

# **Economics Reading Lists, Course Outlines, Exams, Puzzles & Problems**

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Compiled by Edward Tower, *Duke University*, July 1981

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Vol. 24

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## **History of Economic Thought**



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## **History of Economic Thought**



Box 4900  
Duke Station  
Durham, NC 27706 USA

## NOTES TO USERS AND POTENTIAL CONTRIBUTORS

These teaching materials are drawn from both undergraduate and graduate reading programs at 68 major colleges and universities. They are designed to widen the horizons of individual professors and curriculum committees. Some include suggestions for term paper topics, and many of the lists are useful guides for students seeking both topics and references for term papers and theses. Thus, they should enable **faculty members** to advise students more effectively and efficiently. They will also be useful to prospective **graduate students** seeking more detailed information about various graduate programs; to those currently enrolled in programs who are preparing for field examinations; and to **librarians** responsible for acquisitions in economics. Finally, they may be interesting to **researchers** and **administrators** who wish to know more about how their own work and the work of their department is being received by the profession.

The exams, puzzles and problems include both undergraduate and graduate exams contributed by economics departments and individual professors. They should be especially useful to professors making up exams and problem sets and to students studying for comprehensive exams. They may also serve as the focus for study groups.

From time to time we will reprint updated and expanded versions. Therefore, we would welcome new or updated teaching materials, especially those which complement material in this collection or cover areas we missed. Potential contributors should contact Edward Tower, Economics Department, Duke University, Durham, N.C. 27706, U.S.A.

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G = Graduate Course; U = Undergraduate

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## Economics 506 History of Economic Thought

Fall Term 1978  
Graduate Course

Professor W.J. Baumol

1. Smith, Adam, Wealth of Nations, 1776, Book I, Chapters 1, 2, 3, 5, 6, 7, 8 (first 20 pages), 10 (first 17 pages); Book II, Chapter 3; Book IV, Chapters 1, 2, 8.
2. Malthus, T.R., An Essay on the Principle of Population, 1798, Pelican Edition, 1970, Introduction by Anthony Flew, Chapters 1-5, 18, 19.
3. Ricardo, David, On the Principles of Political Economy and Taxation, London, 1817, Chapters I-X, XIX-XXI, XXX-XXXI.
- \* 4. Ricardo, David, Notes on Malthus, Piero Sraffa, editor, Cambridge: Cambridge University Press, 1951, Editor's Introduction and pp. 300-382.
5. Marx, Karl and Friedrich Engels, Manifesto of the Communist Party.
6. Marx, Karl, Capital (3 volumes), New York: International Publishing Company.  
  
Volume I: Author's Prefaces; Chapter 1; Chapter 3, Sections II a, b; Chapter 5; Chapter 6; Chapter 7, Section 2; Chapter 8; Chapter 9, Sections 1, 3, 4; skim Chapter 10; Chapter 15, Section 6; Chapter 16; Chapter 24, Sections 2, 3, 5; Chapter 25.  
  
Volume II: Preface; Chapter 9; Chapter 16, Part 3; pp. 390-396; Chapter 20; pp. 576-9.  
  
Volume III: Preface; Chapters 1, 2, 8, 9, 10, 13, 14, 15, 22, 27, 37, 38, 48.
7. Marx, Karl, A Critique of the Gotha Program, Moscow: Progress Publishers, 1937.

\* On Reserve

THE UNIVERSITY OF WESTERN ONTARIO  
LONDON CANADA

Ronald G. Bodkin

ECONOMICS 350  
History of Economic Thought

September, 1974

Office: 4031, Social Science Centre  
Telephone: 679-2694  
Office Hours: Tuesday, Thursday 10:30-12:00  
Monday 3:30-4:30

Comments on the course: The subject of study in this course will be the thoughts and theories of great economists of the past. This study will be done, both for its own interest and as an aid to the understanding of current economic theory. Each age re-evaluates the great thinkers of the past, and our standards will be present-day economic theories and concepts. Because interpretations can vary widely, it is hoped that the student will read as much of the original writings as time constraints permit. However, some limited introduction to leading current-day commentators will also be provided. There will be a mid-course test and a final examination. A term paper is optional, on an incentive basis: such a paper can only raise (i.e., cannot lower) the student's mark for the course.

Reading List and Course Outline

Text: I. H. Rima, Development of Economic Analysis (Georgetown, Ontario: Irwin-Dorsey Limited, 1972, \$11.95), Revised Edition.

Supplementary Text:

Eric Roll, A History of Economic Thought, Third Edition (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1956).

1. Introduction ( $\frac{1}{2}$  week):
  - a) Rima, Ch. 1.
  - b) Roll, "Introduction."
2. Pre-Renaissance Economics (1 week):
  - a) Roll, pp. 19-53.
  - b) Robert Lekachman, A History of Economic Ideas, Chs. 1, 2.
3. Mercantilists (1 week):
  - a) Rima, Ch. 2.
  - b) Henry William Spiegel, ed., The Development of Economic Thought, selection by Heckscher (on Mercantilism).
  - c) John Maynard Keynes, The General Theory of Employment, Interest, and Money, pp. 333-353.
  - d) S. H. Patterson, Readings in the History of Economic Thought, selection by Bernard de Mandeville.
4. Petty, Cantillon, Hume, and Galiani (1 week):
  - a) Rima, Ch. 3.
  - b) Roll, pp. 98-112, 117 (at bottom) - 125 (at top).
  - c) A. E. Monroe, Early Economic Thought, selections on Ferdinando Galiani and David Hume.
5. The Physiocrats (1 week):
  - a) Rima, Ch. 4.
  - b) Gide and Rist, History of Economic Doctrines, Ch. 1 (selections on the Physiocrats). (Alternatively, Roll, pp. 128-137, may be read.)
  - c) Norman Ware, "The Physiocrats: A Study in Economic Rationalization," American Economic Review, Vol. XXI (1931), pp. 607-619.
  - d) Monroe, Early Economic Thought, selections on François Quesnay and A. R. J. Turgot.

6. Adam Smith (3 weeks):
  - a) Rima, Ch. 5.
  - b) Selection by Douglas (on Adam Smith) in Spiegel, ed., The Development of Economic Thought.
  - c) Adam Smith, The Wealth of Nations (Cannan edition):
    1. Book I, Chs. 1-3
    2. Book I, Ch. 10, Part 1
    3. Book II, Ch. 3
    4. Book IV, Ch. 1
    5. (Optional) Book V, Chs. 1-2 (scan in any case).
  - d) (Optional) Roll, pp. 139-173.
  - e) (Optional) Nathan Rosenberg, "Adam Smith on the Division of Labour: Two Views or One," Economica, N.S., Vol. XXXII, May 1965, pp. 127-140, reprinted in Ingrid H. Rima (ed.), Readings in the History of Economic Theory.
7. T. R. Malthus (1 week):
  - a) Rima, Ch. 6.
  - b) Patterson, Readings, pp. 128-149 (selection by Malthus).
  - c) Spiegel, ed., The Development of Economic Thought, selections by Bonar, Fay and Keynes (on Malthus).
  - d) (Optional) Hansen, Business Cycles and National Income, pp. 229-254. (Discussion of Lord Lauderdale and Malthus.)
  - e) (Optional) Roll, pp. 195-198, 201-211.
8. David Ricardo (2 weeks):
  - a) Rima, Ch. 7.
  - b) Spiegel, ed., The Development of Economic Thought, selection by Marshall (on Ricardo).
  - c) David Ricardo, Principles of Political Economy and Taxation, Ch. 2. (Optional) Chs. 1, 3-8, 19-21, 26-32.
  - d) (Optional) G. J. Stigler, "The Ricardian Theory of Value and Distribution," The Journal of Political Economy, June 1952.
  - e) (Optional) George J. Stigler, "Ricardo and the 93% Labor Theory of Value," American Economic Review, Vol. XLVIII, No. 3 (June 1958).
9. Bentham, Say, James Mill, Senior, Cairnes, and Bastiat (1 week):
  - a) Rima, pp. 131-136 and Ch. 9.
  - b) Roll, pp. 298-302, 332-352.
  - c) Spiegel, Ed., The Development of Economic Thought, selection by Viner (on Bentham and Mill).
10. John Stuart Mill (2 weeks):
  - a) Rima, pp. 136-146.
  - b) John Stuart Mill, Principles of Political Economy:
    1. Book III, Chs. 1-6, 15, 16.
    2. Book IV, Ch. 4.
  - c) Hansen, Business Cycles and National Income, pp. 259-267 (Mill's theory of the cycle).

11. Marx and the Socialists (2 weeks):
  - a) Selection from Sismondi in S. H. Patterson, Readings in the History of Economic Thought, pp. 548-559.
  - b) Rima, Ch. 10.
  - c) Joseph A. Schumpeter, "Marx the Economist," pp. 21-44, Capitalism, Socialism, and Democracy.
  - d) Article on Marx by Veblen in Spiegel, The Development of Economic Thought.
  - e) (Optional) Marx, Capital, Vol. I, Ch. 10 (pp. 255-330 of the Modern Library edition).
  - f) (Optional) Roll, pp. 231-297.
12. Nationalists, the Historical School, Von Thünen, and Cournot (1 week):
  - a) Selection from List in Patterson, Readings, pp. 381-413.
  - b) Rima, Ch. 11.
  - c) (Optional) Roll, pp. 324-326, 328-332.
  - d) (Optional) Article on Cournot by Irving Fisher in Spiegel, The Development of Economic Thought. (Non-abridged version.)
  - e) (Optional) A. H. Leigh, "Von Thünen's Theory of Distribution," Journal of Political Economy, 1946, reprinted in Spengler and Allen, Essays on Economic Theory.
13. Jevons and the Marginal Revolution (1 week):
  - a) Rima, pp. 196-197, 199-205.
  - b) Article on Jevons by Keynes in Spiegel, The Development of Economic Thought.
  - c) Selection from Jevons in Patterson, Readings, pp. 325-351.
  - d) (Optional) Roll, pp. 368-385.
  - e) (Optional) Black, Coats, and Goodwin (eds.), The Marginal Revolution in Economics: Interpretation and Evaluation (passim).
14. The Austrian School: Value and Distribution (1 week):
  - a) Rima, pp. 197-198.
  - b) Article on Menger by Hayek in Spiegel, The Development of Economic Thought.
  - c) G. J. Stigler, Production and Distribution Theories, Chs. 6, 7 (on Menger and Wieser).
  - d) Roll, pp. 385-391, 402-405.
15. The Lausanne School (1 week):
  - a) Rima, pp. 206-212.
  - b) Article on Walras by Hicks in Spiegel, The Development of Economic Thought, OR, Stigler, Production and Distribution Theories, Ch. 9 (on Walras).
  - c) Roll, pp. 391-394, 408-414.
  - d) (Optional) Leon Walras, Elements of Pure Economics (Jaffé Translation), Part II.



16. The Marginal Productivity Theory of Distribution (1 week):
- Rima, Ch. 13.
  - Stigler, Production and Distribution Theories, Ch. 11, OR, Article on J. B. Clark by J. M. Clark in Spiegel, The Development of Economic Thought.
  - Roll, pp. 424-439.
17. Alfred Marshall (2 weeks):
- Marshall, Principles of Economics, Eighth Edition (It is recommended that students buy the Macmillan paperback edition.):
    - Book III
    - Book V, Chs. 1-3
    - Book VI, Chs. 1-3, 11, 12.
  - (Optional) Rima, Ch. 15.
18. Austrian Capital Theory (1 week):
- Article on Böhm-Bawerk by Schumpeter in Spiegel, The Development of Economic Thought.
  - Selection from Böhm-Bawerk in Patterson, Readings, pp. 353-378.
  - Roll, pp. 405-408.
  - Rima, pp. 233-238.
19. The Challenge to Neoclassicism (1 week):
- Rima, Ch. 16.
  - Article on Veblen by Mitchell in Spiegel, The Development of Economic Thought.
  - Thorstein Veblen, The Theory of The Leisure Class:
    - Ch. I, "Introductory"
    - Ch. XIV, "The Higher Learning as an Expression of the Pecuniary Culture."

SIMON FRASER UNIVERSITY

School of Business Administration and Economics

Graduate Course: Economics 807-4

*Methodology in Economic Theory*

Professor Lawrence A. Boland

Fall 1980

READING LIST: [\* indicates highest priority]

I. General Methodology

A. Philosophy of Science

\* Popper, Karl. *Objective Knowledge* (Oxford, 1972) Chapters 1, 3 and 5.

\* \_\_\_\_\_. *Conjectures and Refutations* (Harper Torchbook, 1968) Chapters 1, 2, 3, 10, 11, and 15.

Bartley, W.W. "Theories of Demarcation between Science and Metaphysics" in Lakatos and Musgrave *Problems in the Philosophy of Science*, (1968), pp. 40-65.

\* Agassi, Joseph. "Sensationalism" *Mind*, vol 75, pp. 1-24.

\_\_\_\_\_. "The Novelty of Popper's Philosophy of Science", *International Philosophical Quarterly*, vol 8, pp.442-63.

\_\_\_\_\_. "Unity and Diversity in Science" in Cohen and Wartofsky, *Boston Studies in the Philosophy of Science*, vol. 4 (1969), pp. 463-522.

\_\_\_\_\_. "Science in Flux: Footnotes to Popper", in Cohen and Wartofsky *Boston Studies in the Philosophy of Science*, vol. 3 (1968) pp. 293-323.

Quine, W.V.O. "Two Dogmas of Empiricism" in *From a Logical Point of View* (Harper & Row, 1961) pp. 20-46.

Hempel, Carl. *Philosophy of Natural Science* (Prentice-Hall, 1966).

Boland, Lawrence. "Methodology as an Exercise in Economic Analysis"

*Philosophy of Science* vol 38 (1971) pp. 105-17.

Prisig, Robert. *Zen and the Art of Motorcycle Maintenance* (Bantam)

## B. History of Science

\* Agassi, Joseph. *Towards an Historiography of Science* (History and Theory, beiheft 2. 1963)

Kuhn, Thomas. *Structure of Scientific Revolutions* (Chicago, 1970)

Agassi, Joseph. Review of Thomas Kuhn, *Structure of Scientific Revolutions*, in *Journal of the History of Philosophy* vol 4, (1966) pp. 351-54.

Lakatos, Imre. "History of Science and its Rational Reconstruction" in Buck and Cohen *Boston Studies in the Philosophy of Science*, vol. 8 (1971) pp. 91-136.

## II. General Social Science Methodology

Popper, Karl. *Open Society and its Enemies*, vols 1 & 2. (Harper Torchbook, 1963)

Agassi, Joseph. "Methodological Individualism" *British Journal of Sociology* vol 11 (1960) pp.244-70

\* \_\_\_\_\_. "Institutional Individualism" *British Journal of Sociology* vol 26 (1975) pp. 144-55.

\* Bartley, W.W. "Rationality vs. the Theory of Rationality" in Mario Bunge *Critical Approach to Science and Philosophy* (Free Press, 1964) pp. 3-31.

Jarvie, Ian. *Concepts and Society* (Routledge and Kegan Paul, 1972).

## III. Methodology in Economics

\* Albert, Hans. "The Economic Tradition: Economics as a Research Programme for Theoretical Social Science" in Karl Brunner *Economics and Social Institutions* (Martinus Nijhoff, 1979) pp. 1-27.

Fusfeld, Daniel. "The Conceptual Framework of Modern Economics" *Journal of Economic Issues*, vol 14 (1980) pp. 1-52.

### A. Friedman and Samuelson on Methodology

Friedman, Milton. "Methodology of Positive Economics" in *Essays in Positive Economics* (Chicago, 1953) pp. 3-43.

Samuelson, Paul. "Problems of Methodology: Discussion" *American Economic Review*, Proc. vol 53 (1963) pp. 231-36.

Bear, D.V.T and Orr, Daniel. "Logic and Expediency in Economic Theorizing" *Journal of Political Economy* vol 75 (1967) pp. 188-96.

\* Boland, Lawrence. "A Critique of Friedman's Critics" *Journal of Economic Literature* vol 17 (1979) pp. 503-22.

\_\_\_\_\_. "Satisficing in Methodology" *Journal of Economic Literature* vol 18 (Dec. 1980)

\* \_\_\_\_\_. "Friedman's Methodology vs. Conventional Empiricism" *Journal of Economic Literature* vol 18 (Dec. 1980)

Hirsch, Abraham. "The 'Assumptions' Controversy in Historical Perspective" *Journal of Economic Issues* vol 14 (1980) pp. 99-118.

Boland, Lawrence. "Conventionalism and Economic Theory" *Philosophy of Science* vol 37 (1970) pp. 239-48.



Methodology -- Boland

Samuelson, Paul. "Comment" *Quarterly Journal of Economics* vol 69 (1955) pp. 310-14.

\_\_\_\_\_. *Foundations of Economic Analysis* (Atheneum, 1965) Forward and Introduction

\_\_\_\_\_. "Theory and Realism: A Reply" *American Economic Review* vol 54 (1964) pp. 736-39.

\_\_\_\_\_. "Reply" *American Economic Review* vol 55 (1965) pp. 1164-72.

\* Wong, Stanley. "The 'F-Twist' and the Methodology of Paul Samuelson" *American Economic Review* vol 63 (1973) pp. 313-25.

\_\_\_\_\_. *The Foundations of Paul Samuelson's Revealed Preference Theory* (Routledge & Kegan Paul, 1978)

B. Economic Model Building

Wald, Abraham. "On Some Systems of Equations of Mathematical Economics" *Econometrica* vol 19 (1951) pp. 368-403.

Gordon, D.F. "Operational Propositions in Economic Theory" *Journal of Political Economy* vol 63 (1955) pp. 150-161.

Simon, Herbert. "Causal Ordering and Identifiability" in Hood and Koopmans *Studies in Econometric Method* (Wiley, 1953) pp. 49-74.

Boland, Lawrence. "Economic Understanding and Understanding Economics" *So. African Journal of Economics* vol 37 (1969) pp. 144-60.

\_\_\_\_\_. "Axiomatic Analysis and Economic Understanding" *Australian Economic Papers* vol 9 (1970) pp. 62-75.

\* \_\_\_\_\_. "Uninformative Economic Models" *Atlantic Economic Journal* vol 3 (1975) pp. 27-32.

Methodology -- Boland

\* Hutchison, T.W. *Knowledge and Ignorance in Economics* (Blackwell, 1977) Chapter 4.

C. Testing and Falsifiability in Economics

\* Agassi, Joseph. "Tautology and Testability in Economics" *Philosophy of Social Science* vol 1 (1971) pp 49-63.

Klappholz, K and Agassi, J. "Methodological Prescriptions in Economics" *Economica* vol 26 (1959) pp 60-74.

Lloyd, Cliff. "On the Falsifiability of Traditional Demand Theory" *Metroeconomica* vol 17 (1965) pp 17-23.

\* Boland, Lawrence. "Testability in Economic Science" *So. African Journal of Economics* vol 45 (1977) pp 93-105.

\_\_\_\_\_. "Testability, Time and Equilibrium Stability" *Atlantic Economic Journal* vol 5 (1977) pp 39-48

Mayer, Thomas. "Economics as a Hard Science: Realistic Goal or Wishful Thinking?" *Economic Inquiry* vol 18 (1980) pp 165-78.

D. Methodological Economic History and History of Thought

Gordon, D.F. "The Role of the History of Economic Thought in the Understanding of Modern Economic Theory" *American Economic Review, Proc.* vol 55 (1965) pp 119-

\* Hutchison, T.W. *On Revolutions and Progress in Economic Knowledge* (Cambridge, 1978) Chapter 11

North, Douglass. "Structure and Performance: The Task of Economic History" *Journal of Economic Literature* vol 16 (1978) pp 963-78.

- Boland, Lawrence. "Knowledge and the Role of Institutions in Economic Theory" *Journal of Economic Issues* vol 13 (1979) pp 957-72.
- \* \_\_\_\_\_. "Time in Economics vs. Economics in Time: The 'Hayek Problem'" *Canadian Journal of Economics* vol 11 (1978) pp 240-62.
- \_\_\_\_\_. "An Institutional Theory of Economic Technology and Change" *Philosophy of Social Science* vol 1 (1971) pp 253-58.

E. Applications of Kuhn's Book to Economics

- Bronfenbrenner, M. "The 'Structure of Revolutions' in Economic Thought" *History of Political Economy* vol 3 (1971) pp 136-
- \* Hutchison, T.W. *Knowledge and Ignorance in Economics* Chapter 3.
- \_\_\_\_\_. *On Revolutions and Progress in Economic Knowledge* Chapters 8 and 9.

Economics 801  
History of Economic Thought

Samuel Bowles and Herbert Gintis  
University of Massachusetts at  
Amherst

\* indicates supplementary reading  
(R) indicates on reserve in main library

I. Introduction and Overview

No readings.

II. Physiocracy and the Rise of Economic Thought

- a. On the social history of France just prior to the Revolution you will find the following helpful:
- George Lefebvre, The Coming of the French Revolution (R) (Vintage paperback), pp. 3-44.
- \*Alfred Cobban, The Social Interpretation of the French Revolution (Cambridge University Press paperback), pp. 25-68, see also
- \*Barrington Moore, Jr., Social Origins of Dictatorship and Democracy (Beacon paperback), pp. 40-69.
- b. The best collection of Physiocratic writings available in English is in:
- Ronald L. Meek, The Economics of Physiocracy. (R)  
A good idea of the main elements in the doctrine can be grasped by reading pp. 72-88 and 102-118 of this book.
- A useful discussion of this material is:
- R. Meek, "Introduction to Physiocracy," pp. 15-34; "The Physiocratic Concept of Profit" and "Problems of the Tableau Economique," pp. 265-312 in The Economics of Physiocracy. (R)
- \*C. Gide and C. Rist, A History of Economic Thought Chapter 1, "The Physiocrats," pp. 21-68.
- c. Devote some thought to the relationship between the material in (a) and (b) above. For some general insights into the relationship between the economy and the development of economic thought, read:
- Karl Polanyi, "The Anonymity of the Economy in Early Society," in George Dalton (ed.), Primitive, Archaic and Modern Economies (Anchor Doubleday paperback), pp. 81-95. (This is a selection from a longer essay on Aristotle which appears also in G. Arensberg, H. Pearson, and K. Polanyi (eds.). Trade and Market in the Early Empires) (R).

Then read:

Ronald Meek, The Economics of Physiocracy (R)  
Chapter V, "The Interpretation of Physiocracy," pp. 364-398.

Karl Marx, Theories of Surplus Value (International) (R)  
"The General Character of the Physiocratic System". "Turgot".

\*N.J. Ware, American Economic Review, Dec., 1931  
"The Physiocrats: A study in Economic Rationalization,"  
pp. 607-619.

### III. Ricardian Economics

- a. If you have not studied the economic history of the late-18th century and the early 19th century in England, you should look at one of the standard sources. A good quantitative base can be found in:

\*Phyllis Deane and W.A. Cole, British Economic Growth, 1688-1959.

On the assumption that most of this is already under your belt, read:

Maurice Dobb, Studies in the Development of Capitalism (R)  
(New World paperback), pp. 1-17.

Karl Polanyi, The Great Transformation (R)  
(Beacon paperback), pp. 68-76.

\*Barrington Moore, Jr., Social Origins of Dictatorship and Democracy (Beacon paperback) pp. 20-39.

The intellectual milieu of the period is described well in:

\*Elie Halevy, The Growth of Philosophical Radicalism  
(Beacon paperback), esp. pp. 88-120, 264-281, 313-373.

- b. A critical element in the evolution of the body of English classical economics--one which distinguished the body of thought from the physiocratic school--was the development of a theory of profit. Read:

Ronald Meek, Economics and Ideology (R)  
(Chapman & Hall), pp. 18-33, "Adam Smith and the Classical Theory of Profit".

Maurice Dobb, Theories of Value and Distribution Since Adam Smith (R) (Chapter 2, pp. 38-64.)

- c. On the Ricardian theory:

David Ricardo, The Principles of Political Economy and Taxation. (R) Preface - Chapters 1,2,5,6 (Everyman edition: pp. 1-45 and 52-77).

On What Ricardo wrote:

M. Dobb, Theories of Value and Distribution Since Adam Smith (R)  
(Cambridge University Press, 1973).

\*P. Sraffa with M. Dobb, The Works and Correspondence of David Ricardo (9 vols)

R. Meek, Studies in the Labor of Value, Chapter 3, pp. 82-120.

T. deQuincey, "Ricardo Made Easy: or What is the Radical Difference between Ricardo and Adam Smith", (c1335) (R).

As supplement to Ricardo's own writings, a good modern treatment is:

\*Mark Blaug, Ricardian Economics (R)  
Chapters 2 & 3, pp. 6-63.

\*George Stigler, "The Ricardian Theory of Value and Distribution," in Journal of Political Economy, June 1962, reprinted in Stigler, Essays in the History of Economics (University of Chicago Press) (R) pp. 156-197.

- d. An interpretation of the relation between value theories and distribution theories, and of the classical school of political economy in light of these considerations, can be found in:

M. Dobb, Political Economy and Capitalism (R)  
Chapter 1, "Requirements of a Theory of Value"  
Chapter 2, "Classical Political Economy," pp. 1-54.

For a view critical of the position taken in Dobb's first essay, read:

\*Joan Robinson, Economic Philosophy (Doubleday paperback)  
Chapter II, "The Classics: Value," pp. 26-47.

- e. On the social history of England during and after the heyday of Ricardian economics, read:

\*C.R. Fay, The Corn Laws and Social England, esp. pp. 28-44, 78-120, 135-155.

G.D.H. Cole and R. Postgate, The British Common People 1746-1946 (R) (University paperback)  
Chapter XXIII, "The New Poor Law and the Rise of Chartism," pp. 272-291.  
Chapter XXV, "The Common Laws and the Chartist Decline," pp. 309-327.

On the evolution of economic thought in the Ricardian and post-Ricardian period:

M. Dobb, Theories of Value and Distribution Since Adam Smith (R)  
Chapter 4, pp. 96-120.

R. Meek, "The Decline of Richardian Economics of England," in Economica. Vol. XVII, No. 65, Feb. 1950. pp. 43-62. (also appears in Meek, Economics and Ideology) (R)

\*M. Blaug, "The Classical Economists and the Factory Acts," in Quarterly Journal of Economics, 1958, pp. 211-226.

M. Blaug, Richardian Economics, Chapters 7 & 8, pp. 129-164 and pp. 182-188 and pp. 221-229. (R)

\*R. Meek, The Economics of Physiocracy (R)  
"Physiocracy and the Early Theories of Underconsumption" and  
"Physiocracy and Classicism in Britain," pp. 313-363.

\*Harriet Martineau, Conversations on Political Economy (London, 1839).

\*Thomas Hodgskin, Labour Defended Against the Claims of Capital (London, 1825 reprinted Ed. GDH Cole London, 1922).

#### IV. Marx: Historical Materialism

- a. Some aspects of the relation between Marxist theory and classical political economy are discussed in:

Maurice Dobb, Political Economy and Capitalism (R)  
Chapter 3, "Classical Political Economy and Marx," pp. 49-56  
(reprinted in D. Horowitz, Marx and Modern Economics  
(Monthly Review Press, NY, 1968).

