available for purchase at the Columbia University Bookstore. These are among the most important books ever written on economics and all students of economics should own them.

Smith Adam Smith, The Wealth of Nations. NY: Random House.
Marx Karl Marx, Capital, Volume I. NY: Vintage.
Keynes John Maynard Keynes, The General Theory of Employment, Interest and Money. NY: Harcourt, Brace, Jovanovich.

We will also be reading selections from the following books which are on reserve in Wollman Library:

EPer John Maynard Keynes, Essays in Persuasion
MER Robert Tucker, The Marx-Engels Reader

This course is participating in the Barnard Writing Fellows Program. A Writing Fellow will be reading and commenting on the draft of each of your three required papers. Due dates are as follows:

October 1 : Draft of Smith paper
October 15: Final version
October 29: Draft of Marx paper
November 12: Final version
November 21: Draft of Keynes paper
December 5: Final version

Head writing fellow = Bari Meltzer 3-4610

LECTURE SCHEDULE

1. Introduction.

2. Smith--Introduction.

Smith Introduction by Max Lerner, v-x
Introduction and Plan of the Work, lvii-lx
I.3 "That the Division of Labour is Limited by the
Extent of the Market"

3. Smith--Theory of Production.

Smith I.1 "Of the Division of Labour"
I.2 "Of the Principle which gives Occasion to the
Division of Labour"
II.Intro "Of the Nature, Accumulation, and Employment
of Stock"
II.1 "Of the Division of Stock"
II.5 "Of the Different Employment of Capitals"
*IV.9 "Of the Agricultural Systems"

4. Smith--Theory of Accumulation.

Smith II.3 "Of the Accumulation of Capital"
IV.1 "Of the Principle of the Commercial, or
Mercantile System"
IV.2 "Of Restraints Upon Importation"
IV.3.Parts 1-2 "Of the Unreasonableness of those
Restraints" (omit "Digression")

5. Smith--The Extension of the Market.

Smith III.1-4 "Of the different Progress of Opulence in
different Nations"
IV.7 "Of Colonies"
IV.8 "Conclusion of the Mercantile System"
V.3 "Of Public Debts" (896-900 only)

6. 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" (Part I and Conclusion
only)
II.4 "Of Stock Lent at Interest"

7. Smith--Theory of Value and Money.

Smith I.4 "Of the Origin and Use of Money"
I.5 "Of the real and nominal Price of Commodities"
I.6 "Of the component Parts of the Price of
Commodities"
I.7 "Of the natural and market Price of Commodities"
II.2 "Of Money"

8. Smith--Laissez Faire.

Smith V.1 "Of the Expences of the Sovereign or
Commonwealth" (Part III, Articles 2-3 only)
*V.2 "Of the Sources of the General or Public Revenue"
*V.3 "Of Public Debts"

9. Marx--Introduction.

MER "Estranged Labour", 70-81
Preface to A Contribution to the Critique of Political
Economy, 3-6
Marx Part 8: "So-called Primitive Accumulation" (Ch. 26-31
only)

10. Marx--The Theory of Value: Genesis of the Commodity Form.

Marx Ch. 1 "The Commodity" (omit part 3)
Ch. 2 "The Process of Exchange"
Ch. 3 "Money, or the Circulation of Commodities"

11. Marx--The Circuit of Capital and the Origin of Value.

Marx Ch. 4 "The General Formula for Capital"
Ch. 5 "Contradictions in the General Formula"
Ch. 6 "The Sale and Purchase of Labour-Power"
Ch. 7 "The Labour Process and the Valorization
Process"
Ch. 8 "Constant Capital and Variable Capital"
Ch. 9 "The Rate of Surplus Value"

12. Marx--Theory of Accumulation.

Marx Ch. 16 "Absolute and Relative Surplus-Value"
Ch. 23 "Simple Reproduction"
Ch. 24 "The Transformation of Surplus-Value into
Capital" (omit part 5)
Ch. 25 Parts 1-4, "The General Law of Capitalist
Accumulation" (omit part 5)
Ch. 32 "The Historical Tendency of Capitalist
Accumulation"

13. Marx--Absolute Surplus Value.

Marx Ch. 10 "The Working Day"
Ch. 11 "The Rate and Mass of Surplus Value"

14. Marx--Relative Surplus Value and Labour Productivity.

Marx Ch. 12 "The Concept of Relative Surplus-Value"
Ch. 13 "Co-operation"
Ch. 14 "The Division of Labour and Manufacture"

15. Marx--Capitalist Production.

Marx Ch. 15 "Machinery and Large-Scale Industry"
Ch. 19 "The Transformation of the Value of Labour
Power into Wages"

16. Keynes--Introduction.

EPer "The Capacity of Germany to Pay Reparations", 7-18

"Proposals for the Reconstruction of Europe", 19-45
"The Great Slump of 1930", 135-147

17. Keynes--Effective Demand in the Circuit of Capital.

Keynes Book I: "Introduction"
 Book II: "Definitions and Ideas" (omit Ch. 4)
 *Book III: "The Propensity to Consume"

18. Keynes--The Determinants of Investment.

Keynes Ch. 11 "The Marginal Efficiency of Capital"
 Ch. 12 "The State of Long-Term Expectation",
 Sections I,II,VII
 Ch. 16 "Sundry Observations on the Nature of Capital",
 Sections I-II
 Ch. 17 "The Essential Properties of Interest and
 Money", Sections I-V

19. Keynes--Liquidity and Financial Markets.

Keynes Ch. 12 "The State of Long-Term Expectation",
 Sections III-VI
 Ch. 13 "The General Theory of the Rate of Interest"
 Ch. 14 "The Classical Theory of the Rate of Interest"
 Ch. 15 "The Psychological and Business Incentives to
 Liquidity"
 Ch. 17 "The Essential Properties of Interest and
 Money", Section VI

20. Keynes--Theory of Accumulation.

EPer "Economic Possibilities for our Grandchildren",
 358-374
Keynes Ch. 12 "The State of Long-Term Expectation",
 Section VIII
 Ch. 16 "Sundry Observations on the Nature of Capital",
 Sections III-IV
 Ch. 18 "The General Theory of Employment Re-stated"
 Ch. 22 "Notes on the Trade Cycle"
 Ch. 24 "Concluding Notes on the Social Philosophy
 Towards which the General Theory Might Lead"

21. Keynes--The Managerial Revolution.

EPer "The End of Laissez Faire", 312-322

22. Keynes--Social Democracy.

EPer "A Short View of Russia", 297-311
 "Am I a Liberal?", 323-338

23. Conclusion.

24. Review.

Final Exam (December 17, 9 am)