How capitalist economies evolve and how that evolution affects human welfare are two of the most fundamental questions in the social sciences. We examine them in the context of related problems: why the United States grew more rapidly than other advanced economies before World War 2 but more slowly from the war through 1990, and why capitalist economies grew more rapidly over time through 1973 but more slowly over the past four decades. We focus on economic growth and technological change because they are principal features of the evolution of capitalist economies and central determinants of human welfare. This focus also exemplifies economics as a social science. Like other social sciences, economics uses theory to help understand historical trends and to guide public policy. We will consider theory, historical analysis and public policy as we build an understanding of economic growth. Both the problems and the theories we explore overlap with those of other ISSP courses.

Course Organization. The course begins by considering a set of current economic problems facing the U.S., with particular attention to the slowdown of U.S. growth and problems attending it. To explore this slowdown, we first examine six very different theories of economic growth and technological change. We then turn to the historical process of industrialization, investigating how the United States ascended absolutely and in relation to other industrial economies from 1800 through World War 2. With this background, we turn to the post-World War 2 boom, the more recent slowdown of growth and technological change, and the relative decline of the United States.

Course Goals. This course has five basic goals. Most fundamentally, it will try to understand a critically important social issue. Second, it will introduce you to economic analysis by investigating several kinds of economic arguments relevant to the social problem we explore. Third, the course aims to develop your critical and creative thinking abilities by learning how to formulate and criticize theories, form hypotheses, find and utilize economic data, and derive appropriate conclusions. Fourth, it will develop your capability to communicate in writing and speech. Finally, together with other ISSP courses, it will introduce you to various approaches in the social sciences and give you scope to explore the relation between these approaches and the problems they address.

Course Requirements. The course requirements are listed below together with their shares of the final grade and approximate due date (which may be modified as the semester proceeds).
Short essays and problems          ungraded, required          Periodic
Economic Change paper             15%                            Thursday, Oct. 6
Midterm essay                      20%                            Thursday, Oct. 20
Uneven development paper          20%                            Thursday Nov. 3
Research paper proposal           5%                             Tuesday, Nov. 15
Research paper, draft 1           10%                            Tuesday, Nov. 29
Research paper, draft 2           20%                            Tuesday, Dec. 1
Class Participation               10%                            Throughout

Each requirement is designed to lead toward the course's goals. Extensive writing and oral communication are both goals in themselves and also central means to master the course’s main issues. This course will be writing-intensive. You will have many writing assignments—about a ten (don't gasp!) in total. The first is an ungraded assignment where you identify a social problem and your thoughts about how to understand and solve it. Many assignments are "homework", which is required but ungraded. Students who do not submit these assignments will be penalized up to 15 percent of the final grade. The homework provides skills you will need in the course, gives you a sense of my expectations, and helps me understand your progress. The major writing assignments—in terms of achieving course objectives, grades and pages of work—are: 1) a short "economic change" paper (where, in examining an important economic change, you begin the analysis that will prove essential to the course); 2) a midterm essay, 3) an “uneven development” paper, which examines why the U.S. diverged from other countries before World War 2, 4) a three-stage research paper. It is imperative that all sources be cited and quoted properly in each paper, and unquoted material must be in your own words.

Discussions inside and outside class will be key to realizing class goals. In the grade, these are included under class participation, but they are essential means to realize all course objectives. Class participation includes active involvement in a) class discussion; b) two discussion groups about class or exam questions; and c) a discussion of research papers. Each kind of participation will involve interaction with other students and out-of-class meetings or study. Because class discussions play a key role in the course, it is important—past ISSP students have said very important—to have done readings before the class in which they are discussed.

Readings. The course will rely extensively on articles and book excerpts, which will be available on the course Blackboard site. One book will be required:


Outline and Readings

I. Introduction: Growth, Innovation, Welfare and the U.S. Economic Slowdown (week 1)

...
After surging for 25 years after World War 2, the U.S. economy has entered a prolonged slowdown, a slowdown reflected in declining growth rates of income and income per capita and stagnant or falling living standards for most Americans. We begin the course by surveying the slowdown and its consequences around 1990, asking how the slowdown can be understood, and exploring whether it has continued to the present.


II. Economists on Capitalism (weeks 2-5)

Economists think about human welfare in the context of a broader theory of the capitalist economy. We will survey six interpretations of the capitalist economy, the evolution of production, and their consequences for human welfare.

A. Adam Smith: Market-Led Growth

Robert Heilbroner, The Worldly Philosophers, ch. 1, 2, 3.

B. David Ricardo: Natural Scarcity and Stagnation

Heilbroner, ch. 4.

C. Karl Marx: Accumulation, Mechanization, and Science

Heilbroner, ch. 6.
Karl Marx and Frederick Engels, "Manifesto of the Communist Party."

D. The Neoclassical Tradition: Scarcity and Efficiency

Heilbroner, ch. 7, pp. 171-78; 206-12.

E. Economic Evolution: Joseph Schumpeter

Heilbroner, ch. 10.

F. John Maynard Keynes: The Problem of Aggregate Demand

Heilbroner, ch. 9.
III. Capitalism and Economic Leadership (weeks 6-7)

To understand the current slowdown of U.S. capitalism, it will help to investigate the character and long-run growth of capitalist economies. In so doing, it becomes clear that some countries grow faster than others, and that this difference is associated with different organizations of the capitalist economy.


IV. The Birth and Growth of U. S. Economic Leadership, 1800-1945 (weeks 7-10)

A. The Birth of U.S. Capitalism and Industrialization

From a relatively backward, agricultural country, the U. S. has come to lead the capitalist world. How did the U. S. not only overcome its limited development but surge past Britain?


B. Mass Production and Managerial Capitalism

As the U. S. surged ahead, it developed new techniques of production, new ways of organizing firms, and new roles for government. Together these distinguished 20th century capitalism from its predecessor and consolidated U.S. economic leadership.
C. Sources of Capitalist Growth and U.S. Leadership

From 1820 to 1950, capitalism had grown remarkably and spread widely through Europe and North America. But this growth was uneven among nations. The sources of and limits to growth are still debated. To set the post-1950 period in historical perspective, we explore some of these sources and limits.


V. Boom, Stagnation, and U.S. Decline (weeks 11-14)

The post-War period brought the triumph of American capitalism, a triumph that has given way to the relative decline of the U.S. economy over the past quarter century, the rise of new competitors, the continued backwardness of much of the work and slower growth for the world as a whole. We conclude by exploring these issues.

A. U. S. Triumph and its Limits