

Winter 2014
AP/ECON 4069 / 5069
History of Economic Thought II

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Course Description

Focuses on major developments in economic theory since 1870, the emergence of neoclassical general equilibrium theory (especially in the works of Jevons, Menger, and Walras), and the development of Keynesian economics as a distinctive theory.

Prerequisites

AP/ECON 4059

Required Texts

Robert Heilbroner, *The Worldly Philosophers* (revised 7th edition)

Robert Heilbroner, *Teachings from the Worldly Philosophy* (Norton, 1997)

Optional Texts, Readings, Resources

Vivian Walsh and Harvey Gram, *Classical and Neoclassical Theories of General Equilibrium* (Oxford University Press, 1980) [PDF on digital reserve]

A Companion to the History of Economic Thought, eds. W.J. Samuels, J.E. Biddle and J. B. Davis (Blackwell, 2003)

<http://site.ebrary.com.ezproxy.library.yorku.ca/lib/oculyork/docDetail.action?docID=10154882>

The Online Library of Liberty (Liberty Fund, Inc)

http://oll.libertyfund.org/index.php?option=com_staticxt&Itemid=28

McMaster Archive

<http://socserv.mcmaster.ca/econ/ugcm/3ll3/>

The New Palgrave Dictionary of Economics Online (2013)

<http://www.dictionaryofeconomics.com.ezproxy.library.yorku.ca/dictionary>

The History of Economics Playground, a blog by “young and restless (and good looking) historians of economics” <http://ineteconomics.org/blog/playground>

Course Requirements

Due	% of course grade	Task
Jan – March	10%	Two 1 page abstracts with revisions
Feb 27	15%	Reading Response Paper
April 10	30%	10 – 12 page paper (2500 – 3000 words) Graduate: 20 – pages paper (5000 words)
April 24	35%	Take-home final exam Graduate: additional questions
Jan – April	10%	Engagement

Learning Objectives

- By engaging with primary texts, learn the main ideas of each author, and the shared characteristics of the “school” in which the author is situated.
- Understand the diversity of economic thinking and how ideas that emerged at any point in the past were a product of a swirling array of forces including: the actual economy, social interests at work in the economy, prevailing views on what constitutes science, prevailing views on justice and fairness, dominant ideas in the natural and other social sciences, available tools/techniques and individual personality.
- Evaluate similarities and differences across the schools/paradigms/theoretical frameworks of classical political economy, neoclassical economics and Keynesian economics.
- Assess the extent to which there has been *continuity* or *discontinuity* in the development of economics, and use differences across schools to think critically about the underlying assumptions and focus of economics learned in other courses.

Writing

This is a “writing-intensive course designed to help you improve your ability to write and think critically. Details will be provided in class. Useful references include:

Avi J. Cohen and John Spencer, "[Using Writing Across the Curriculum in Economics: Is Taking the Plunge Worth It?](#)" *Journal of Economic Education* (Summer 1993), 219 – 230

D. McCloskey, "[Economic Writing](#)," *Economic Inquiry* 24(2) Apr 1985: 187 – 222

The Economist Style Guide <http://www.economist.com/styleguide/introduction>

Workload

A typical 3 credit course requires 100 hours of your time. ECON 4069 is both a reading-intensive and writing intensive course. The table below identifies how I expect those 100 hours will be allocated. While you do not receive direct marks for reading, reading will affect your engagement mark (your ability to participate in class discussions and activities) and your final exam mark. While some weeks have more readings than others, you should be able to read the required reading in an average of 2 hours per week. The optional reading are for your interest, and will be useful if you choose a paper topic related to that area of the course.

Activity	Hours
Class Time 2.5 hours/week	30
Reading 2 hours/week	24
Abstracts 3 hours each	6
Short Paper	12
Long Paper	16
Final Exam	12
TOTAL	100 hours

Engagement

Ten percent of your final grade depends on your engagement in class discussions and group activities. That participation requires your engagement with the readings, and thinking critically about how the ideas relate to theories you have learned in your other economics courses.

COURSE OUTLINE AND READING LIST

1 From Classical Political Economy to Neoclassical Economics

Robert Heilbroner, *Worldly Philosophers*, Ch VII, pp. 170 – 177

Optional: Robert Heilbroner, “Modern Economics as a Chapter in the History of Economic Thought,” *History of Political Economy* (Summer 1979), 192 – 198

2 The Marginal Utility Revolution

A Jevons: Utility and Value

Robert Heilbroner, *Teachings from the Worldly Philosophy*, Ch V The Marginalists – Jeremy Bentham (199 – 207), William Stanley Jevons (208 – 218)

Vivian Walsh and Harvey Gram, *Classical and Neoclassical Theories of General Equilibrium*, Ch 5, 121 – 131

