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


Optional Texts, Readings, Resources

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


The Online Library of Liberty (Liberty Fund, Inc)  

McMaster Archive  
http://socserv.mcmaster.ca/econ/ugcm/31l3/

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

<table>
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<tr>
<th>Due</th>
<th>% of course grade</th>
<th>Task</th>
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<tbody>
<tr>
<td>Jan – March</td>
<td>10%</td>
<td>Two 1 page abstracts with revisions</td>
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<tr>
<td>Feb 27</td>
<td>15%</td>
<td>Reading Response Paper</td>
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<tr>
<td>April 10</td>
<td>30%</td>
<td>10 – 12 page paper (2500 – 3000 words)</td>
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<td>April 24</td>
<td>35%</td>
<td>Take-home final exam</td>
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<tr>
<td>Graduate:</td>
<td>10%</td>
<td>additional questions</td>
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<tr>
<td>Jan – April</td>
<td></td>
<td>Engagement</td>
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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


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.

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<tr>
<th>Activity</th>
<th>Hours</th>
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<tbody>
<tr>
<td>Class Time</td>
<td>30</td>
</tr>
<tr>
<td>Reading</td>
<td>24</td>
</tr>
<tr>
<td>Abstracts</td>
<td>6</td>
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<tr>
<td>Short Paper</td>
<td>12</td>
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<tr>
<td>Long Paper</td>
<td>16</td>
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<td>Final Exam</td>
<td>12</td>
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<tr>
<td>TOTAL</td>
<td>100 hours</td>
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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


2  The Marginal Utility Revolution

A  Jevons: Utility and Value


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


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


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


C   Walras: General Equilibrium


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


3   Understanding the Marginal Utility Revolution

A   Overview

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


B   The Mirowski Thesis – Economists with Physics Envy


4 Capital and Distribution

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


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


B Cambridge Controversies in Capital Theory


Paul David, “Clio and the Economics of QWERTY,” American Economic Review (May 185), 332 – 337


5 Thorstein Veblen and American Institutionalism

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


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

6  John Maynard Keynes


Optional:  Robert Skidelsky (video) - Facing Up to Keynesian Uncertainty

7  The History of Recent Economics

A  Overview


B  Microeconomics


C Macroeconomics


Alan Kirman, “The Economic Crisis is a Crisis for Economic Theory,” CESifo Economic Studies 56 (December 2010), Sections 1-5 only, 498 – 515


D Whither Economics?


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