

# ECON 7003: Political Economy I

University of Utah - Department of Economics  
Fall 2023

**Instructor:** Ellis Scharfenaker

**Department:** Economics

**Email:** [ellis.scharfenaker@economics.utah.edu](mailto:ellis.scharfenaker@economics.utah.edu)

**Tel:** 801-581-7481

**Office:** Gardner Commons 4333

**Office Hours:** Mondays 1-2p.m. and by appointment

**Location:** GC 3015

**Time:** Mon/Wed 3:00 p.m. – 4:20 p.m.

**Credit Hours:** 3

**Course Description:** This course serves as an introduction to the major issues of political economy including the theory of value and price, the organization of production under capitalism, the conditions of exchange, and theories of crisis. Emphasis will be placed on a close reading of the primary texts of Smith, Ricardo, Malthus, and Marx. This course will provide students with a guide to understanding and thinking critically about central issues and concepts in contemporary economic theory.

**Student Learning Outcomes:** This course aims at strengthening students knowledge of economic ideas and ability to think critically and historically about complex economic issues. Students will be able to apply a variety of concepts and analytical economic tools to modern economic problems and will develop and articulate their ideas through written assignments and seminar based discussion. Students will leave this course with an understanding of circulating capital models, the “long-period method”, and modern “statistical equilibrium” approaches to political economy.

**Assignments:** Students will be required to complete a midterm assignment as well as a final.

## Teaching and Learning Methods:

This course is a lecture based course with a strong emphasis on student led participation and discussion.

## Attendance:

Attendance is required for this course.

	Scale	Score
<b>Grading Policy:</b> Participation (20%), Midterm (30%), Final (50%)	A	93-100
	A-	90-92
	B+	87-89
	B	83-86
	B-	80-82
	C+	77-79
	C	73-76
	C-	70-72
	D+	67-69
	D	63-66
	D-	60-62
E	0-59	

## Important Dates:

Labor Day (No Class) ..... Monday, September 4  
No Class ..... September 11  
Fall Break ..... October 8-15  
Final Exam ..... Due December 15th

**Required Texts:** All books can be found at [www.used.addall.com](http://www.used.addall.com).

- Adam Smith (1776) *The Wealth of Nations*.

- David Ricardo, (2004) *The Works and Correspondence of David Ricardo Vol. 1: On the Principles of Political Economy and Taxation* ed. Piero Sraffa. Liberty Fund Inc.
- Karl Marx *Capital*. Vol. I-III.
- Duncan K. Foley, (2006) *Adam's Fallacy*, Harvard University Press.
- Duncan K. Foley, (1986) *Understanding Capital*, Harvard University Press.
- I.I. Rubin, (1981) *A History of Economic Thought*. Aakar.
- John Broome, (1983) *The Microeconomics of Capitalism*, Academic Press. (Free Online)

### Recommended Texts:

- Maurice Dobb, (1973) *Theories of Value and Distribution Since Adam Smith*. Cambridge University Press.
- Karl Marx, (1973) *Grundrisse*. Penguin.
- Karl Marx, (1998) *The German Ideology*. Prometheus.
- I.I. Rubin (1972). *Essays on Marx's Theory of Value*, Black & Red, Detroit.
- Heinz D. Kurz and Neri Salvadori, (1995). *Theory of Production: A Long Period Analysis*, Cambridge University Press.
- Robert L. Heilbroner, (1999) *The Worldly Philosophers*, Touchstone. 7th Ed
- Tom Bottomore et al. (ed.) (1983) *Dictionary of Marxist Thought*, Basil Blackwell, Oxford

### Tentative Course Outline:

#### 1. *Intro to the Method of Political Economy*

##### Required Readings:

- Duncan K. Foley (2006) *Adam's Fallacy*, Harvard University Press, Preface.
- Duncan K. Foley (2003) *Unholy Trinity: Labor, capital, and land in the new economy*, Routledge. Ch.1.
- I.I. Rubin, (1981) *A History of Economic Thought*, Preface.