- b. For an overview of Marx's approach, read either (or both, they are not really substitutes):

Karl Marx, A Contribution to the Critique of Political Economy  
Appendix, "Introduction to the Critique of Political Economy,"  
(reprinted in D. Horowitz, Marx and Modern Economics, pp. 21-41)

R. Meek, Economics and Ideology (R)  
"Karl Marx's Economic Method," pp. 93-112.

- c. Karl Marx, "Preface Contribution to the Critique of Political Economy," Selsam, Goldway and Martel, The Dynamics of Social Change, (SGM) (R) (International) pp. 52-53.

Paul Baran and Eric Hobsbawm, "The Method of Historical Materialism," in Richard Edwards, Michael Reich, and Thomas Weiss, The Capitalist System (ERW) (Prentice-Hall) pp. 54-56. (R).

Karl Marx and Frederick Engels, The Communist Manifesto  
"Bourgeois and Proletarians," pp. 43-51 in Selsam, et. al. (R)

#### V. Value and Exploitation

- a. Classes and Class Conflict.

R. Bendix and S.M. Lipset, Class, Status, and Power (R)

"Karl Marx's Theory of Social Classes," pp. 6-11, see also  
Karl Marx, "A Note on Classes" in Bendix and Lipset, and  
E.H. Thompson, The Making of the English Working Class  
(paperback) (R) pp. 9-11.

- b. On Marx's theory of value and distribution read

Karl Marx, Value, Price and Profit (paperback) (R)  
Introduction, pp. 5-7.  
Sections VI-XIV, pp. 29-62.

Karl Marx, Capital (R) Vol. I, Ch. 6, 7, pp. 167-198. (read also p. 166).

A. Medio, "Profits and Surplus Value: Appearance and Reality in Capitalist Production," in E.K. Hunt and J. Schwartz, A Critique of Economic Theory (R) (Penguin paperback) pp. 312-330; 330-344 (optional).

K. Marx, Capital I Ch. 24, Sections 1-4. pp. 612-647.

- c. Clarification of Marx's concepts of "increasing mystery" and the falling rate of profit can be found in:

R. Meek, Economics and Ideology (R) pp. 113-142.

- d. For an early critique, read:

\*E. Bohm-Bawerk, Karl Marx and the Close of his System  
Chapter IV, "The Error in the Marxian System: its Origin and Ramifications," (pp. 64-101 in the Augustus Kelley, ed., edited by Paul Sweezy).

If you want modern treatments of the more purely economic aspect of the Marxian theory, you might try:

\*Joan Robinson, An Essay on Marxian Economics (Macmillan paperback)

\*Paul Sweezy, The Theory of Capitalist Development (paperback).

\*David Horowitz, ed., Marx and Modern Economics (Monthly Review Press, 1968).

- e. To see how Marx applied the theory to a concrete problem, read:

Karl Marx, Capital I (R) Chapter 10, "The Working Day," (New World paperback) Sections 1, 6, and 7 - pp. 231-235, 278-302.

and contrast this with:

M. Blaug, "The Classical Economists and the Factory Acts," in Quarterly Journal of Economics, 1958, pp. 211-226.

#### VI. Marx: Alienation and Commodity Fetishism

- a. Introduction to the theory of alienation and fetishism:

Vernon Venable, Human Nature: The Marxist View (R) (Meridian)  
Chapters 2, 5, 6, and 7. pp. 13-27 and 49-84.

Karl Marx, Economic and Philosophical Manuscripts of 1844, reprinted in ERW (R) "Alienated Labor," pp. 107-110.

Karl Marx, Capital, Vol. I (R) (Int. Pub. ed.) Chapter 1, Section 4, pp. 71-83, "Commodity Fetishism and the Secret Theorof."

b. Some modern treatments:

Freddy Perlman, "Introduction" to I.I. Rubin, Essays in the Marxist Theory of Value (Red and Black Books, 1972), (R).

Samuel Bowles and Herbert Gintis, "Class Power and Alienated Labor," Monthly Review, March 1975. (R).

VII. The Emergence of the Neoclassical School

a. The Historical Setting. Read one of the following three:

Karl Marx and V.I. Lenin, Civil War in France -- The Paris Commune (R) (International Publishers) "Introduction" by Engels, pp. 9-22.

David Montgomery, Beyond Equality: Labor and the Radical Republicans, 1862-1872 (R) (Vintage Books, 1967) Chapter VI, "The Hours of Labor and the Question of Class," pp. 230-260.

Jerry Brecher, Strike! (R) (Straight Arrow Books, San Francisco 1972) Chapter I.

\*Robert H. Wiebe, Businessmen and Reform (Quadrangle Books, Chicago 1968) Preface, pp. VII-IX. Chapter 1, "A Setting for Progressivism," pp. 1-15. Chapter 2, "An Age of Organization," pp. 16-41. Chapter 7, "Labor," pp. 157-173.

\*John Tipple, The Capitalist Revolution: A History of American Social Thought, 1890-1919. Chapter I, "The Capitalist Revolution," pp. 14-49.

b. An Overview of the School

J.A. Schumpeter, The Theory of Economic Development (1911) (R) Chapter I, pp. 3-55. Chapter 4, pp. 128-156.

\*M. Blaug, Economic Theory in Retrospect (R) Chapter 8, "Jevons and the Marginal Revolution," pp. 272-301.

Bohm Bawerk, Capital and Interest, Vol. I (1884) (R) Chapter I, "The Problem of Interest," pp. 1-7. Chapter XV, "Final Conclusions," pp. 348-354.

von Wiser, "The Theory of Value: A Reply to Prof. Macvane" (1891-92) (R)

\*K. Wicksell, Lectures on Political Economy, Vol. I (1901) Chapter I, Section 5, pp. 72-83, "The Gain from Free Exchange"

\*W.S. Jevons, The Theory of Political Economy, Chapter 4, pp. 75-166.

c. Overall Interpretation

R. Meek, Studies in the Labor Theory of Value (R) "The Marginal Revolution and Its Aftermath," (also in Hunt and Schwartz, (R) A Critique of Economic Theory, pp. 83-98).

M. Dobb, Political Economy and Capitalism, (R) Chapter V, "The Trend in Modern Economics," pp. 127-184.

Joan Robinson, Economic Philosophy (R) Chapter III, "The Neoclassics: Utility," pp. 40-69.

d. For a contemporary critique, see

N. Bukharin, The Economic Theory of the Leisure Class (1919) (R) (Monthly Review Press paperback) Introduction, pp. 15-34 Chapter 1, pp. 35-58. Chapter 6, pp. 156-161.

VIII. Neoclassical Distribution Theories: Labor

a. We assume that you are quite familiar with the basic writings in this area. For some of the original formulations, see

K. Wicksell, Lectures on Political Economy, Vol. I (R) pp. 101-133 and 147-157, and/or

G. Stigler, Production and Distribution Theories, (R) Chapter on J.B. Clark, pp. 296-319.

Some of the ethical propositions often implicit in popular versions of the marginal productivity theory are explicitly in:

\*J.B. Clark, The Distribution of Wealth pp. 1-9.

M. Blaug, Economic Theory in Retrospect, (R) Chapter II, "Marginal Productivity Theory of Distribution," pp. 403-448.

b. For two more modern extensions, see

\*J.R. Hicks, The Theory of Wages (1932) Chapter VI, "Distribution and Economic Progress," pp. 112-135.

G. Becker, Human Capital (1964) (R) Chapter II, "Investment in Human Capital," pp. 7-36.

For a Marxian critique of Becker, see

S. Bowles and H. Gintis, "The Problem with Human Capital Theory", American Economic Review, May 1974, (R).

c. For various alternative views, see:

N. Kaldor, "Alternative Theories of Distribution," Review of Economic Studies Vol. XXIII, No. 2, 1955-56; reprinted in Kaldor, Essays on Value and Distribution. (The earlier part of this article is a useful survey of Ricardian, Marxian, and marginal productivity theories of distribution) (R).

\*I. Rubin, Essays in the Marxist Theory of Value

\*W. Arthur Lewis, "Economic Development with Unlimited Supplies of Labor," Manchester School, Vol. 22, 1954; reprinted in Agarwala and Singh reader on economic development; and

\*W. Arthur Lewis, "Unlimited Labor: Further Notes," Manchester School, Vol. 26, 1958.

Neoclassical Theories of Distribution: Capital

- a. The basic writings of the Austrian School, as well as those of Fisher and J.B. Clark, are discussed in:

Mark Blaug, Economic Theory in Retrospect (R) pp.449-490 and \*490-520.

If you have not read the basic literature in this field and would like to, begin with

\*E. Bohm-Bawerk, Positive Theory of Capital books, 2, 3, and 4 (Chapter I, and parts 4 and 5 of chapter 2).

\*Irving Fisher, Theory of Interest Chapters 4, 7, 10 and 11.

\*K. Wickseil, Lectures on Political Economy, Vol. I.

- b. A Contemporary critique

T. Veblen, "Professor Clark's Economics," (1908) in Hunt and Schwartz (R) pp. 172-185.

\*C.E. Ayres, The Theory of Economic Progress (R) Chapter 3, "Capital," pp. 39-61.

- c. An interpretation of the relationship between capital productivity, time preference, and the interest rate in the long run is offered in:

\*W. Leontief, "A Theoretical Note on Time Preference, Productivity of Capital, Stagnation, and Economic Growth," in American Economic Review Vol. XLVII, No. 1, March 1958.

- d. A modern attempt to reorient the study of capital theory around the rate of return rather than capital itself is:

\*Robert Solow, Capital Theory and the Rate of Return, pp. 16-36.

A simple modern survey of capital theory may be found in:

\*Donal Dewey, Modern Capital Theory

- e. The modern Cambridge controversy:

E. Nell, "Property and the Means of Production: A Primer on the Cambridge Controversy," in Rev.Rad.Pol. Econ., Summer 1972 (R) pp. 1-27.

\*G.C. Harcourt, "Some Cambridge Controversies in the Theory of Capital," in Journal of Economic Literature, June 1969, Vol. VII, No. 2.

E.K. Hunt and Jesse Schwartz, A Critique of Economic Theory (R) (Penguin) Selections \*8 (Dobb), 9 (Nuti), 10 (Robinson), pp. 205-244.

\*P. Garegnani, "Heterogeneous Capital The Production Function, and the Theory of Distribution," in Hunt and Schwartz (R) pp. 245-281.

R. Meek, Economics and Ideology (R)

Bob Rowthorn, "Vulgar Economy," in Bulletin of the Conference of Socialist Economists, Spring 1973. (R), Appears also in New Left Review, 1974.

X. Property, Equity, and Value.

Basic readings on the development of property theory:

Richard Schlatter, Private Property: The History of an Idea \*Chapter VI, The Seventeenth Century, pp. 124-150.  
Chapter VI, The Natural Right of Property, pp. 151-161.  
Chapter VIII, The Classical Theory in the Eighteenth Century, pp. 162-187, 205-238.

\*Thomas Hobbes, Leviathan (Meridian Books, NY 1963)  
Introduction, Chapters 13, 14, 15, and 24; pp. 141-168, 59-60.

John Locke, The Second Treatise of Government, Book II  
Chapters I - V.

Some modern formulations:

Milton Friedman, Capitalism and Freedom Chapter I.

F. Bator, "The Simple Analytics of Welfare Maximization," American Economic Review (AER), March 1957.

\*John Rawls, "Justice as Fairness," in Laslett and Runceman (eds.), Philosophy Politics and Society, pp. 132-157.

XI. Utility, Welfare, and the Theory of the State

- a. For an overview read:

G. Stigler, Essays in the History of Economics (R) (University of Chicago Paperback) "The Development of Utility Theory," pp. 66-148.

F. Bator, "The Simple Analysis of Welfare Maximization," in American Economic Review, March 1957. (R).

\*H. Myint, Theories of Welfare Economics

\*M. Dobb, Welfare Economics and the Economics of Socialism, Ch. 2, pp. 9-26.

- b. Original sources are:

\*A. Marshall, Principles of Economics

\*A. Pigou, The Economics of Welfare

\*J. Hicks, Value and Capital (1938) Chapter 1, "Utility and Performance," pp. 11-25.

\*K. Arrow, Social Choice and Individual Values

\*P.A. Samuelson, Foundations of Economic Analysis

c. Critiques:

E.K. Hunt, "Economic Scholasticism and Capitalist Ideology," in Hunt and Schwartz, (R), pp. 186-193.

Herbert Gintis, "Neoclassical Welfare Economics and Individual Development," in QJE, February 1972. (R).

Herbert Gintis, "Consumer Behavior and the Concept of Sovereignty," in AER, May 1972. (R).

\*J. deGraff, Theoretical Welfare Economics

\*I.D.M. Little, A Critique of Welfare Economics

\*T. Veblen, "The Limitations of Marginal Utility," in JPE, XVII, Nov. 1909 pp. 620-636.

d. The Theory of the State

Paul Sweezy, The Theory of Capitalist Development (R) pp. 239-253.

\*V.I. Lenin, State and Revolution, (International Publishers paperback) Chapter 1, pp. 7-20.

\*Richard Musgrave, The Theory of Public Finance, pp. 3-22 or

\*Otto Eckstein, Public Finance (Prentice-Hall Foundations of Modern Economics Series) Chapter 1, pp. 3-19.

Samuel Bowles, "Economists as Servants of Power: The Poverty of 'Policy'", AER, May 1974.

\*P. Bachrach & M. Baratz, The Theory of Democratic Elitism

\*S. Fine, Laissez-Faire and The Rise of the General Welfare State

II. Keynes

J.M. Keynes, The General Theory of Employment, Interest and Money (1936) Chapter 24, pp. 272-284 (R)

J.M. Keynes, Essays in Persuasion (R)

"The End of Laissez-faire," pp. 312-322. "Economic Possibilities of our Grandchildren," pp. 358-374.

\*L. Klein, The Keynesian Revolution, (1947), Chapter 7, pp. 165-189. Paul Baran and Paul Sweezy, Monopoly Capital (R) Chapter 8, "On the History of Monopoly Capitalism," pp. 218-244.

Herbert Stein, The Fiscal Revolution in America (R) pp. 3-5, and 454-468.

Paul Sweezy, "John Maynard Keynes," and "The First Quarter Century," in Robert Leackman (ed.), Keynes' General Theory: Reports of Three Decades (NY: St. Martins Press, 1964) pp. 297-314. (R)

M. Kalecki, "Political Aspects of Full Employment" Political Quart. Vol. XIV. No. 4, 1948 Herbert Gintis, "American Keynesianism and the War Machine," in David Mermelstein (ed.), Readings in Political Economy (NY: Random House, 1970), (R)

\*Raford Boddy and James Crotty, "Class Conflict and Macro Policy: The Political Business Cycle," RRPE, 1975 (R) (mimeo) pp. 1-2, 12-38.

\*Ellis W. Hawley, The New Deal and the Problem of Monopoly, (NJ: Princeton University Press, 1966). Chapter 1, pp. 3-18. Chapter 7, pp. 130-146. Chapter 15, pp. 288-803, Conclusion, pp. 472-494.

\*Alvin Hansen, The Post-War American Economy, Chapters 1-3, pp. 3-55.

XIII. Economics, Science and Ideology

For a stimulating view of the ways in which scientific thought has developed, read:

\*Thomas Kuhn, The Structure of Scientific Revolutions (Phoenix paperback) Chapter 1-5, pp. 1-51.

For a view of the evolution of economic thought, read:

O. Lange, Political Economy (R)

Chapter VII, "The Social Conditioning and the Social Role of Economic Science," pp. 278-308 and 314-315.

R. Meek, Economics and Ideology (R)

"Economics and Ideology," pp. 196-224.

J. Schumpeter, History of Economic Analysis (R)

Chapter 4, Part 1, "Is History of Economics a History of Ideologies?" pp. 34-47.

M. Dobb, Theories of Value and Distribution Since Adam Smith (R) Chapter 1, pp. 1-37.

J. Robinson, Economic Philosophy (R)

Chapter 1, pp. 7-28.



## Economics 216

## The History of Economic Analysis from Smith to Marshall

Spring 1979

J. W. Friedman

## Books to buy:

Smith, Adam, The Wealth of Nations  
 Ricardo, David, Principles of Political Economy and Taxation  
 Sowell, Thomas, Classical Economics Reconsidered  
 Marx, Karl, Karl Marx: Selected Writings ed: David McLellan  
 Marshall, Alfred, Principles of Economics

All books except Marshall's Principles should be available at the bookstore. Marshall is available in the Economics Department office.

Smith, Books I (except for the digression on silver in chap. xi), II, Ricardo, chaps. I-VII, XX, XXI, XXIV, XXX, XXXI.  
 Sowell  
 Marx, 18 The Communist Manifesto, 19 Wage-Labour and Capital, 32 Capital.  
 Marshall, Books I, III, V.

## Supplementary Readings

## Biographical

Keynes, John Maynard, Essays in Biography, essay on Alfred Marshall.  
 Schumpeter, Joseph, Ten Great Economists, chapters on Marx and Marshall.  
 International Encyclopedia of the Social Sciences (IESS), articles on Smith, Ricardo, Marx and Marshall.  
 Ricardo, David, Works and Correspondence, vol. X, pp. 1-106.

## Nonbiographical secondary sources

Blaug, Mark, Economic Theory in Retrospect.  
 Schumpeter, Joseph, History of Economic Analysis.  
 IESS, articles on Economic Thought.

Depending on how the course progresses, other readings may be assigned.

## Economics 657 The Development of Classical Economics to 1870 Mr. Fus

- I. Read any one of the following comprehensive textbooks, the section on Classical Economics only.

John F. Bell, History of Economic Thought.  
 Eric Roll, A History of Economic Thought.  
 Irene H. Rima, Development of Economic Analysis.  
 Mark Blaug, Economic Theory in Retrospect.  
 Robert B. Ekelund, Jr. and Robert F. Hebert, A History of Economic Theory and Method.

- II. Classical Economics.

Adam Smith, An Inquiry Into the Nature and Causes of the Wealth of Nations.

Book I (except pp. 176-242); Book II; Book III, Ch. 1; Book IV, Ch. 1 (parts I-II and pp. 767-768) and Ch. 2 (pp. 769-779).  
 Page references are to the Modern Library Giant edition.

Jeremy Bentham, "The Psychology of Economic Man," in Werner Stark (ed.), Jeremy Bentham's Economic Writings, Vol. III, pp. 419-450.

Thomas R. Malthus, An Essay on the Principle of Population, 1st ed. Ch. 1-2, 4-8, 19-21, 31.  
 David Ricardo, Principles of Political Economy and Taxation. Ch. 1-2, 4-8, 19-21, 31.

Jean Baptiste Say, A Treatise on Political Economy, Ch. 15.

Henry Thornton, An Enquiry Into the Nature and Effects of the Paper Credit of Great Britain, Ch. 8-10.

Thomas R. Malthus, Principles of Political Economy, Book III.

John Stuart Mill, Principles of Political Economy, Bk. I; Bk. II, Ch. 1-4, 9, 15-16, Bk. III, Ch. 1-6, 14, 17-18; Bk. IV; Bk. V. Ch. 11.

Wesley Mitchell, Types of Economic Theory, Vol. I.

- III. Karl Marx.

Karl Marx and Friedrich Engels, The Communist Manifesto.

Karl Marx, Wage-Labor and Capital; Value, Price and Profit; Capital, Vol. I.

Topics for Papers

- I. Write papers on each of the following topics, no more than 500 words each (two typewritten pages).
  1. Briefly explain Adam Smith's view of the place of the individual in the social order.
  2. Adam Smith's economic theories could lead to either economic harmony or economic conflict. Explain.
  3. How does the modern economist resolve Smith's paradox of value?
  4. To what extent do Bentham's theories of individual behavior still pervade modern economics. Explain.
  5. Is the theory of population in Malthus's First Essay a theoretical proposition or an empirical law? Explain.
  6. Briefly summarize Ricardo's theory of value.
  7. The classical economists generally accepted Say's Law of markets rather than Malthus's theory of gluts. Why?
  8. Explain the importance of John Stuart Mill's separation of laws of production from laws of distribution.
  9. Briefly state the essential elements of Marx's critique of capitalism.
  10. In what ways does Marx's labor theory of value differ from Smith's? Ricardo's?
- II. Write a paper of 3-5,000 words on a topic to be selected in consultation with the instructor.

1. General text: One of the following:

Mark Blaug, *Economic Theory in Retrospect*, Ch. 8-16.  
John F. Bell, *History of Economic Thought*, Ch. 16-26.  
Irene H. Rima, *Development of Economic Analysis*, Ch. 12-21.  
Eric Roll, *History of Economic Thought*, pp. 318-342 and Ch. 8-11.  
Robert F. Ekelund, Jr. and Robert F. Hebert, *History of Economic Theory and Method*, Ch. 10-17.

2. Neoclassical Economics

W. Stanley Jevons, *Theory of Political Economy*, Ch. 2-3.  
Karl Menger, *Principles of Economics*, Ch. 3.  
Leon Walras, *Elements of Pure Economics*, pp. 92-98; 115-125; 237-257.  
Alfred Marshall, *Principles of Economics*  
Bk. I; Bk. III; Bk. IV, Ch. 1-3, 7-11, 13; Bk. V, Ch. 1-5,  
8-9, 12-13, 15; Bk. VI, Ch. 1-2, 11-13.  
John B. Clark, *The Distribution of Wealth*, Ch. 1, 3-8, 11-13, 21-22, 25.  
Irving Fisher, *The Purchasing Power of Money*, Ch. 1-8, 13.

3. Institutional Economics

Thorstein Veblen, *The Theory of the Leisure Class*.  
*The Theory of Business Enterprise*.

4. Development of the Neoclassical Model

Joseph Schumpeter, *The Theory of Economic Development*.  
Joan Robinson, *The Theory of Imperfect Competition*.  
or  
Chamberlin, *The Theory of Monopolistic Competition*.  
Frank H. Knight, *Risk, Uncertainty and Profit*.  
Lionel Robbins, *The Nature and Significance of Economic Science*.

5. Keynesian Economics

John M. Keynes, *The General Theory of Employment, Interest and Money*,  
Ch. 1-3, 8-13, 18, 24.  
Abba P. Lerner, *The Economics of Control*, Ch. 24.

## Topics for Papers

I. Write papers on each of the following topics, no more than 500 words each (two typewritten pages).

1. Of the three "originators" of the concept of marginal utility—Jevon, Menger, Walras— which one made the best statement of the idea? Why?
2. In his theory of demand, why is it necessary for Marshall to insist on holding the marginal utility of money constant? How does this assumption affect the applicability of the theory?
3. What is the significance of the "law of increasing returns" in Marshall's economics?
4. Is Marshall's analysis a general equilibrium model or a partial equilibrium model? Explain.
5. Is the theory of marginal productivity correct? Explain.
6. Discuss: Fisher's Purchasing Power of Money both validated and undermined Say's Law of Markets.
7. In what respects does Veblen's work challenge the validity of neoclassical economics? Are his criticisms applicable to contemporary economic theory? Explain.
8. Is imperfect (or monopolistic) competition a special case or the general case? Explain.
9. Did Schumpeter and Knight succeed in transforming neoclassical economics into a dynamic rather than a static system? Explain.
10. Which is a better definition of the nature and scope of economics, Marshall's or Robbin's? Why.
11. Is investment determined by the savings made by consumers, or are savings determined by the investment decisions of business firms? Explain.
12. Is "functional finance" inflationary? Explain.

II. Write a paper of 3-5000 words on a topic to be selected in consultation with the instructor.

History of Economic Thought  
(Undergraduate)

## Mercantilism

William Petty, Verbum Sapienti [1664], Introduction and chapters 1, 2, 5-7, 9-10, in The Economic Writings of Sir William Petty, ed. C. H. Hull (New York, 1963), volume I.

## Physiocracy

Francois Quesnay, Tableau Economique [1758], translated by R. L. Meek and M. S. Kuczynski (New York, 1972), Part I and Conclusion.

## Classical Economics

William J. Barber, A History of Economic Thought (New York, 1967), Part I.

David Hume, 'Refinement in the Arts,' 'Money,' 'The Balance of Trade,' in Writings on Economics, ed. Eugene C. Rotwein (Edinburgh, 1955).

Adam Smith, The Wealth of Nations [5th ed., 1789], Introduction; Book 1, entire; Bk. 5, pts. 1-3.

David Ricardo, The Principles of Political Economy and Taxation [3rd ed., 1821], chs. 1-6, 30.

T. R. Malthus, Of Population [1st ed., 1798], chs. 1-8, 13-15.

J. S. Mill, Principles of Political Economy (ed. W. J. Ashley), Bk. 1, chs. 1-5; Bk. 2, chs. 1-2; Bk. 3, chs. 1-4; Bk. 5, chs. 8-11.

## Neo-Classical Economics

Barber, op. cit., pt. 3.

W. J. Jevons, The Theory of Political Economy [4th ed., 1911], chs. 3, 4, 7.

Alfred Marshall, Principles of Economics [8th ed., 1920], Bk. 5, chs. 2-6, 8-9.

## Marxism

Karl Marx and Friedrich Engels, Manifesto of the Communist Party [1848], chs. 1-2.

Marx, Capital, I [1867], chs. 1, 7, 12, 25.

Barber, op. cit., pt. 2.

## The Austrian School

Carl Menger, Principles of Economics [1871], trans. J. Dingwall and B. F. Hoselitz (Glencoe, 1950), chs. 1-3.

Eugen von Bohm-Bawerk, The Positive Theory of Capital [1888], trans. W. A. Smart (London, 1891), Bk. 1, ch. 4; Bk. 2, chs. 1-3; Bk. 7.

## The Lausanne School

Leon Walras, Elements of Pure Economics [1926], trans. William Jaffe (Homewood, 1954), Lessons 5-8, 12, 20.

Vilfredo Pareto, Manual of Political Economy, trans. A. S. Schweir (New York, 1971), chs. 3, 4, 5 (pp. 281-92).

History of Economic Thought  
(Graduate)

## 1. MERCANTILISM

Francesco Patrizi, A Moral Methode of civile Policie. Etc. [1480], trans. Rycharde Robinson (London, 1576), pp. 1-11.

[John Hales], A Discourse of the Common Weal of this Realm of England [1549], ed. Elizabeth Lamond (Cambridge, 1893), 'The Second Dialogue.'

William Petty, Verbum Sapientii [1664], intro., Chs. I, II, V-VII, IX-X, in The Economic Writings of Sir William Petty, ed. C. H. Hull (New York, 1963), I. [Dudley North], Discourses upon Trade; etc. [1691] A Reprint of Economic Tracts ed. J. H. Hollander (Baltimore, 1907).

Mark Blaug, Economic Theory in Retrospect (Homewood, 1962), pp. 8-24.

W. D. Grampp, Economic Liberalism (New York, 1965), I, Ch. 2.

## 2. PHYSIOCRACY

Francois Quesnay, Tableau Economique [1758], English trans. in Early Economic Thought ed. A. E. Monroe (Cambridge, 1927, and Source Readings in Economic Thought, ed.

P. C. Newman, et al. (New York, 1954).

Blaug, op. cit., pp. 24-29.

A. R. J. Turgot, Reflections on the Formation and the Distribution of Riches [1766] (New York, 1963), entire.

## 3. CLASSICAL ECONOMICS

## a. The Origins

The Discourses of Epictetus, trans. P. B. Matheson, Bk. 1, chs. 1-4, 15-20, 24-28.

Cicero, De officiis, trans. C. W. Keyes. Bk. 1.

Grampp, op. cit., I, ch. 1.

