This course examines a few questions about markets: One subject is property rights: their origins and impact on the international system in which we live. This course also covers some basic ground about the “naturalness” of the capitalist property rights system. The leading exponent of a “natural” capitalist system was Adam Smith; his *Wealth of Nations* has never been equaled as a statement of this position. We then consider the Marxist attitude towards property rights in Engels’ *Origin of the Family, Private Property, and the State*. Hernando de Soto’s *Mystery of Capital* will be considered as a modern restatement of Smithian principles.

Having established the basis of the “natural” system of capitalism, we will then explore the dynamics of real world financial markets and how they contribute to disequilibrium and crisis. For this part of the course we have an eclectic mix of authors, including Grosvenor (1885) and Schwartz (2009). At the end of the class we will briefly consider the Islamic theory of interest and whether it would affect the propensity to crisis.

Course grading will be based upon an in-class essay style midterm (nominally 40% of the grade) and an in-class essay final (nominally 60% of the grade) with a substantial participation component that will typically affect the final letter grade on a sliding scale that can reach as much as 50%. There will be occasional in-class quizzes designed to assess the extent to which you are keeping up with the reading and serve as an index of participation. These assessment quizzes will be used to evaluate your efforts to keep up with the class. There will be no make-ups for these quizzes and they will not be announced in advance.

The rule for missed midterms and exams is that you have to have a valid medical excuse.

*Parachute paper:* If you wish to improve upon your midterm grade you have the option of writing on a topic (which will be assigned) a paper of 3 to 5 pages in length. The grade on this paper will be substituted for your midterm paper. If the paper is not turned in when it is due it means you have turned down the option. Therefore, there is no such thing as a late parachute paper. Ever.

*Joining the class web sit (Blackboard) is required.* This will allow for announcements and graded exam questions (which I give out in advance) to be delivered on a timely basis. It is also your backup copy of the syllabus, which will be posted on the site.

The academic objectives of this class include:
1. An introduction to liberal or “free market” capitalism as a theory of world politics and economics that has been challenged by a variety of dissenting traditions, both pro- and anti-capitalist.

2. Learning to read and analyze sophisticated analytic texts, both classic and contemporary, oral participation, satisfactory academic mastery of the topics in #1.

3. The assignments: two in-class exams, plus in-class quizzes.

The format of the class will usually be a lecture presentation on the assigned reading.

Assigned materials for this class include the works in the class bibliography.

4. Students who complete this class will have (a) learned basic vocabulary and concepts necessary to understanding competing theories of capitalist markets and property rights; (b) conceptual linkage of theory to case studies and (c) to apply broad theoretical constructs to contemporary political economy.

Absences, disabilities, and other matters. Absences should be cleared through the dean’s office. Long multi-week absences can have a negative influence on your grade and you may need to consider dropping the course. If you miss the midterm or final the instructor will administer an oral exam makeup, if the absence has been cleared through the dean’s office. Disabilities: normal disability arrangements will be made where required. Students who require special accommodations consistent with university policy (such as extended time in a different location) and are registered with the disability office must state their needs at the beginning of the semester. If you have any questions about your circumstances, please ask.

BOOKS TO BUY
(an asterisk * means on-line copies available)


*Engels, Friedrich, Origin of the Family, Private Property and the state


NOTE ON SMITH: don’t buy any old edition on a used web site. If you can’t get the Cannan edition use the on line edition. (See week-by-week and bibliography for links)

Week-by-week schedule

Week 1

Tuesday Aug 27, 1st day of class
Thursday Sept 29

In the Cannan edition for the printed copy:

Smith – *Wealth of Nations* read v. 1, bk 1, pp. 1-33, v. 1, books 3 and 4, pp. 401-524, v. 2, bk 4, pp 159-181. Note that pagination for v. 2 starts over again from page one.

To use Internet copies:

The Seligman edition is just below. Use it to read v. 1, bk 1, pp. 1-25; v. 1, books 3 and 4, pp. 336-441:

[http://archive.org/stream/wealthofnationss01smituoft#page/n5/mode/2up](http://archive.org/stream/wealthofnationss01smituoft#page/n5/mode/2up)

The Cannan edition (only v. 2 is on archive.org) is below. You use it to read v. 2, bk 4, pp 159-181:

[http://archive.org/stream/aninquiryintona00canngoog#page/n6/mode/2up](http://archive.org/stream/aninquiryintona00canngoog#page/n6/mode/2up)

There are other editions both on the Internet and in print.

Week 2

Tues Sept 3, Thursday Sept 5
THURSDAY SEPT 5: NO CLASS (HOLIDAY)

Assigned reading from Week 1.

Week 3

Tues Sept 10, Thursday Sept 12

Discussion of Smith’s critique of the mercantile system

Assigned reading from Week 1.
Week 4

Tuesday Sept 17, Thursday Sept 19

Engels *Origins of the Family* (chapters 1-3) pp. 87-160 (paginations vary)

Week 5

Tuesday Sept 24, Thursday Sept 26

Engels *Origins of the Family* pp. 162-237 (chapters 4-9)

Week 6

Tuesday Oct 1, Thursday Oct 3

Hernando de Soto, *Mystery of Capital*, pp. 1-135

Week 7

Tues Oct 8, Thursday Oct 10

**Midterm questions posted**

Hernando de Soto, *Mystery of Capital*, pp. 136 -270

Week 8

Tues Oct 15, Thurs Oct 17

**MIDTERM THURSDAY**

Grosvenor American Securities  chapters 4, 5, 7

Week 9

Tues Oct 22, Thurs Oct 24

Grosvenor American Securities, chapters 12, 13
Week 10

Tues Oct 29, Thurs Oct 31

Read on JSTOR:


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Week 11

Tues Nov 5, Thurs Nov 7

Schwartz Subprime Nation Chapters 1, 2, 3

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Week 12 Tues Nov 12, Thurs Nov 14

Chapters 4, 5, 6 Schwartz Subprime Nation

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Week 13

Tues Nov 19, Thurs Nov 21

Chapters 7, 8 Schwartz Subprime Nation

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Week 14

Tues Nov 26, Thurs Nov 28

Tues: class review, catch up
Thursday: THANKSGIVING

**Parachute paper topic assigned**

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Week 15 A non-western critique: Islamic finance
Tues Dec 3 Thursday Dec 5
Parachute paper DUE THURSDAY

Kettell *Islamic Finance in a Nutshell*

Week 16:

Tuesday December 10 Last day of class
Kettell *Islamic Finance in a Nutshell*

Exam questions posted

Course Bibliography


http://www.archive.org/stream/originoffamilypr00enge#page/n5/mode/2up

http://archive.org/stream/americansecuriti00grosuoft#page/n5/mode/2up


v. 1 (Seligman edition) is here:  
http://archive.org/stream/wealthofnations01smituoft#page/n5/mode/2up

v.2 is here  http://archive.org/stream/aninquiryintona00canngoogle#page/n6/mode/2up