Optional Texts: 
- F. Lee, Post Keynesian Price Theory
- W. R. Brazelton, Designing US Economic Policy
- G. C. Means, Pricing Power and the Public Interest
- E. S. Mason, Economic Concentration and the Monopoly Problem
- G. C. Means, The Structure of the American Economy
- U.S. Senate Subcommittee on Antitrust and Monopoly, Administered Prices
- G. J. Stigler and J. K. Kindahl, The Behavior of Industrial Prices
- A. S. Blinder et.al., Asking About Prices: A New Approach to Understanding Price Stickiness

Assessment: Paper worth 100% of your final grade. The topic of the paper is based on some aspect of the material covered in the course. It should be based on primary and secondary sources. The paper is to be around 5000 words. The paper is to be typed, complete with footnotes or endnotes, bibliography, and references within the body of the paper. All quotes must be properly reference. For proper formatting and style of the paper consult the Graduate School’s Guide to Formatting These and Dissertations found at their web site, J. Gibaldi, MLA Handbook for Writers of Research Papers (5th edition), or K. L. Turabian, A Manual for Writers of Term Papers, Theses, and Dissertations (6th edition).

Course Description: The course deals with a series of controversies regarding the theoretical adequacy of neoclassical price theory. More specifically, the controversies either directly or indirectly questioned whether prices acted as the allocation and coordinating mechanism as claimed in neoclassical price theory. Starting with the administered price controversy in the 1930s, the course goes on the cover the marginalist controversy in the 1940s through the 1950s, the shape of the marginal cost curve controversy in the 1940s and early 1950s, the concentration and big business controversy of the 1940s through the 1970s, the administrative inflation of the 1950s and 1960s, and the administered price and sticky prices controversy of the 1960s through to the present. What the student should get out of the course is an awareness that
neoclassical price theory has been theoretically challenged and that the challenge may not have been met.

COURSE OUTLINE AND READING LIST

I. Introduction

1. W. R. Brazelton, Designing US Economic Policy

II. Pricing and Price Theories: An Overview

A. Administered Price Doctrine
   1. Lee, Post Keynesian Price Theory, ch. 2.

B. Full Cost-Normal Cost Pricing
   1. Lee, Post Keynesian Price Theory, chs. 4, 5, and 11.

C. Neoclassical Price Theory, Inflexible Prices, and Economic Policy

III. Administered Price Controversy, 1930s – 1940s

A. Bureau of Labor Statistics and Price Data

B. Gardiner Means’s Evidence on Administered Prices
   1. Lee, Post Keynesian Price Theory, chs. 1.

C. Price Flexibility, Product Characteristics, and Market Structure
2. Mason, Economic Concentration and the Monopoly Problem, chs. 3 and 6.

D. Ideological and Political Controversy over Administered Prices

IV. The Marginalist Controversy, 1939 to the 1950s

A. Lester, Machlup, and the American Marginalist Controversy

B. Andrews and the British Marginalist Controversy

V. The Cost Controversy, 1930s to the 1950s


VI. Concentration and Big Business Controversy, 1940s to the 1970s

1. Mason, Economic Concentration and the Monopoly Problem, chs. 1, 5, and 16 – 19.

VII. Administrative Inflation, Administered Prices, and Sticky Prices Controversies, 1950s to 1990s

A. Administrative Inflation
1. Means, Pricing Power and the Public Interest.
4. U.S. Senate Subcommittee on Antitrust and Monopoly, Administered Prices.

B. Administered Prices

C. Sticky Prices
VIII. Controversy, Testing, Politics, and the Rise to Dominance of Neoclassical Economics Since 1945

A. Role of Congress

B. Big Business and Ideology

C. Rise to Dominance of Neoclassical Economics

The articles marked by an * can be found on JSTOR that can be found at: http://www.jstor.org/cgi-bin/jstor/listjournal

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