## b. The Classical School

David Hume, 'Of Commerce,' 'Refinement in the Arts,' 'Money,' 'Interest,' 'The Balance of Trade,' and 'The Jealousy of Trade,' in Writings on Economics, ed. Eugene Rotw (Edinburgh, 1955).

Adam Smith, The Wealth of Nations [5th ed., 1789], Bk. I, entire; Bk. V, Pts. I-III. David Ricardo, The Principles of Political Economy and Taxation [3rd ed., 1821], Chs. 1-6, 30.

T. R. Malthus, Of Population [1st ed., 1798]

J. S. Mill, Principles of Political Economy (ed. W. J. Ashley), Bk. I, chs. 1-5; Bk. II, chs. 1-2; Bk. III, chs. 1-4; Bk. V, chs. 8-11.

Blaug, op. cit., Chs. 2-6.

Grampp, op. cit., II, 1.

## c. Neo-Classicism

W. S. Jevons, Theory of Political Economy [4th ed., 1911], Chs. 3-4.

Alfred Marshall, Principles of Economics [8th ed., 1920], Bk. V, chs. 2-6, 8-9, 12-14.

## 4. THE OPPONENTS OF CLASSICISM

Karl Marx and Frederick Engels, Manifesto of the Communist Party [1848], Chs. 1-2.

Marx, Capital, I [1867], Ch. 1 (sections 1, 2, 3 pt. C, 4-6, 7, 12, 13, 25).

Thomas Carlyle, Chartism [1839], Chs. 1-10.

John Ruskin, The Crown of Wild Olive [1866], Lectures I, IV.

W. D. Grampp, 'Marxism and the Capitalist Future,' Ms.

\_\_\_\_\_, 'The Victorian Critics of Liberalism,' Ms.

## 5. THE AUSTRIANS

- Carl Menger, Principles of Economics [1871], trans. J. Dingwall and B. F. Hoselitz (Glencoe, 1950), Chs. I-III.
- Friedrich von Wieser, Natural Value [1888], trans. C. A. Mallock (New York, 1956), Editor's Preface; Bk. I, chs. 1, 2, 5, 8, 9; Bk. II, ch. 6; Bk. III, chs. 1, 2, 5-8; Bk. V, chs. 1-6.
- Eugen V. Bohm-Bawerk, The Positive Theory of Capital [1888], trans. W. A. Smart, (London, 1891), Bk. I, Ch. 4; Bk. II, Chs. 1-3; Bk. VI, Chs. 1-2; Bk. VII, entire.
- Blaug, op. cit., Ch. 12.

## 6. THE LAUSANNE SCHOOL

- Leon Walras, Elements of Pure Economics [1926], trans. William Jaffe (Homewood, 1954), Lessons 5-8, 12, 20, 21, 24.
- Vilfredo Pareto, Manual of Political Economy, in Newman, et al., eds., Source Readings, in Economic Thought (New York, 1954) pp. 477-90.
- Blaug, op. cit., Ch. 13.
- George J. Stigler, Production and Distribution Theories (New York, 1941), Ch. IX.
- T. W. Hutchison, A Review of Economic Doctrines 1870-1929 (Oxford, 1953), Ch. 14, 'V. Pareto.'

P.D. Groenewegen  
University of Sydney  
Undergraduate

## ECONOMICS III 1980

## HISTORY OF ECONOMIC THOUGHT: COURSE OUTLINE AND ESSAY LIST

The evolution of economic ideas from the early eighteenth century to the present day, with emphasis on the intellectual and social background which influenced the more important contributions, forms the subject matter of this course. In Lent Term, after a brief survey of mercantilism and physiocracy, the work of Adam Smith and David Ricardo, is studied in detail. In Trinity Term, nineteenth century economics is studied with special reference to the early criticism of Ricardo, the work of John Stuart Mill, the work of Marx, and the marginal revolution. Michaelmas Term deals with developments in twentieth century economics: the developments in neo-classical theory, the Keynesian revolution, and, time permitting a discussion of post-war economic theory in the areas of growth, distribution and economic policy.

Lectures are held on Monday and Wednesday at 11:00 a.m. in Merewether Lecture Rooms 5 and 3 respectively. The lecturers in the course are Flora Gill (first term), Louis Haddad (second term) and Peter Groenewegen (third term), he is also the lecturer in charge of the course).

Course work: one essay due in third term of approximately 4,500 words in length. This will account for 50% of the final result. There is one three hour examination paper at the end of the year which will count for the other 50% of the final result.

A list of essay topics and further details about the presentation of essays is included with this course outline.

Reading and Textbooks:

This course is essentially a reading course, and students are urged to read as widely as possible from the large number of original texts and commentators which are available, especially in the Fisher Library. Students should also consult the specialist journal in the field, History of Political Economy, and the references to other journal literature provided in the Index of Economic Journals and in the Journal of Economic Literature.

Textbooks:

- W.J. Barber, A History of Economic Thought (Penguin, 1977).  
 L.D. Abbott, (ed.), Masterworks of Economics, 3 volumes (McGraw-Hill, 1973).  
 C. Napoleoni, Economic Thought of the Twentieth Century, (Martin Robertson, 1972).  
 P. Dean, The Evolution of Economic Ideas (Cambridge, U.P., 1978).

Additional References:

- E. Roll, History of Economic Thought  
 O.H. Taylor, A History of Economic Thought  
 J.A. Schumpeter, A History of Economic Analysis  
 I. Rima, Development of Economic Analysis  
 H. Landreth, History of Economic Theory  
 B.B. Seligman, Main Currents in Modern Economics  
 Jacob Oser and William C. Blanchfield, The Evolution of Economic Thought  
 R.B. Ekelund and R.F. Hebert, A History of Economic Theory and Method  
 M. Blaug, Economic Theory in Retrospect

Course Work:

Course work consists of one, 4,500 words essay during the year. The completion of the essay is a prerequisite for satisfactory completion of the course and will count for 50% of the final result.

Because the essay accounts for such a large proportion of the total result, students should take care to follow the procedure laid down in connection with essays, which is listed below.

The essay is due on 15 September, 1980. Essays should be type-written double spaced, on one side of the paper only with an adequate margin (5 cms) for comments. Each essay should be accompanied by a synopsis and a bibliography. Sources should be adequately documented in footnotes to the text, following the accepted principles for such documentation in academic journals. Excessively lengthy and LATE essays will be penalised.

ALL ESSAYS SHOULD HAVE A TITLE PAGE STATING NAME, title of SHORT COURSE, title of SUBJECT (i.e. Economics III), Faculty and Year and Title of Essay.

ESSAYS SHOULD BE SUBMITTED ON OR BEFORE THE DUE DATE AT THE FACULTY OFFICE, LEVEL 2, OF THE MEREWETHER BUILDING IN THE SLOT MARKED 'ECONOMICS'.

Essay Topics:

Write a critical review of ONE of the following economic works. In writing this review, remember that the course of study is the History of Economic Thought so that you should make sure that you place the work in its proper historical perspective, that is, either

in terms of the development of the thought of the author, or in terms of the author's contemporaries and predecessors. The books for review are as follows:

- (a) Thomas Tooke, An Inquiry into the Currency Principles (1844) (LSE reprint in Fisher).
- (b) John Rae, New Principles on the Subject of Political Economy (1934) (reprinted by Augustus M. Kelley).
- (c) W. Bagehot, Lombard Street (1873) (various editions available).
- (d) J.A. Hobson, Imperialism. A Study (1902).
- (e) W.S. Jevons, The State in Relation to Labour (1882).
- (f) E. von Bohm-Bawerk, Karl Marx and the Close of his System (1896) (various editions available, the best is that edited by Paul Sweezy for Augustus M. Kelley, 1949).
- (g) L. Robbins, An Essay on the Nature and Significance of Economic Science, second edition, 1935.
- (h) F.A. von Hayek, Prices and Production (1935 - second edition).
- (i) Nicholas Barbon, A Discourse of Trade (1690). Hollander reprint in Fisher Library.
- (j) Sir Josiah Child, A New Discourse of Trade (1694). The original is available in the Public Library of New South Wales.
- (k) Jeremy Bentham, Manual of Political Economy (1798). This is reprinted in the collected economic writings edited by W. Stark.

If students wish to attempt a topic for an essay other than those listed, they should obtain permission from the lecturer-in-charge of the course prior to the conclusions of first term.

Preliminary research material for all these essays can be obtained from the list of basic references given on the previous page and this can be expanded by consulting the Index of Economic Journals and the abstracts in the Journal of Economic Literature on the History of Economic Thought. (Ref. 031).

TERM I - THE RISE OF CLASSICAL ECONOMICS (LECTURES: F. GILL)Topic 1. Introduction (2 lectures)

The case for studying the history of economic thought. The approach to the subject of History of Economic Thought, and the central thesis of the subject matter which will be discussed during the first term.

Reading

J.A. Schumpeter, History of Economic Analysis, Part I.  
M.H. Dobb, Theories of Value and Distribution Since  
Adam Smith, Ch. 1.

Topic 2: The Medieval Legacy (1 lecture)

Medieval doctrines and medieval economic organization  
and their contribution to future paths of economic  
thought.

Reading

Eric Roll, *ibid.*, pp. 40-54.  
R.L. Meek, Studies in the Labour Theory of Value,  
pp. 12-13.

Topic 3: Waning middle ages and after: Mercantilism and Subsequent Liberalism (3 lectures)

Mercantilist policies and doctrines juxtaposed. The  
economic and the political reality that gave rise to  
the trend of thought called "mercantilism". Main  
features of economic and political changes in 16th  
and 17th century Europe, and the essence of the con-  
sequent economic liberalism.

Reading

T. Mun, England's Treasure by Foreign Trade, reprinted  
in Abbott (ed.) Masterworks in Economics, Vol. I.

C. Wilson, Mercantilism.

David Hume, three extracts from Political Discourses,  
in R.L. Meek (ed.), Precursors of Adam Smith  
(Everyman Library, 1973).

Christopher Hill, Reformation to Industrial Revolution,  
pp. 1-152.

Topic 4: The Physiocrats and Adam Smith (6 lectures)

The underlying economic scene and the essence of the  
doctrines of Quesnay and Turgot. Smith's England -  
economic, political and philosophical origins of the  
Wealth of Nations. The general framework of the book  
and its central message. Smith's theories of wage  
determination, growth, economic policy and the nature  
of profit, against the views held by predecessors and  
the changing economic environment.

Reading

Turgot, Reflections on the Production and Distribution  
of Wealth, reprinted in Abbott, Masterworks in Economics,  
Vol. I.

Quesnay, Analysis of the Arithmetical Formula of the  
Tableau Economique, in R.L. Meek, The Economics of  
Physiocracy, London 1962.

K. Marx, Theories of Surplus Value, Moscow edition,  
Part I, pp. 44-67, 299-334, 335-411.

W.A. Eltis, Francois Quesnay: A Re-interpretation,  
Oxford Economic Papers, Vol. 27, Part I in No. 2 July  
1975; Part II in No. 3, November 1975.

Adam Smith, Wealth of Nations, extracts in Abbott (ed.),  
Masterworks in Economics Vol. o.

S. Hollander, Economics in Adam Smith, London 1973.

M.H. Dobb, Theories of Value and Distribution, op. cit.  
Ch. 2.

E. Hobsbawm, Industry and Empire.

Topic 5: Malthus's theory of population (1 lecture)

The essence of the theory and its role in Ricardo's wage  
and distribution theory.

Reading

T.R. Malthus, Essay on the Principle of Population,  
in Abbott, Masterworks in Economics, Vol. 1.

M. Blaug, Economic Theory in Retrospect, first edition,  
Chap. 3.

Topic 6: Say's Law and the Glut Controversy (1 lecture)Reading

James Mill, Commerce Defenced in D. Winch (ed.),  
Selected Economic Writings of James Mill, Chapters  
5 and 6.

M. Blaug, Economic Theory in Retrospect, first edition,  
Ch. 5.

Topic 7: David Ricardo (4 lectures)

Early 19th century Britain vis-a-vis late 18th century  
Britain. Elements of change and continuity of economic  
thought in Ricardo's work on value and distribution.  
His contribution to the course taken by future econo-  
mists.

Reading

David Ricardo, Principles of Political Economy and  
Taxation, extracts in Abbott, Masterworks in Economics,  
Vol. II.



N.B. The serious student should read at least the first seven chapters of the Principles together with the preface as contained in the definitive edition of Ricardo's Works and Correspondence edited by P. Sraffa in collaboration with Maurice Dobb, Vol. 1.

#### Additional Reading

L.L. Pasinetti, 'A Mathematical Formulation of the Ricardian System' Review of Economic Studies, 1960, reprinted in L.L. Pasinetti, Growth and Income Distribution, Chapter 1.

G.J. Stigler, 'The Ricardian Theory of Value and Distribution', Journal of Political Economy, 1952, reprinted in G.J. Stigler, Essays in the History of Economics, Chapter 6.

P.D. Groenewegen, "Three Notes on Ricardo's Theory of Value and Distribution", Australian Economic Papers, June 1972.

Tom Kemp, Industrialization in 19th Century Europe, pp. 1-33.

#### TERM 2: THE DECLINE OF RICARDIAN AND CLASSICAL ECONOMICS (Lectures by Mr. L. Haddad)

This part of the course will examine the reasons for the decline of classical political economy and the emergence of the Marginal Revolution. Lectures will focus on the challenge and revolt, from various quarters, against the methodology and central ideas of the Ricardian school. The important contributions of J.S. Mill and Karl Marx will be discussed, particularly from the point of view of the decline of classical economics.

The course of lectures will be as follows:

#### Topic 8: Introduction (1 lecture)

A review of classical economics, the over-simplification and popularisation of Ricardo's ideas by James Mill, J.R. McCulloch and Thomas de Quincey.

#### Reading

D. Winch (ed.), James Mill's Selected Economic Writings, 1966.

I.H. Rima, Development of Economic Analysis, 1967, Ch. 9.

T.W. Hutchison, On Revolutions and Progress in Economic Knowledge, C.U.P. 1978, Ch. 2.

J.R. McCulloch, Principles of Political Economy.

Thomas de Quincey, Dialogue of Three Templars on Political Economy

#### Topic 9: Ricardo's Critics: The Subjective School (3 lectures)

These lectures deal with Senior, Bailey, Lloyd Longfield and other forerunners of Marginalism.

#### Reading

Nassau Senior, An Outline of the Science of Political Economy, London, 1836.

Samuel Bailey, A Critical Dissertation of the Nature Measure and Causes of Value, London 1925, L.S.E. Reprint 1932.

M. Longfield, Lectures on Political Economy, Dublin 1834.

W.F. Lloyd, A Lecture on the Notion of Value, 1833.

T.W. Hutchison, op. cit., Ch. 3.

Marion Bowley, Nassau Senior and Classical Economics.

Maurice Dobb, Theories of Value and Distribution Since Adam Smith, C.U.P., 1973, Ch. 4.

G.J. Stigler, "The Development of Utility Theory", J.P.E., 1950, reprinted in his Essays in the History of Economics, 1964.

#### Topic 10: The Ricardian Socialist (2 lectures)

These lectures deal with the Ricardian socialists: Hodgskin, Bray, Thompson, Gray and Owen.

#### Reading

Thomas Hodgskin, Labour Defeated against the Claims of Capital, Loxton, 1825.

William Thompson, An Inquiry into the Principles of the Distribution of Wealth, 1824.

E. Lowenthal, The Ricardian Socialists, 1911.

E. Halevy, Thomas Hodgskin, London, 1956.

Robert Owen, A New View of Society, 1813.

M. Beer, A History of British Socialism, Part II, Chs. 4-6, 8.

K. Marx, Theories of Surplus Value Part III, Ch. 21.

Gide and Rest, History of Economic Doctrines, Book II, Ch. 3 and 5.

#### Topic 11: The Historical School (2 lectures)

#### Reading

Friedrich List, The National System of Political Economy.

Rev. Richard Jones, An Essay on the Distribution of Wealth and on the Sources of Taxation, London, 1831.

Karl Marx, Theories of Surplus Value, Part III, Ch. 24.

C. Koot, "Cliff Leslie and the Historical School" HOPE, Vol. 7, 1975.

Topic 12: J.S. Mill (3 lectures)

J.S. Mill's contribution to the final decline of classical economics.

Reading

J.S. Mill, Essays on Some Unsettled Questions in Political Economy.

J.S. Mill, Principles of Political Economy.

P. Schwartz, The New Political Economy of J.S. Mill, 1972.

Maurice Dobb, op. cit., Ch. 5.

Topic 13: K. Marx: (5 lectures)

Marx's Critique of Classical economics and analytical contribution.

Reading

Karl Marx - Theories of Surplus Value, Part II.

Karl Marx: Capital 3 vols.

M. Desai, Marxian Economics, Blackwell, 1979.

Joan Robinson, Essays on Marxian Economics (2nd ed.), 1966.

Claudio Napoleoni, Smith, Ricardo, Marx, Blackwell 1975, Ch. 5.

Ben Fine, Marx's Capital, Macmillan, 1975.

M. Morishima, Marx's Economics, C.U.P. 1973.

Maurice Dobb, op. cit., Ch. 6.

Topic 14: The Emergence of the Marginal Revolution (2 lectures)

Reading

R.D.C. Black, A.W. Coats and C.D.W. Goodwin, (eds.) The Marginal Revolution in Economics.

Duke University Press, 1973.

Maurice Dobb - op. cit., Ch. 7.

TERM III: THE TWENTIETH CENTURY (Lectures by Peter Groenewegen)

Introduction (1 lecture)

Topic 15: The Triumph of Neo-classicism (6 lectures)

These lectures will cover some of the basic aspects of neo-classical economics of the early twentieth century: they will deal in turn with

- (i) Alfred Marshall and partial equilibrium;
- (ii) Leon Walras and general equilibrium;
- (iii) Carl Menger and Friedrich von Wieser: the Austrian school;
- (iv) Bohm-Bawerk and the Austrian Theory of Capital;
- (v) Euler's Theorem and Marginal Productivity Theory;
- (vi) K. Wickseil and the Theory of money, the contribution in Interest and Prices.

Reading

Mark Blaug, Economic Theory in Retrospect, first edition 1964, Chapters 9-14. (These chapters contain excellent suggestions for further reading on these topics.)

F.A. Lutz, The Theory of Interest, Dordrecht, 1967, Chapters 1 and 2.

J. Robinson, "Euler's Theorem and the Problem of Distribution", Economic Journal, 1936, reprinted in Joan Robinson, Collected Economic Papers Vol. 1, essay 1.

G.J. Stigler, Production and Distribution Theories, New York, 1941, chapters 4, 6-10, 12.

C. Napoleoni, Economic Thought in the Twentieth Century, Chapter 1.

Topic 16: Some Problems in the Development of Micro-Economics

The lectures on this topic will look at the impact of the cost controversy on the theory of competitive equilibrium, and the development of theories of imperfect competition which resulted therefrom. They will also look at the development of the new theory of value which attempted to escape the difficulties of the older utility analysis.

Reading

P. Sraffa, 'The Law of Returns under Competitive Conditions', Economic Journal, 1926, reprinted in Readings in Price Theory (AEA, London, 1953).

Joan Robinson, The Economics of Imperfect Competition, London, 1933.

B.B. Seligman, Main Currents in Modern Economics, Chapter 9.

G.L.S. Shackle, The Years of High Theory, Chapters 3-6.

C. Napoleoni, Economic Thought of the Twentieth Century, Chapters 4, 8.

Topic 17: Macro-economic developments I: The Keynesian Revolution (6 lectures)

The first lectures will concentrate on aspects of the Keynesian revolution: first of all, the strong inter-connection between Keynes' economics and the Cambridge monetary doctrines of Marshall and others; secondly, the development of Keynes' economics from the Treatise to the General Theory, and thirdly, the policy implications of the Keynesian revolution. The final lectures will discuss the role of Kalecki in the Keynesian revolution.

Reading

M. Dobb, Theories of Value and Distribution since Adam Smith, Chapter 6.

E. Lekachman, The Age of Keynes.

G.L.S. Shackle, The Years of High Theory, Chapters 10-15.

C. Napoleoni, Economic Thought of the Twentieth Century, Chs. 5-6.

R.F. Harrod, The Life of John Maynard Keynes (London: Macmillan, 1951).

E.A.G. Robinson, J.M. Keynes 1883-1946 in R. Lekachman (ed.), Keynes' General Theory: Report of Three Decades (London: 1964).

D.E. Moggridge, Keynes, Fontana Paperback, London, 1976 (a very readable short biography).

Cambridge Monetary Theory

Eprime Eshag, From Marshall to Keynes (Oxford: Blackwells, 1963).

Keynes' Works

Indian Currency and Finance (first edition, 1912), esp. ch. 2 (gold standard).

A Tract on Monetary Reform (first edition, 1923), esp. chapters 1 and 3.

A Treatise on Money (first edition, 1930), esp. Books III and IV.

The General Theory of Employment, Interest and Money (first edition, 1936).

Donald Moggridge (ed.), The Collected Writings of John Maynard Keynes, Volumes XIII and XIV (London: Macmillan, 1973).

From the Treatise to the General Theory

P. Lambert, "The Evolution of Keynes' Thought from the Treatise on Money to the General Theory", Annales de l'économie collective, 1969.

D. Moggridge, From the Treatise to the General Theory, History of Political Economy, Spring 1973.

D. Patinkin, "Keynes' Monetary Thought: A Study of its Development", History of Political Economy, Vol. 8, No. 1, Spring 1976.

Richard Kahn, "Some Aspects of the Development of Keynes' Thought", Journal of Economic Literature, Vol. 16, no. 2, July 1978.

R.F. Harrod, "A Reassessment of Keynes' Theory of Money", Journal of Political Economy, 1970.

D. Patinkin and J. Clark Leith, Keynes, Cambridge and the General Theory, Macmillan, 1977.

B.J. McFarlane, "Michael Kalecki's *economica*: An Appreciation", Economic Record, March, 1971.

M. Kalecki, Studies in the Theory of Business Cycles 1933-39, Oxford, 1966.

Topic 18: Wither Economics? (2 lectures)

Two lectures on the present difficulties in economic theory, what alternative developments should be undertaken? Has economics become a science?

Reading

T.W. Hutcheson, Knowledge and Ignorance in Economics (Oxford, Blackwells, 1977).

J. Robinson, "The Second Crisis in Economic Theory", American Economic Review, May 1972.

W. Leontief, "Theoretical Assumptions and Non-Observed Facts", American Economic Review, March 1971.

T.W. Hutcheson, On Revolutions and Progress in Economic Knowledge, Cambridge U. Press, 1978, esp. foreword and chapter 11.

ECONOMICS IV - HONOURS 1980

This course is based on the method of studying the history of economic thought through a detailed discussion of three of the great classics of economic literature. The classics selected for this purpose are the following.

- Adam Smith - An Inquiry into the Nature and Cause of the Wealth of Nations, First Edition, 1776; Sixth and last edition 1791.
- David Ricardo - Principles of Political Economy and Taxation, First edition, 1817; third and last edition, 1821.
- Knut Wicksell - Lectures in Political Economy (English translation, London, 1938).

This method of studying the history of economic thought for final honours economics students seems to be suitable on several grounds. In the first place, although it covers two centuries, it places less demands on historical background and knowledge of the literature on the students as compared with a broad survey course or a more detailed historical analysis of a particular topic.

Secondly, it provides an opportunity for studying the whole of a classic at first hand rather than the distorted view obtained from a casual look at a chapter here or there. Finally, the study of these three classics illustrates some of the basic features of the history of economics: aspects of continuity as well as drastic changes in methods of approaching the subject and in tackling some of its major problems.

The course is divided into lectures and seminars; the first two terms commence with two introductory lectures. The seminars scheduled for each term will be based on aspects of the three classics to be studied, so that students should try to obtain their own working copy of each. Two are available in paper covered editions, while in the introductory material to each term an indication is given of the best edition to use, and the editions currently available.

It should also be pointed out that this course is essentially a reading course, so that private study is the major course work apart from the occasional seminar paper. The amount of reading to be done is extensive. Seminar performance counts for 50% of the final result.

TERM 1: ADAM SMITH AND THE EMERGENCE OF CLASSICAL ECONOMICS  
(Lectures and Seminars, Associate-Professor P.D. Groenewegen)

This term will deal with an analysis of the rise of classical economics in the eighteenth century as seen through the greatest work of the epoch. Smith's great classic will be studied in perspective with the English and French economics of the eighteenth century.

Introductory Reading

There is a wealth of material on the economics of Adam Smith in journal articles, in the history of economic thought texts, and in specialist studies on the subject in book form. The following list should therefore be taken as a guide only, and should be supplemented by the reading suggested in connection with the first two lectures.

Biography: The standard biography is still John Rae, Life of Adam Smith, re-issued with a lengthy introduction by Jacob Viner in 1965. Shorter accounts are:

Haldrup, Life and Writings of Adam Smith, London, n.d.  
Sir Alexander Gray, Adam Smith, London, 1948.

Editions of the Wealth of Nations

The most accessible edition is that by Edwin Cannan, 2 Volumes (published by Methuen), Modern Library Edition in 1 Volume, this edition now published by University of Chicago Press. There is a Penguin Edition (first three books only) edited with an introduction by A. Skinner. This would suffice for most of the course.

(\* It can be purchased for \$11.95 from their distributors, Warper and Row, Unit 18, Valetta Building, Cnr. Campbell St. and Reserve Road, Artarmon.)

Economics. A brief analytical introduction to Smith's economics is provided by Mark Blaug, Economic Theory in Retrospect, second edition, 1968, Chapter 2; and, from a different point of view by Maurice Dobb, Theories of Value and Distribution Since Adam Smith, Cambridge 1973, Chapter 2.

Lecture 1: Introduction

Introduction to the study of the history of economic thought. The emergence of economics as a science. Smith's treatise as an important landmark in the history of economics. Its roots in the intellectual climate of the eighteenth century. The philosophical heritage and the influence of "mercantilism" on Smith.

Reading:

J. A. Schumpeter, History of Economic Analysis, Part I.

Donald Winch, The Emergence of Economics as a Science 1750-1870.

Fontana Economic History of Europe, Vol. 3, Section 9, esp. pp. 5-49.

Lecture 2: Adam Smith (1723-1790)

England in the eighteenth century - a brief biography of Adam Smith - the work of Smith's contemporaries and predecessors: Mandeville, Hume, Hutcheson, Quesney and Turgot.

Reading:

R. L. Meek (ed.) Precursors of Adam Smith 1750-1775, Everyman  
Readings in Economic History and Theory, London, 1973.

Samuel Hollander, The Economics of Adam Smith, Chapters 1-3.

E. Royston Pike, Human Documents of Adam Smith's Time. Unwin University Books, London, 1974. (This is a fine collection for those not well acquainted with English and Scottish eighteenth century economic and social history, and makes enjoyable and interesting reading. The illustrations are largely reproductions of Hogarth's famous London scenes).

#### Seminar 1: The Division of Labour

##### Reading:

Adam Smith, Wealth of Nations, Book I, chapters 1-3, Book V, chapter 1, article 1, "Of the Expenses of the Institutions for the Education of Youth".

P.D. Groenewegen, 'Adam Smith and the Division of Labour: A bi-centenary estimate', Australian Economic Papers, Vol. 16, December 1977. (This also provides a useful bibliography of the secondary literature on this subject).