##### Recommended Readings:

- Robert L. Heilbroner (1999) *The Worldly Philosophers*, Touchstone. 7th Ed. Ch.1-2
- Maurice Dobb (1973) *Theories of value and distribution since Adam Smith: Ideology and Economic Theory*, Cambridge University Press. Ch.1: On Ideology.

#### 2. *Smith and the Emergence of Capitalism*

##### Required Readings:

- Adam Smith (1776) *The Wealth of Nations*. Book 1: Ch.1-4.
- Robert Brenner (1986) "The Social Basis of Economic Development", in *Analytical Marxism* ed. John Roemer, Cambridge.
- Duncan K. Foley (2006) *Adam's Fallacy*, Harvard University Press, Ch.1.

##### Recommended Readings:

- I.I. Rubin, (1981) *A History of Economic Thought*, Ch.18-21.
- Ellen Meiksins Wood, (2002). *The Origins of Capitalism*, Verso Books. Part 1-2.

### 3. *Smith on Value, Prices, and Equilibrium*

#### Required Readings:

- Adam Smith (1776) *The Wealth of Nations*. Book 1: Ch.5-11.
- I.I. Rubin, (1981) *A History of Economic Thought*, Ch.22-23.

#### Recommended Readings:

- Maurice Dobb (1973) *Theories of value and distribution since Adam Smith: Ideology and Economic Theory*, Cambridge University Press. Ch.2: Adam Smith
- Paul Garegnani "Value and Distribution in the Classical Economists and Marx," *Oxford Economic Papers*, 36(2) pp. 291-325.
- Robert L. Heilbroner (1999) *The Worldly Philosophers*, Touchstone. 7th Ed. Ch.3

### 4. *Smith on Accumulation*

#### Required Readings:

- Adam Smith (1776). *The Wealth of Nations*. Book 2: Introduction, Ch.1-3. Book V: Ch 1 part 3.
- I.I. Rubin, (1981) *A History of Economic Thought*, Ch.24
- Kurz and Salvadori (1995) *Theory of Production*, Cambridge University Press. Ch.1-2

#### Recommended Readings:

- John Broome (1983) *The Microeconomics of Capitalism*, Academic Press. Ch.1-2
- Deepankar Basu and Duncan K. Foley (2013). "Dynamics of output and employment in the US economy." *Cambridge Journal of Economics*, 37, pp.1077–1106.
- Bret Christophers (2011). "Making Finance Productive." *Economy and Society*, 40(1).

### 5. *Malthus*

#### Required Readings:

- Thomas Malthus (1798). *An Essay on the Principle of Population* Ch.1-5.

#### Recommended Readings:

- Duncan K. Foley (2003). *Unholy Trinity: Labor, capital, and land in the new economy*, Routledge. Ch.4.
- Duncan K. Foley, (2006) *Adam's Fallacy*, Harvard University Press, Ch.2 pp. 61-85.

### 6. *Ricardo*

#### Required Readings:

- David Ricardo, (1986) *On the Principles of Political Economy and Taxation*, Harvard University Press. Introduction, Ch.1-6.
- George J. Stigler, (1958) "Ricardo and the 93% Labor Theory of Value," *The American Economic Review* 48(3), pp.357-367.
- I.I. Rubin, (1981) *A History of Economic Thought*, Part 4 On Ricardo.

#### Recommended Readings:

- Luigi Pasinetti (1960) “A Mathematical Formulation of the Ricardian System,” *The Review of Economic Studies*, 27(2), pp. 78-98.
- Duncan K. Foley (2003). *Unholy Trinity: Labor, capital, and land in the new economy*, Routledge. Ch.4.
- Duncan K. Foley, (2006) *Adam’s Fallacy*, Harvard University Press, Ch.2 pp. 61-85.
- Maurice Dobb (1973) *Theories of value and distribution since Adam Smith: Ideology and Economic Theory*, Cambridge University Press. Ch.3: David Ricardo
- Robert L. Heilbroner, (1999) *The Worldly Philosophers*, Touchstone. 7th Ed. Ch.4.