Optional: W.S. Jevons, *The Theory of Political Economy*, Introduction, Chs. **1, 2, 3** (Definition of Terms, The Laws of Human Want. Utility Is Not an Intrinsic Quality, Law of the Variation of Utility, Total Utility and Degree of Utility, Variation of the Final Degree of Utility, Disutility and Discommodity, Distribution of Commodity In Different Uses), **4** (Importance of Exchange In Economics, Ambiguity of the Term Value, Value Expresses Ratio of Exchange, Popular Use of the Term Value, Dimension of Value, Definition of Market, Definition of Trading Body, The Law of Indifference, The Theory of Exchange, Symbolic Statement of the Theory, Analogy to the Theory of the Lever), **5** (Definition of Labour, Quantitative Notions of Labour)

http://oll.libertyfund.org/?option=com_staticxt&staticfile=show.php%3Ftitle=625&chapter=10090&layout=html&Itemid=27

Optional: R.D.C. Black, “[Utility](#),” in the *New Palgrave Dictionary of Economics*, 2nd ed., eds. S. Durlauf and L. Blume, (Palgrave MacMillan, 2013)

B Menger: Value and Exchange

Bruce Caldwell, “Menger’s *Principles of Economics*,” Ch 1 in [Hayek’s Challenge](#) (University of Chicago Press, 2004), 17 – 38

Vivian Walsh and Harvey Gram, *Classical and Neoclassical Theories of General Equilibrium*, Ch 5, 131 – 141

Optional: Carl Menger, *Principles of Economics*, [1871], Preface, Chs 1 – 4
<http://mises.org/etexts/menger/principles.asp>

Optional: Steve Horowitz, “[The Austrian Marginalists: Menger, Böhm-Bawerk, and Wieser](#),” Ch 17 in *A Companion to the History of Economic Thought*, eds. W.J. Samuels, J.E. Biddle and J. B. Davis (Blackwell, 2003), 262 – 271 only.

C Walras: General Equilibrium

Robert Heilbroner, *Teachings from the Worldly Philosophy*, Ch V The Marginalists – Léon Walras, 219 – 227

Vivian Walsh and Harvey Gram, *Classical and Neoclassical Theories of General Equilibrium*, Ch 6

Optional: Léon Walras, *Elements of Pure Economics or the Theory of Social Wealth* (Richard D. Irwin, 1954), trans. William Jaffé, Lessons 3, 4, 5, 8, 10, 20

Optional: William Jaffé, "[Léon Walras's Role in the 'Marginal Revolution' of the 1870s](#)," *History of Political Economy* (Fall 1972), 379 – 405

3 Understanding the Marginal Utility Revolution

A Overview

Vivian Walsh and Harvey Gram, *Classical and Neoclassical Theories of General Equilibrium*, Ch 7

Robert A. Radford, "[The Economic Organization of a P.O.W. Camp](#)," *Economica* 12 (November 1945), 189 – 201

Avi J. Cohen and Jon Cohen, "[Classical and Neoclassical Theories of General Equilibrium](#)," *Australian Economic Papers* (June 1983), 180 – 200

T. W. Hutchison, "[The 'Marginal Revolution' and the Decline and Fall of English Classical Political Economy](#)," *History of Political Economy* (Fall 1972), 442 – 468

F.A. von Hayek, "[Economics and Knowledge](#)," *Economica* (February 1937), 33 – 54

Optional: Bruce Caldwell, "[Hayek's Transformation](#)," *History of Political Economy* (Winter 1988), 513-541

B The Mirowski Thesis – Economists with Physics Envy

Philip Mirowski, "[Physics and the Marginal Revolution](#)," *Cambridge Journal of Economics* 8 (December 1984), 361 – 379

Avi J. Cohen, "[Introduction](#)" and "[Seeing the Light Despite the Heat: Post-Mirowski-History of Economic Thought](#)," *Philosophy of the Social Sciences* (March 1992), 77 – 96

Optional: Philip Mirowski, *More Heat than Light: Economics as Social Physics, Physics as Nature's Economics* (Cambridge University Press, 1989), Chs 1, 5

Optional: William Jaffé, "[Menger, Jevons and Walras De-Homogenized](#)," *Economic Inquiry* 14 (December 1976), 511– 524

4 Capital and Distribution

A Eugene von Böhm-Bawerk, J.B. Clark, Irving Fisher: 2nd Generation Neoclassicals

Avi J. Cohen, "[Is Equilibrium Enough and Was Stigler Wrong?: Value Theory in the Böhm-Bawerk / Fisher Controversies](#)," HOPE Center Working Paper 2011-01, Duke University, January 2011, 5 – 18

J.B. Clark, "Distribution as Determined by a Law of Rent," *Quarterly Journal of Economics* 5 (April 1891), 289 – 318

