

Program and Readings
2015 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 9:30-11:30 am, and the afternoon sessions are from 2:00-4:00 pm. There will be a short break (5-10 minutes) half way through each session.

-During the first week, most of the sessions will consist of a lecture for about an hour, and then discussion after the break. The lectures will be videotaped for future use.

-During the second week, we will “flip the classroom” for Kevin Hoover and Bruce Caldwell’s sessions. Students will be assigned videos to watch and a set of readings for each session. The sessions will then be devoted to discussing issues raised in the videos and readings. (The exception will be Kevin’s session 17, for which there is no video. It will be a standard lecture.)

-For all sessions both weeks, students should prepare a couple of questions for each session that can be used to generate discussion.

Sunday May 31

2-6 pm, Participants arrive and register at Dorm

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

WEEK ONE (June 1-5)

Monday June 1: Introductions

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

Session 2 – Adam Smith and the Classical Roots of Market Failure Analysis – Steve Medema

- Francois Quesnay, *Tableau Economique* (1758, extracts), reprinted in Steven G. Medema and Warren J. Samuels, *The History of Economic Thought: A Reader*, 2nd edn. London: Routledge, 2013, pp. 106-113.
- Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776). Oxford, Oxford University Press, 1976. (pp. 687-688, 724-731, 814-816).
- T.R. Malthus, *An Essay on the Principle of Population* (1798, extracts), reprinted in Steven G. Medema and Warren J. Samuels, *The History of Economic Thought: A Reader*, 2nd edn. London: Routledge, 2013, pp. 210-219.

Tuesday June 2:

Session 3 – Nineteenth Century Developments: J.S. Mill and Henry Sidgwick – Medema

- J.S. Mill, *Principles of Political Economy*. London: Longmans, Green, 1848. (pp. 479-483, 567-591)
- Henry Sidgwick, *The Theory of Political Economy*, 3rd edn. London: Macmillan, 1901. (pp. 395-418)

Session 4 – Market Failure and Economic Welfare: A.C. Pigou and the Pigovian Tradition – Medema

- A.C. Pigou, *The Economics of Welfare*, 3rd edn. London: Macmillan, 1932. (pp. 31-42, 131-135, 172-203, 329-335)
- Francis M. Bator, “The Anatomy of Market Failure,” *Quarterly Journal of Economics* 72 (August 1958), (pp. 351-79).

Wednesday June 3:

Session 5 – The Virginia-Chicago Challenge – Medema

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

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

Session 6 – The Coase Theorem Controversy – Medema

- Stansilaw Wellisz, "On External Diseconomies and the Government-Assisted Invisible Hand," *Economica* 31 (November 1964), (pp. 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), (pp. 503-507).
- G.A. Mumeby, "The 'Coase Theorem': A Reexamination," *Quarterly Journal of Economics* 85 (November 1971), (pp. 718-23).
- E.J. Mishan, "Pangloss on Pollution," *Swedish Journal of Economics* 73 (March 1971), (pp. 113-20).

7:05 pm, Durham Bulls vs. Charlotte Knights baseball game, Durham Bulls Stadium

Thursday June 4:

Session 7 – The Chicago School – Medema

- H. Laurence Miller, "On the Chicago School of Economics," *Journal of Political Economy* 70 (February 1962), (pp. 64-69).
- Melvin Reder, "Chicago Economics: Permanence and Change," *Journal of Economic Literature* 20 (March 1982), (pp. 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.

Session 8 – Imperial Chicago – Eddie Nik-Khah

- Aaron Director, [1953]1964. "The Parity of the Economic Market Place." *Journal of Law and Economics*, 7: 1-10.
- George Stigler, [1973]1975. "Regulation: The Confusion of Means and Ends." In *The Citizen and the State*, Chicago: University of Chicago Press, pp. 167-177.
- George Stigler, 1975. "The Intellectual and His Society." In Richard Selden (ed.), *Capitalism and Freedom: Problems and Prospects*. Charlottesville, VA: University Press of Virginia, pp. 311-321.
- George Stigler, 1976, "Do Economists Matter?" *Southern Economic Journal* 42(3): 347-354.

Friday June 5:

Session 9 – The Chicago School: Still More Different Looks – Medema, Caldwell, Nik-Khah

- 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 (pp. 301-334).
- Edward Nik-Khah, "Neoliberal Pharmaceutical Science and the Chicago School of Economics." *Social Studies of Science*, 2014, 44(4): 489-517.

WEEK TWO (June 8 to 12)

Monday June 8:

Sessions 10 & 11– Will Cover the Following Three Video Lectures – Class time will be devoted to discussion

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

- Antoine Murphy, *The Genesis of Macroeconomics*, ch. 5 (pp. 99-114).

- Arie Arnon, *Monetary Theory and Policy From Hume and Smith to Wicksell*, ch. 17 (pp. 352-356).
- Mary Morgan, *The History of Econometric Ideas*, ch. 2 (pp. 40-68).

Supplementary Reading: Irving Fisher, *The Purchasing Power of Money* (1911), ch. 3.
David Laidler, *Fabricating the Keynesian Revolution*, ch. 5 (pp. 105-116).

The Great Depression: Keynes and His Critics (the 1930s) – Hoover

- J.M. Keynes, *The General Theory of Employment Interest and Money*, (pp 4-17, 27-32, 98-99, 113-119, 135-137, 148-158, 161-163, 199-204, 313-320).

