

Course
out lines
at Columbia
+ lecture
notes

Spring 1951

TR

CONSEQUENCES OF THE INDUSTRIAL REVOLUTION

- 1: Pirenne's third bourgeoisie.
- 2: The beginning of economic determinism in the strict sense.
- 3: Marx's "Political Economy." *Hegel's society*

The use of expensive machinery ~~employed~~ by a private investor involves risks of a new character, entirely different from agricultural or commercial investment: ¹⁾ the continuity of production must be ensured on

- Supply
- a) ~~Demand~~ side : raw materials :
 - land
 - labor (!)Technological risk
- b) Demand side : the vent of goods
 - Price risk
- 2) ~~ex)~~ The profit expectations should not be disappointed.

Non-intervention with:

- a) Sales prices.
- b) Cost prices.
 - (i) Interest : banking system
 - (ii) Wages : labor market
 - (iii) Commodity prices : free markets

generalize the human motive

- continuity and non-intervention -

- (iv) Taxes : constitutionalism.

form profit motive. Take calculable risks, including private ownership. exclude uncalculable ones.

Both demand a market organization of society.
 Three practical directions:

- a) Free labor market : all conditions of labor to be market-determined.
- b) Food prices : to be the cheapest.
- c) Rate of interest (money) : to be market-determined.

1834 }
1844 }
1846 }

KARL MARX (1859)

~~AR~~

Societal reaction to the classical economists as represented by the criticism of Ricardo in the work of Sismondi (ethical), H. Carey (protectionist), Richard Jones (institutionalist), Frederick List (national and historical) culminates in K. Marx, distinguished by criticism on class lines but building up to a system with significant aspects.

In regard to economic history specifically, his influence on 19th century thought made him into a figure as important as Hegel or Ricardo.

Three pillars of Marxian thought:

in Philosophy : Hegelian idealism

in Economics : Ricardian economic materialism

in Science : French materialism and later Darwinism

- (1) Societal character : rationale of the human cosmos: the interest of society as a whole, as related to laws of historical development - concrete, in development of means of production.
- (2) Change in society : Ricardian class antagonism seen as an instrument of progress. The exploited classes are "free" to make use of available productive possibilities. Absence of vested interests - an enabling factor.

E.g., French (Bourgeois) Revolution - spreading East.

Proletarian Revolution - starting in the West.

(3) Economic determinism (eventually, the determinative factor).

Hegel's dialectic accepted and reversed Ricardo's determinism.

Market laws = the laws of "a society"

Stringency of economic mechanism interpreted as strength of economic motives.

Economic determinism extended to past history:

Psychology : economistic (Engels: primum vivere, deinde philosophare)

Class struggle (cf. stages)

Means of production : one-sided

(4) Historicism : capitalism a historical phenomenon,

i.e. transitory stages used:

Time table:

slavery

archaic

serfdom

feudal

~~capitalist~~

wage labor

capitalist

socialism

socialist

(5) Institutionalism :

Anarchy of production vs. planned factory

"Surplus value" due to distribution of property

Organic composition of capital

Money: a mere veil (catallactics!);

constituting a circle of M - G - M

Not empiricistic : disregard of substantive 'utility' etc.,
and of concrete statistical analysis.