J.B. Clark, *The Distribution of Wealth* (1899), Ch 1
http://oll.libertyfund.org/?option=com_staticxt&staticfile=show.php%3Ftitle=329&chapter=35615&layout=html&Itemid=27

Paul Samuelson, "[Irving Fisher and the Theory of Capital](#)," in *Ten Economic Studies in the Tradition of Irving Fisher* (Wiley, 1967), ed. W. Fellner, 17– 19, 26 – 35

B Cambridge Controversies in Capital Theory

Avi J. Cohen and Geoff Harcourt, "[Whatever Happened to the Cambridge Capital Theory Controversies?](#)" *Journal of Economic Perspectives* 17 (Winter 2003), 199 – 214

Paul David, "[Clio and the Economics of QWERTY](#)," *American Economic Review* (May 1985), 332 – 337

Optional: Paul David, "[Path Dependence: A Foundational Concept for Historical Social Science](#)," *Cliometrica* (April 2007), 91 – 114

5 Thorstein Veblen and American Institutionalism

Robert Heilbroner, *Worldly Philosophers*, Ch VIII, 213 – 247

Avi J. Cohen, "[Veblen Contra Clark and Fisher: Veblen-Robinson-Harcourt Lineages in Capital Controversies and Beyond](#)," *Cambridge Journal of Economics*, forthcoming 2014.

Malcolm Rutherford, "[American Institutional Economics in the Interwar Period](#)," Ch 23 in *A Companion to the History of Economics* (Wiley-Blackwell, 2003), eds. Warren J. Samuels, Jeff E. Biddle, John B. Davis, 360 – 376

Optional: Thorstein Veblen, *Theory of the Leisure Class: An Economic Study of Institutions* (1899), Ch 4 [Conspicuous Consumption](#)

Optional: Geoffrey M. Hodgson, "[The Revival of Veblenian Institutional Economics](#)," *Journal of Economic Issues* (June 2007), 325 – 340

6 John Maynard Keynes

Robert Heilbroner, *Worldly Philosophers*, Ch IX, John Maynard Keynes, pp. 248 – 287

Robert Heilbroner, *Teachings from the Worldly Philosophy*, Ch VI Twentieth Century Economists – John Maynard Keynes, 264 – 296

J.M. Keynes, "[The General Theory of Employment](#)," *Quarterly Journal of Economics* 51 (February 1937), 209-223

J.M. Keynes, [The General Theory of Employment, Interest and Money](#) (Harcourt Brace, 1936), reprinted in *The Collected Writings of John Maynard Keynes* (Macmillan, 1973), Vol. 7, Chs 1 – 3, 5, 7, 8 –15, 16(I), 17(II), 18, 19, 24

[In Scott Gordon, "A Paraphrase Version of Keynes' General Theory," Queen's University Economics Discussion Paper 476, 1982.](#)

Optional: [Robert Skidelsky \(video\) - Facing Up to Keynesian Uncertainty](#)

7 The History of Recent Economics

A Overview

Daniel T. Rogers, "[The Rediscovery of the Market](#)," Ch 2 in *The Age of Fracture* (Harvard University Press, 2011), 41 – 76

B Microeconomics

S. Abu Turab Rizvi, "[Postwar Neoclassical Microeconomics](#)," Ch 24 in *A Companion to the History of Economics* (Wiley-Blackwell, 2003), eds. Warren J. Samuels, Jeff E. Biddle, John B. Davis, 377 – 394

Mark Blaug, "[The Formalist Revolution of the 1950s](#)," Ch 25 in *A Companion to the History of Economics* (Wiley-Blackwell, 2003), eds. Warren J. Samuels, Jeff E. Biddle, John B. Davis, 395 – 410

C Macroeconomics

Paul Krugman, "[How Did Economists Get It So Wrong?](#)" *New York Times* 6 September 2009

Alan Kirman, "[The Economic Crisis is a Crisis for Economic Theory,](#)" *CEsifo Economic Studies* 56 (December 2010), Sections 1-5 only, 498 – 515

Kevin D. Hoover, "[A History of Postwar Monetary Economics and Macroeconomics,](#)" Ch 26 in *A Companion to the History of Economics* (Wiley-Blackwell, 2003), eds. Warren J. Samuels, Jeff E. Biddle, John B. Davis, 411 – 427

Optional: D.A. Laidler, "[The Monetary Economy and the Economic Crisis,](#)" (January 10, 2011) Duke University Center for the History of Political Economy Working Paper No. 2011-04

D Whither Economics?

David Colander, "[The Death of Neoclassical Economics,](#)" *Journal of the History of Economic Thought* 22 (2000), 127 – 143

E. Roy Weintraub, "[How Should We Write the History of Twentieth-Century Economics?](#)" *Oxford Review of Economic Policy* 15 (December 1999), 139 – 152

[The list of readings is tentative, and may be changed as the course progresses, depending on time and interest.]