#### 7. *Intro to Marx’s Economic Thought*

##### Required Readings:

- Karl Marx, (1993) *Grundrisse*. Introduction to the Critique of Political Economy.
- Karl Marx, (1999) *The German Ideology*. Feuerbach.
- Duncan K. Foley, (1986) *Understanding Capital*, Harvard University Press. Ch.1.

##### Recommended Readings:

- Duncan K. Foley, (2006) *Adam’s Fallacy*, Harvard University Press, Ch.3.
- Robert L. Heilbroner, (1999) *The Worldly Philosophers*, Touchstone. 7th Ed. Ch.5-6
- Roman Roskolsky, (1977) *The Making of Marx’s Capital*. Vol. 1. Pluto Press. Ch. 2.

#### 8. *Marx on Money*

##### Required Readings:

- Karl Marx, (1999). *Capital*. Vol. I. Ch.1-3
- Duncan K. Foley, (1986). *Understanding Capital*, Harvard University Press. Ch. 2-4
- Susanne de Brunhoff (1967) *Marx on Money*, Urizen Books, N.Y: ch 1
- Duncan K. Foley (1983) “On Marx’s Theory of Money”, *Social Concept* 1(1).

##### Recommended Readings:

- I.I. Rubin (1926-8). “Essays on Marx’s Theory of Money” in *Responses to Marx’s Capital: From Rudolf Hilferding to Isaak Illich Rubin* ed. Richard B. Day and Daniel F. Gaido, Haymarket books.
- Duncan K. Foley (2011) “The long-period method and Marx’s theory of value”, *Evolution of Economic Theory : Essays in Honour of Bertram Schefold*, ed. Volker Caspari, Routledge.
- Arie Arnon (1984) “Marx’s Theory of Money - The Formative Years,” *History of Political Economy*, 16(4).

#### 9. *The Theory of Surplus Value*

##### Required Readings:

- Karl Marx, (1999). *Capital*. Vol. I Ch. 4-9
- I.I. Rubin (1972). *Essays on Marx’s Theory of Value*, Black & Red, Detroit: Ch. 18.

##### Recommended Readings:

- A. Shaikh (1983) “Exploitation”, and “Surplus Value”, *New Palgrave Dictionary*
- Karl Marx “Wage Labor and Capital” in *Selected Works*.
- Karl Marx *Theories of Surplus Value*, Part 1: pp. 69-77, 150-151 (On Smith)
- Karl Marx *Theories of Surplus Value*, Part 2: pp. 164-172 (On Ricardo)

10. *From Value to Prices***Required Readings:**

- Duncan K. Foley (2000), “Recent Developments in the Labor Theory of Value”, *Review of Radical Political Economics*, 32(1), 1–39.
- Duménil, G and D Foley (2008), “The Marxian Transformation Problem”, in *The New Palgrave Dictionary of Economics*, London: Palgrave Macmillan.
- Duncan K. Foley (1986). *Understanding Capital*, Harvard University Press. Ch. 6-7

**Recommended Readings:**

- Mark Glick and Hans Ehrbar (1987), ‘The transformation problem: an obituary’, *Australian Economic Papers*, 26(49), 294–317.
- Duncan K. Foley (2018), “The “New Interpretation” After 35 Years.” *Review of Radical Political Economics*, 50(3), 559–568.
- Anwar Shaikh (1977), “Marx’s Theory of Value and the Transformation Problem,” in *The Subtle Anatomy of Capitalism*, Jesse Schwartz (ed), Goodyear Publishing Co.

11. *Competition and the Theory of Profit***Required Readings:**

- Karl Marx (1991). *Capital*. Vol. III Ch. 1-3
- Karl Marx (1991). *Capital*. Vol. III Ch. 9-12
- Emmauel Farjoun and Moshe Machover (1983), “The Laws of Chaos: A Probabilistic Approach to Political Economy,” Verso. Introduction, Ch.1-3
- Ellis Scharfenaker and Gregor Semieniuk, (2016) “A Statistical Equilibrium Approach to the Distribution of Profit Rates,” *Metroeconomica*, 10.1111/meca.12134.