#### Seminar 2: The Theory of Money, Banking and the Value of Money

##### Reading:

Smith, Wealth of Nations, Book I, chapters 4,5,, chapter 11 (digression on the variation of the value of silver), Book II, chapter 2, Book IV chapter 3, (digression concerning banks of deposit particularly concerning that of Amsterdam).

J. H. Hollander, 'The Development of the Theory of Money from Adam Smith to David Ricardo', Quarterly Journal of Economics, Vol. 25, 1910-11, pp. 429-441.

D. Vickers, 'Adam Smith and the Status of the Theory of Money' and S. C. Checkland 'Adam Smith and the Bankers', both in A. S. Skinner and T. Wilson (eds.), Essays on Adam Smith, Oxford, Clarendon Press, 1975.

#### Seminar 3: The Theory of Natural Value and Market Value

##### Reading

Smith, Wealth of Nations, chapters 5-7.

P. Sylos-Labini, 'Competition: the Product Markets', in T. Wilson and A. S. Skinner (eds.), The Market and the State, Oxford at the Clarendon Press, 1976, chapter 7.

Samuel Hollander, op.cit., chapter 4.

V. W. Bladen, 'Command over Labour: A Study in Misinterpretation', Canadian Journal of Economics, Vol. 8, no. 4, November 1975.

R. M. Larsen, 'Adam Smith's Theory of Market Prices', Indian Economic Journal, Vol. 24, no. 3, January/March 1977.

#### Seminar 4: The Theory of Distribution

##### Reading:

Smith, Wealth of Nations, Book I, Chapters 8-11 (N.B. - the long 'digression on silver' may be omitted from Chapter 11). Book II, Chapter 4.

R.L. Meek, 'Adam Smith and the Classical Concept of Profits', Scottish Journal of Political Economy, June 1954, reprinted in Meek, Economics and Ideology and Other Essays, London, 1967.

S. Hollander, op.cit., Chapter 5.

#### Seminar 5: Adam Smith and the Theory of Growth

##### Reading:

Smith, Wealth of Nations, Book II Chapter 3, Book III.

J. R. Hicks, Capital and Growth, Chapter 4.

S. Hollander, Economics of Adam Smith, Chapters 6-8.

W. A. Eltis, 'Adam Smith's Theory of Economic Growth', and A. Lowe, 'Adam Smith's System of Equilibrium Growth', in A. S. Skinner and T. Wilson (eds.), Essays on Adam Smith.

#### Seminar 6: The Legacy of Adam Smith

##### Reading:

H. C. Recktenwald, 'An Adam Smith Renaissance anno 1976, The Bicentenary Output', Journal of Economic Literature, Vol. 16, no. 1, March, 1978.

G. J. Stigler, 'The Successes and Failures of Professor Smith', Journal of Political Economy, Vol. 84, December 1976; and D. P. O'Brien, 'The Longevity of Adam Smith's Vision: Paradigms, Research Programmes and Falsifiability in the History of Economic Thought', Scottish Journal of Political Economy, Vol. 23, June 1976.

T. W. Hutchison, On Revolutions and Progress in Economic Knowledge, Cambridge University Press, 1978, Chapter 1.

#### TERM 2: DAVID RICARDO: THE RISE OF CLASSICAL POLITICAL ECONOMY (Lectures and Seminars: Associate-Professor P.D. Groenewegen).

This term will deal with the rise of classical political economy in the first half of the nineteenth century in England, as illustrated by the greatest theoretical work of the period: David Ricardo's Principles of Political Economy and Taxation. This work will be studied in perspective with the great economic issues of the period: the theory of population, and the controversy over the Corn Laws and Say's Law.

Introductory Reading:

There is a wealth of material in Ricardo, in articles and commentaries. There is now also a good Biography. David Weatherall, David Ricardo: A Biography: (The Hague, Martinus Nyhoff, 1976).

A good introduction to the Ricardian System is contained in the following:

Mark Blaug, Economic Theory in Retrospect, op.cit., Chapter 4.

L. L. Pasinetti, 'A Mathematical Formulation of the Ricardian System', Review of Economic Studies, 1960.

Maurice Dobb, Theories of Value and Distribution since Adam Smith, chapters 3-4.

Carlo Casarosa, 'A New Formulation of the Ricardian System', Oxford Economic Papers, Vol. 30, no. 1, March 1978.

N.B. No student should omit careful study of Sraffa's introduction to Vol. I or the Works.

Reference should also be made to Samuel Hollander, The Economics of David Ricardo, London: Heinemann Educational Books, 1980 (if this is available).

Lecture 4: The Heirs of Adam Smith

The economics after the Wealth of Nations - the population controversy - the Bullion controversy - the controversy over Say's Law.

Reading:

Jacob Viner, Studies in the Theory of International Trade, Chapters 3-4.

T. R. Malthus, Essay on the Principle of Population, First Edition, 1798, several reprints available.

Mark Blaug, Economic Theory in Retrospect, Chapters 3,5.

C. F. Peake, 'Henry Thornton and the Development of Ricardo's Economic Thought', History of Political Economy, Vol. 10, no. 2, Summer 1978.

Lecture 5: David Ricardo (1772-1823)

Biographical sketch - Ricardo's introduction to economics - role in the bullion controversy - controversy over the rent question - the 'birth' of the Principles - further economic work and parliamentary career.

Reading:

F. Sraffa, introduction to Works, Vol. I.

Ricardo, Works, Vol. X, esp. pp. 1-108.

Edward West, Essay on the Application of Capital to Land (1815) reprinted edited with an introduction by Jacob Hollander, Baltimore, 1903.

T. W. Hutchison, On Revolutions and Progress in Economics, Cambridge University Press, 1978, Chapter 2.

Seminar 7: The Theory of ValueReading:

Ricardo, Principles, Chapters 1, 4, 30.

C. J. Stigler, 'Ricardo and the 93% Labour Theory', American Economic Review, 1958, reprinted in Stigler, Essays in the History of Economics.

P. D. Groenewegen, 'Three Notes on Ricardo', Australian Economic Papers, Vol. 11, June, 1972.

Seminar 8: The Theory of DistributionReading:

Ricardo, Principles, Chapters 2, 5, 6.

G. J. Stigler, 'The Ricardian Theory of Value and Distribution', Journal of Political Economy, 1952, reprinted in Stigler, Essays in the History of Economics.

N. Kaldor, 'Alternative Theories of Distribution', Review of Economic Studies, 1956.

Seminar 9: The Machinery QuestionReading:

Ricardo, Principles, Chapter 31.

John Barton, Condition of the Labouring Classes of Society, 1817. Reprint with an introduction by Jacob Hollander, Baltimore, 1934.

P. D. Groenewegen, 'Employment and Machinery: Two Classical Debates on the Effects of Automation', Journal of Industrial Relations, November, 1970.

John Hicks, Economic Perspectives, 1977, pp. 184-190; A Theory of Economic History, 1969, pp. 168-171.

P. Sylos-Labini, Oligopoly and Technical Progress, Harvard University Press, 1969, Chapter VII.

Seminar 10: The Controversy With Malthus Over the Accumulation of CapitalReading:

Ricardo, 'Notes on Malthus', Works II, Part 2.

J. M. Keynes, 'Malthus', in Essays in Biography

H. Myint, Theories of Welfare Economics, Chapters 1-3.

R. C. Link, English Theories of Economic Fluctuations 1815-1818. Chapter on Malthus.

# Seminar 11: The Theory of Money and Banking

## Reading:

David Ricardo, *The High Price of Bullion*, in *Works* III pp. 47 ff.

David Ricardo, *Principles*, Chapter 27.

Jacob Viner, *Studies in the Theory of International Trade*, Chapters 3 and 4.

R. S. Sayers, 'Ricardo's Views on Monetary Questions', *Quarterly Journal of Economics*, Feb. 1953, pp. 30-49.

# Seminar 12: The Theory of International Trade

## Reading:

David Ricardo, *Principles*, Chapter 7.

Jacob Viner, op.cit., Chapter 8, Parts I and II.

D. P. O'Brien, *The Classical Economists*, Oxford, 1975, Chapter 7, Parts (i) and (ii).

# TERM 3: KNUT WICKSELL - CAPITAL THEORY, MONEY AND DYNAMIC ECONOMICS.

(Lectures and Seminars: Dr Joseph Halevi)

Full details of the third term's work in Classics will be provided during first term. Basic references are

K. Wicksell, *Lectures on Political Economy* (Vol I 1901, Volume II 1906) (English translation, London, 1938)

C. Uhr, *The Economic Doctrines of Knut Wicksell*, 1960.

D. Patinkin, *Money, Interest and Prices*, second edition, 1965.

A most readable biography is T. Gardlund, *The Life of Knut Wicksell*, Stockholm, 1958

Students should also consult:

K. Wicksell, *Value, Capital and Rent* (1893); English translation, London, 1954

K. Wicksell, *Interest and Prices* (1898); English translation, London, 1936.

K. Wicksell, *Selected Papers on Economic Theory*, London, 1958, which is prefaced by an excellent short biographical sketch by E. Lindahl.

P.D. Groenewegen

UNIVERSITY OF WESTERN ONTARIO  
LONDON CANADA

Economics 350 A

September 1977

David Laidler

# First Term: Value Distribution and Growth (History of Economic Thought: I)

Textbook: Blaug, Mark, *Economic Theory in Retrospect*

Other Text on Reserve: Roll, Erich, *History of Economic Thought*

Books about Books: Schumpeter, Joseph, A., *History of Economic Analysis*; Meek, Ronald, L., *Studies in the Labour Theory of Value*; Hutchison, T. W., *Review of Economic Doctrines 1870-1929*; Robbins, L. C., *The Theory of Economic Policy in English Classical Political Economy*.

## Topics:

1. Before Adam Smith.  
Meek, Ch. 1; Schumpeter, Ch. 4.  
Sir W. Petty, *Political Arithmetick*.  
Richard Cantillon, *Essaie sur la Nature du Commerce en General*.  
Arthur E. Monroe, *Early Economic Thought*.
2. Smith.  
Meek, Ch. 2.  
Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*.  
Book 1. Book 2, Chs. 1, 4, 5. Book 4, Ch. 2.
3. Malthus on Population.  
Thomas R. Malthus, *An Essay on the Principle of Population* (2nd ed.).
4. The Utilitarians and Ricardo.  
Robbins  
Meek, Ch. 3.  
David Ricardo, *Principles of Political Economy and Taxation* (3rd ed.). Chs. 1-7, 20-21, 31.
5. The Question of Say's Law.  
Schumpeter, Ch. 6, pp. 615-624.  
David Ricardo, *Works and Correspondence*, vol. 2, Ch. 7.
6. Mill.  
J. S. Mill, *Principles of Political Economy*, Book 1, Chs. 1-6, 13; Book 2, Chs. 1-4, 11-16; Book 3, Chs. 1-6; Book 4, Chs. 1-7; Book 5, Chs. 1 and 2.
7. Marx.  
Meek, Chs. 4-5.  
K. Marx, *Capital*, vol. 1, Part 1; Part 2; Part 3, Chs. 5-7; Part 4, Ch. 10; Part 5, Chs. 14, 16; Part 7, Chs. 21-24.



8. The Marginalist Revolution.

Hutchison, Chs. 1, 2, 3, 6, 7, 9-11, 13; Schumpeter, Ch. 5, Ch. 7, Section 7.  
 C. Menger, *Principles of Economics*.  
 W. S. Jevons, *Theory of Political Economy*.  
 Leon Walras, *Elements of Pure Economics or the Theory of Social Welfare*.

9. Marshall.

A. Marshall, *Principles of Economics*, 8th or 9th ed., Book 1; Book 3; Book 5;  
 Book 6.

THE UNIVERSITY OF WESTERN ONTARIO  
 LONDON CANADA

David Laidler

March, 1979

Economics 350 B

Monetary Economics  
 (History of Economic Thought: II)

Viner, J. Studies in the Theory of International Trade.Fetter, F. W. The Development of British Monetary Orthodoxy 1797-1875Laidler, D. "Thomas Tooke on Monetary Reform" in Essays on Money and Inflation

Hume, David. "Of Money"  
 "Of Interest"  
 "Of the Balance of Trade"

All in Essays Moral, Political and LiterarySmith. Wealth of Nations, Book 2, Chapter 2, "Of Money".Thornton, H. An Inquiry into the Nature and Effects of the Paper Credit of Great Britain (ed. P. Hayek)

\_\_\_\_\_. The Bullion Report. Reprinted as E. Cannan (ed.), The Paper Pound of 1797-1821.

Ricardo, D. Essay on the High Price of Gold Bullion, in Collected Works (ed. Sraffa).Torrens, R. Sir Robert Peel's Act of 1844 Explained...Tooke, T. An Inquiry into the Currency Principle.

O. General. Blaug, M., *Economic Theory in Retrospect*, Irwin, 1962. Schumpeter, J.A., *History of Economic Analysis*, Oxford, 1954.

1. On the Utility of the History of Economics. Bronfenbrenner, M., "The Structure of Revolutions in Economic Thought," HOPE 3 (1971). Easlea, B., *Liberation and the Aims of Science*, Sussex U.P., 1973. Friedman, M., *Essays in Positive Economics*, University of Chicago Press, 1953. Heckscher, E.F., *Mercantilism*, George Allen and Unwin, 1955. Jaffe, W., "A Centenarian on a bicentennial, Leon Walras's Elements on Adam Smith's Wealth of Nations," CJE, 10(1977). Keynes, J.M., *Collected Writings*, VII, VIII, X. Kuhn, T.S., *The Copernican Revolution*, Harvard U.P., 1957. *The Structure of Scientific Revolutions*, University of Chicago Press, 1970. Lakatos, I., "Falsification and the Methodology of Scientific Research Programmes," *Criticism and the Growth of Knowledge*, Lakatos and Musgrave, Cambridge U.P., 1970. Latsis, S., *Method and Appraisal in Economics*, Cambridge U.P., 1976. Mehta, G., *The Structure of the Keynesian Revolution*, Martin Robertson, 1977. Popper, K.R., *The Logic of Scientific Discovery*, Hutchinson, 1959. Smith, A., *The Early Writings of Adam Smith*, Kelley, 1967. Thomson, H.F., "Adam Smith's Philosophy of Science," QJE, 79(1965).

2. Mathematical Models of Quesnay and Smith. Bakai, H., "A Formal Outlines of Adam Smith's Growth Model," QJE, 83(1969). Barna, T., "Quesnay's Model of Economic Development," *European Economic Review*, 8(1976). Bauer, S., "Tableau Economique," EJ, 5(1985). Eagly, R.V., "A Physiocratic Model of Dynamic Equilibrium," JPE, 77(1969). Hollander, S., *The Economics of Adam Smith*, Toronto U.P., 1973. Hishiyama, I., "The Tableau Economique of Quesnay," *Kyoto University Economic Review*, 30(1960). Meek, R.L., *The Economics of Physiocracy*, Allen and Unwin, 1962. Phillips, A., "The Tableau Economique as a Simple Leontief Model," QJE, 69(1955). Recktenwald, H.C., "An Adam Smith Renaissance anno 1976?" JEL, 16(1978). Samuelson, P.A., *Collected Papers*, I, M.I.T. Press, 1966. "A Modern Theorist's Vindication of Adam Smith," AER, 67(1977).

(1)

3. Mathematical Models of Ricardo. Bortkiewicz, L., "Value and Price in the Marxian System," IEP, 2(1952). Brems, H., "Ricardo's Long-Run Equilibrium," HOPE, 2(1970). Cantillon, R., *Essai sur la nature du commerce in general*, 1755. Chipman, J.S., "A Survey of the Theory of International Trade, 1," *Econo*, 33(1965). Cochrane, J.L., "The First Mathematical Ricardian Model," HOPE, 2(1970). Dobb, M., *Theories of Value and Distribution since Adam Smith*, Cambridge, 1973. Kregel, J.A., *The Reconstruction of Political Economy*, Macmillan, 1973. Morishima, M., *Marx's Economics*, Cambridge, 1973. Passinetti, L.L., "A Mathematical Formulation of the Ricardian System," RES, 27 (1960). Petty, W., *Economic Writings*, 1, Cambridge, 1899. Roncaglia, A., *Sraffa and the Theory of Prices*, Wiley, 1978. Samuelson, P.A., *Collected Papers*, I, M.I.T. Press, 1966. Shove, G.F., "The Place of Marshall's Principles in the Development of Economic Theory," EJ, 52(1942). Sraffa, P., *Production of Commodities by Means of Commodities*, Cambridge, 1960. Whewell, W., "Mathematical Exposition of Some of the Leading Doctrines in Mr. Ricardo's Principles," *Transactions of the Cambridge Philosophical Society*, 4(1833).

4. Adam Smith and Increasing Returns. Bladen, V., *From Adam Smith to Maynard Keynes*, Toronto U.P., 1974. Drazen, A., "Recent Developments in Macroeconomic Disequilibrium Theory," *Econo*, forthcoming. Fuzino, S., "Demand Uncertainty and Price Rigidity," *Hitotsubashi Univ.*, 1978. Hollander, S., *The Economics of Adam Smith*. Kaldor, N., "The Irrelevance of Equilibrium Economics," EJ, 82(1972). Myint, H., "The Classical Theory of International Trade and the Underdeveloped Countries," EJ, 68(1958). Negishi, T., *General Equilibrium Theory and International Trade*, North-Holland, 1972. Stigler, G.J., *Essays in the History of Economics*, Chicago, 1965. Sylos-Labini, P., "Competition, The Product Market," *The Market and the State*, Wilson and Skinner, Oxford, 1976. Young, A.A., "Increasing Returns and Economic Progress," EJ, 38(1928). Negishi, T., "Existence of an under-employment equilibrium," *Equilibrium and Disequilibrium in Economic Theory*, Schwodiauer, D. Reidel, 1978.

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5. Classical and Keynesian Theory of International Trade. Anderson, R.K., and A. Takayama, "Valuation, the Specie Flow Mechanism and the Steady State," RES, 44(1977). Chipman, J.S., "A Survey of the Theory of International Trade, 1," Econo. 33(1965). Dornbusch, R., S. Fisher and P.A. Samuelson, "Comparative Advantage, Trade and Payments in a Ricardian Model with a Continuum of Goods," AER, 1976. Eagly, R.V., The Structure of Classical Economic Theory, Oxford, 1974. Hume, D., Writings on Economics, Nelson, 1955. Kemp, M.C., The Pure Theory of International Trade, Prentice-Hall, 1964. McCulloch, J.R., Early English Tracts on Commerce, Cambridge, 1954. Negishi, T., "Exchange Gains in a Keynesian Model of International Trade," Economie Appliquee, 1979.
6. Ricardian Labor Theory of Value in International Economics. Bowley, M., Nassau Senior, Allen and Unwin, 1937. Chipman, J.S., "A Survey of the Theory of International Trade," Econo. 33(1965). Graham, F.D., "The Theory of International Values," QJE, 46(1932). Mongoldt, H., Grudriss der Volkswirtschaftslehre, Engelhorn, 1863. Mill, J.S., Principles of Political Economy, Longmans, Green and Co., 1921. Robinson, J., Reflections on the Theory of International Trade, Manchester U.P., 1974. Senior, N.W., Three Lectures on the Cost of Obtaining Money, Murray, 1830.
7. Malthus and Full Employment. Eagly, R.V., The Structure of Classical Economic Theory. Hahn, F.H., "The Rate of Interest and General Equilibrium Analysis," EJ, 65(1955). "Keynesian Economics and General Equilibrium Theory," The Microeconomic Foundations of Macroeconomics, Harcourt, Macmillan, 1977. Keynes, J.M., General Theory. Kellin, L.R., The Keynesian Revolution, Macmillan, 1947. Modigliani, F., "Liquidity Preference and the Theory of Interest and Money," Econo. 12(1944). Morishima, M., Walras' Economics, Cambridge, 1977. Patinkin, D., "Price Flexibility and Full Employment," AER, 38(1948). Money, Interest and Prices, Harper and Row, 1965. Pigou, A.C., "Real and Money Wage Rates in Relation to Unemployment," EJ, 47(1937). "Money Wages in Relation to Unemployment," EJ, 48(1938). "The Classical Stationary State," EJ, 53(1943). Ricardo, D., Works and Correspondence, Cambridge, 1952.

(3)

8. Marx and Bohm-Bawerk. Bohm-Bawerk, E.V., Capital and Interest, The History and Critique of Interest Theories, Libertarian, 1959. Karl Marx and the Close of his System, Kelly, 1966. Roudin, L.B., The Theoretical System of Karl Marx, 1907. Eagly, R.V., The Structure of Classical Economic Theory, Oxford, 1974. Kuenne, L.E., The Theory of General Economic Equilibrium, Princeton, 1963. Marx, K., Das Kapital Theorien uber den Mehrwert, 1 Teil, Dietz Verlag, 1956. Morishima, M., Equilibrium Stability and Growth, Oxford, 1964. Marx's Economics, Cambridge, 1973. Negishi, T., Marx and Bohm-Bawerk in the Theory of interest, Economies et Societes, 1979. Schumpeter, J.A., Theorie der Wirtschaftlichen Entwicklung, 1926. Weizacker, C.C., "Modern Capital Theory and the Concept of Exploitation," Kyklos, 1973.
9. The Austrians and Welfare Economics. Arrow, K.J., and Frank H. Hahn, General Competitive Analysis, Holden-Day, 1971. Cassel, G., The Theory of Social Economy, Unwin, 1923. Diewert, W.E., "On a Theorem of Negishi," Metroeconomica, 25(1970). Ginsburgh, V., and J. Waelbroeck, "Computational Experience with a Large General Equilibrium Model," Computing Equilibria, How and Why, Los, North-Holland, 1976. Hicks, J.R., and W. Weber, Carl Menger and the Austrian School of Economics, Oxford, 1973. Knight, F.H., "Marginal Utility Economic Essays in Economic Thought, Spengler and Allen, Rand McNally, 1960. Lange, O., "The Foundation of Welfare Economics," Econo. 10(1942). Menger, C., Grundsätze der Volkswirtschaftslehre, 1871. Negishi, T. "Welfare Economics and Existence of an Equilibrium for a Competitive Economy," Metroeconomica, 12(1960). Phelps, E.S., Economic Justice, Penguin, 1973. Stigler, C.J., "The Economics of Carl Menger," JPE, 45(1937). Streissler, E., "To What Extent was the Austrian School Marginalist?" The Marginal Revolution in Economics, Black, Coats and Goodwin, Duke U.P., 1973. Uzawa, H., "A Note on the Menger-Wieser Theory of Imputation," Zeitschrift, 18(1958). Wieser, F., Social Economics, Adelphi, 1927. Natural Value, Stechert, 1930.

(4)

10. Tooke, Wicksell and Inflation. Friedman, M., "The Role of Monetary Policy," AER, 58(1968). Haavelmo, T., "Wicksell on the Currency Theory vs. Banking Principle," SJE, 1978. Harrod, R., Economic Dynamics, Macmillan, 1973. Laidler, D.E.W., Essays on Money and Inflation, Manchester U.P., 1975. Leijonhufvud, A., "The Wicksell Connection," 1978. Marchal, J., and J. Lecaillon, Theorie des flux monetaires, 1967. Negishi, T., Microeconomic Foundations of Keynesian Macroeconomics, North-Holland, 1979. Tooke, T., An Inquiry into the Currency Principle, 1844. Wicksell, K., Interest and Prices, Kelly, 1936.

11. Marshallian Foundations of Keynes. Clower, R., "Reflections on the Keynesian Perplex," Keitschrift, 35(1975). Eshag, E., From Marshall to Keynes, Basil Blackwell, 1963. Hollander, S., "The Representative Firm and Imperfect Competition," CJE, 27(1961). Keynes, J.M., Collected Writings, VII, XIII. Leijonhufvud, A., "The Varieties of Price Theory." Marshall, A., The Economics of Industry, Macmillan, 1879. Principles of Economics, 1977. Industry and Trade, 1919. Money Credit and Commerce, 1923. Official Papers, 1926. Pigou, A.C., Memorials of Alfred Marshall, Macmillan, 1925. Walker, D.A., "Marshall's Theory of Competitive Exchange," CJE, 2(1969). Wolfe, J.N., "Marshall and the Trade Cycle," OEP, 1956. Whitaker, J.K., The Early Economic Writings of Alfred Marshall, Macmillan, 1975.

The course will concentrate on the history of economic analysis from its beginnings to the marginal revolution. The following reading list will be supplemented in a week or so by another, which presents some more specialized readings.

Those taking the course will be encouraged to read both original sources and a good proportion of the items listed here. Class discussion and presentations will be encouraged, and will count in performance evaluation.

### Reading List

#### Suggested Purchases:

- M. Blaug, Economic Theory in Retrospect, 3rd ed. (Cambridge, 1978)  
R. Heilbroner, The Worldly Philosophers (Simon and Schuster, 1972)

#### Also worth borrowing/reading:

- J.K. Galbraith, The Age of Uncertainty (New York, 1977), chs. 1-3, 6  
R. Lekachman, A History of Economic Ideas (New York, 1976)  
T.R. Malthus, Essay on Population, 1st ed.  
J. Robinson, Economic Philosophy (London, 1962)  
J.A. Schumpeter, The History of Economic Analysis (New York, 1954)  
A. Smith, The Wealth of Nations, any edition  
G. Stigler, Essays in the History of Economics (Chicago, 1965)  
V. Walsh and H. Gram, Classical and Neoclassical Theories of General Equilibrium (Oxford, 1980), chs. 1-4

#### I. Beginnings

- Heilbroner, Ch. 2  
Blaug, Ch. 1  
Walsh and Gram, Ch. 2  
A. Smith, The Wealth of Nations, Book IV  
R.L. Meek and M. Kuczynski (eds.), Quesnay's Tableau Economique (London, 1972)  
R. Meek, The Economics of Physiocracy (London, 1963), Galbraith, Ch. I.

#### II. Adam Smith

- Blaug, Ch. 2  
Galbraith, Ch. 1  
Heilbroner, Ch. 3  
Schumpeter, pp. 185-94  
A. Smith, The Wealth of Nations, any edition  
Walsh and Gram, Ch. 3

## Reading List (cont'd)

III. Thomas Malthus

- Blaug, Ch. 4  
 Heilbroner, Ch. 4  
 J.M. Keynes, Essays in Biography (various editions), Ch 1, Pt. 2  
 T.R. Malthus, Essay on Population, 1st ed.  
 E.A. Wrigley, "Family Limitation in Pre-Industrial England," Economic History Review, 19 (1966); reprinted in M. Drake (ed.), Population in Industrialization (London, 1969)

IV. David Ricardo, Jean Baptiste Say

- D. Ricardo, The Principles of Political Economy and Taxation, Chs. 1-7  
 Heilbroner, Ch. 4  
 Blaug, Ch. 4  
 Walsh and Gram, Ch. 4.  
 J.R. Hicks, A Theory of Economic History (Oxford, 1969), pp. 168-71  
 J.S. Mill, "Of the Influence of Production on Consumption" in Essays on Some Unsettled Questions of Political Economy (1844, 1948)

V. Classical Economists on Some Policy Matters

- M. Blaug, "The Classical Economists and the Factory Acts - A Reexamination," in A.W. Coats (ed.), The Classical Economists and Economic Policy (London, 1971), pp. 104-22.  
 T. Sowell, Classical Economics (Princeton, 1974), Ch.  
 G. Stigler, Five Lectures on Economic Problems (1949), Lecture 3  
 K. Marx, Capital, Vol. I, Chs. 10, 15  
 D.N. McCloskey, "New Perspectives on the Old Poor Law," Explorations in Economic History 10 (1973), pp. 419-36

VI. John Stuart Mill

- J.S. Mill, Principles of Political Economy (Penguin edition), pp. 111-43, 277-301  
 J.S. Mill, Autobiography, Chs. 1-2  
 Blaug, Ch. 6

VII. Karl Marx

- K. Marx and F. Engels, The Communist Manifesto (various editions)  
 R. Freedman (ed.), Marx on Economics (a useful book of readings)  
 Blaug, Ch. 7  
 I. Steedman, Marx after Sraffa (New Left Books, 1977), Chs. 1-2  
 Heilbroner, Ch. 6  
 N. Rosenberg, "Karl Marx on the Economic Role of Science," Journal of Political Economy, 82 (1974).  
 M. Morishima and G. Catephores, Value Exploitation and Growth (New York, 1978) Ch. 1,7.

