This ten week course in “Institutional Economics” is designed to introduce to students evolutionary-institutional approaches to social science, in general, and to economic science, in particular. We shall start out at a basic level. However, over the ten week term we shall aspire to sit on the moon, and from there to reach out and touch the stars in the social science heavens.

This course offers at least two clearly stated goals for students to achieve over this ten-week term. If not before, at least by Week 11 of this course, enrolled students would have raised their levels of proficiency and knowledge of a wide range of contributors to Institutional Economics, and to understand Institutional Economics as a bona fide school of thought within Economic Science. The second goal that registers as equally important: by Week 11 of this course, enrolled students would have raised their proficiencies for absorbing and thinking through high-level ideas, and then writing up their own synthetic ideas artfully and in a manner that makes use of a sophisticated approach for developing a perspective: that involves effectively citing literature from major thinkers.

In our course we shall largely be exploring economic, social, and philosophical thinking that was advance by Thorstein Veblen. However, we shall also seriously consider his antecedents -- especially American Pragmatist Philosopher Charles Sanders Peirce, the great evolutionary theorist Charles Darwin, and the well known but not so well read early social scientist, Karl Marx. While considering Veblen’s contributions we shall also consider ideas advanced by some of his most important disciples, who, along with Veblen, laid the foundation for what is known as Original Institutional Economics (OIE). These thinkers include but are not limited to: Wesley Mitchell, Clarence Ayres, John Fagg Foster, Marc Tool, John Kenneth Galbraith, C. Wright Mills, Paul Dale Bush, and William Dugger.

In the interests of balance in exposure, as well as our continued edification in this field of inquiry, we shall also consider selected contributions from a newer, neighboring, and challenging tradition known as “New Institutional Economics.” This, related but competing field, is built on ideas advanced by Ronald Coase, Douglass North, Oliver Williamson, and to a degree with Elinor Ostrom, coming in from her unique angle.

“Learning Opportunities” will be offered for achieving your final grade.

All students start with a zero which is an especially low “F,” something like a “F-”. Writing a midterm could count for as much as 50 points, but still renders a low “F.”
Writing the first draft of your term paper could count for as much as 25 points. This could possibly stretch your grade to 75 points, yielding an unquestioned “C.” Turning in the second draft of your paper could count for as much as 25 points, and potentially yielding a whopping 100 points – what would register in as super strong A. During the course materials will be handed out, and instruction will be provided, to assist you in writing up your research. Your learning opportunities will be judged by how effectively you can manage to incorporate the new knowledge into your research and writing. Finally, presenting your research findings is wholly optional, but could serve to raise your final grade by five additional points, assuming it done earnestly and your ideas and their presentation hold our interests.

Failure to turn in or perform any of the assignments on time would result in zero (0) points for that assignment. Or, I could take off five points for each day the assignment is turned in late. Your choice.

When the course ends in early December, grades will be calculated and turned in on time. One’s final grade would be based on the accumulated points set against the standard PSU grading scale, plus considering whether research was presented. I do not plan to offer any incompletes, that is, “I” grades.

Assignments have to be handed in as paper documents (no electronically transferred documents will be accepted). Assignments are to be typed, double spaced, normal margins, and with a 12 point font that proves easy on my eyes, (I like Times New Roman #12 font, then print out on fronts of pages only. If papers are handed in printed on fronts and backs, I shall subtract 5 points under “style.” I like staples in the upper left hand corner. Papers are to be referenced according to the style established in the Journal of Economic Issues with variations that will be explained in detail in class lectures.

An assignment will be issued for you to complete outside of class time as a take-home. This “Learning Opportunity 1” is due by 5:00 pm on Monday, 10 February. Then, you will be required to consider “Learning Opportunities 2 and 3.” The 2nd Learning Opportunity involves writing up a first draft for a 2,850 word, or about a 10 or 11 page term paper. This first draft is due by 5:00 p.m. on Monday, 03 March. Learning Opportunity 3 involves refining your :earning Opportunity #2, creating and handing it in as Second and Final Draft. And, this Final Draft is due by 5:00 pm on the day of our officially scheduled final exam (Exam Week is 17 to 21 March, 2014) Guidelines will be presented regarding the writing and referencing format for the exam and term paper. You assignments will be graded based upon my assessment content and style.

Attendance will not be taken as the logistics are too difficult. However, material and information will be presented during classes and students will be obliged to respond. If classes are being missed, then shortcomings should show up in the quality of your writing assignments, that will be graded rigorously as if each student made perfect attendance.