**Recommended Readings:**

- Duncan K. Foley (1986). *Understanding Capital*, Harvard University Press. Ch. 6-9
- Ellis Scharfenaker and Duncan K. Foley, (2017) “Quantal Response Statistical Equilibrium: Theory and Evidence,” *Entropy*, 19, 444, doi:10.3390/e19090444.
- E. Scharfenaker and J. Yang (2020) “Maximum Entropy Economics,” *European Physical Journal Special Topics*, 229, pp.1577–1590.

12. *The Circulation of Capital***Required Readings:**

- Karl Marx, (1992). *Capital*. Vol. II Ch. 1-3, 6
- Duncan K. Foley, (1986). *Understanding Capital*, Harvard University Press. Ch. 5

**Recommended Readings:**

- I.I. Rubin (1972). *Essays on Marx’s Theory of Value*, Black & Red, Detroit: Ch. 19.
- Deepankar Basu (2014). “Comparative Growth Dynamics in a Discrete-time Marxian Circuit of Capital Model,” *Review of Radical Political Economics*.
- Piruz Alemi and Duncan Foley (2010). “The Circuit of Capital, U.S. Manufacturing and Non-Financial Corporate Business Sectors, 1966–2009,” *SSR-JJCUNY Working Paper*.

13. *Marx on Accumulation, Technical Change, and Crisis***Required Readings:**

- Karl Marx, (1999). *Capital*. Vol. I Ch. 10-15, 25

- Karl Marx, (1992). *Capital*. Vol. II Ch. 6
- Karl Marx, (1991). *Capital*. Vol. III Ch. 13-15
- Duncan K. Foley, (1986). *Understanding Capital*, Harvard University Press. Ch. 5

#### Recommended Readings:

- Duncan Foley and Thomas Michl, (1999). *Growth and Distribution*, Harvard University Press. Ch.1-2.
- Adalmir A. Marquetti, (2003). “Analyzing historical and regional patterns of technical change from a classical Marxian perspective.” *Journal of Economic Behavior and Organization*, 52, pp. 191-200.
- John Broome (1983) *The Microeconomics of Capitalism*, Academic Press. Ch.4
- Roman Roskolsky, (1977). *The Making of Marx’s Capital*. Vol. 1. Pluto Press. Ch. 17, 26
- Anwar Shaikh, (1977). “An Introduction to the History of Crisis Theories”, in *U.S. Capitalism in Crisis*, URPE, New York.
- Nobuo Okishio (1961) “Technical Changes and the Rate of Profit,” *Kobe University Economic Review*, 7.

Note: This syllabus is meant to serve as an outline and guide for our course. Please note that I may modify it with reasonable notice to you. I may also modify the Course Schedule to accommodate the needs of our class. Any changes will be announced in class and posted on Canvas under Announcements.

#### Academic Honesty:

---

“The term plagiarism includes, but is not limited to: (i) use by paraphrase or direct quotation of the published or unpublished work of another person without fully and properly crediting the author with footnotes, citations or bibliographical reference; (ii) unacknowledged use of materials prepared by another person or agency engaged in the selling of term papers or other academic materials; or (iii) unacknowledged use of original work/material that has been produced through collaboration with others without release in writing from collaborators.”

There are many types of plagiarism, all are serious offenses and will be treated according to the University of Missouri Rules and Procedures of Student Conduct Matters. Using another author’s or researcher’s work without attribution is plagiarism. Rewriting another author’s or researcher’s work (changing words or word order) while retaining the structure and ideas of the work is plagiarism. Submitting your own work from other courses without permission is plagiarism. Sloppy citations, such as missing quotations marks even when a footnote appears, are plagiarism. Any incidents of plagiarism will result in a grade of zero for the assignment. All essays and assignments must be written in your own words with proper citations.

See the The Code of Student Rights and Responsibilities at <https://regulations.utah.edu/academics/6-400.php> for more details.