VIII. The Marginal Revolution

- Blaug, Ch. 8-11  
 Heilbroner, Ch. 7  
 Keynes, Essays . . . ., Ch. 2, Pt. 2  
 A. Marshall, Principles of Economics (various editions), Book V  
 M. Friedman, "The Marshallian Demand Curve," reprinted in Essays in Positive Economics (Chicago, 1953)

The Pennsylvania State University  
 Economics 513  
 History of Economics Doctrines

Spring Term 1981

Instructor: Richard Phillips  
 415 Kern Graduate Building

Phone: 863-2339

Required Texts:

- 1) J. A. Schumpeter, History of Economic Analysis, Oxford University Press, 1954.
- 2) I. H. Rima, Development of Economic Analysis, Irwin, 3rd edition, 1978.

Other Sources:I. General Texts on the History of Economic Thought

1. Bell, J. P., A History of Economic Thought (1953)
2. Blaug, M., Economic Theory in Retrospect (1962)
3. Ferguson, J. M., Landmarks in Economic Thought (2nd ed., 1950)
4. Gherity, J. A., Economic Thought (1965)
5. Gide, C. and Rist, C., A History of Economic Doctrines (various editions; last edition is the 7th French edition and 2nd English ed., 1957)
6. Gray, A., The Development of Economic Doctrine (last ed., 1931, 13th printing, 1948)
7. Haney, L. J., History of Economic Thought (4th ed., 1949)
8. Helmann, Ed., History of Economic Doctrines (1945)
9. Monroe, A.E., Early Economic Thought (1924)
10. Neff, F. A., Economic Doctrines (1950)
11. Newman, P. C., The Development of Economic Thought (1952)
12. Roll, Eric, A History of Economic Thought (4th ed., 1973)
13. Zweg, F., Economic Ideas (1950)
14. Kapp, D. W., and Kapp, L. L., Readings in Economics (1949)
15. Patterson, S. H., Readings in the History of Economic Thought
16. Gruchy, A. G. Modern Economic Thought, the American Contribution (1947)
17. Heilbroner, R. L., The Worldly Philosophers (1953)
18. Homan, P., Contemporary Economic Thought (1928)
19. Spiegel, W. H., The Development of Economic Thought (1952)
20. H. Landreth, History of economic Thought (1976)
21. E. K. Hung, History of Economic Thought: A Critical Perspective 1979
22. Bladen, V., From A Smith to John Maynard Keynes
23. Rogin, L., The Meaning and Validity of Economic Theory
25. Ekelund, R. B., and R. F. Herbert, A History of Economic Theory and Method
26. Dobb, M., Theories of Value and Distribution Since A. Smith

## II. Other Works of Interest (Collections of articles and biographies)

1. Spengler, J. and W. R. Allen (eds.) Essays in Economic Thought
2. Stigler, G., Essays in the History of Economics
3. Rima, I. H. (ed.), Readings in the History of Economic Thought
4. Viner, J., The Short View and the Long
5. Eagley, R. (ed.), Events, Ideology and Economic Theory
6. Meek, R., Economics and Ideology and Other Essays
7. Keynes, J. M., Essays and Sketches in Biography
8. Schumpeter, J. A., Ten Great Economists

### Course Outline and Readings

#### I. Introduction: Methods of Approach and Significance of the History of Economic Thought

Readings: (starred items are optional)

1. Schumpeter, History, pp. 1-47.
- \*2. Boulding, K. E., "After Samuelson, Who Needs A. Smith," HOPE, Fall 1971.
- \*3. Gordon, D., "The Role of the History of Economic Thought in the Understanding of Modern Economic Theory," AER, May 1965.
4. Blaug, Economic Theory in Retrospect, pp. 1-8.
5. Tarascio, V. J., "Some Recent Developments in the History of Economic Thought in the United States," HOPE, Fall 1971.

#### II. The Schoolmen

Readings:

1. Schumpeter, History, pp. 73-107
- \*2. DeRoover, R., "J. A. Schumpeter and Scholastic Economics," Kyklos, Vol. 10, 1957
- \*3. DeRoover, R., "The Concept of the Just Price: Theory and Economic Policy," JEH, Vol. 18 (Dec. 1958)
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Assignment Code: \* indicates high priority

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- \*\* 13. O.H. Taylor, A HISTORY OF ECONOMIC THOUGHT, Chaps. 5, 9, 10
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MICHIGAN STATE UNIVERSITY

Economics 841B

HISTORY OF ECONOMIC THOUGHT: II/1981

Warren J. Samuels

Texts

Phyllis Deane, THE EVOLUTION OF ECONOMIC IDEAS  
Maurice Dobb, THEORIES OF VALUE AND DISTRIBUTION SINCE ADAM SMITH  
Bertell Ollman, ALIENATION, 2nd edition  
Jesse Schwartz, ed., THE SUBTLE ANATOMY OF CAPITALISM

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2. Dobb, chs. 1-5
3. I.H. Rima, DEVELOPMENT OF ECONOMIC ANALYSIS, 3rd ed. (1978), ch. 8
4. J.J. Spengler and W.R. Allen, eds., ESSAYS IN ECONOMIC THOUGHT, pp. 259-76, 485-99
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6. S.G. Checkland, "The Advent of Academic Economics in England," MANCHESTER SCHOOL, vol. 19 (1951), pp. 43-70.
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Part Two: SOCIALISM, ANARCHISM, AND MARXISM

A. Socialism: General

1. George Lichtheim, THE ORIGINS OF SOCIALISM, Introduction

B. Utopian Thought

1. Philip Taft, MOVEMENTS FOR ECONOMIC REFORM, ch. 1
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1. G.D.H. Cole, SOCIALIST THOUGHT, vol. 2, chs. 9, 12
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D. Marxian Economics

1. Deane, chs. 8-10
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## MICHIGAN STATE UNIVERSITY

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HISTORY OF ECONOMIC THOUGHT: III/1981

Warren J. Samuels

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Prefaces to 1st and 8th eds.	Book 5, chs. 1-15
Book 1, chs. 1-4	Book 6, chs. 1, 2, 6-8, 11
Book 3, chs. 1-6	Appendices B, C, D, J
Book 4, chs. 1, 9, 11-13	
7. J.A. Schumpeter, HISTORY OF ECONOMIC ANALYSIS, Part 4, chs. 5, 6, 7 (including appendix)
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cont'd

A. Marshallian Economics cont'd

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B. Further Development of Neoclassical Economics

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Part Three: INSTITUTIONAL ECONOMICS

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Part Four: KEYNES AND THE DEVELOPMENT OF MACROECONOMICS

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Part Five: FACTORS AND FORCES IN THE DEVELOPMENT OF ECONOMIC THOUGHT

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4. Benjamin Ward, WHAT'S WRONG WITH ECONOMICS? (OPTIONAL)
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GRADUATE FACULTY OF POLITICAL AND SOCIAL SCIENCE  
Department of Economics

Eco. 308s  
Value Seminar

Prof. Anwar Shaikh  
Fall 1978

The Classical Labor Theory of Value

I. Smith (4 weeks)

- Adam Smith, The Wealth of Nations, Books I-II (any edition)
- (i) Scope of the Work: "Introduction and Plan of the Work" (3 pages)
  - (ii) Division of Labor, Origin of Money, Price: Book I, Chs. I-V (41 pages)
  - (iii) Natural Price, Wages: Book I, Chs. VI-VIII (32 pages)
  - (iv) Profit: Book I, Ch. IX, Ch. X, Part I (25 pages)
  - (v) Wealth and Money: Book II, Introduction, Ch. I, Ch. II (45 pages)
  - (vi) Productive and Unproductive Labor: Book III, Ch. III (15 pages)

II. Ricardo (5 weeks)

- David Ricardo, On the Principles of Political Economy and Taxation (Vol. I of The Work and Correspondence of David Ricardo, edited by P. Sraffa, Cambridge Univ. Press, 1962)
- (i) Scope of the Work: Introduction (by Sraffa), Part I, Preface (by Ricardo) (11 pages)
  - (ii) Value: Ch. I, (40 pages)
  - (iii) Wages, Profits: Chs. IV-VI (40 pages)
  - (iv) Money: Ch. XXVII (20 pages)
  - (v) Wealth and Accumulation: Chs. XX-XXI (28 pages)

III. Marx on Smith and Ricardo (5 weeks)

- (i) The Forms of Capitalist Production: Capital, Vol. III, Ch. XLVIII ("The Trinity Formula") (17 pages)
- (ii) Marx on Smith: TSV\* II, Ch. III, Section (1-6) (26 pages)
- (iii) Productive and Unproductive Labor: TSV\*II. Begin by reading the last paragraph on p. 413, which points out that this discussion of productive-unproductive labor is restricted to the sphere of direct production. Circulation is not dealt with here. Then read the Addenda to TSV\*II, Sections 11-12, finally, Ch. IV, Sections 1-4, Section 20. (54 pages)
- (iv) Ricardian Value and Price: TSV\*II, Ch. X, Sect. 2-5 (52 pages)

\* TSV-Theories of Surplus-Value, Progress Publishers, Moscow

GRADUATE FACULTY OF POLITICAL AND SOCIAL SCIENCE  
DEPARTMENT OF ECONOMICS

Eco. 309S  
Labor Theory of Value Seminar

Prof. A. Shaikh  
Spring 1976

The asterisk indicates required reading.

1. Value and Money

- \* (i) Capital, Vol. I, hs. 1-3
- (ii) Marx, "Marginal Notes on Wagner"
- (iii) Marx, A Contribution to the Critique of Political Economy
- (iv) Marx, Ch. I and Appendix (Forms of Value), First Edition of Capital, Vol. I (Labor Publications, U.S.) 1972

2. The Possibility of Crises

- \* (i) The Very Nature of Capital Leads to Crises: Theories of Surplus-Value (TSV) Progress Publishers, Moscow 1968, Part II, Ch. XVII, Sections 6-10
- (ii) Forms of Crisis: TSV, Part II, Ch. XVII, Sections 11-15.
- (iii) "Contradictions in the Money Relation", Grundrisse, Penguin Books, Martin Nicolaus, translator, pp. 140-152.

3. Capitalist Accumulation

- \* (i) "Machinery and Modern Industry", Capital, Vol. I, Ch. XIV, Section 1-5
- \* (ii) "The General Law of Capitalist Accumulation", Capital, Vol. I, Ch. XXXV, Sections 1-4

4. Law of the Tendency of the Rate of Profit to Fall

- \* (i) "The Law as Such," Capital, Vol. III, Ch. XIII
- \* (ii) "Expositions of the Internal Contradictions of the Law", op. cit., Ch. XV
- (iii) The Most Important Law of Political Economy: Grundrisse, pp. 747-778
- (iv) Not Due to A Constantly Rising Wage (Value of Labor-Power): Theories of Surplus-Value, Part II, Ch. XVI, Section 3, pp. 438-469.
- (v) Productive-Unproductive Labor and the Rate of Profit: Theories of Surplus-Value, Part I, Ch. IV, Section 9, pp. 213-230.

5. Tendential Character of the Law

- (i) "Counteracting Influences", Capital, Vol. III, Ch. XIV

6. Discussion and Criticism of the Law

- (i) Sweezy, P., Theory of Capitalist Development, MR, 1964, Ch.
- (ii) Dobb, M., "The Falling Rate of Profit", Science and Society, 23, 2 (Summer 1959), pp. 97-103
- (iii) Robinson, J., "The Falling Rate of Profit: A Comment", ibid, pp. 104-106
- (iv) Meek, R., "The Falling Rate of Profit", in Ronald Meek, Economics and Ideology (Lond: Chapman & Hall, Ltd., 1967), pp. 113-128
- (v) H.D. Dickinson, "The Falling Rate of Profit in Marxian Economics", Review of Economic Studies, 24 (Feb. 1957), pp. 120-130
- (vi) Steedman, I., "Marx and the Rate of Profit", Bulletin of the Conference of Socialist Economists (BCSE), Winter 1972, pp. 104-109.

NEW YORK UNIVERSITY  
DEPARTMENT OF ECONOMICS

V/C 31.0006

Professor B. Stein

History of Economic Thought

Texts: Eric Roll, A History of Economic Thought,  
4th. ed., R.D. Irwin & Co., 1974.

R.L. Heilbroner, The Worldly Philosophers, 4th. ed.,  
Simon & Schuster, 1972. (Paperback)

In addition to the text, students will be encouraged to read from some of the original authors, and will be required to write a paper that represents a substantial amount of reading on a mutually agreed-upon topic.

I. Backgrounds

Basic economic notions: scarcity, utility, value, the resource allocation and income distribution processes; normative and positive economics; the role of institutions; what is "fairness" in economic transactions? The Bible, The Greeks, and the Romans. Ideals and reality in medieval times: St. Thomas Aquinas as an economist.

II. Mercantilism

The rise of the nation-state as a political and economic unit; the state as an agent of economic control; gold as the wealth of the nation; mercantilist writers both as propagandists and as economic analysts. Commercial capitalism. Mercantilism as policy for economic development.

III. The pre-classical period

Individualism and the rise of industrial capitalism; the liberal philosophers and their impact on economic thinking; the further stirrings of economic analysis: Petty, Hume, Cantillon and others. Physiocracy and laissez-faire. What is value? Is there a surplus?

IV. The classical system

Smith as abstract theorist and empirical observer; the labor theory of value in at least two forms; liberalism as a policy for economic development; Ricardo on the reformation of value, and on the distribution of income; Malthus on population and macroeconomics; the dismal science; a more-or-less systematic theory of value and income distribution, but what about the surplus? J.S. Mill and the new liberalism.

V. Critics of the classical school

Nationalism and mercantilism: Hamilton, List, Carey and other optimists. The early historical school. Backlash against industrialism: Sismondi, socialists and other protesters. Marx as a classical economist, sociologist and revolutionary. The notion of surplus value.

VI. The development of the neo-classical analysis

The hedonist notion of value: Sevons, Walras, Manger, Wiesner and Bohm-Baswerk; a more-or-less coherent theory of value and income distribution without the embarrassment of surplus value: Marshall and J.B. Clark. The long run equilibrium price as a "just" wage. Using the analytical apparatus without the value judgments.

VII. Critics of the neo-classical school

The German historical school and the "Methodenstreit", American institutionalists such as Commons and Vablen. Galbraith as Veblen's intellectual heir; Mitchell and the empirical school; Keynes and the new macroeconomics.

VIII. Current Issues

The revival of microeconomics and the rise of the new conservatism. Friedman as monetarist and polemicist. Is there a positive economics? Whither now?

V/C 31.0006  
History of Economic Thought

Professor B. Stein

Supplemental Bibliography

This bibliography is intended to help students to do some reading in addition to the text and original sources. Most of the books are available at the library and few are technical in nature. Books marked with an asterisk(\*) are light reading. Other references will be mentioned in class, from time to time, and students are encouraged to consult the instructor for works on topics of special interest to them, or on authors who are clearly out of the mainstream. Recent journal articles can be found in History of Political Economy (HOPE), which is a useful source of research papers on particular topics or writers.

I. General Histories of Thought

- Bell, John F., A History of Economic Thought  
Blaug, Mark, Economic Theory in Retrospect, 2nd. ed.  
Ekelund & Hebert, A History of Economic Theory and Method  
Finkelstein & Thimm, Economists and Society  
Gide, Charles & Rist, C., A History of Economic Doctrines  
Gray, A., Development of Economic Doctrine  
Hanev, L., History of Economic Thought  
Heimann, E., History of Economic Doctrines  
\*Heilbroner, R., The Worldly Philosophers  
Lekachman, R., Varieties of Economics, 2 vols. (readings)  
Oser, Jacob and Blatchfield, W.C., Evolution of Economic Thought, 3rd. ed.  
Rimar, I.H., Development of Economic Analysis  
Robbins(Lord), The Theory of Economic Development in the History of Economic Thought.

- Rogin, Leo, Meaning and Validity of Economic Theory  
Routh, G., The Origin of Economic Ideas ( a critical view)  
\*Schumpeter, J. A. Ten Great Economists from Marx to Keynes  
Schumpeter, J. A., History of Economic Analysis( the best reference work in existence)  
Seligman, B., Main Currents in Modern Economics  
Stigler, G., Essays in the History of Economics.

II. The Rise of Capitalism

- Grampp, W.D., Economic Liberalism  
Myrdal, C., The Political Element in the Development of Economic Thought  
Polanyi, K., The Great Transformation  
Tawney, R.H., Religion and the Rise of Capitalism  
Weber, Max, The Protestant Ethic and the Spirit of Capitalism

III. Mercantilism

- Herscher, E., Mercantilism  
Johnson, E.A.S., Predecessor of Adam Smith  
Keynes, J. M. General Theory, Chap.23  
Smith, A., Wealth of Nations, Book IV, Chaps. 1-3  
Viner, J., Studies in the Theory of International Trade

IV. Physiocracy

- Beer, M. Inquiry into Physiocracy  
Higgs, H. The Physiocrats  
Meek, R. H., The Economics of Physiocracy  
Smith, A., Wealth of Nations, Book IV, Chap. 9

V. The Classical School

Boner, J., Malthus and His Work

Cannan, E., History of the Theories of Production and Distribution, 1778-1848

Ginzberg, E., House of Adam Smith

Halevie, E., Growth of Philosophic Radicalism

Hayek, F.A., J. S. Mill and Harriet Taylor

Mill, J.S., Autobiography

Pache, M. St.J., Life of J.S. Mill

Robbins, L., The Theory of Economic Policy in Classical Economics

VI. Socialism etc. ( a small sampler of older works)

A. Utopian and crackpot

Beer, M., History of British Socialism

\*Bellamy, E., Equality

\*Bellamy, E., Looking Backward

Ely, Richard T., French & German Socialism, Chaps. 1-7

Fourier, Charles, Theory of Social Organization

Hartzler, J., History of Utopian Thought

Kirkup, T., History of Socialism

\*More, Sir Thomas, Utopia

\*Noyes, Pierrepont, My Father's House: An Oneida Boyhood

Owen, R., Life of Robert Owen

Sombart, W., Socialism and the Social Movement

\*Wilson, Edmond, To the Vinland Station

B. Other

Anikin, A., A Science in its Youth

\*Berlin, I., Karl Marx

Bohm-Baewerk, E. Karl Marx and the Close of His System

Fabian Society, Fabian Tracts

Hardach, G., Karras, D. and Fine, B., Short History of Socialist Economic Thought

Hilferding, R., Bohm- Baewerk's Criticism of Marx

Hook, Sidney, Towards the Understanding of Karl Marx

Lippincott, Lange & Taylor, Essays in the Economic Theory of Socialism

Mayer, G., Friedrich Engels

Mayo, H.B., Introduction to Marxist Theory

\*Shaw, G.B.S., Intelligent Woman's Guide to Socialism

Sweezy, Paul M., Theory of Capitalist Development

\*Wilson, E., To the Finland Station

VII. Neo-Classical Thought

Howey, R.S., The Rise of the Marginal Utility School, 1870-1899

Hutchinson, T.W., Review of Economic Doctrines

Keynes, Essays in Biography

Schumpeter, Ten Great Economists, op.cit.

Stigler, George, Production and Distribution Theories(technical)

Shackle, G.L.S., The Years of High Theory

VIII. Veblen and Hobson

- Dorfman, J., Thorstein Veblen and His America  
Dowd, D.(ed.), Thorstein Veblen: A Critical Reappraisal  
Hobson, J.A., Evolution of Modern Capitalism  
Hobson, J. A., Imperialism  
Hobson, J. A., Work and Wealth  
\*Veblen, T.B., Highest Learning in America  
Veblen, T.B., Theory of the Leisure Class  
Veblen, T.B., Engineers and the Price System  
Veblen, T.B., Theory of Business Enterprise.

IX. Institutional Thought

- Commons, Institutional Economics  
Commons, Legal Foundations of Capitalism  
Gruchy, A.G., Modern Economic Thought: The American Contribution  
Tugwell, R.G., The Trend of Modern Economics

X. Keynes

- Dillard, D., Economics of John Maynard Keynes  
Hansen, A., Guide to Keynes (fairly technical)  
\*Harrod, Roy, Life of J. M. Keynes  
Keynes, J. M. makes excellent reading himself. I recommend:  
Economic Consequences of the Peace, Essays in Persuasion,  
Essays in Biography, and the Two Memoirs and, of course,  
the General Theory of Employment, Interest and Money  
Klein, L., Keynesian Revolution (fairly technical)  
Lekachman, R., The Age of Keynes  
Shackle, G. L.S., The Years of Hight Theory, 1920-1939

XI. Capitalism Today and Tomorrow

- \*Arnold, T., Folklore of Capitalism  
Berle, A.A. and Means, G., The Modern Corporation and Private Property  
Burnham, J., The Managerial Revolution  
Brait, W. and Ransom, R.L., The Academic Scribblers  
\*Clark, J.M. Alternatives to Serfdom  
Friedman, M., Capitalism and Freedom  
Galbraith, J.K., Affluent Society  
\*Galbraith, J.K., American Capitalism  
Galbraith, J.K., Economics and the Public Purpose  
\*Hayek, F.A., Road to Serfdom  
Lewis, W.A., Principles of Economic Planning  
Robinson, Joan, Economic Ideology  
Ropke, Humane Economy  
Schumpeter, J.A., capitalism, Socialism and Democracy  
Simon, H.C., Economic Policy for a Free Society  
\*Wooton, Barbara, Freedom Under Planning

Course Outline

1. Introduction
2. Scholastics
3. Mercantilism
4. Early non-mercantilist writers
5. Physiocrats
- 6-7. Adam Smith
- 8-9. Classicals: Malthus, Ricardo, J.S. Mill, etc.
10. Critics of classical Economics:
  - (a) Methodology - Comte, German Historical School, Marx
  - (b) Theory - Marx, Marginal Revolution
11. Marx  
Marginal Revolution
- 12-14. (a) English: Marginal Utility Theory (Jevons, Marshall, etc.)  
Theory of Costs and Supply (Marshall)  
Production and Distribution (Wicksteed)
- (b) Continental Writers:
  1. General Equilibrium Theory (Walras)
  2. a) Exchange theory  
b) Production theory  
c) Capitalization and savings
- 15-17. 1. General Equilibrium Theory (Walras)
- 18-19. 2. Capital and Interest Theory (Bohm-Bawerk)
- 20-21. 3. Neoclassical Synthesis (Wicksell)
- 22-24. 4. Pareto:
  - a) Ophelimity theory
  - b) Production theory
  - c) General equilibrium theory
  - d) Paretian welfare theory
25. Monetary Theory: J.S. Mill, Marshall, Walras, Wicksell, Keynes
26. Monetary and Employment theory: Keynes and Pareto
27. Neoclassical, Keynesian, and Paretian Growth Theory
28. American Institutionalists

Texts

- Blaug, M., Economic Theory in Retrospect (34d edition)  
Schumpeter, J.A., A History of Economic Analysis (1954)

cont'd

Readings

Required Readings: Original Sources

- Adam Smith, Wealth of Nations  
Karl Marx, Capital  
Leon Walras, Elements  
J.H. Keynes, General Theory

Methods of Approach

Blaug, pp. 1-7; Schumpeter, History, pp. 1-47.

I. The Schoolman

J.A. Schumpeter, History, pp. 73-107

II. Mercantilism

Schumpeter, History, 335-76.

Blaug, Chapter I

III. Some Early Non-mercantilistic Contributions to Theory

Schumpeter, History, pp. 276-334

IV. The Physiocrats and Turgot

Schumpeter, History, pp. 209-249

V. Adam Smith

Blaug, Chapter 2

Schumpeter, History, pp. 181-194

VI. The English Classical School

Blaug, Chapters 3, 4, 5, 6

Schumpeter, History, pp. 250-58, 578-84, 615-25, 688-738.

VII. Marx and the German Historical School

Blaug, Chapter 7

Schumpeter, History, pp. 800-24

cont'd

Readings cont'd

VIII. The "Marginal Revolution," the Austrians, and Neoclassicism

Blaug, Chapters 8, 9, 10, 11, 12.

Schumpeter, History, pp. 1074-1122

IX. General Equilibrium Analysis & Welfare Economics

Walras: Blaug, Chapter 13; Tarascio, "Walras," SEI, July, 1967

Pareto: Pareto, "Mathematical Economics", International Economic Papers, V, pp. 58-102.; Tarascio, "Paretian Welfare Theory," JPE, Jan/Feb, 1969.

X. Neoclassical Economics: Assessment

History of Political Economy, Vol. 4, Fall 1972.

XI. Monetary Theory

Blaug, Chapter 5, pp. 198-204, Chapter 14.

XII. Monetary and Employment Theory

Blaug, Chapter 15; L. Klein, The Keynesian Revolution, pp. 124-152; Hicks, "Mr. Keynes and the 'Classics,'" Economica (1937); V. Tarascio, "The monetary and Employment Theories of Vilfredo Pareto," History of Political Economy, Spring 1969.

XIII. Keynesian Growth Theory

V. Tarascio, "Keynes on the Sources of Economic Growth."

XIV. Institutional Economics

Crichy, Modern Economic Thought, pp. 1-28, 541-628; Spengler and Allen, pp. 525-532.

XV. Topics in Modern Economic Thought

Hutchison, T.W., Knowledge and Ignorance in Economics.

QUEENS UNIVERSITY, DAN USHER  
Economics 410, 1979

The course consists of a careful reading of Adam Smith's The Wealth of Nations (edited by E. Cannan, University of Chicago Press). It does not teach Smith per se. Rather it uses Smith as a source of economic problems and as a way to provoke students into thinking about economics generally. Commencing the second week, there will be a three hour seminar each week at which assigned readings will be discussed. Topics for discussion will be circulated in advance and students are expected to submit comments of about two typed pages. An essay of 20 to 25 pages on some aspect of Smith's work is due November 30, 1979. The final grade will be based 40 percent on the essay, 20 percent on class work and 40 percent on the final exam.

Weekly readings are:

- Second Week : Introduction, Book I, Chapters 1-6.
- Third Week : Book I, Chapters 7-10, and Chapter 11 (up to page 196).
- Fourth Week : Book I, Chapter 11, The Digression of Silver.
- Fifth Week : Book II.
- Sixth Week : Lecture on the Intellectual Background of The Wealth of Nations
- Seventh Week : Book III.
- Eighth Week : Book IV, Chapters 1, 2 and 3.
- Ninth Week : Book IV, Chapters 4, 5 and 6.
- Tenth Week : Book IV, Chapters 7, 8 and 9.
- Eleventh Week : Book V, Chapters 1 and 2.
- Twelfth Week : Book V, Chapter 3.