Supplementary Reading: David Laidler, *Fabricating the Keynesian Revolution*, ch. 2.
J.R. Hicks, “Mr. Keynes and the Classics,” in *Critical Essays in Monetary Theory*.

Macroeconomics and the New Economics (1930-1950) – Hoover

- Mary Morgan, *The History of Econometric Ideas*, ch. 3 (pp. 79-100); ch. 4, (pp. 101-130).

Supplementary Reading: Frisch, Ragnar, “Propagation Problems and Impulse Problems in Dynamic Economics,” in *Economic Essays in Honor of Gustav Cassel*, (pp. 171-205).
Lawrence Klein, *The Keynesian Revolution*, (pp. 56-90, 165-187).
Lerner, Abba, “Functional Finance and the Federal Debt,” *Social Research* 10(1), 1943, (pp. 468-478).

Tuesday June 9:

Session 12 – Paul Samuelson and Modern Mathematical Economics – Roger Backhouse

- Paul A. Samuelson *Foundations of Economic Analysis* (Harvard University Press, 1947), chapters 1-2 (and ideally skim the rest to get the flavor of the book as a whole).
- Paul A. Samuelson “How *Foundations* came to be”, *Journal of Economic Literature* 36(3), 1998: 1375-86.
- Roger E. Backhouse “Revisiting Paul A. Samuelson’s *Foundations of Economic Analysis*”, *Journal of Economic Literature* (forthcoming June 2015)

Session 13 – The Empirical Microfoundations of Macroeconomics (1945-1970) – Hoover (video)

- David Laidler, *The Demand for Money*, ch. 6 (pp. 62-76)..
- Ronald Bodkin and Lawrence Klein, *A History of Econometric Model Building*, ch. 3 (pp. 56-80); ch. 4 (pp. 95-108).

Supplementary Reading: Milton Friedman. (1957) *A Theory of the Consumption Function*, (pp. 3-7, 20-37).

Wednesday June 10:

Session 14 – Paul Samuelson and the Keynesian Revolution in America – Backhouse

- Paul A. Samuelson “A synthesis of the principle of acceleration and the multiplier”, *Journal of Political Economy* (1939):pp. 786-97. Reprinted in *Collected Scientific Papers of Paul A. Samuelson*, volume II.
- Paul A. Samuelson “Full employment after the war” in Seymour E. Harris (ed.) *Postwar Economic Problems* (McGraw Hill, 1943): 27-53. Reprinted in *Collected Scientific Papers of Paul A. Samuelson*, volume II.
- Paul A. Samuelson *Economics: An Introductory Analysis* (1st ed., 1948), “Price and cost under monopolistic competition” and “Illustrative patterns of price”, pp. 509-15.
- Roger E. Backhouse “Market power and the financial machine”, *History of Political Economy*, Annual Supplement, *The History of Market Failure*, edited by Steven G. Medema and Alain Marciano (forthcoming December 2015)

Session 15 – The Problem of Inflation (1950-1970) – Kevin Hoover (video)

- 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 (100), 1958, (pp. 283-299).
- Paul A. Samuelson, and Robert M. Solow, “Analytical Aspects of Anti-inflation Policy,” *American Economic Review* 50 (2), 1960, (pp. 187-194).
- Milton Friedman, “The Role of Monetary Policy,” *American Economic Review* 58 (1), (pp. 1-17).

Supplementary Reading: James Forder, “The Historical Place of the 'Friedman-Phelps' Expectations Critique,” *European Journal of the History of Economic Thought* 17(3), 2010, (pp. 493-511).

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

Thursday June 11:

Session 16 – The Monetarist Counter-Revolution (1955-1975) – Kevin Hoover (video)

- Milton Friedman and Anna J. Schwartz, *A Monetary History of the United States*, ch. 13 (pp. 676-700 and charts 62, 64).
- Nicholas Kaldor, *The New Monetarism*, *Lloyd’s Bank Review*, 1970, pp. 1-17.

Supplementary Reading: James Tobin, “The Monetarist Counter-Revolution Today – an Appraisal,” *Economic Journal*, 91(361), March 1981, pp. 29-42.

J. Daniel Hammond, *Theory and Measurement: Causality Issues in Milton Friedman's Monetary Economics*, (pp. 124-139).

Session 17 – New Classical and New Keynesians (1970-1985) – Kevin Hoover – (lecture)

- David Laidler, “The New-Classical Contribution to Macroeconomics,” in David Laidler, *A Macroeconomics Reader*. London: Routledge, 1997, (pp. 334-58).
- James Hartley, Kevin Hoover, and Kevin Salyer, “The Limits of Business Cycle Research,” in Hartley, Hoover, and Salyer, *Oxford Review of Economic Policy* 13(3), (pp. 34-54).

Supplementary Reading: Robert J. Gordon, “What Is New-Keynesian Economics?” *Journal of Economic Literature*, 28(3), September 1990, (pp. 1115-71).

Kevin D. Hoover and Warren Young, “[Rational Expectations: Retrospect and Prospect: A Panel Discussion with Michael Lovell, Robert Lucas, Dale Mortensen, Robert Shiller, and Neil Wallace](#),” *Macroeconomic Dynamics*, 17, 2013. pp. 1169–1192.

6:30 pm, Closing Dinner at Tyler’s Taproom, Durham

Friday June 12:

Session 18 – F. A. Hayek, His Life and Ideas – Bruce Caldwell (video)

- 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 (pp. 93-104).
- 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 (pp. 46-74).

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

11:30am – 2pm, Participants check out of dorm and depart