#### University Policies:

1. The Americans with Disabilities Act. The University of Utah seeks to provide equal access to its programs, services, and activities for people with disabilities. If you will need accommodations in this class, reasonable prior notice needs to be given to the Center for Disability Services, 162 Olpin Union Building, (801) 581-5020. CDS will work with you and the instructor to make arrangements for accommodations. All written information in this course can be made available in an alternative format with prior notification to the Center for Disability Services. [The Addressing Sexual Misconduct Statement is strongly suggested on every course syllabus. According to University policy, at minimum instructors must include the contact information of the Title IX Coordinator.]

2. Addressing Sexual Misconduct. Title IX makes it clear that violence and harassment based on sex and gender (which Includes sexual orientation and gender identity/expression) is a civil rights offense subject to the same kinds of accountability and the same kinds of support applied to offenses against other protected categories such as race, national origin, color, religion, age, status as a person with a disability, veteran's status or genetic information. If you or someone you know has been harassed or assaulted, you are encouraged to report it to the Title IX Coordinator in the Office of Equal Opportunity and Affirmative Action, 135 Park Building, 801-581-8365, or the Office of the Dean of Students, 270 Union Building, 801-581-7066. For support and confidential consultation, contact the Center for Student Wellness, 426 SSB, 801-581-7776. To report to the police, contact the Department of Public Safety, 801-585-2677(COPS).
3. All students are expected to maintain professional behavior in the classroom setting, according to the Student Code, spelled out in the Student Handbook. Students have specific rights in the classroom as detailed in Article III of the Code. The Code also specifies proscribed conduct (Article XI) that involves cheating on tests, plagiarism, and/or collusion, as well as fraud, theft, etc. Students should read the Code carefully and know they are responsible for the content. According to Faculty Rules and Regulations, it is faculty responsibility to enforce responsible classroom behaviors, beginning with verbal warnings and progressing to dismissal from class and a failing grade. Students have the right to appeal such action to the Student Behavior Committee.

### **Covid-19 Policies:**

1. University leadership has urged all faculty, students, and staff to model the vaccination, testing, and masking behaviors we want to see in our campus community.

These include: Vaccination, Masking indoors, If unvaccinated, getting weekly asymptomatic coronavirus testing

- Vaccination

- Get a COVID-19 vaccination if you have not already done so. Vaccination is proving highly effective in preventing severe COVID-19 symptoms, hospitalization and death from coronavirus. Vaccination is the single best way to stop this COVID resurgence in its tracks.
- Many in the campus community already have gotten vaccinated:
- More than 80% of U. employees
- Over 70% of U. students
- Visit <http://mychart.med.utah.edu/>, <http://alert.utah.edu/covid/vaccine>, or <http://vaccines.gov/> to schedule your vaccination.

- Masking

- While masks are no longer required outside of Health Sciences facilities, UTA buses and campus shuttles, CDC guidelines now call for everyone to wear face masks indoors.
- Check the CDC website periodically for masking updates—<https://www.cdc.gov/coronavirus/2019-ncov/vaccines/fully-vaccinated-guidance.html>
- Treat masks like seasonal clothing (i.e. during community surges in COVID transmission, masks are strongly encouraged indoors and in close groups outside).

- Testing

- If you are not yet vaccinated, get weekly asymptomatic coronavirus tests. This is a helpful way to protect yourself and those around you because asymptomatic individuals can unknowingly spread the coronavirus to others.
- Asymptomatic testing centers are open and convenient:
- Online scheduling

- Saliva test (no nasal swabs)
- Free to all students returning to campus (required for students in University housing)
- Results often within 24 hours
- Visit [alert.utah.edu/covid/testing](https://alert.utah.edu/covid/testing)
- Remember: Students must self-report if they test positive for COVID-19 via this website: <https://coronavirus.utah.edu/>.
- Student Mental Health Resources
  - Rates of burnout, anxiety, depression, isolation, and loneliness have noticeably increased during the pandemic. If you need help, reach out for campus mental health resources, including counseling, trainings and other support.
  - Consider participating in a Mental Health First Aid or other wellness-themed training provided by our Center for Student Wellness and sharing these opportunities with your peers, teaching assistants and department colleagues.