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RADFORD, R.A.: "The Economic Organization of a P.O.W. Camp",Economica, XII (1945) p.189-201

MARSHALL, A.: Principles of Economics. London: Macmillan, 1920. Book II.

ROBINSON,J.: The Economics of Imperfect Competition. London: Macmillan 1933. Ch. 2.

WORKING,E.:"What do Statistical 'Demand Curves' Show?" Quarterly Journal of Economics (1924;25) p. 503-539. Reprinted in Readings in Price Theory. Chicago: Richard Irwin, 1952.

WICKSTEED,P.H.: The Common Sense of Political Economy. Book I, Ch. 9

VINER,J.: "Cost Curves and Supply Curves", Zeitschrift für Nationalokonomie. III (1932), p. 23-46. Reprinted in Readings in Price Theory.

MARSHALL,A.: Principles of Economics. Books 1V, Ch. 8-13; Book V, Ch. 3-5.

KNIGHT,F.H.: Risk, Uncertainty and Profit. Part III.

BOULDING,K.: Economic Analysis, (Revised Edition).

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ECONOMICS 302
History of Economic Thought, Spring, 1953
Working Bibliography

General Character of Course: A very brief survey of economic thought prior to the "classical school", with chief attention devoted to the latter, especially to the price and distribution theory of Smith, Ricardo, Senior and Mill. Limited reference to Historical or Socialistic Schools. Matter outside the classical doctrine to be obtained chiefly from reading.

General Works ("Manuals")

Ferguson, John M.: Landmarks of Economic Thought
Gray, Alexander: The Development of Economic Doctrine
Two recent books very readable, and excellent within their scope. Gray has nothing on the historical schools. Neither is adequate on the classical writers.
Roll, Erich: History of Economic Thought. Somewhat Marxist slant.
Haney, L.H.: History of Economic Thought
The fullest book covering the field; table of contents gives a fairly good arrangement of authors into groups or tendencies.

Ingram,J.K.: A History of Political Economy
Briefer than Haney, and usable.

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Spann,O.: History of Economics. Translated from the German. Valuable for its intense opposition to the viewpoint of the classical school, in favor of an organismic or universalistic standpoint.

Schumpeter, Joseph: Epochen der Dogmen und Methodengeschichte, contained in Grundriss der Sozialökonomik, Vol.I

Onken,A.: Geschichte der National Okonomie. (Down to Adam Smith)

Gide, C., and Rist, C.: History of Economic Doctrines (in French, or translated from the French). (Begins with the Physiocrats). A competent, but uninspired boo Emphasis on French work and on the socialistic schools.

Scott, William A.: The Development of Economics
Covers modern period, beginning with background of classical economics. Excellent summaries, notable omissions (esp. Mathematical economists).

Whittaker, Edmund: A History of Economic Ideas. The best book in the field in conten but massive, confusing, and repetitious through organization on the topical principle. First half deals with institutional and intellectual history rat than analytical economic thought.

Heimann, Eduard: History of Economic Doctrines. An Introduction to Economic Theory. Oxford University Press, 1945. Pp.ix, 263 (245). More introduction than history.

Salin, Edgar: Geschichte der Volkswirtschaftslehre. Covers the field briefly in an interpretive, historical-philosophical manner.

Encyclopaedias: esp. Palgrave, Dictionary of Political Economy. (Ed. Henry Higgs 1926) and The Encyclopedia of the Social Sciences; on men and movements and especially Bibliographies.

See Bibliographical Notes in Haney (above) 3d Revised Edition, 1936,pp.803-809

## On the Whole Period before the Classical School

Monroe,A.E.: Early Economic Thought
Lengthy excerpts from some twenty important writers.

Oncken,A.: See under General Works

Sewall,H.R.: The Theory of Value before Adam Smith, Publications of the American Economic Association, 1901.

Dunning,W.A.: History of Political Theories, Ancient and Moder; also ibid. From Luther to Montesquieu. (Pre-classical economic thought being essentially political thought.)

## Greco-Roman Economics

Simey, Miss E.: article entitled "Economic Theory among the Greeks and Romans". Economic Review, 1900. Copies on reserve. Best short account.

Laistner,M.L.W.: Greek Economics
Valuable introduction and excerpts.

Calhoun, G.M.: Business Life of Ancient Athens
Introduction and text valuable for background.

