

**Program and Readings**  
*2014 Summer Institute*  
*The History of Economics*

There are 2 sessions a day, Monday through Thursday, and one morning session on Friday. The morning sessions are from 9:30-11:30am, and the afternoon sessions from 2:00-4:00pm. There will be a short break (5-10 minutes) half way through each session.

**Sunday June 1**

2-6pm Participants arrive and register at Dorm

6:30pm Welcome Barbecue, Center for the History of Political Economy, Social Science Suite 07

**WEEK ONE (June 1-6)**

**Monday June 2: Introductions**

*Session 1 – Introductions of Program and Participants; Time Line – Bruce Caldwell*

*Session 2 – The Origins of Market Failure Analysis: J.S. Mill and Henry Sidgwick – Steve Medema*

- Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776). Oxford, Oxford University Press, 1976. (excerpts)
- J.S. Mill, *Principles of Political Economy*. London: Longmans, Green, 1848. (excerpts)
- Henry Sidgwick, *The Theory of Political Economy*, 3<sup>rd</sup> edn. London: Macmillan, 1901. (excerpts)

**Tuesday June 3:**

*Sessions 3 – Market Failure and Economic Welfare: A.C. Pigou and the Marginal Turn – Steve Medema*

- A.C. Pigou, *The Economics of Welfare*, 3<sup>rd</sup> edn. London: Macmillan, 1932. (excerpts)

*Sessions 4 – The Development of Orthodoxy--The Pigovian Tradition – Steve Medema*

- James E. Meade, “External Economies and Diseconomies in a Competitive Situation,” *Economic Journal* 62 (March 1952): 54-67.
- Paul A. Samuelson, “The Pure Theory of Public Expenditure,” *Review of Economics and Statistics* 36 (November 1954): 387-89.
- Paul A. Samuelson, “Diagrammatic Exposition of a Theory of Public Expenditure,” *Review of Economics and Statistics* 37 (November 1955): 350-56.
- Francis M. Bator, “The Anatomy of Market Failure,” *Quarterly Journal of Economics* 72 (August 1958): 351-79.

**7pm Durham Bulls baseball game**

**Wednesday June 4:**

*Session 5 – The Virginia-Chicago Challenge – Steve Medema*

- James M. Buchanan, “Positive Economics, Welfare Economics, and Political Economy,” *Journal of Law and Economics* 2 (October 1959): 124-38.

- Ronald H. Coase, "The Problem of Social Cost," *Journal of Law and Economics* 3 (October 1960): 1-44.

*Session 6 – The Coase Theorem Controversy – Steve Medema*

- Stansilaw Wellisz, "On External Diseconomies and the Government-Assisted Invisible Hand," *Economica* 31 (November 1964): 345-62.
- George J. Stigler, *The Theory of Price*, 3rd edn. New York: Macmillan, 1966, pp. 110-14.
- G. Warren Nutter, "The Coase Theorem on Social Cost: A Footnote," *Journal of Law and Economics* 11 (October 1968): 503-507.
- G.A. Mumey, "The 'Coase Theorem': A Reexamination," *Quarterly Journal of Economics* 85 (November 1971): 718-23.
- E.J. Mishan, "Pangloss on Pollution," *Swedish Journal of Economics* 73 (March 1971): 113-20.

**Thursday June 5:**

*Session 7 – The Chicago School I – Ross Emmett*

- Frank H. Knight, *The Economic Organization* (1933). New Brunswick, NJ: Transaction, 2013, chapters 1 and 2.

Supplementary Reading: Johan van Overtveldt, *The Chicago School: How the University of Chicago Assembled the Thinkers Who Revolutionized Economics and Business*. Evanston, IL: Agate, 2007, pp. 45-74, and if possible, all the way to p. 108.

*Session 8 – The Chicago School II – Steve Medema*

- H. Laurence Miller, "On the Chicago School of Economics," *Journal of Political Economy* 70 (February 1962): 64-69.
- George J. Stigler, "On the 'Chicago School of Economics': Comment," *Journal of Political Economy* 70 (February 1962): 70-71.
- Martin Bronfenbrenner, "Observations on the 'Chicago School(s)'," *Journal of Political Economy* 70 (February 1962): 72-75.
- Melvin Reder, "Chicago Economics: Permanence and Change," *Journal of Economic Literature* 20 (March 1982): 1-38.

Supplementary Reading: Edmund W. Kitch, "The Fire of Truth: A Remembrance of Law and Economics at Chicago, 1932-1970," *Journal of Law and Economics* 26 (April 1983): 163-234.

**4:00pm – Visit David M. Rubenstein Rare Book and Manuscript Library**

**Friday June 6:**

*Session 9 – Frank H. Knight: The Economist as Philosopher – Ross Emmett*

- Knight, "Ethics and Economic Reform." *Economica*, New Series, 6 (Aug., 1939): 296-321.

## WEEK TWO (June 9 to 13)

### Monday June 9:

#### Session 10 – Hayek: Life and Ideas – Bruce Caldwell

- Handout on Hayek
- F. A. Hayek, “The Use of Knowledge in Society” [1945], reprinted in *The Market and Other Orders*, edited by Bruce Caldwell, volume 15 (2014) of *The Collected Works of F. A. Hayek*. Chicago: University of Chicago Press, chapter 3.
- F. A. Hayek, “Individualism: True and False” [1945], reprinted in *Studies on the Abuse and Decline of Reason: Texts and Documents*, edited by Bruce Caldwell, volume 13 (2010) of *The Collected Works of F. A. Hayek*. Prelude.
- F. A. Hayek, “Notes on the Evolution of Systems of Rules of Conduct” [1967], reprinted in *The Market and Other Orders*, chapter 10.

