

## SYLLABUS

### Economics 555 – History of Economic Thought

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#### Procedural Matters

#### 1. COURSE DESCRIPTION AND GOALS

This course will trace the evolution of economic thinking from the Scholastics through the early twentieth century. Major groups and thinkers covered include the Scholastics, the Mercantilists, the Physiocrats, Adam Smith, Thomas Malthus, David Ricardo, Karl Marx and Friedrich Engels, the early Marginalists, Alfred Marshall, John Maynard Keynes, and F.A. Hayek.

Learning Objectives: At the end of this course, the successful student will:

- A. Be able to identify the major ideas associated with each group or thinker studied, and thereby better comprehend the origins of contemporary theory.
- B. Be able to place the theories and ideas studied within the context of the times in which they developed.
- C. Be able to identify theories that radically differ from modern mainstream theory, and thereby recognize that the theoretical basis of economics has been, and continues to be, contested.
- D. Be able to use writing and speaking to clarify your thinking about a subject. In the process, you should become more confident and effective in your communication skills, both written and oral.

#### 2. REQUIRED TEXTS

Henry W. Spiegel, The Growth of Economic Thought. 3<sup>rd</sup> ed. Durham: Duke University Press, 1991.

Adam Smith, The Wealth of Nations. [1776] Chicago: University of Chicago Press, 1976.

Robert Tucker, ed. The Marx-Engels Reader. 2<sup>nd</sup> ed. New York: Norton, 1978.

Bruce Caldwell, Hayek's Challenge: An Intellectual Biography of F.A. Hayek. Chicago: University of Chicago Press, 2004.

William Strunk and E.B. White, The Elements of Style. 4<sup>th</sup> ed. N.Y.: Longman, 2000.

Spiegel is the textbook; the next two are primary sources, the fourth is my own book on Hayek and the Austrian School, and the last is a book about writing. Class handouts and contributions from the secondary literature will be assigned from time to time during the semester. Handouts marked with an asterisk \* are available on Blackboard.

### 3. COURSE STRUCTURE AND REQUIREMENTS:

This class meets both the Writing Intensive and Speaking Intensive requirements for undergraduate students. It also enrolls graduate students, whose requirements will differ from undergraduates. Because of the nature of the class, exemplary (and timely) class attendance and participation is expected of all students. Failure to meet expectations will be sanctioned.

#### A. Undergraduate student requirements:

- Examinations – There will be no exams. You may cheer now.
- Writing requirements – I will ask each of you to hand in four short essays on a topic I assign. Essays are due one week from the night they are assigned. On the first three you will be allowed, and in most cases will be requested, to do a revision before receiving a grade. The last essay will be due on Reading Day, which is one week after the final day of class, and there will be no opportunity for revision. These essays will count 50% of your grade. The debate will also have a writing component.
- Speaking requirements – Besides your contribution to the debate, these will be of two types. First, each student will in the course of the semester do a brief presentation at the beginning of class on the material covered in the last class session, then lead a class discussion on it. Next, students will be evaluated on their participation in these and other classroom discussions. This will count 15% of your grade.
- Classroom debate – Every student will participate in one of two classroom presentations. One will be “The Trial of Adam Smith,” the other is “The Socialist Calculation Debate.” I will provide a detailed handout of these assignments, which have both a written and an oral component. Your contributions here will count 35% of your grade.

#### B. Graduate Student Requirements

- Your requirements are much simpler. You will also answer the four questions assigned during the semester, and you will do a paper on a subject of your choice. Each will count 1/2 of your grade. You may also be asked to do a class presentation I will expect you to participate fully in discussions, but also to be sensitive not to dominate the discussions and intimidate the undergraduates.

On the first and second days of class, and later as appropriate, we will have discussions on speaking and writing. For the second day’s discussion I will ask you to have read the Foreword and Introduction to Strunk and White’s *Elements of Style*. This is a classic; during the course of

the semester every student, undergraduate and graduate alike, should read, and reread, this wonderful “little book.”

What follows is a course outline. We will not be able to cover all of the topics listed, but it’s good for you to see what a full course might cover.