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## Medieval

Ashley, W.J.: English Economic History and Theory, Vol.I, Pt.I, Chap.5, and Vol.I, Pt.II, Chap.6. Best general account.

O'Brien, George: An Essay on Medieval Economic Teaching. Highly important, especially because written from a Catholic point of view.

Tawney, R.H.: Religion and the Rise of Capitalism. Chapter One, on The Medieval Background.

## Mercantilism

Heckscher, Eli F.: Mercantilism, 2 vols.

Horrocks, J.W.: A Short History of Mercantilism

Schmoller, Gustav: The Mercantile System. Ashley Economic Classics. Invaluable also as a specimen of the German historical economics, Inquire at desk E 1R.

Ashley, W.J.: The Tory Origin of Free Trade Policy, in the Quarterly Journal of Economics, Vol.11. Also in Surveys, Historical and Economic.

Johnson, E.A.J.: The Predecessors of Adam Smith

Mun, Thomas: England's Treasure by Foreign Trade. Ashley Economic Classics.

Furniss, E.S.: The Position of the Laborer in a System of Nationalism.

Viner, J.: English Theories of Foreign Trade before Adam Smith, in Journal of Political Economy, Vol. 38, nos. 3 and 4. Reprinted in Studies in the Theory of International Trade, Harpers, 1937.

## Physiocrats

(Given very little attention in this course)

Higgs, Henry: The Physiocrats

Ware, Norman: article on "The Physiocrats" in American Economic Review, 1931

Bloomfield, Arthur I: Foreign Trade Doctrines of the Physiocrats, American Economic Review, Vol. XXVIII, no. 4, December 1938 (Reprint on Reserve)

Turgot, A.R.J.: Formation and Distribution of Riches (Ashley Economic Classics)

## Classical School

Whitaker, A.C.: Labor Theories of Value in English Political Economy
Nearly essential, if obtainable. (Purchase)

Bowley, Marian: Nassau Senior and Classical Economics
(Purchase, alternative to Whitaker.) Better, but more difficult.

Cannan, Edwin: Theories of Production and Distribution
Valuable, but laborious reading.

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Cannan, Edwin: Review of Economic Theory
Used selectively, more available than his other book.

Taussig, F.W.: Wages and Capital (London School Reprint)

Knight, F.H.: The Ricardian Theory of Production and Distribution
Reprint from the Canadian Journal of Economics and Political Science.

Cannan, Edwin: Lectures of Adam Smith

Smith, Adam: Wealth of Nations
Full text, Everyman's Library (2 vols.) or Modern Library (Reprint of Cannan edition - 1 vol.) most available. Abridged edition edited by W.J. Ashley gives portions covered in the course conveniently in one small volume. Cannan edition (2 vols.) the definitive edition, but expensive and bulky for class use.

Ricardo, David: Principles of Political Economy
Available in Everyman's Library (1 vol.) Gonner edition best. (London, G. Bell and Sons; Bohn's Libraries)

Senior, N.W.: Outline of Political Economy. Reprinted 1938, Allen and Unwin.

Mill, J.S.: Principles of Political Economy. Ashley ed. Longmans 1 vol.

## Subjective Value or Marginal Utility School

Smart, Wm.: Introduction to the Theory of Value

Jevons, W.S.: Theory of Political Economy

Wieser, F.: Natural Value

Smart's prefaces to Böhm Bawerk's two main volumes and to Wieser, Natural Value.

Böhm-Bawerk: Capital and Interest: and Positive Theory of Capital

Weinberger, Otto: Die grenznutzenschule

Mises, Ludwig: Bemerkungen zum Grundproblem der subjektivistischen Wertlehre, contained in Archiv fur Sozialwissenschaft und Sozialpolitik, Band 59 Heft 1.

## Historical and Institutional and Socialistic Schools

See articles in Palgrave's Dictionary of Political Economy and in the Encyclopedia of the Social Sciences.

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Final Examinatio - Economics 300B
June 6, 1956

1. "The brawn for the early industrial revolution (in the United States) was imported. It was shamelessly exploited, as labor has always been in the early stages of an industrial revolution, but working conditions and opportunities were still favorable compared with those the immigrants had left." (Dorothy Thompson).

Discuss the meaning of the word "exploited" as used in this quotation. What definition, if any, will make sense out of the quotation? How does it compare with alternative technical economic definitions of "exploitation"?