Supplementary Reading: F. A. Hayek, “Rules, Perception and Intelligibility” [1962], reprinted in *The Market and Other Orders*, chapter 8.

F. A. Hayek, “The Primacy of the Abstract” [1969], reprinted in *The Market and Other Orders*, chapter 13.

#### Session 11 – Hayek: Some Interpretive Issues – Bruce Caldwell

- Rob Van Horn and Philip Mirowski, “The Rise of Chicago Economics and the Birth of Neoliberalism,” in Philip Mirowski and Dieter Plehwe, eds., *The Road from Mont Pelerin: The Making of the Neoliberal Thought Collective*. Cambridge, MA: Harvard University Press, 2009, chapter 4.
- Bruce Caldwell, “The Chicago School, Hayek, and Neoliberalism,” in Robert Van Horn, Philip Mirowski and Thomas Stapleford, eds., *Building Chicago Economics: New Perspectives on the History of America’s Most Powerful Economics Program*. Cambridge: Cambridge University Press, 2011, chapter 11.
- Bruce Caldwell, “F. A. Hayek, the Economic Calculus, and the Market Order,” manuscript.

### Tuesday June 10:

#### Session 12 – The Background to Modern Macroeconomics (before the 1930s)– Kevin Hoover

- Antoine Murphy, *The Genesis of Macroeconomics*. Oxford: Oxford University Press, 2009, chapter 5.
- Arie Arnon, *Monetary Theory and Policy From Hume and Smith to Wicksell*. Cambridge: Cambridge University Press, 2012, chapter 17 (pp. 343-356).
- Mary Morgan, *The History of Econometric Ideas*. Cambridge: Cambridge University Press, 1990, chapter 2.

Supplementary Reading: Irving Fisher, *The Purchasing Power of Money* (1911), chapter 3.

David Laidler, *Fabricating the Keynesian Revolution*. Cambridge: Cambridge University Press, 1999, selections from chapter 5 (pp. 105-116).

#### Session 13 – The Great Depression: Keynes and His Critics (the 1930s) – Kevin Hoover

- J.M. Keynes, *The General Theory of Employment Interest and Money*. London: Macmillan, 1936, selections.

Supplementary Reading: David Laidler, *Fabricating the Keynesian Revolution*, chapter 2.  
J.R. Hicks, "Mr. Keynes and the Classics," in *Critical Essays in Monetary Theory*. Oxford: Oxford University Press, 1979.

### **Wednesday June 11:**

*Session 14 – Macroeconomics and the New Economics (1930-1950) – Kevin Hoover*

- Frisch, Ragnar, "Propagation Problems and Impulse Problems in Dynamic Economics," in *Economic Essays in Honor of Gustav Cassel*. London: Allen and Unwin, 1933, selections.
- Mary Morgan, *The History of Econometric Ideas*, chapter 4, selections.
- Lawrence Klein, *The Keynesian Revolution*, selections.
- Lerner, Abba, "Functional Finance and the Federal Debt," *Social Research* 10 (1943), selections.

*Session 15 – The Empirical Microfoundations of Macroeconomics (1945-1970) – Kevin Hoover*

- Friedman, Milton, *A Theory of the Consumption Function*. Princeton: Princeton University Press, 1957, selections.
- Ronald Bodkin, Lawrence Klein, and Kanta Marwah, *A History of Econometric Model Building*. Brookfield, VT: Edward Elgar, 1991, selections.

Supplementary Reading: David Laidler, *The Demand for Money*, chapter 6.

### **Thursday June 12:**

*Session 16 – The Problem of Inflation (1950-1970) – Kevin Hoover*

- A.W.H. Phillips, "The Relation Between Unemployment and the Rate of Change of Money Wages in the United Kingdom 1961-1957," *Economica* NS 25 (1958): 283-99.
- Paul A. Samuelson, and Robert M. Solow, "Analytical Aspects of Anti-inflation Policy," *American Economic Review* 50 (1960), selections.
- Milton Friedman, "The Role of Monetary Policy," *American Economic Review* 58 (1968): 1-17.
- James Forder, "The Historical Place of the 'Friedman-Phelps' Expectations Critique," *European Journal of the History of Economic Thought* 17 (2010): 493-511.

*Session 17 – The Monetarist Counter-Revolution (1955-1975) – Kevin Hoover*

- Milton Friedman and Anna J. Schwartz, *A Monetary History of the United States, 1867-1960*. New York: National Bureau of Economic Research, 1963, chapter 13.
- J. Daniel Hammond, *Theory and Measurement: Causality Issues in Milton Friedman's Monetary Economics*. Cambridge: Cambridge University Press, 1996, selections.
- Nicholas Kaldor, *The New Monetarism*, *Lloyd's Bank Review*, 1970.

Supplementary Reading: James Tobin, "The Monetarist Counter-Revolution Today – an Appraisal," *Economic Journal*, 91 (March 1981): 29-42.

### **7:00pm- Closing Dinner at Tyler's Taproom, Durham**

### **Friday June 13:**

*Session 18 – New Classicals and New Keynesians (1970-1985) – Kevin Hoover*

- David Laidler, "The New-Classical Contribution to Macroeconomics," in David Laidler, *A Macroeconomics Reader*. London: Routledge, 1997, pp. 334-58.
- Robert J. Gordon, "What Is New-Keynesian Economics?" *Journal of Economic Literature*, 28

(September 1990): 1115-71, selected pages.

- James Hartley, Kevin Hoover, and Kevin Salyer, “The Limits of Business Cycle Research,” *Oxford Review of Economic Policy* 13(3), selected pages.

The final hour of Session 18 will be a Summer Institute Wrap-Up – no readings.