Half way through the course there will be a couple of lectures on the intellectual background of The Wealth of Nations.

The following material might be helpful:

- M. Blaug, Economic Theory in Retrospect, rev. ed. 1968, (Chapter on Smith).
- W. Mitchel, "Adam Smith and How Political Economy Came to be Systemized in England", Chapter II of Types of Economic Theory, Augustus M. Kelley Publishers, 1967.
- S. Hollander, The Economics of Adam Smith, University of Toronto Press, 1973.
- D.P. O'Brien, The Classical Economists, Clarendon Press, 1975.
- A.S. Skinner and T. Wilson, ed., Essays on Adam Smith, Clarendon Press, 1975.
- History of Political Economy, a journal published semi-annually, (HBI, H55).
- E.G. West, Adam Smith, Liberty Press, 1976.

1. Consider the story of the pins on page 8. Where, if at all, does the story fit into the set of concepts we call micro-economics?

2. "A great part of the machines made use of in those manufacturers in which labour is most subdivided, were originally in the inventions of common workmen, who, being each of them employed in some very simple operation, naturally turned their thoughts towards finding out easier and readier methods of performing it."

(p. 13) Comment.

3. Where, if at all, does the example of the woollen coat on pages 15 and 16, fit into the set of concepts we call economics? Who knows how to make a pencil?

4. "It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages." (Page 18)

(i) What moral does Smith draw from this epigram?

(ii) Is there any place at all for benevolence in economic affairs?

5. "The greatest improvement in the productive power of labour... seem to have been the effects of the division of labour." (Page 7). Is that the whole story of economic growth, or is Smith's account incomplete?

6. "The word *VALUE*, it is to be observed, has two different meanings, and sometimes expresses the utility of some particular object, and sometimes the power of purchasing other goods which the possession of that object conveys. The one may be called 'value in use;' the other, 'value in exchange.' The things which have the greatest value in use have frequently little or no value in exchange; and on the contrary, those which have the greatest value in exchange

.../2

have frequently little or no value in use. Nothing is more useful than water: but it will purchase scarce any thing; scarce any thing can be had in exchange for it. A diamond, on the contrary, has scarce any value in use; but a very great quantity of other goods may frequently be had in exchange for it." (p. 32)

(i) Are values in use and exchange the same or different?

(ii) How would you resolve the diamond - water paradox?

7. "Labour, therefore, it appears evidently, is the only universal, as well as the only accurate measure of value, or the only standard by which we can compare the values of different commodities at all times and at all places. We cannot estimate, it is allowed, the real value of different commodities from century to century by the quantities of silver which were given for them. We cannot estimate it from year to year by the quantities of corn. By the quantities of labour we can, with the greatest accuracy, estimate it both from century to century and from year to year." (Page 41)

Under what circumstances is this true? Why and in what respect is it normally untrue?

8. Does Smith have one consistent labour theory of value, more than one theory, or no labour theory of value at all?



TOPICS FOR DISCUSSION: 2

1. With the aid of demand and supply curves, explain the difference between the natural and the market price, and assess the validity of each of the following quotations:
  - (a) "That the price of linen and woolen cloth is liable neither to such frequent nor to such great variations as the price of corn, every man's experience will inform him. The price of the one species of commodities varies only with the variations in the demand: That of the other varies not only with the variations in the demand, but with the much greater and more frequent variations in the quantity of what is brought to market in order to supply that demand." (p.66)
  - (b) "The same statutes of apprenticeship and other corporation laws indeed, which, when a manufacture is in prosperity, enable the workman to raise his wages a good deal above their natural rate, sometimes oblige him, when it decays, to let them down a good deal below it." (p.70)
2. "The liberal reward of labour, therefore, as it is the necessary effect, so it is the natural symptom of increasing national wealth. The scanty maintenance of the labouring poor, on the other hand, in the natural symptom that things are as a stand, and their starving condition that they are going fast backwards." (p.82)
  - (a) Model this proposition to determine what assumptions are required for it to be true and when it is likely to be false. (See also p.89)
  - (b) Can you "induce" from the contrast between China and British North America that the recent decline in population of Canada is indicative of an impending fall in real wages? What does your model suggest.

.../2

3. "Thus prohibition, like all others of the same kind, is said to have produced no effect, and probably increased rather than diminished the evil of usury." (p.99)  
Analyse this statement with the aid of demand and supply curves for loans, and say whether it is true or false.
4. "High wages of labour and high profits of stock, however, are things, perhaps, which scarce ever go together, except in the peculiar circumstances of new colonies." (p.103)  
Generalize this proposition.
5. "The property which every man has in his own labour, as it is the original foundation of all other property,<sup>1</sup> so it is the most sacred and inviolable." (p.136)  
Is it?
  6. "Certificates ought always to be required by the parish where any poor man comes to reside, and that they ought very seldom to be granted by that which he proposes to leave. (p.156)  
In Canada the number of weeks that one can draw unemployment insurance is greater in areas with especially high rates of unemployment. What is the effect of that provision on the overall rate of unemployment?
  7. "The pretence that corporations are necessary for the better government of the trade, is without any foundation. The real and effectual discipline which is exercised over a workman, is not that of his corporation, but that of his customers." (p.144)  
Would you apply this reasoning to the licencing of economists, teachers or medical doctors?

.../3

8. "When masters combine together in order to reduce the wages of their workmen, they commonly enter into a private bond or agreement, not to give more than a certain wage under a certain penalty. Were the workmen to enter into a contrary combination of the same kind, not to accept of a certain wage under a certain penalty, the law would punish them very severely, and if it dealt impartially, it would treat the masters in the same manner." (p.159)

Today it is more nearly the opposite. Can you think of a reason why this might be so?

9. Model the rise, described on pages 165-167, in the relative price of meat and corn as a country becomes populous.
10. Note particularly Smith's use of the word natural throughout book I, and recall the usage of the words natural and unnatural in Shakespeare's plays. Do you think Smith is using a "persuasive definition" to justify non-interference of the government in the economy? What criterion to economists apply today?

### Topics for Discussion 3

The Digression of Silver is perhaps the most striking instance where Smith tries to convey interesting and important ideas by means of a language and conceptual apparatus that is not quite up to the task, with the result that the exposition is obscure and the reader finds it difficult to see what Smith is trying to say. My interpretation of this chapter is that Smith is attempting to establish two propositions about economic development:

- A. "The increase of the quantity of gold and silver in Europe, and the increase of its manufactures and agriculture, are two events which, though they have happened nearly about the same time, yet have arisen from very different causes, and have scarce any natural connection with one another. The one has arisen from a mere accident, in which neither prudence nor policy either had or could have any share: The other from the fall of the feudal system, and from the establishment of a government which afforded to industry the only encouragement which it requires, some tolerable security that it shall enjoy the fruits of its own labour." (P. 264) and,
- B. "But though the low money price either of goods in general, or of corn in particular, be no proof of the poverty or barbarism of the times, the low money price of some particular sorts of goods, such as cattle, poultry, game of all kinds, etc. in proportion to that of corn, is a most decisive one."

Of course, A itself is really two propositions, one negative and the other positive, and it is only the former that is defended in this section. To defend these propositions, Smith is obliged to develop a large part of microeconomics and classical monetary theory.

I suggest that you begin your reading of the Digression on Silver with the conclusion (PP. 263-278), as a way of bringing the rest of the chapter into proper focus.

1. "In the course of a century or two, it is possible that new mines may be discovered more fertile than any that have ever yet been known; and it is just equally possible that the most fertile mine then known may be more barren than any that was wrought before the discovery of the mines of America. Whether the one or the other of those two events may happen to take place, is of very little importance to the real wealth and prosperity of the world, to the real value of the annual produce of the land and labour of mankind. Its nominal value, the quantity of gold and silver by which this annual produce could be expressed or represented, would, no doubt, be very different; but its real value, the real quantity of labour which it could purchase or command, would be precisely the same. A shilling might in the one case represent no more labour than a penny does at present; and a penny in the other might represent as much as a shilling does now. But in the one case he who had a shilling in his pocket, would be no richer than he who had a penny at present; and in the other he who had a penny would be just as rich as he who has a shilling now. The cheapness and abundance of gold and silver plate, would be the sole advantage which the world could derive from the one event, and the dearness and scarcity of those trifling superfluities the only inconvenience it could suffer from the other." (P. 263)

cont'd

Topics for Discussion 3 cont'd

1. (a) Express this proposition in a simple equation.  
(b) What today plays the role of the "discovery of mines".  
(c) Test the above proposition by observing the stability of the velocity of money in Canada over the last fifty years.
2. "For some time after the first discovery of America, silver would continue to sell at its former, or not much below its former price. The profits of mining would for some time be very great, and much above their natural rate. Those who imported that metal into Europe, however, would soon find that the whole annual importation could not be disposed of at this high price. Silver would gradually exchange for a smaller and a smaller quantity of goods. Its price would sink gradually lower and lower till it fell to its natural price; or to what was just sufficient to pay, according to their natural rates, the wages of the labour, the profits of the stock, and the rent of the land, which must be paid in order to bring it from the mine to the market." (P. 223)

Model this proposition with the aid of a stocks-flow diagram.

3. "The bounty, it has been thought by many people, by encouraging tillage, may, in a long course of years, have occasioned a greater abundance, and consequently a greater cheapness of corn in the home-market, than what would otherwise have taken place there." (P. 215)  
(a) Analyze this statement with the aid of demand and supply curves.  
(b) What do you think of Smith's explanation at the top of page 219? Is that - with appropriate translation - a valid explanation of Canadian tariff policy?
4. By appropriate adjustments to the standard isoquant diagram, model the choice of technique in dairy production discussed on pages 243-248.
5. What is Smith assuming, on page 50, about the supply curve of hogs?
6. "Whatever regulations tend to sink the price either of wool or of raw hides below what it naturally would be, must, in an improved and cultivated country, have some tendency to raise the price of butcher's-meat." (P. 259)

Model this proposition with the aid of demand and supply curves.

7. Now consider proposition B above. How does Smith propose to use relative prices as indications of prosperity or the reverse? Can you think of a better procedure for economic historians to follow?

Topics for Discussion 4:

October 10, 1979

Be sure to do questions 1, 3, 4, 5, and 14. The rest are primarily to assist you in reading the assigned material.

1. Choose a company for which the balance sheet is readily available. Decide which of its assets ought to be counted as fixed capital and which as circulating capital in Smith's sense of the term, and compute the share of the value of circulating assets to the total value of assets. How would you imagine the ratio to differ between Loblaw's and The Aluminum Company of Canada?
2. "The produce of land, mines and fisheries, when their natural fertility is equal, is in proportion to the extent and proper application of the capitals employed about them." (P. 301)  
a) Reconcile this statement with Smith's labour theory of value.  
b) What form of production function does this statement imply?
3. "Money, therefore, the great wheel of circulation, the great instrument of commerce, like all other instruments of trade, though it makes a part and a very valuable part of the capital, makes no part of the revenue of the society to which it belongs; and though the metal pieces of which it is composed, in the course of their annual circulation, distribute to every man the revenue which properly belongs to him, they make themselves no part of that revenue." (P. 309)  
  
Is the view expressed in this quotation consistent with the practice in the Canadian national accounts?
4. Consider the replacement of gold by paper money described in the main paragraph of P. 311. Is the printing of paper money and the export of gold likely to be inflationary in the instance described?
5. "The gold and silver money which circulates in any country may very properly be compared to a highway, which, while it circulates and carries to market all the grass and corn of the country, produces itself not a single pile of either. The judicious operations of banking, by providing, if I may be allowed so violent a metaphor, a sort of waggon-way through the air; enable the country to convert, as it were, a great part of its highways into good pastures and cornfields, and thereby to increase very considerably the annual produce of its land and labour." (P. 341)

What would be the fixed cost to Canada of converting domestic money from paper to gold and what would be the annual cost of maintaining the rate of growth of the money supply?

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Topics for Discussion 4 cont'd

6. Which of the following came closest to Smith's distinction between productive and unproductive labour:
- consumption and investment
  - goods and services
  - usefulness and waste
  - beneficial or not beneficial to the poor?

Try to find quotations in support of all three interpretations.

7. "The proportion between capital and revenue, therefore, seems everywhere to regulate the proportion between industry and idleness." (P. 358)

True or False?

8. "Every prodigal appears to be a public enemy, and every frugal man a public benefactor." (P. 362)

True or False?

9. "Great nations are never impoverished by private, though they sometimes are by public prodigality and misconduct. The whole, or almost the whole public revenue, is in most countries employed in maintaining unproductive hands." (P. 363)

Notice how Smith uses the term "unproductive". Is he trying to put one over on us through a neat change of meaning?

10. "It is the highest impertinence and presumption, therefore, in kings and ministers, to pretend to watch over the economy of private people, and to restrain their expence, either by sumptuary laws, or by prohibiting the importation of foreign luxuries. They are themselves always, and without any exception, the greatest spendthrifts in the society. Let them look well after their own expence, and they may safely trust private people with theirs. If their own extravagance does not ruin the state, that of their subjects never will." (P. 367)

What does this quotation suggest about the normal assumptions of welfare economics?

11. "...it is utterly impossible that the lowering of the value of silver could have the smallest tendency to lower the rate of interest." (P. 376)

Is this true? What would you expect to be the effect of the discovery of a large amount of new gold in California upon the rate of interest in the United States?

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Topics for Discussion 4 cont'd

12. "The prejudices of some political writers against shopkeepers and tradesmen, are altogether without foundation. So far is it from being necessary, either to tax them, or to restrict their numbers, that they can never be multiplied so as to hurt the public, though they may so as to hurt one another." (P. 382)

How do you reconcile this with Smith's distinction between productive and unproductive labour.

13. "...the capital of the master manufacturer...puts immediately into motion, therefore, a much greater quantity of productive labour, and adds a much greater value to the annual produce of the land and labour of the society, than an equal capital in the hands of any wholesale merchant." (P. 384)

a) Is the quotation true?

b) If this kind of capital "puts into motion a greater quantity of productive labour" can it really be said to "add a greater value to the annual produce"?

c) What branch of microeconomics is required to sort this matter out?

d) What special assumption about the form of production functions might make sense of Smith's discussion of capital in this chapter?

14. "Of all the ways in which a capital can be employed, it is by far the most advantageous to the society." (P. 385)

Comment.

Topics for Discussion 5

Do question 1. The rest are intended to assist you in reading the assigned material.

1. In addition to the assigned reading, Book III of *The Wealth of Nations*, read K. Marx and F. Engels *Manifesto of the Communist Party*, chapters I and II. What are the similarities and what are the differences between Smith's and Marx's accounts of the transition from feudalism to capitalism.
2. If Smith is right in his explanation of primogeniture on page 408, what kind of law governing the inheritance of property would you expect to find in Ancient Imperial China, in sixteenth century Japan (think back over the Japanese movies you have seen, for instance the Seven Samurai), in Canada today?
3. "The planting of sugar and tobacco can afford the expense of slave cultivation. The raising of corn it seems in present times cannot." Remember, by "corn", Smith means grain of all kinds. What do you suppose might be the characteristics of sugar, tobacco and corn that might lead Smith to draw such a conclusion? Consider patterns of landholding for these crops today.
4. Consider the following quotations.

"It could never, however, be the interest even of this last species of cultivators to lay out, in the further improvement of the land, any part of the little stock which they might save from their own share of the produce, because the lord, who laid out nothing, was to get one-half of whatever it produced." (P. 414)

"There is, I believe, no-where in Europe, except in England, any instance of the tenant building upon the land of which he had no lease, and trusting that the honour of his landlord would take no advantage of so important an improvement. Those laws and customs so favourable to the yeomanry, have perhaps contributed more to the present grandeur of England, than all their boasted regulations of commerce taken together." (P. 415)

Which of the two institutions, sharecropping or the insecurity of tenure of the lease, would you expect to be the greater impediment to the improvement of land (i) by the land owner and (ii) by the tenant.

Topics for Discussion 6

1. On reading this week's material, keep a record of Smith's comments about the characteristics of people in different occupations: merchants, planners, soldiers, common workers, statesmen, landowners, etc.
2. "The great affair, we always find, is to get money." (P. 450)  
In chapter I of book IV, Smith contrasts this "objective" for society as a whole with another objective, alleged to be more appropriate. What is Smith's alternative? Under what circumstances, according to Smith, might it be reasonable for rational policy to be directed "to get money".
3. "Every individual is continually exerting himself to find out the most advantageous employment for whatever capital he can command. It is his own advantage, indeed, and not that of society which he has in view. But the study of his own advantage naturally, or rather necessarily leads him to prefer that employment which is most advantageous to the society." (P. 475)  
"...by directing that industry in such a manner as its produce may be of the greatest value he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it." (P. 477)  
These paragraphs foreshadow the main theorems in welfare economics. How can the different and conflicting interests of the different people in society be added, compared or reconciled so that an outcome might be said to be "advantageous to the society"? Is the statement true? Can you think of exceptions in which the government might direct private people in what manner they ought to employ their capital. (P. 478)
4. "...it will generally be advantageous to lay some burden upon foreign for the encouragement of domestic industry...when some tax is imposed at home upon the produce of the latter." (P. 487)  
On what conditions does the truth of this statement depend?
5. "There may be good policy in retaliations of this kind, when there is a probability that they will procure the repeal of the high duties of prohibitions complained of. The recovery of a great foreign market will generally more than compensate the transitory inconveniency of paying dearer during a short time for some sorts of goods." (P. 490)
  - a) Is this ever true even if "they will not" procure the repeal of the high duties complained of?"
  - b) What lesson might be drawn from the paragraph preceding the above quotation about the probable effects on dominion provincial relations of provincial marketing boards?

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Topics for Discussion 6 cont'd

6. "By the reduction of the army and navy at the end of the late war, more than a hundred thousand soldiers and seamen, a number equal to what is employed in the greatest manufactures, were all at once thrown out of their ordinary employment; but, though they no doubt suffered some inconvenience, they were not thereby deprived of all employment and subsistence." (P. 492)

As a test of the resilience of a competitive economy, see what happened to the unemployment rate in Canada as a result of the demobilization of the army after the Second World War. Data on changes in military employment and unemployment of labour are to be found in Urquhart and Buckley, Canadian Historical Statistics.

7. "To expect, indeed, that the freedom of trade should ever be entirely restored in Great Britain, is as absurd as to expect that an Oceana or Utopia should ever be established in it. Not only the prejudices of the public, but what is much more unconquerable, the private interest of many individuals, irresistibly oppose it." (P. 493)

Is there in a democratic society a mechanism for curbing "private interest"? If private interests affect legislation excessively, by what means is a political equilibrium among private interests established?

8. "Were the duties upon foreign wines, and the excises upon malt, beer and ale, to be taken away all at once, it might, in the same manner, occasion in Great Britain a pretty general and temporary drunkenness among the middling and inferior ranks of people, which would probably be soon followed by a permanent and almost universal sobriety." (P. 518)

True or False?

Topics for Discussion 7

1. "To allow the merchant to draw back upon exportation, either the whole or part of whatever excise duty or inland duty is imposed upon domestic industry can never occasion the exportation of a greater quantity of goods than what would have been exported had no duty been imposed." (P. 3)

True or false?

2. "By means of the monopoly which our merchants and manufacturers enjoy there, the same quantity might frequently, perhaps, be sent thither, though the whole duties were retained. The drawback, therefore, may frequently be pure loss to the revenue of excise and customs, without altering the state of the trade, or rendering it in any respect more extensive." (P. 8)

What need be assumed about the objective of policy and the organization of the market for this policy to be advantageous to the country that adopts it?

3. The following are a series of quotations about the corn bounty and related matters. Where possible, analyze each statement with the aid of demand and supply diagrams. Say whether and in what circumstances the statements are true or false.

- "The effect of bounties, like that of all the other expedients of the mercantile system, can only be to force the trade of a country into a channel much less advantageous than that in which it would naturally run its own accord." (P. 11)
- "The average price of corn, it has been said, has fallen considerably since the establishment of the bounty... This event, supposing it to be as real as I believe it to be, must have happened in spite of the bounty, and cannot possibly have happened in consequence of it." (P. 12)
- "...as every bushel of corn which is exported by means of the bounty, and which would not have been exported without the bounty, would have remained in the home market to increase the consumption, and to lower the price of that commodity." (P. 13)
- "The real effect of the bounty is not so much to raise the real value of corn as to degrade the real value of silver." (P. 15)
- "The rise in the money price of all commodities, which is in this case peculiar to that country, tends to discourage more or less every sort of industry which is carried on within it, and to enable foreign nations by furnishing almost all sorts of goods for a smaller quantity of silver than its own workmen can afford to do, to undersell them, not only in the foreign but even in the home market." (P. 16)

cont'd

Topics for Discussion 7 cont'd

3. f) "There is perhaps, but one set of men in the whole commonwealth to whom the bounty either was or could be essentially serviceable. These were the corn merchants, the exporters and importers of corn. In years of plenty the bounty necessarily occasioned a greater exportation than would otherwise have taken place; and by hindering the plenty of one year from relieving the scarcity of another, it occasioned in years of scarcity a greater importation than would otherwise have been necessary. It increased the business of the corn merchant in both; and in years of scarcity, it not only enabled him to import a greater quantity, but to sell it for a better price, and consequently with a greater profit than he could otherwise have made, if the plenty of one year had not been more or less hindered from relieving the scarcity of another. It is in this set of men, accordingly, that I have observed the greatest zeal for the continuance or renewal of the bounty." (P. 20)
- g) "To encourage the production of any commodity, a bounty upon production, one should imagine, would have a more direct operation, than one upon exportation. It would, besides, impose only one tax upon the people, that which they must contribute in order to pay the bounty. Instead of raising, it would tend to lower the price of the commodity in the home market; and thereby instead of imposing a second tax upon the people, it might, at least in part, repay them for what they had contributed to the first." (P. 22)
- (Why are production bounties less common than export bounties?)
- h) "I have known the different undertakers of some particular works agree privately among themselves to give a bounty out of their own pockets upon the exportation of a certain proportion of the goods which they dealt in. This expedient succeeded so well, that it more than doubled the price of their goods in the home market, notwithstanding a very considerable increase in the produce. The operation of the bounty upon corn must have been wonderfully different, if it has lowered the money price of that commodity." (P. 23)
- (Could such a scheme ever be profitable to the undertaker? Is it necessarily so?)
- i) "...it has, I am afraid, been too common for vessels to fit out for the sole purpose of catching, not the fish but the bounty." (P. 25)
- (Can you think of contemporary examples?)
- j) "The interest of the inland dealer, and that of the great body of the people, how opposite soever they may at first sight appear, are, even in years of the greatest scarcity, exactly the same. It is his interest to raise the price of his corn as high as the real scarcity of the season requires, and it can never be his interest to raise it higher. By raising the price he discourages the consumption, and puts everybody more or less, but particularly the inferior ranks of people, upon thrift and good management. If, by raising it too high, he discourages the consumption so much that the supply of the season is likely to go beyond the

Topics for Discussion 7 cont'd

3. j) consumption of the season, and to last for some time after the next crop begins to come in, he runs the hazard, not only of losing a considerable part of his corn by natural causes, but of being obliged to sell what remains of it for much less than what he might have had for it several months before. If by not raising the price high enough he discourages the consumption so little, that the supply of the season is likely to fall short of the consumption of the season, he not only loses a part of the profit which he might otherwise have made, but he exposes the people to suffer before the end of the season, instead of the hardships of a dearth, the dreadful horrors of a famine. It is the interest of the people that their daily, weekly, and monthly consumption, should be proportioned as exactly as possible to the supply of the season." (P. 30)
- k) "The unlimited, unrestrained freedom of the corn trade is the only effectual preventative of the miseries of a famine." (P. 33)
- l) "In years of scarcity the inferior ranks of people impute their distress to the avarice of the corn merchant, who becomes the object of their hatred and indignation. Instead of making profit upon such occasions, therefore, he is often in danger of being utterly ruined, and of having his magazines plundered and destroyed by their violence. It is in years of scarcity, however, when prices are high, that the corn merchant expects to make his principal profit...The popular odium, however, which attends it in years of scarcity, the only years in which it can be very profitable, renders people of character and fortune averse to enter into it. It is abandoned to an inferior set of dealers and millers, bakers, mealmen, and meal factors, together with a number of wretched hucksters, are almost the only middle people that, in the home market, come between the grower and the consumer." (P. 30)
- (Are Kingston landlords unpopular with students because rents are high, or are rents high because Kingston landlords are unpopular?)
- m) "If importation was at all times free, our farmers and country gentlemen would, probably, one year with another, get less money for their corn than they do at present, when importation is at most times in effect prohibited; but the money which they got would be of more value, would buy more goods of all other kinds, and would employ more labour. Their real wealth, their real revenue, therefore, would be the same as at present, though it might be expressed by a smaller quantity of silver; and they would neither be disabled nor discouraged from cultivating corn as much as they do at present." (P. 43)
- n) "Were all nations to follow the liberal system of free exportation and free importation, the different states into which the continent was divided would so far resemble the different provinces of a great empire." (P. 47)

What does this quotation suggest about financial relations among the provinces?

Topics for Discussion 7 cont'd

4. The following are brief descriptions of two programs of the Export Development Corporation.

a) The Export Development Corporation (EDC) makes long term loans and loan guarantees to foreign borrowers to finance and expand Canadian exports. Emphasis is placed on the quality of Canadian content, the type and number of Canadian jobs sustained or created, the impact on subcontractors, and the effect and possibility of participation by small and medium-sized Canadian businesses. EDC strives to achieve the greatest benefit to Canada per dollar of Corporation funds.

b) The Export Development Corporation (EDC) assists in expanding Canada's export trade by insuring export transactions against various political and commercial risks of loss, excluding risks which are normally covered by commercial users and by providing guarantees and credit facilities.

Discuss the probable effects of these programs on the welfare of Canadians in the light of Smith's analysis of the corn and herring bounties in Book IV chapter V.

Topics for Discussion 8

Book IV, Chapters 7, 8, 9.

Do questions 1, 2, 6, 8, 9, 10. The rest are to help focus your reading.

1. In reading this material, keep a checklist of instances when Smith evaluates policy according to whether it is just or consistent with natural liberty, and when Smith evaluates policy according to its effect on the total national income.

What do you think is the most interesting quotation in this section?

2. What according to Smith are the reasons for the establishment of colonies, in Ancient times and at the time he was writing?

What are the advantages of European colonies to Europe as a whole, to the mother country, to the colonists themselves? (See pages 66 and 104).

3. "To remedy this disorder, for such it was supposed to be, a law was made restricting the quantity of land which any citizen could possess." (P. 67)

Why was unequal distribution of land thought of as a disorder? Was it?

4. "In other countries, rent and profit eat up wages, and the two superior orders of people oppress the inferior one. But in new colonies, the interest of the two superior orders obliges them to treat the inferior one with more generosity and humanity; at least, where that inferior one is not in a state of slavery." (P. 76)

Model this proposition with the aid of a curve representing the marginal product of labour.

5. "The law, so far as it gives some weak protection to the slave against the violence of his master, is likely to be better executed in a colony where the government is in a great measure arbitrary, than in one where it is altogether free." (P. 100)

True or false?