2. The following table shows the behavior of prices at various distributive levels for food and durable consumer goods.

Price Indexes
(1947-49 = 100)

| | 1952 | 1955 Dec. or fourth quarter | Percentage change |
|---|---|---|---|
| **Food** | | | |
| 1. Final price to consumer | 114.6 | 109.5 | -4 |
| 2. Primary market price of finished goods (wholesale or manufacturer price) | 110.4 | 98.4 | -11 |
| 3. Crude materials (farm or initial market price) | 105.7 | 75.8 | -28 |
| **Consumer Durable Goods** | | | |
| 1. Final price to consumer | 108.0 | 106.4 | -2 |
| 2. Primary market price of finished goods | 113.0 | 119.2 | +5 |
| 3. Intermediate material for durable manufacturing | 124.6 | 144.7 | +16 |

There is a marked difference of behavior. For food, retail prices have risen relative to wholesale and wholesale prices have risen relative to crude prices; that is, margir have widened at each level of distribution. For consumer durable goods, retail prices have fallen relative to wholesale and wholesale relative to the prices of intermediate materials; that is, margins have narrowed sharply.

One possible explanation for this behavior of each set of prices is given by a strict application of the theory of joint demand. Present such an explanation. In order for this to have been the correct explanation, what must have been the behavior of the supply at the crude or intermediate material level?

Give any other possible explanation for the divergent behavior of the two sets of prices.

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3. a. Define for an individual firm (1) demand curve for a factor of production; (2) marginal value productivity curve for a factor of production; (3) value of marginal product curve for a factor of production.
   b. How are (1), (2) and (3) related if both factor and product markets can be treated as competitive?
   c. What is the effect of monopoly on the product market?
   d. What is the effect of monopoly on the factor market?

4. a. The purchase of a piece of land outright, purchasing the land with a mortgage at a fixed rate of interest, and renting the land would all be equivalent contracts under conditions of certainty. Explain why this is so. How does uncertainty differentiate them?
   b. Agricultural output of the U.S. has increased greatly in recent decades despite a decrease in the number of people working on farms. Does this contradict the law of variable proportions?

5. Indicate briefly the meaning of the following terms and their role in economic theory.

   (a) Euler's theorem.
   (b) time preference
   (c) marginal efficiency of capital
   (d) internal rate of return
   (e) rent
   (f) quasi-rent
   (g) profit

Economics 300A
Winter Quarter 1956
Problem for Reading Period

## The Economics of Internal Pricing

A general class of monopoly problems concerns the terms on which firms sell to closely connected firms and to unrelated firms. To put it abstractly, firms A and B are owned by the same person. Firm A produces a product X that is used by Firm B in its process of production and that Firm A also sells on the open market. In the interest of the common owner, what is the optimum pricing policy for Firm A? Under what circumstances, if any, should it charge the same price to Firm B as to other buyers? Different prices? What criteria should it use in setting the price? Consider only the long run solution.

A few examples will illustrate some of the various forms under which this problem arises.

1. In many patent cases, objection is raised to the "comparative advantage" which the owner of a patent is alleged to have in manufacturing the item covered by the patent, even though the owner of the patent freely licenses it to others at a fixed fee. In terms of our example, Firm A owns the patent and the product X is the license to use the patent. The complaint presumably is that Firm A charges a zero license fee to its own manufacturing subsidiary, a positive fee to others, and that this gives it a "competitive" advantage. The analytical question at issue is whether the patent owner will maximize his revenue by charging the same or a different fee (internal price) to his own manufacturing subsiduary than to others.

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2. In an anti-trust suit against General Motors, U.S.Rubber, and DuPont, the complaint included the charge,"DuPont has required all three corporations to grant 'systematic secret rebates and preferential prices' in selling to one another, while they have sold the same products to outsiders at higher prices".

3. General Motors has repeatedly instructed its automobile divisions to buy their parts where they can get them cheapest, whether from GM subsidiaries or not; and its parts subsidiaries to sell them where they can get the highest price. This is equivalent to insisting on identical prices.

4. Some of the gasoline companies are reputed to sell gasoline to their own filling stations, who market it as a branded gas, at a higher price than they sell the same gasoline to independent filling stations who market it as an unbranded gas. This is equivalent to charging a higher internal than external price.

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