I hope that you enjoy this course.
**Books:**

**Required**


**Might Prove Useful**

Veblen, Thorstein. *The Higher Learning in America* [1918]

(many materials are available with a google search, others are available through our website Sites.google.com/site/econreadings45/)

**Week 1**

**Topic #1:** The Seminal Article Defining this Field of Inquiry:

**Topic #2** Locating Institutional Economics within a larger framework: Darwin, Peirce, Marx, Schmoller


Veblen, “The Socialist Economics of Karl Marx and His Followers” [1906, 1907]

Again consider: “Why is Economics Not an Evolutionary Science? [1898]

**Week 2** (14, 16 Jan.) McCormick, Chapter 3. “Technology;”
Chapter 4. “Technological Change and Institutional Change,”
Chapter 5 “Social Evolution”


**Week 3** (21 to 23 Jan.)
Chapter 8. “Business Enterprise and the Industrial System.”

*TBE, Chapter IV, Business Principles; Chapter V. “The Use of Loan Credit;”
Chapter VI, "Modern Business Capital"
**Week 3, continued**

**Week 4**
Immanuel Kant’s understanding of *Erschleichung*, and Veblen’s introduction of *subreption* into social science.

**See:** Hall and Dunlap’s paper, “Subreption and Institutional Inquiry”
**At homepage:** [www.pdx.edu/econ/john-b-hall](http://www.pdx.edu/econ/john-b-hall)

Plus, William Dugger subreption and “Power:”


**Learning Opportunity 1,** due by 5:00 p.m. on Monday, 10 February and under my office door, Cramer Hall, 241-P

**Weeks 5 and 6** (4, 6, and 11, 13 Feb.)

*TBE*
Chapter IX “The Cultural Incidence of the Machine Process;”
Chapter X, “The Natural Decay of Business Enterprise.”

Plus, Sociology and Veblenian Analysis


McCormick, Chapter 9. “Conspicuous Leisure and Conspicuous Consumption;”
Chapter 10, “Some Implications of Status-Driven Consumption.”


Citibank: Two Papers on Plutonomy, see google readings.

**Week 7** (18, 20 Febr.)
Gunnar Myrdal’s Institutionalist Perspective, plus Myrdal and Nicholas Kaldor’s notion of “circular and cumulative causation.”
Week 7 (continued)

Plus, Veblen’s “The Higher Learning in America [1918] Ch1 Introductory; Ch2 Governing Boards; 3. The Academic Administration Ch.4 Academic Prestige and the Material Equipment; Ch. 5 The Academic Personnel; Ch. 6 The Portion of the Scientist; Ch7 Vocational Training; Ch. 8 Summary and Trail Balance.


Week 8 (25, 27 Febr.)

**Institutionalist – Post Keynesian Analysis,**
At PSU Home Page
Hall and Ludwig, “Explaining Persistent Unemployment in Eastern Germany,” *Journal of Post Keynesian Economics*


plus

Appreciating John Kenneth Galbraith as Veblenian and Post Keynesian


And as Veblenian and Institutionalist-Post Keynesian

Week 9
First Draft or 2nd Learning Opportunity due by 5:00 p.m. on Monday, 03 March. As a template for constructing your research paper, please visit my homepage and consider the manuscript for “Veblen’s Predator” AFEE, Paper presented in Chicago, January, 2012

New Institutional Economics,


More on “New Institutional Economics”


Critique:
**Week 10**, (11, 13 March: Special Topics, The Importance of Veblenian Thinking)
Final Draft of Research Paper by 5:00 p.m. under my office door on the day of the scheduled final exam.

**House Rules:**
Please do not consume food of and in any form in our classroom.

If a student disturbs me by breaking my concentration the student could be asked to leave the course for the remainder of the class time.

**Affirmative Action**
Portland State University supports equal opportunity for all, regardless of age, color, disability, marital status, national origin, race, religion or creed, sex or gender, sexual or gender identity, sexual orientation, veteran status, or any other basis in law.

**Disability Resources at PSU**
Students with accommodations approved through the Disability Resource Center are responsible for contacting the faculty member prior to, or during, the first week of term to discuss accommodations. Students who believe they are eligible for accommodations but who have not yet obtained approval should contact the DRC immediately.

**Academic Honesty**
Academic honesty is expected and required of students enrolled in this course. Suspected academic dishonesty in this course will be handled according to the procedures set out in the *Student Code of Conduct.*