6. "In order, however, to obtain this relative advantage in the colony trade, in order to execute the invidious and malignant project of excluding as much as possible other nations from any share in it, England, there are very probable reasons for believing, has not only sacrificed a part of the absolute advantage which she, as well as every other nation, might have derived from that trade, but has subjected herself both to an absolute and to a relative disadvantage in almost every other branch of trade." (P. 109)

cont'd



Topics for Discussion 8 cont'd

6. Can you imagine circumstances where an English monopoly of American trade would, contrary to Smith's claim:

- 1) make all Englishmen better off;
- ii) divest no more English capital to the colonies than would go without the monopoly;

If you were a member of the English parliament in, say, 1765 when the American revolution was not anticipated, would you vote to maintain the English monopoly of American trade?

7. "A foreign trade of consumption carried on with a neighbouring, is, upon this account, in general, more advantageous than one carried on with a distant country; and for the same reason a direct foreign trade of consumption, as it has likewise been shown in the second book, is in general more advantageous than a round-about one." (P. 115)

True or false?

8. "Such are the unfortunate effects of all the regulations of the mercantile system! They not only introduce very dangerous disorders into the state of the body politic, but disorders which it is often difficult to remedy, without occasioning, for a time at least, still greater disorders." (P. 121)

If disorder B is greater than disorder A, and the removal of A requires B, is it not best to live with B? Does not this statement undermine Smith's entire case against the Mercantile system?

9. "The absurdity of this second kind of monopoly, therefore, is much more manifest than that of the first." (P. 147)

What are the two kinds of monopoly and why do they differ in their effects on the inhabitants of the monopolizing country? Try to analyze this problem with the aid of ordinary demand and supply curves.

10. Consider the following quotations:

- a) "Graziers separated from one another, and dispersed through all the different corners of the country, cannot, without great difficulty, combine together for the purpose either of imposing monopolies upon their fellow-citizens, or of exempting themselves from such as may have been imposed upon them by other people." (P. 173)
- b) "the liberty of the subject is plainly sacrificed to the futile interests of our merchants and manufacturers." (P. 178)
- c) "in the mercantile system, the interest of the consumer is almost constantly sacrificed to that of the producer; and it seems to consider production, and not consumption, as the ultimate end and object of all industry and commerce."

cont'd

Topics for Discussion 8 cont'd

10. d) "A rich country, in the same manner as a rich man, is supposed to be a country abounding in money; and to heap up gold and silver in any country is supposed to be the readiest way to enrich it." (Book I, page 450)

In the light of these quotations, say whether Smith's description of Mercantilism in chapters I and VIII of Book IV are the same and, if not, whether they are at least consistent. Which of the two theories is the more appropriate as a nationalization of English commercial practice in the mid-eighteenth century?

11. "In the spice islands the Dutch are said to burn all the spices which a fertile season produces beyond what they expect to dispose of in Europe with such a profit as they think sufficient." (P. 152)

With aid of demand and supply curves, discuss whether such a policy could ever be in the interest of the Dutch.

12. "As sovereigns, their interest is exactly the same with that of the country which they govern. As merchants, their interest is directly opposite to that interest." (P. 154)

True or false? Note that there are two sides of the proposition.

13. "But though its effect upon the quantity of the annual produce may not have been very considerable, its effect upon the quality, it may perhaps be thought, must necessarily have been very great." (P. 171)

True or false?

14. "The industry and commerce of a great country he endeavoured to regulate upon the same model as the departments of a public office; and instead of allowing every man to pursue his own interest his own way, upon the liberal plan of equality, liberty and justice, he bestowed upon certain branches of industry extraordinary restraints." (P. 183)

Why should the principles of a department of a public office not do for industry and commerce?

15. "At no moment of time, therefore, does he add anything to the value of the whole annual amount of the rude produce of the land: the portion of that produce which he is continually consuming, being always equal to the value which he is continually producing." (P. 187)

Something is being overlooked here. What is it?

16. "The unproductive class, however, is not only useful, but greatly useful to the other two classes." (P. 189)

Is that any less true of those whom Smith chooses to call unproductive? See pages 195-198.

Topics for Discussion 9

Do questions 1, 2, 3, 5, 7, 9 and 11.

1. "A private citizen who, in time of profound peace, and without any particular encouragement from the public, should spend the greater part of his time in military exercises, might, no doubt, both improve himself very much in them, and amuse himself very well; but he certainly would not promote his own interest. It is the wisdom of the state only which can render it for his interest to give up the greater part of his time to this peculiar occupation." (P. 219)

What is the general problem to which this quotation refers? In what other trades, projects or industries does this problem arise?

2. "Civil government, so far as it is instituted for the security of property, is in reality instituted for the defence of the rich against the poor, or of those who have some property against those who have none at all." (P. 236)

Can we therefore say with Marx that the state is nothing but the agent of the bourgeois for the repression of the proletariat?

3. "This tax or toll too, though it is advanced by the carrier, is finally paid by the consumer, to whom it must always be charged in the price of the goods." (P. 246)

True or false?

4. "That by a more plentiful supply, to the great advantage and conveniency of the public, it must have reduced, very much, the price of India goods in the English market, cannot well be doubted; but that it should have raised very much their price in the Indian market, seems not very probable, as all the extraordinary demand which that competition could occasion, must have been but as a drop of water in the immense ocean of Indian commerce." (P. 271)

True or false?

5. "A temporary monopoly of this kind may be vindicated upon the same principles upon which a like monopoly of a new machine is granted to its inventor, and that of a new book to its author." (P. 278)

Is monopoly in these cases ever Pareto optimal, beneficial to society as a whole?

6. "The endowments of schools and colleges have, in this manner, not only corrupted the diligence of public teachers, but have rendered it almost impossible to have any good private ones." (P. 301)

How do you explain the coexistence of public and private schools in Canada?

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Topics for Discussion 9 cont'd

7. "Other subjects of the state are taxed very absurdly in two different ways; first, by the high price of goods, which, in the case of a free trade, they could buy much cheaper; and secondly, by their total exclusion from a branch of business." (P. 278)

Compare the monopolistic behaviour toward a colony of a joint stock company governing that colony, and an ordinary colonial administration interested only in the welfare of the mother country. In which case would the volume of trade be the larger?

8. "The only trades which it seems possible for a joint stock company to carry on successfully, without an exclusive privilege, are those, of which all the operations are capable of being reduced to what is called a routine, or to such a uniformity of method as admits of little or no variation." (P. 279)

So why are there so many joint stock companies today?

9. "But in every improved and civilized society this is the state into which the labouring poor, that is, the great body of the people, must necessarily fall, unless government takes some pains to prevent it." (P. 303)

What are Smith's arguments for and against public provision of education, and how does he resolve the issue?

10. How does Smith explain:

- a) the origin of the authority of the Catholic Church?
- b) its decline at the time of the reformation?

11. In the following quotations, Smith deals with a problem that crops up in many, apparently dissimilar situations. What is the common problem and what solution does Smith normally recommend?

- a) "It has been the custom in modern Europe to regulate, upon most occasions, the payment of the attorneys and clerks of court, according to the number of pages which they had occasion to write; the court, however, requiring that each page should contain so many lines, and each line so many words. In order to increase their payment, the attorneys and clerks have contrived to multiply words beyond all necessity, to the corruption of the law language of, I believe, every court of justice in Europe." (P. 242-243)
- b) "A magnificent high road cannot be made through a desert country where there is little or no commerce, or merely because it happens to lead to the country villa of the intendant of the province." (P. 247)

cont'd

Topics for Discussion 9 cont'd

11. c) "The proud minister of an ostentatious court may frequently take pleasure in executing a work of splendour and magnificence, such as a great highway, which is frequently seen by the principal nobility, whose applauses not only flatter his vanity, but even contribute to support his interest at court. But to execute a great number of little works, in which nothing that can be done can make any great appearance, or excite the smallest degree of admiration in any traveller, and which, in short, have nothing to recommend them but their extreme utility, is a business which appears in every respect too mean and paltry to merit the attention of so great a magistrate. Under such an administration, therefore, such works are almost always entirely neglected." (P. 251)
- d) "No other sovereigns ever were, or, from the nature of things, ever could be, so perfectly indifferent about the happiness or misery of their subjects, the improvement or waste of their dominions, the glory or disgrace of their administration; as, from irresistible moral causes, the greater part of the proprietors of such a mercantile company are, and necessarily must be." (P. 276)
- e) "The discipline of colleges and universities is in general contrived, not for the benefit of the students, but for the interest, or more properly speaking, for the ease of the masters." (P. 287)
- f) "The ignominy of an unjust decision, when it was to be divided among five hundred, a thousand, or fifteen hundred people (for some of their courts were so very numerous), could not fall very heavy upon any individual. At Rome, on the contrary, the principal courts of justice consisted either of a single judge, or of a small number of judges, whose characters, especially as they deliberated always in public, could not fail to be very much affected by any rash or unjust decision." (P. 299)
- g) "The clergy of an established and well-endowed religion frequently become men of learning and elegance, who possess all the virtues of gentlemen, or which can recommend them to the esteem of gentlemen; but they are apt gradually to lose the qualities, both good and bad, which gave them authority and influence with the inferior ranks of people." (P. 310)

TOPICS FOR DISCUSSION #10

1. For three kinds of taxes levied in Canada today, evaluate each tax according to Smith's four criteria on pages 350-351.
2. A tax on the rest of land "has no tendency to diminish the quantity, it can have none to raise the price of that produce. It does not obstruct the industry of the people. It subjects the landlord to no other inconveniency besides the unavoidable one of paying the tax." (Page 353)  
  
Analyze this statement with the aid of demand and supply curves.  
Would the statement be true of taxes on (i) land rents in downtown Kingston (ii) on all land used for farming in Canada?
3. "Some landlords, instead of a rent in money, require a rent in kind, in corn, cattle, poultry, wine, oil, and c. others again require a rent in service. Such rents are always more hurtful to the tenant than beneficial to the landlord." (Page 357)  
  
True or false? Can you think of a reason why the tenant might prefer rent in kind?
4. "Taxes upon the produce of land are in reality taxes upon the rent; and though they may be originally advanced by the farmer, are finally paid by the landlord." (Page 362)  
  
What need be assumed about the elasticities of supply of the different factors of production for this statement to be true?
5. "A tax on house-rents, therefore, would in general fall heaviest on the rich." (Page 368)  
  
What need be assumed to make this statement true?
6. "Land is a subject which cannot be removed, whereas stock easily may. The proprietor of land is necessarily a citizen of the particular country in which his estate lies. The proprietor of stock is properly a citizen of the world, and is not necessarily attached to any particular country. He would be apt to abandon the country in which he was exposed to a vexatious inquisition, in order to be assessed to a burdensome tax, and would remove his stock to some other country where he could either carry on his business, or enjoy his fortune more at his ease." (Page 375)  
  
What would be the effect of an increase in the corporate income tax in Canada upon the profits of foreign owned companies (i) in the short run (ii) in the long run?

7. "A tax, however, upon the profits of stock employed in any particular branch of trade, can never fall finally upon the dealers (who must in all ordinary cases have their reasonable profit, and, where the competition is free, can seldom have more than that profit), but always upon the consumers, who must be obliged to pay in the price of the goods the tax which the dealer advances; and generally with some overcharge." (Page 379)  
With the aid of demand and supply curves, show what has to be assumed for this statement to be true.
8. "The high duties which have been imposed upon the importation of many different sorts of foreign goods, in order to discourage their consumption in Great Britain have in many cases served only to encourage smuggling; and in all cases have reduced the revenue of the customs below what more moderate duties would have afforded. The saying of Dr. Swift, that in the arithmetic of the customs two and two, instead of making four, make some times only one, holds perfectly true with regard to such heavy duties." (Page )  
With the aid of demand and supply curve show (i) how two plus two may equal one even without smuggling (ii) how to account for the effect of the tax on the amount of smuggling.
9. "Capitation taxes, if it is attempted to proportion them to the fortune or revenue of each contributor, become altogether arbitrary. The state of man's fortune varies from day to day, and without an inquisition more intolerable than any tax, and renewed at least once every year, can only be guessed at. His assessment, therefore, must in most cases depend upon the good or bad humour of his assessors, and must, therefore, be altogether arbitrary and uncertain." (Page 396)  
Was this a valid argument against the income tax in 1776? Is it still valid today?
10. "It has been the opinion of many people, that, by proper management, the duties of customs might likewise, without any loss to the public revenue, and with great advantage to foreign trade, be confined to a few articles only." (Page )  
Was this a valid argument in 1776? Is it still valid today?
11. Consider the two opposite positions on the effects of public debt upon the national income  
(i) "The private revenue of the inhabitants of Great Britain is at present as much encumbered in time of peace, their ability to accumulate is as much impaired as it would have been in the time of the most expensive war, had the pernicious system of funding never been adopted."

- (ii) "In the payment of the interest of the public debt, it has been said, it is the right hand which pays the left. The money does not go out of the country." (Page 463)  
Which of these is in your opinion more nearly correct? What harm, if any, can debt do the country when the right hand pays the left?
12. "Almost all states, however, ancient as well as modern, when reduced to this necessity, have, upon some occasions, played this very juggling trick." (Page 468)  
Has Canada ever played this trick? Are these market forces that make this trick unprofitable to a government that tries to play it?
13. "No oppressive aristocracy has ever prevailed in the colonies. Even they, however, would, in point of happiness and tranquillity, gain considerably by a union with Great Britain. It would, at least, deliver them from those rancorous and virulent factions which are inseparable from small democracies, and which have so frequently divided the affections of their people, and disturbed the tranquillity of their government, in their form so nearly democratical. In the case of a total separation from Great Britain, which, unless prevented by a union of this kind, seems very likely to take place, those factions would be ten times more virulent than ever. Before the commencement of the present disturbances, the coercive power of the mother-country had always been able to restrain those factions from breaking out into any thing worse than gross brutality and insult. If that coercive power were entirely taken away, they would probably soon break out into open Violence and bloodshed." (Page 483)  
Why might Smith have supposed that Factions in a "democratical" country might lead to "violence and bloodshed". (See the tenth Federalist letter by James Madison.)

Do all three parts of this exam. Each part is worth the same number of marks. There is some choice of which questions to answer within each part.

PART I

For four of the following quotations, say whether or under what circumstances it is true.

- a) "Whatever regulations tend to sink the price either of wool or of raw hides below what it naturally would be, must, in an improved and cultivated country, have some tendency to raise the price of butcher's meat." (Page 259)
- b) "To allow the merchant to draw back upon exportation, either the whole or a part of whatever excise or inland duty is imposed upon domestic industry, can never occasion the exportation of a greater quantity of goods than what would have been exported had no duty been imposed." (Page 3)
- c) "...every bushel of corn which is exported by means of the bounty, and which would not have been exported without the bounty, would have remained in the home market to increase the consumption, and to lower the price of that commodity." (Page 13)
- d) "In other countries, rent and profit eat up wages, and the two superior orders of people oppress the inferior one. But in new colonies, the interest of the two superior orders obliges them to treat the inferior one with more generosity and humanity; at least, where that inferior one is not in a state of slavery." (Page 100)

- e) "In the spice islands the Dutch are said to burn all the spices which a fertile season produces beyond what they expect to dispose of in Europe with such a profit as they think sufficient." (Page 152)
- f) "Upon equal, or only nearly equal profits, therefore, every individual naturally inclines to employ his capital in the manner in which it is likely to afford the greatest support to domestic industry, and to give revenue and employment to the greatest number of people of his own country." (Page 477)

PART II

Answer two questions in this part.

- a) "The word *VALUE*, it is to be observed, has two different meanings, and sometimes expresses the utility of some particular object, and sometimes the power of purchasing other goods which the possession of that object conveys. The one may be called 'value in use'; the other, 'value in exchange'. The things which have the greatest value in use have frequently little or no value in exchange; and on the contrary, those which have the greatest value in exchange have frequently little or no value in use. Nothing is more useful than water; but it will purchase scarce any thing; scarce any thing can be had in exchange for it. A diamond, on the contrary, has scarce any value in use; but a very great quantity of other goods may frequently be had in exchange for it." (Page 32)

Do values in use reflect values in exchange and, if not, can we then infer that usefulness, or utility is irrelevant to market prices.

- b) "The liberal reward of labour, therefore, as it is the necessary effect, so it is the natural symptom of increasing national wealth. The scanty maintenance of the labouring poor, on the other hand, in the natural symptom that things are as a stand, and their starving condition that they are going fast backwards." (Page 82)

Fill out Smith's model of economic development in this quotation, indicating when the statement is likely to be true and when it is not.

- c) Does Smith have one consistent labour theory of value, more than one, or no theory at all? In answering this question, you should discuss at least two candidates for a theory even if you reject one or both of them.
- d) "For some time after the first discovery of America, silver would continue to sell at its former, or not much below its former price. The profits of mining would for some time be very great, and much above their natural rate. Those who imported that metal into Europe, however, would soon find that the whole annual importation could not be disposed of at this high price. Silver would gradually exchange for a smaller and a smaller quantity of goods. Its price would sink gradually lower and lower till it fell to its natural price; or to what was just sufficient to pay, according to their natural rates, the wages of the labour, the profits of the stock, and the rent of the land, which must be paid in order to bring it from the mine to the market." (Page 223)

Model this proposition with the aid of a stocks-flow diagram.

### PART III

Answer one question in this part.

- a) What criterion did Smith employ in his evaluation of economic policy? How did Smith's criterion differ from other criteria employed by his contemporaries? How has Smith's criterion stood up to critical analysis since Smith wrote?
- (NOTE: The last of these three questions is not about the literature on Adam Smith in the last two hundred years. It is about developments in economics generally.)
- b) "The industry and commerce of a great country he endeavoured to regulate upon the same model as the departments of a public office; and instead of allowing every man to pursue his own interest his own way, upon the liberal plan of equality, liberty and justice, he bestowed upon certain branches of industry extraordinary restraints." (Page 183)
- Why does Smith believe that industry and commerce ought not to be regulated on the same model as the departments of a public office? Alternatively, why does he allow that departments of a public office might not be run like industry and commerce?

Answer all questions

1. It has been asserted by high authority (E. Halévy, Growth of Philosophical Radicalism) that it was a central assumption of the classical economists that there was a natural identity of interests of the members of the society: As a result there was no important economic role for the state beyond providing the institutional basis (private property, contract) for market activity. Appraise.
2. State what you believe to have been the prevailing wages-fund theory in the classical school. What were the strengths, and the weaknesses, of the wages-fund doctrine as a short run theory of wages?
3. Wesley Mitchell argued that the main developments in economic theory in each period reflected the interests and conditions of that period, -- for example, Ricardo's theory of rent reflected England's problem of food supply in the Napoleonic period. Is this a useful hypothesis in explaining the major subjects of economic writing in the last 200 years?
4. What were Marshall's main contributions to economic theory? Describe each contribution in some detail, and indicate whether it still survives in present day economics.
5. Present the criticisms of the mainstream economics by some one critical school (Historical, Marxian, institutionalists, etc.). To what extent did these criticisms affect the development of the mainstream theory?

Preliminary Examination  
Nov. 13, 1979

## History of Economic Thought

1. In his recent presentation of Smith's model of the economy, Samuelson attributes the law of diminishing returns to Smith.
  1. Is it true that every economist who has dealt with the real world has had to assume diminishing returns, at least implicitly?
  2. Was the law explicit in Smith?
2. John Stuart Mill has often been represented as a faithful, unoriginal Ricardian.
  1. What is the basis for this traditional view?
  2. What are the important theoretical developments of Mill that are inconsistent with the traditional view?
3. Write on one:
  - A. "Marshall's treatment of time in the theory of value was his most fundamental contribution to economics." Appraise.
  - B. What were the main contributions to economic theory of the mathematical method before 1900?
4. Smith and Ricardo are frequently valued for qualities the other is alleged to lack. Some critics, favoring Ricardo, reject Smith; others the opposite. On what grounds is the choice to be made of which is the better economist?
5. If the accumulation of "inconvenient" facts that older theory cannot satisfactorily explain accounts for revolutions in scientific theory, explain the grounds on which the marginal utility theory could be found superior to the Ricardo-Mill theory it superceded.

Answer all questions.

1. Is the self-interest theory of the economist applicable to himself? More specifically, can you explain the choice of subjects, or the positions taken on them, by economists in any period by their personal self-interest? (Of course you can take the negative, but again document that argument from some period.)
2. Marshall Sahlins, Culture and Practical Reason:  
  
Conceiving the creation and movement of goods solely from their pecuniary quantities...one ignores the cultural code of concrete properties governing "utility" and so remains unable to account for what is in fact produced...The structure of the economy appears as the objectivized consequence of practical behavior, rather than a social organization of things, by the institutional means of the market, but according to a cultural design of persons and goods.  
  
To what extent is Adam Smith concerned with the "cultural design of persons and goods;" to what extent is his economics required to deal with the "cultural design" Sahlins and structuralists are concerned about?
3. Discuss the wages-fund doctrine and its role in classical distribution theory.
  1. Was it a tautology?
  2. How did it determine the size of the wages-fund?
  3. Did it serve any policy ends?
  4. Did its main predictions differ from those of the marginal productivity theory?
4. John A. Hobson, N. Lenin, and others have authored theories of imperialism, which, in spite of various differences, have in common the proposition that modern expansionist wars and diplomatic entanglements are a consequence of the economic structure and dynamics of capitalism. Against this point of view, it has been argued that aggressive expansionism is much older than modern capitalism, and that economic interests have been used as a pawn of the political ambitions of statesmen. What kind of evidence would you regard as valid to evaluate the appropriateness of either type of theory on the relationship between economic change and war?

(con't. on next page)

5. Marx in his writings before 1848 placed much emphasis on alienation and estrangement. In his later writings, especially in Capital, he almost entirely ignored these terms. By 1930 the topics of alienation and estrangement were reintroduced by writers who wrote articles and books in great numbers to show the psychological background for economic ideas. Please state the argument of alienation and estrangement and indicate whether and in what form you would consider it useful.

HISTORY OF ECONOMIC THOUGHT

Spring Quarter 1976

May 25, 1976

Write in black ink and write only on one side of each page.

Write the following information on the first page of your examination paper:

- Name of examination.
- Date of examination.
- Your code number and not your name.

Write the following information on each page of your examination paper:

- upper left : your code number.
- upper right: number of the page.

When you fold your paper at the end of the exam, write your code number on the back of the last page, and indicate total number of pages.

You will have 4 hours to write the exam.

Results of the examination will be sent to you by letter.



Preliminary Examination

HISTORY OF ECONOMIC THOUGHT

1. Adam Smith argued that under a regime of freedom, national income would be as great as it could be made to be. He opposed the "policy of Europe" where it restricted the mobility of labor by long apprenticeship requirements. But where non-pecuniary returns obtained, he saw that wages would not be equalized by free mobility yet he did not recommend government intervention to restrict entry to lower wage occupations.  
  
What does this say, together with other cases in the Wealth of Nations, of the value of freedom to Smith as an instrument to efficiency or as a goal in itself?
2. What were the advances of Marshall over Mill in value and distribution theory? Which of these were essentially the working out of marginal analysis?
3. Why did the pessimism associated with the population theory of Malthus recede strongly in the second half of the nineteenth century, and why has it revived in recent years? What is the implication of your answer for the possibility of rapid economic development?
4. Thomas Kuhn has proposed a theory of scientific revolutions in which one theoretical system (paradigm) is displaced by another, rather than that a science evolves gradually and more or less continuously. Does the marginal utility "revolution" fit Kuhn's theory or contradict it or both?
5. The division of labor stunts the imagination and breadth of information of the working classes, making them unfit for public decision making; merchants ever pursue monopoly and a state policy fit for a "nation whose government is influenced by shopkeepers;" landlords love to reap where they do not sow; the traditional aristocracy govern for the influence and jobs they can obtain; the "natural" aristocracy who will be leaders in a free society, pursue their own ambition; to what system can Smith entrust the government of the economy he wishes to constitute? Draw on all parts of Smith that you are acquainted with in constructing your answer.
6. "Property is the enemy of democracy; for property destroys equality and without equality democracy is a mere shadow."
  - a. Explain the meaning of this statement.
  - b. Would this statement be applicable to the regime of property under any social system or does it fit the system of private enterprise capitalism better than any other?
  - c. Write a brief critical evaluation of this statement.

HISTORY OF ECONOMIC THOUGHT

Spring 1975

Write in black ink and write only on one side of each page

Write the following information on the first page of your examination paper:

-----Name of examination  
-----Date of examination  
-----Your code number and not your name

Write the following information on each page of your examination paper:

-----Upper left: code number  
-----Upper right: number of page

When you fold your paper at the end of the exam, write your code number on the back of the last page, and indicate total number of pages.

Results of the examination will be sent to you by letter.

Preliminary Examination  
History of Economic Thought

Answer all questions.

1. Neither the body of statistical data nor the procedures for analysing data were well developed before 1850. What kinds of evidence did the Ricardians use to prove their main results (=assumptions?), such as the uniformity of the rate of return on all investments (with allowance for risks, etc.), the inverse relationship between wage rates and profit rates, etc. (Discuss at least 5 propositions.)
2. Some but not all of the American institutionalists subscribed to a critique of neoclassical and marginalist economics that resembled the historical and Marxian critiques in emphasizing the evolutionary character of economic society and its elements and their interrelations. This was the approach of Veblen and some of his followers, but not that of J. R. Commons, who focused attention less upon the impact of dynamic change through time than upon economic transactions and the role of collective action in resolving conflicts of interest involved in or arising out of transactions. Discuss several American institutionalists.
3. Trace the development of marginal analysis in economics up to 1900. (Marginal analysis may be defined for this purpose as the use of incremental variations in economic quantities to reach and define equilibrium.)
4. In the general theory of Marx there are three special fields: (1) a doctrine of a "universal social dynamic" of structural changes in society, valid for all "antagonistic" societies (historical materialism); (2) the theory of the objective developmental tendencies of capitalism (surplus labor); and (3) the theory of the subjective bearer of change, that is, the class-struggle theory. Discuss any one of the three fundamental thoughts of Marxian theory.
5. If one reads the Wealth of Nations with an eye to the Theory of Moral Sentiments...it becomes clear, that, appearing at a time of widespread poverty, it was the goal of alleviating mass suffering that inspired the writing of the Wealth of Nations. In the Theory of Moral Sentiments... Smith in fact considers a concern with "riches" as thoroughly incompatible with the attainment of happiness. It is indeed difficult to find a more unqualified condemnation of a wealth-centered life style anywhere.

From your reading of the Wealth of Nations what can you say about Smith's (explicit or implicit) attitude toward rising GNP and the motive of wealth seeking?

WRITE IN BLACK INK

WRITE THE FOLLOWING INFORMATION ON THE FIRST PAGE OF YOUR EXAMINATION PAPER:

-----Your code number and not your name  
-----Name of examination  
-----Date of examination

Write only on one side of each page

Write the following information on each following page of your exam paper:

-----Top left: code number  
-----Top right: number of page

When you fold your paper at the end of the exam, write your code number on the back, and indicate total number of pages.

Results of the examination will be sent to you by letter.

Write on five of the following questions.