### Outline for History of Economic Thought

#### I. The Early History

- A. The Middle Ages and the Scholastics
- B. Mercantilism – French and English
- C. The Rise of Science and Scientific Method
- D. The French Enlightenment and the Physiocrats

Readings: Spiegel, Chapter 8, pp. 183-200 on Physiocracy, and the handouts noted below  
Optional – Chapters 3, 5, and pp. 119-135 of Chapter 6

\*Handouts: The Middle Ages; Background on Physiocracy, including an excerpt from *The Life of a Simple Man* (the last is not available on Blackboard)

#### II. Adam Smith

- A. Life
- B. The Scottish Enlightenment
  - 1. The Nature of Man
  - 2. The Importance of History
- C. Theory of Moral Sentiments and “Das Adam Smith Problem”
- D. Wealth of Nations

Readings: Wealth of Nations, as follows:

Smith’s Introduction

Book I, Chapters 1-4 and 6-7 complete, Chapter 5, pp. 34-43; Chapter 8, pp. 72-82;

Chapter 9, pp. 98-99, 109-110; Chapter 11, pp. 161-63 & 269-78

Book II, Chapters 1, 3 (pp. 351-65 only), 4

Book IV, Chapters 1, pp. 450-56, 468-473; Chapter 2, pp. 474-80.

Handouts: \*Adam Smith (information on his life and work); *The Wealth of Nations* (Study Questions for the reading).

#### III. Thomas Robert Malthus

- A. Life and Times – Godwin, Condorcet, and the French Revolution
- B. The Essay on Population
- C. The Principles of Economics
- D. Interpretative Issues
  - 1. Was he right about population?
  - 2. Was he a precursor of Keynes?

Readings: Spiegel, Chapter 12, and pp. 286-99 of Chapter 13

Handout: \*Europe from Adam Smith to the Marginalists

#### IV. David Ricardo

- A. Life and Times – Utilitarians, Napoleon, Politics, Corn Laws
- B. Ricardo’s Contributions
- C. Ricardians and the anti-Ricardo reaction
- D. Interpreting Ricardo

Readings: Spiegel, Chapter 14, pp. 308-12, 319-331.

Handout: Ricardo’s Rent Theory (not available on Blackboard)

#### V. Karl Marx

- A. Origins of Marx’s Thought – Hegel, Utopian Socialists, and British Political Economy
- B. Marx’s Laws of Motion of Capitalism – Exposition and Appraisal
- C. The Marxian Tradition – see handout

Readings: \*Handout: “The History of Marxism.” The last page of this contains your assigned readings from Tucker, ed., *The Marx-Engels Reader*.

#### VI. The Marginal Revolution

- A. Hutchison’s analysis of reaction to politics, theory, method
- B. The Early Marginalists – dehomogenizing the emphasis on utility
  - 1. Jevons – utilitarian theory
  - 2. Menger – subjectivism and unintended consequences
  - 3. Walras – general equilibrium and Pareto
  - 4. The German Historical School and the *Methodenstreit*

Readings: Spiegel, Chapter 22, pp. 505-507, 513-524; Chapter 24: Caldwell, *Hayek’s Challenge*, Chapters 1, 2 (pp. 39-42, 53-63 only), 3

#### VII. Alfred Marshall and the Cambridge School

- A. His life, his influence on Cambridge, his economics
- B. The Principles of Economics
- C. The Marginal Revolution Redux – the Mirowski Thesis

Readings: Spiegel, Chapter 25, pp. 563-74; Philip Mirowski, “Physics and the ‘Marginalist Revolution’ ” *Cambridge Journal of Economics*, 1984, vol. 8, pp.361-379.

Handout: \*Alfred Marshall and the Cambridge School

#### VIII. John Maynard Keynes

- A. Life and Times
  - 1. Keynes, Cambridge, and pre-war Britain
  - 2. England in the 1920’s, and the gold standard
  - 3. The evolution of the Treatise
- B. The General Theory and the Keynesian Revolution

Readings: (both found in *History of Political Economy*, 1994, volume 26, no. 1) Bradley Bateman, “In the Realm of Concept and Circumstance,” Peter Clarke, “Keynes in History” Spiegel, Chapter 26, pp. 597-610.

IX. Discordant Currents

- A. American Institutionalism
- B. Methodology of Economics
- C. Hayek and the Austrian School

Readings: Spiegel, Chapter 27, pp. 628-643; Bruce Caldwell, *Hayek's Challenge*, Chapters 8, 10, 11, 13

X. What To Make of the Twentieth Century?

- A. From the Neoclassical Synthesis to Modern Macro
- B. From Arrow-Debreu to Game Theory and the Economics of Information
- C. Metrics
- D. Interpretive Frameworks – Stiglitz, Mirowski, Backhouse, Caldwell

Readings: Caldwell, *Hayek's Challenge*, Chapter 15

XI. Classroom Presentations