1. John Stuart Mill is undergoing a rehabilitation of reputation after long being viewed as a pallid synthesizer of classical doctrines. Is this improved reputation deserved?
2. Precisely how is the product-after-deduction-of-rent divided between labor and capital in the Ricardian system? Is the short run division different from the long run division? Is the system in equilibrium?
3. Jevons is the founder of quantitative economics. What is the basis for this claim? Why did this type of work appear as late (or early?) as the 1860's?
4. A. Smith rated some forms of investment as socially preferable to others. What was his ranking of agriculture, manufactures and trade? Was his analysis valid?
5. John A. Hobson, N. Lennin, and others have authored theories of imperialism, which, in spite of various differences, have in common the proposition that modern expansionist wars and diplomatic entanglements are a consequence of the economic structure and dynamics of capitalism. Against this point of view, it has been argued that aggressive expansionism is much older than modern capitalism, and that economic interests have been used as a pawn of the political ambitions of statesmen. What kind of evidence would you regard as valid to evaluate the appropriateness of either type of theory on the relationships between economic change and war.
6. Malthus' gloomy prediction that the standard of living could not rise above a subsistence level proved wrong with respect to the Western world. List as many reasons as you can to account for this. Also, state as precisely as possible how Western population trends of the past two centuries can be related to (a) the law of diminishing returns and (b) shifts in production-possibility frontiers.

History of Economic Thought  
Preliminary Examination for the Ph.D. and A.M. Degrees

Autumn, 1973

WRITE THE FOLLOWING INFORMATION ON YOUR EXAMINATION PAPER:

Your code number and NOT your name  
Name of examination  
Date of examination

Results of the examination will be sent to you by letter. Time: 4 hours.

Answer five of the following six questions

1. Mercantilism is, as Gustav Schmoller said, "at its very core nothing other than state-formation (Staatsbildung) - but not state-formation in itself but simultaneously the building up of the state and the economic system - state-formation in the modern sense of the word, to make the community that forms the state into an economic society and so to give it increased importance." The essence of mercantilist policy he defines in much clearer terms as consisting "in the total reconstruction of society and its organization, as well as of the state and its institutions, by substituting for the local and provincial economic policy that of the state and the nation." Describe the formation of a national state under mercantilism.
2. Discuss the main steps from Smith to Marshall in the development of a theory of wages, with attention to both its average level and the structure of wages by occupations, regions, etc.
3. Why was general equilibrium theory so slow to be developed (Walras, 1874) and so slow to find acceptance among the economists of the next fifty years?
4. Marx's exploitation theory may be put like this. Labor (the labor power of the workman, not his services) is in capitalist society a commodity. Therefore, its value (equilibrium value under perfect competition) is equal to the number of labor hours which are embodied in it. How many labor hours are embodied in the laborer? How many labor hours are additional hours to produce surplus value? Is surplus value confined to any iron law or is it free to be as many labor hours as can be asked in the competitive price situation?
5. "The influence of great men on the history of economic thought is vastly overrated, just as is the influence of great men on political history, and for the same reason: a handful of men happen to embody thoughts that would have had their day in any case." Agree or disagree with this proposition, using examples of simultaneous (or unique) inventions, premature (or timely) breakthroughs, or any other evidence you consider relevant. It may help to focus on two or three areas, such as employment theory, monopoly, and foreign trade.

(continued on pg. 2)

History of Economic Thought  
Preliminary Examination  
Page 2

6. It might appear that economists adopt or abandon factual premises central to their thinking on flimsy grounds. Discuss critically the reasons for which economists in the last century have changed their opinions concerning three of the following (and discuss the consequences of their changed opinions):

- a.) The effect of subsidies on the effort forthcoming from the poor
- b.) The inevitability of full employment
- c.) The prevalence of monopoly
- d.) The responsiveness of population growth to the wage *rate*
- e.) Some other important factual issue on which dominant opinion has changed radically in the last century or so.

PRELIM  
HISTORY OF ECONOMIC THOUGHT

Winter, 1973

Answer five questions.

1. Thomas Kuhn has argued in his celebrated Structure of Scientific Revolutions that major changes (révolutions) in scientific development are discontinuous and disruptive: the new viewpoint (paradigm) is incommensurable with the old, and the old is displaced rather than amended or enlarged. Examine this thesis in the light of one major change in economics (Smith, Ricardo, Marginal Utility, or Keynes).
  - a. Does Kuhn's theory fit the economic "revolution"?
  - b. What parts of the old theory were rejected?
  - c. What parts of the old theory survived?
2. Much of F.H. Knight's writing tried to demonstrate the failure of the laissez economy to fulfill its own promise and that of any acceptable set of social goals. How then is he to be distinguished from other critics of the "private enterprise" system?
3. Viner and other economists have demonstrated the freedom with which classical economists advocated state intervention to deal with social problems. At the same time social historians have found the origins of the modern welfare and interventionist state in the 19th century. What, then, is left of the idea of laissez faire as the theory and practice of England in the first half of the 19th century? In your answer cite the authors you draw on.
4. Present briefly but not too loosely the wage theories of Smith, Malthus, Ricardo, and Marshall. Then indicate how, if at all, these economists differed in the public policies they recommended.
5. In various theories of capitalism, the concept of division of labor plays an important role. Select any two theories of your choice and compare the significance attributed in it to division of labor. Also show how increasingly complex division of labor is combined with the general dynamic view of capitalist development in each of the theories you select for treatment.
6. According to Marx the most important impetus which capitalist societies have received is accumulation of capital. What is the accumulation of capital and how is it produced?

History of Economic Thought

Prelim

Write on six of the following questions.

1. How did the classical economists explain:
  - a. The average rate of wages in
    - i. Short run
    - ii. Long run
  - b. The structure of wage rates in
    - i. Short run
    - ii. Long run
2. Precisely what economic phenomena were economists able to explain after the adoption of the marginal utility theory that previously were inexplicable?
3. Compare the role of the division of labor in the work of Adam Smith and Karl Marx.
4. What were Marshall's major contributions to economic theory? Make your list as comprehensive as possible.
5. Explain why certain farseeing economists, such as Cournot and Longfield and von Thünen, who were by no means unknown to their contemporaries, made theoretical advances which were not followed or rediscovered until much later.
6. Jevons supported substantial public outlays on the "Amusements of the people," (public museums, libraries, parks and elaborate clocks). By what rationalization would he justify these expenditures consistent with his criteria of appropriate activities of the State? To what degree do these differ from the criteria of Smith or Tawney?

## Preliminary Examination

History of Economic Thought

7. Assume you were asked to present a brief lecture on "Stages of Capitalist Development," according to either the German school (from List to Weber) or the English school (from Smith to Marshall). Write a brief outline of such a lecture and indicate specifically whether you would deny that there are stages, how far back you would extend the history of capitalism for this exercise, what variables you would single out as the principal ones identifying each stage. In case you are persuaded that stages in capitalism did not occur, give a careful explanation of why you take this position.

1. "If Ricardo had lived in the United States, where land was plentiful and labor scarce, relative to England, he would have reversed the roles of wages and rent in his theory of distribution." Assuming this to be true, what would his theory of wages and interest have been?
2. The marginal productivity theory was introduced into economics about 1890 and became a standard part of every working economist's apparatus by the 1920's. The marginal utility theory was introduced about 1870-80, and did not become a comparably effective part of economics until after 1945. Why the difference in speed of adoption?
3. Write on one of the following:
  - A. Jevons' The State in Relation to Labour represents an outstanding example for Dicey in his argument that English thought had turned to collectivism. What is there in his discussion of the role of the state to give this impression and how does it distinguish him from Bentham and J. S. Mill?
  - B. Smith's argument for laissez faire was largely built on his demonstration of the advantages of free (foreign) trade. To what extent was he arguing that free trade is optimal for the world, for England or for the domestic distribution of income?
4. Describe briefly the main contributions in three of the following subjects:
  1. Cournot on competitive price
  2. Marshall on external economies
  3. Edgeworth on bilateral monopoly
  4. Ricardo on Say's Law
  5. Longfield on distribution theory.

5. Dacey argued that Jevons, in relation to James Mill and Bentham, represents a movement toward "socialism." In what respects is Jevons more socialistic than John Stuart Mill?

6. The marginal utility revolution of the 1870's led to a variety of changes in economic theory. To what extent were the following affected:

1. The theory of consumer behavior
2. The theory of distribution of income by functional share.
3. The theory of population.

In each case, do not simply attribute to marginal analysis the changes that took place after 1870: there were other forces at work.

Prelim Questions  
History of Economic Thought

Write on four of the following six questions.

1. "The argument for free trade in Smith and his followers is based on the Benthamite assumptions about individualism. The proper reaction against it is based on the realization that the aggregated acts of individuals have consequences that none takes into account in his own decisions."

In Smith's economic and political arguments for free trade, what if anything can be found to support this assertion?

2. Among theories of imperialism, those stressing economic factors, such as the theories of Hobson and some neo-Marxian authors, have been challenged by theories emphasizing primarily political factors.

(a) Explain and give examples to illustrate both the economic and the political theories of imperialism.

(b) Which of the two kinds of theories explains more adequately the developments of the nineteenth century and which is better in describing twentieth century developments? Give reasons for your answer.

3. What were the main positions in the controversy over Say's Law in the 1810-25 period? To what extent was empirical evidence used in the arguments, and to what extent should it have been? Does the controversy anticipate the Keynesian theory in any important respect?

4. Select the theory of capitalism of any of the authors whose works you have read and indicate how the following changes in social relations (in the widest sense of the term) fit in with his theory of capitalism:

- (a) technological development
- (b) growth of world transport facilities
- (c) secularization and decline of deeply held religious beliefs
- (d) education of the masses of people

Note: In answering this question you may either discuss all four changes or you may select one of them and treat its role in the theory of capitalism selected for discussion.

WRITE THE FOLLOWING INFORMATION ON YOUR EXAMINATION PAPER:

Your Code Number and NOT your name

Name of Examination

Date of Examination.

Results of the examination will be sent to you by letter.

Time: 4 Hours

1. Putting aside references to names and events and styles of writing, how would you prove that J. S. Mill's Principles was written after Ricardo's Principles?
2. Wesley C. Mitchell argued that the leading economic developments of a society provided the main problems for its economic theorists. Test this hypothesis against the period 1870-1914.
3. Write on one:
  - 3a. Compare the doctrines of the German Historical School and the American Institutionalists.
  - 3b. Compare the value theories of Marx and Ricardo.
4. Write on one:
  - 4a. Compare the theory of interest rates in relation to inflation or business fluctuations of Irving Fisher and Knut Wicksell.
  - 4b. Did Böhm-Bawerk's theory of interest require that people have positive time preference? How did he measure time preference?
  - 4c. State the Ricardian theory of capital and interest and compare it with that of Alfred Marshall and F. H. Knight.
5. Write on one:
  - 5a. What features of the economic theory of Alfred Marshall might have led him to favor a different role of government from Adam Smith, David Ricardo or John Stuart Mill (choose two out of three)? In your answer make clear the implications for economic policy of the theories of the two authors you choose.
  - 5b. Make an estimate of the influence of economists on public policy during the Nineteenth century in England. Be both specific and self-critical.

HISTORY OF ECONOMIC THOUGHT

Preliminary Examination for the Ph. D. and A. M. Degrees  
Summer, 1967

WRITE THE FOLLOWING INFORMATION ON YOUR EXAMINATION PAPER:

Your Code Number and NOT your name

Name of Examination

Date of Examination.

Results of the examination will be sent to you by letter.

Time: 4 Hours

1. Adam Smith has often been described as a spokesman of capitalism. What major views of Smith, if any, were critical of the merchant-manufacturer classes? What major views of Smith would be highly esteemed by these classes? Include taxation in your discussion.
2. What is meant (by you, or others) by the terms, partial equilibrium school and general equilibrium school? On the basis of the leading representatives of the two schools, Marshall and Walras (or Pareto), indicate
  1. Differences in treatment of the same problem
  2. Differences in problems studied.Which school does Edgeworth belong to?
3. What were the main effects upon economic welfare of economic growth, according to Smith, Mill, and Marshall?
4. In Marxian thought, what was the role of competition in the operation of capitalism? How, if at all, was this role changing as capitalism became more mature?
5. Discuss the main stages in the development of the economic theory of the production function.

6. Marx in his writings before 1848 placed much emphasis on the topic of alienation. In his later work he almost completely ignored alienation. By 1930 the topic was revived for discussion and writers subjected it to considerable analysis. Please state the argument and indicate whether and in what form you consider it useful.

7. Write on one of the following:

1. The approach to foreign trade by infant industry argument goes back to the nineteenth century and probably earlier. Discuss the pros and cons for this argument in the foreign trade of the present underdeveloped countries.
2. What were the main recommendations of John Stuart Mill (or some other classical economist) for economic progress of an undeveloped economy?

Preliminary Examination  
History of Economic Thought

May 7, 1981

Answer two of the following four questions.

1. In what sense did Keynes' General Theory constitute a "revolution" in economic thought?
2. What insights into contemporary economic thought are derived from study of the history of economics? Explain.
3. Compare and contrast the value theory of Classical economics with the price theory of neo-Classical economics.
4. Discuss: "Both Classical and neo-Classical economics were conservative political theories masquerading as scientific economic analysis."



PART II

In this part of the examination the student is to prepare the outline of a one-semester upper level undergraduate course in History of Economic Thought for a liberal arts college. The semester is 15 weeks long. Assume a class size of about 25 students.

1. Prepare a statement of the objectives of the course, that is, the things the students are expected to learn or be able to do at the end of the course. The objectives should include
  - a. General education objectives.
  - b. Objectives for students majoring in economics.
  - c. Objective specific to the subject matter of this particular course.
2. Select a textbook and/or other readings for the course, explaining the specific reasons for each selection and how each contributes to the achievement of the goals of the course.
3. Prepare a detailed outline of the course, allocating each hour (3 hours per week, 15 weeks per semester) to a topic or activity. The outline should allow time for an introduction, examinations, review, and should include an hour-by-hour outline of subjects or topics to be covered. The outline should include a statement explaining why you decided to allocate the available time in the fashion chosen and how your allocation contributes to achievement of the course objectives.
4. Add any further comments you feel are appropriate to a full explanation of your goals for the course and how they are to be achieved.

Part II of the examination is to be turned in no later than one week after the written examination.

Part I: This part of the examination consists of four questions. Choose and write on two (2) of them.

1. Compare and contrast the value theory of Classical economics with the price theory of neo-Classical economics.
2. Monetary theory was not central to the analytic models of either Classical or neo-Classical economics, yet it played a significant role in both systems. Explain.
3. Discuss the role played by the heterodox ideas of Marx and Veblen in the historical development of "mainstream" or orthodox economic thought.
4. In what sense did Keynes' General Theory constitute a "revolution" in economic thought?

History of Economic Thought  
Prelim Examination, Part II

Fall 1980

In this part of the examination the student is to prepare the outline of a one-semester upper level undergraduate course in History of Economic Thought for a liberal arts college. The semester is 15 weeks long. Assume a class size of about 25 students.

1. Prepare a statement of the objectives of the course, that is, the things the students are expected to learn or be able to do at the end of the course. The objectives should include
  - a. General education objectives.
  - b. Objectives for students majoring in economics.
  - c. Objective specific to the subject matter of this particular course.
2. Select a textbook and/or other readings for the course, explaining the specific reasons for each selection and how each contributes to the achievement of the goals of the course.
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4. Add any further comments you feel are appropriate to a full explanation of your goals for the course and how they are to be achieved.

Part II of the examination is to be turned in no later than one week after the written examination.

THE UNIVERSITY OF MICHIGAN  
Department of Economics

History of Economic Thought  
Prelim Examination, Part I

September 10, 1979

This examination is two hours long. Answer either (1) or (2) AND either (3) or (4).

ANSWER EITHER (1) OR (2)

- (1) Compare the theories of distribution of income and wealth of the chief Classical economists (Smith, Ricardo, Malthus, J. S. Mill) with those of economists of the neo-Classical school (Clark, Marshall).

OR

- (2) Compare and contrast the value theory of Classical economics with the price theory of neo-Classical economics.

AND

ANSWER EITHER (3) OR (4)

- (3) Compare the method of economic analysis used by Marx with the method used by the neo-Classical economists.

OR

- (4) Discuss: "Both Classical and neo-Classical economics were conservative political theories masquerading as scientific economic analysis."

THE UNIVERSITY OF MICHIGAN  
Department of Economics

History of Economic Thought  
Prelim Examination, Part II

Fall 1979

Part II of the examination is to be turned in no later than one week after the written examination.

In this part of the examination the student is to prepare the outline of a one-year upper level undergraduate course in History of Economic Thought for a liberal arts college. Each semester is 15 weeks long. Assume a class size of about 25 students.

1. Prepare a statement of the objectives of the course, that is, the things the students are expected to learn or be able to do at the end of the course. The objectives should include
  - a. General education objectives
  - b. Objectives for students majoring in economics
  - c. Objectives specific to the subject matter of this particular course.
2. Select a textbook and/or other readings for the course, explaining the specific reasons for each selection and how each contributes to the achievement of the goals of the course.
3. Prepare a detailed outline of the course, allocating each hour (3 hours per week, 15 weeks per semester) to a topic or activity. The outline should allow time for an introduction, examinations, review, and should include an hour-by-hour outline of subjects or topics to be covered. The outline should include a statement explaining why you decided to allocate the available time in the fashion chosen and how your allocation contributes to achievement of the course objectives.
4. Add any further comments you feel are appropriate to a full explanation of your goals for the course and how they are to be achieved.

## Economics Reading Lists, Course Outlines, Exams, Puzzles & Problems

Compiled by Edward Tower, *Duke University*

**Volume 1 — Microeconomics Course Materials** including oligopoly & game theory, theory of information, social insurance and the economics of technological change, 288 pages.

**Volume 2 — Microeconomics Exams, Puzzles & Problems** including the University of Chicago Ph.D. core exams in price theory 1967 - 1981, 290 pages.

**Volume 3 — Macroeconomics, Monetary Economics and Money & Banking Course Materials**, 301 pages.

**Volume 4 — Macroeconomics, Monetary Economics and Money & Banking Exams, Puzzles & Problems** including the University of Chicago M.A. comprehensive exams in micro and macroeconomic theory, Ph.D. core exams in the theory of income, and M.A. & Ph.D. preliminary exams in money and banking 1967 - 1981, 336 pages.

**Volume 5 — Development Economics Course Materials**, 208 pages.

**Volume 6 — Development Economics Exams, Puzzles & Problems**, 134 pages.

**Volume 7 — Industrial Organization & Regulation Course Materials**, 204 pages.

**Volume 8 — Industrial Organization & Regulation Exams, Puzzles & Problems**, 143 pages.

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**Volume 10 — International Economics Exams, Puzzles & Problems**, 210 pages.

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**Volume 13 — Comparative Economic Systems Course Materials** including economic anthropology, economic planning and the economics of socialism, 179 pages.

**Volume 14 — Comparative Economic Systems Exams, Puzzles & Problems, & the hit parade of economics articles**, Ed Leamer's list of the most frequently cited economics articles 1895- 1976, 160 pages.

**Volume 15 — Labor Economics Course Materials** including economics of education and economic-demographic interrelations, 208 pages.

**Volume 16 — Labor Economics Exams, Puzzles & Problems**, including economic demography, 169 pages.

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**Volume 19 — Mathematical Economics and Mathematical Models of Economic Growth**, 133 pages.

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**Volume 22 — Agricultural Economics**, 222 pages.

**Volume 23 — Economic History**, 249 pages.

**Volume 24 — History of Economic Thought**, 149 pages.

**Volume 25 — Urban and Regional Economics**, 196 pages.

Volumes 1, 3, 5, 7, 9, 11, 13, 15 and 17 contain reading lists & course outlines with exams & problem sets keyed to them. The even-numbered volumes between 2 and 18 consist of exams, puzzles & problems which are unrelated to the material in the odd-numbered volumes. Finally, volumes 19 - 25 contain all three types of material, 12% of the material in this collection is reprinted from the 1980 compilation.

### Economics

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## Political Science Reading Lists and Course Outlines

Compiled by Allan Kornberg, *Duke University*

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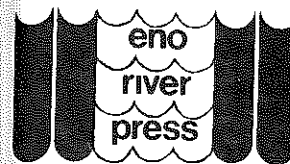
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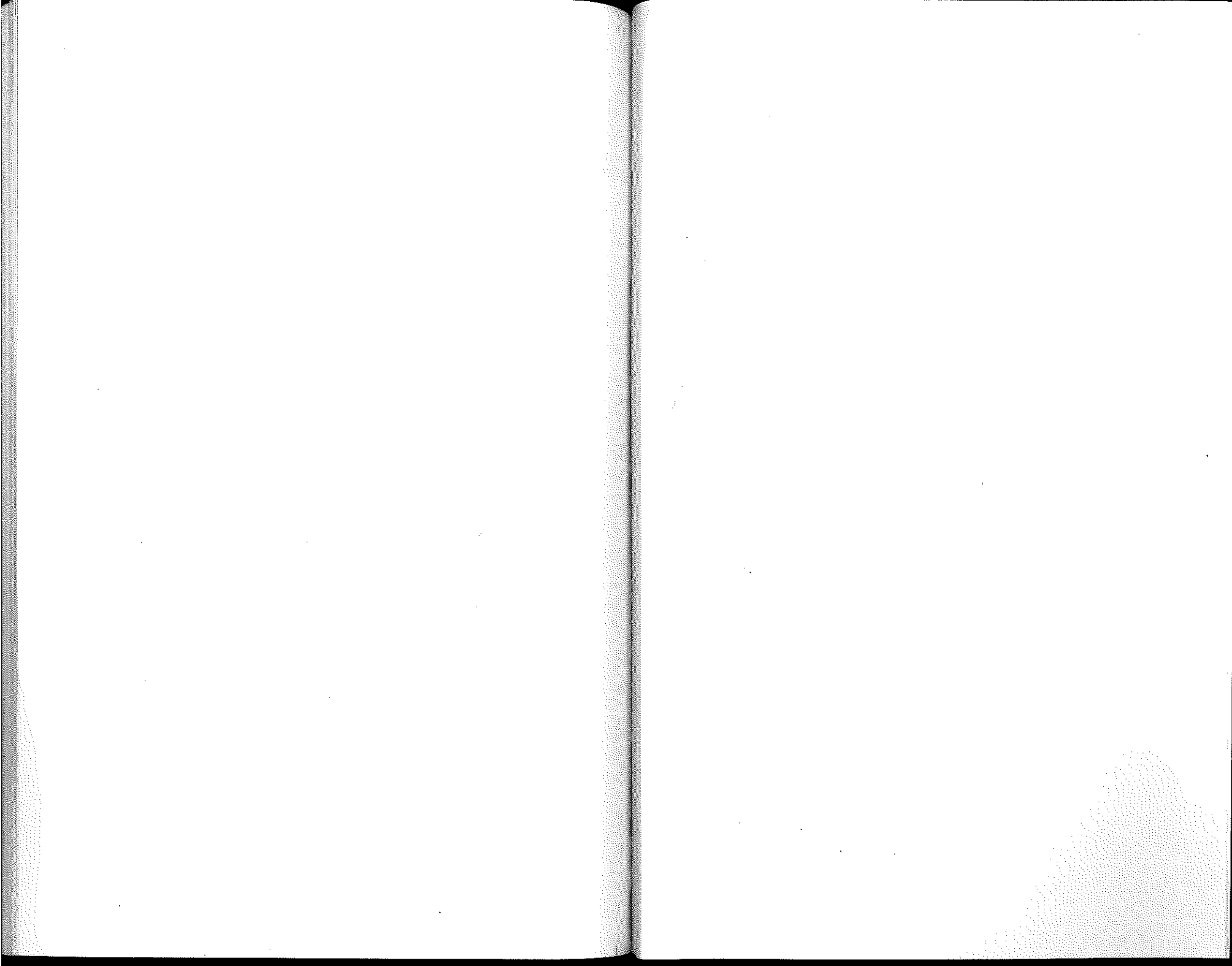
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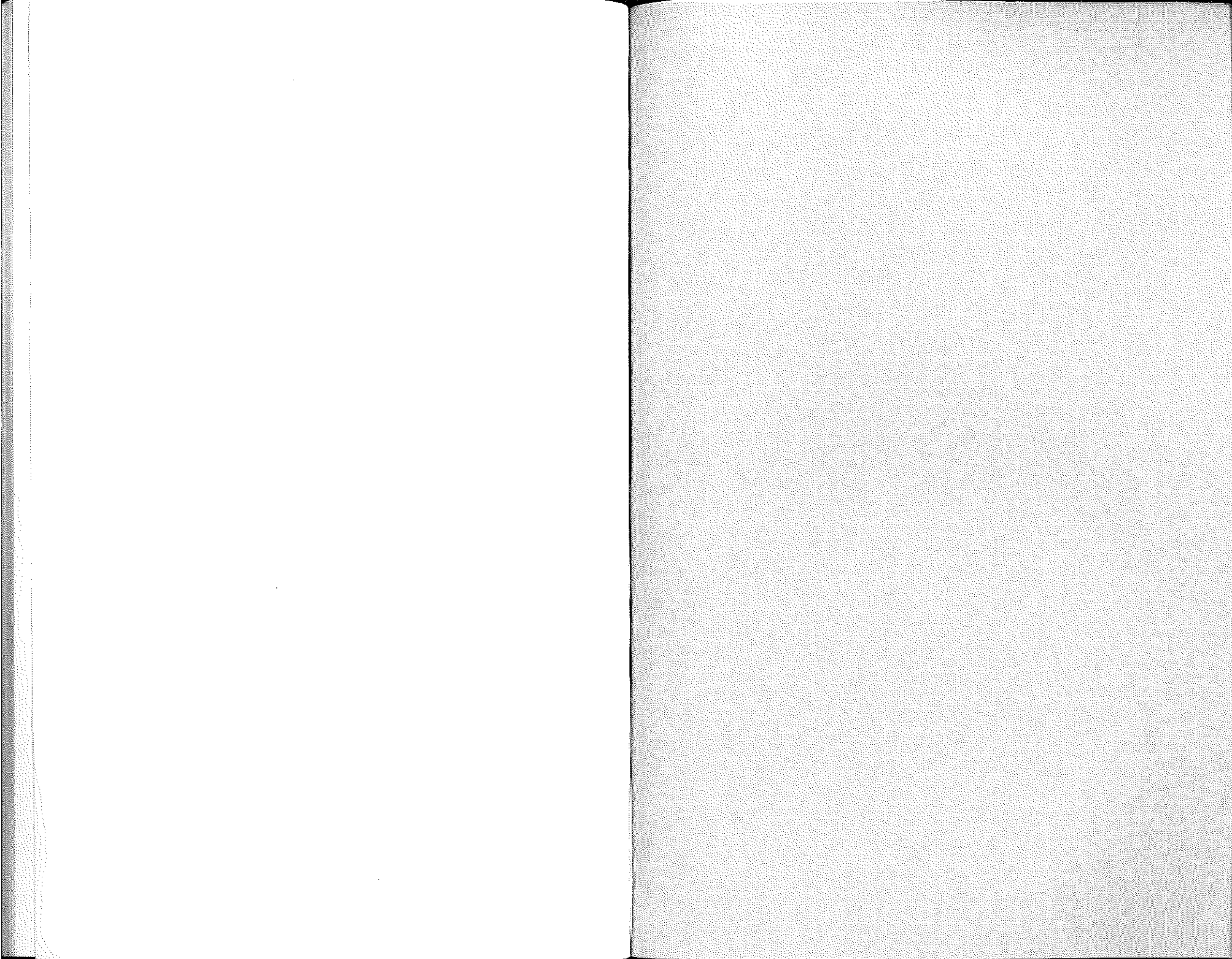
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