Volume 24

History of Economic Thought

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

Compiled by Edward Tower, Duke University, August 1990
NOTES TO USERS AND POTENTIAL CONTRIBUTORS

These teaching materials are drawn from both undergraduate and graduate programs at 93 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 interest 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 Ed Tower, Economics Department, Duke University, Durham, North Carolina 27706, U.S.A.

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Acknowledgement

The associate compilers for this series are Cliff Carrubba, Maia Sisk, and Ron Temple. Cliff is a senior at Duke, majoring in Economics and Political Science. Maia is a senior at Duke, majoring in Economics and Computer Science. Ron is a graduate student at Harvard's John F. Kennedy School at Government. Andy Seamon, Kathy Shelley, and Geoff Somes also provided important help with production of the volumes. The cover was designed by the Division of Audiovisual Education, Duke University, and the volumes were printed by Multiprint, Inc., New York.

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HISTORY OF ECONOMIC THOUGHT

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Tony Aspromourgos

University of Sydney

Department of Economics

Economics III - 1990

Post Keynesian Economics

General Information

2 Lect.; year: Prereq. - Ec.II or Ec.II(P); T.W. 9.00am; NRL6

I. Course Content

The purpose of this course is to trace the main lines of development of a school of thought which has its origins in John Maynard Keynes's General Theory of Employment, Interest and Money (1936) and draws also upon the work of the classical economists, Marx and Michal Kalecki. The aim of the school has been to develop coherent alternative approaches to the theory of the capitalist economy, in contradistinction to the currently prevailing marginalist or 'neo-classical' approach. This naturally involves alternative approaches to the study of all the constituent elements of a theory of the capitalist economy: income distribution and relative prices; money and interest; output and employment; growth and cyclical fluctuations; technological change. It also naturally leads to different policy implications.

The course is divided into three parts:

First Semester

Part I (10 weeks) - I. EFFECTIVE DEMAND AND THE THEORY OF PRICES

This topic is devoted to a reconstruction of the Keynesian theory of effective demand and its integration with a theory of prices and distribution not based upon supply and demand principles. The approach to prices and distribution is along the lines developed by Ricardo, Marx and Sraffa. Policy implications are drawn out especially with regard to macroeconomic policy and welfare economics.

Part II (4 weeks) - II. GROWTH, FLUCTUATIONS AND DISTRIBUTION

This part of the course offers an exposition and a critique of Post-Keynesian macrodynamics. The aim of the lectures is to analyse the movement of the economy through 'historical time'. The underlying theme of the lectures is the need to construct a coherent long-run theory of economic growth that would be consistent with both history and equilibrium, a theory that would be a guide to intelligent planning and policy.

Second Semester

Part II (5 weeks, cont.)
III. CAPITAL, UTILIZATION AND UNEMPLOYMENT

This part of the course will look at the issue of capacity utilization in relation to the structural composition of the capital stock; the formation of long run adjusted positions. In this context the connection between Malinvaud's Profitability and Unemployment and the above issues will be explored.

2. Assessment

The assessment for the course consists of

(a) two essays of a maximum 2,000 words each - 25% of total assessment each

(b) final exam, 3 hours, 4 essays (November) - 50% of total assessment.

A list of essay topics will be distributed early in first semester. The first essay will be due on or before Friday 6 July. The second essay will be due on or before Friday, 5 October.

3. Lecturers

The lecturers in the course are Tony Aspromourgos (Part I, 10 weeks), Louis Haddad (Parts II - III, 9 weeks) and Joseph Halevi (Part IV, 8 weeks). All enquiries concerning essays, exam and the course as a whole should be directed to Tony Aspromourgos.

Tony Aspromourgos
Lecturer-in-charge
Room 339, Phone: 692-3065

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Department of Economics
ECONOMICS III 1990
POST-KEYNESIAN ECONOMICS

18 Lectures
Tuesday and Wednesday at 9.00 a.m.
Tony Aspromourgos
Here, whether Lecture Room 6
FIRST SEMESTER, PART 1 (10 WEEKS)

EFFECTIVE DEMAND AND THE THEORY OF PRICES

These lectures begin with an introductory overview of post-Keynesian economics - its sources, scope and content (Part A). Following this, an alternative account is provided of the determination of income distribution and prices in a competitive capitalist economy, an account contradistinct to that provided by marginalist or "neo-classical" theory (part B). The marginalist theory of prices and distribution entails a particular approach to the theory of output and aggregate employment - with a natural tendency towards full employment via the price mechanism. An alternative theory of value and distribution implies a rejection of the marginalist theory of output and aggregate employment, along with a rejection of marginalist distribution and price theory. Given the logical relation between the marginalist theory of distribution and the marginalist theory of employment, a critique of the former along "surplus" lines entails a critique of the latter (part C). This critique clears the way for a more important, positive task: a reconstruction of Keynes's "economics of effective demand", which reveals his distinctive results with respect to the theory of output and aggregate employment in a clearer light, unencumbered by marginalist predilections and opens the way for a clarification of the long-period implications of Keynes's economics. Policy implications will also be examined (part D).

Starred references below should be regarded as essential reading for the course. All references have been placed on closed reserve in Fisher Library and a number of core references are on closed reserve in Wolstenholme Library.

A. INTRODUCTION (2 Lectures)

1. What is Post-Keynesian economics?

2. Sources of Post-Keynesian theory: Keynes, Kalecki, the Classical Economists and Marx.

Reading
Dobb, Maurice (1973), Theories of Value and Distribution since Adam Smith, Cambridge U.P., Chs. 8 (pp. 211-40 only) and 9.

B. THE SURPLUS APPROACH TO THE THEORY OF PRICES AND DISTRIBUTION (6 Lectures)
1. Production as a process of circulation.
2. 'Normal' prices and the uniform rate of profit.
3. Real wage, rate of profit and relative prices - with a degree of freedom.
4. Price theory without demand theory.
5. Search for a relation to close the price system.

Reading
* Sraffa, Piero (1960), Production of Commodities by means of Commodities, Cambridge U.P., Preface and Part I, pp. 3-40, a difficult work, but fundamental to the modern reconstruction of classical-Marxian theory.

C. THE CRITIQUE OF MARGINALIST ECONOMIC THEORY (4 Lectures)
1. Choice of technique
2. The Marginalist notion of capital, substitution and the rate of profit.
3. Reswitching of techniques and capital reversing.
4. Reswitching, reversing and the theory of employment.
5. Alternative theories of distribution and alternative theories of (un)employment.

Reading


D. VALUE AND DISTRIBUTION AND THE THEORY OF EMPLOYMENT (6 Lectures)

1. Keynes and the Principle of Effective Demand.
2. Marginalist interpretations of Keynes.
3. A reconstruction of Keynes's theory.
4. Short-period and long-period theories of employment.
6. Applications to Economic Policy.

Reading


Eatwell, John (1983), "Theories of Value, Output and Employment", in Eatwell and Milgate (eds), *op.cit.*


Tony Aspromourgos
February 1990
University of Sydney

Tony Aspromourgos and Peter Groenewegen

ECONOMIC CLASSICS
ECONOMICS IV - HONOURS 1990

This course is constructed to give an in-depth study of two of the great economic classics of the first half of the twentieth century, both of which still exercise a substantial influence upon economic theory and policy:

Alfred Marshall, Principles of Economics


The first semester is devoted to study of the Principles of Alfred Marshall; the second to Keynes's General Theory, in both cases prefaced with preliminary lectures on relevant background to the classics in question. The objective of the course is to acquaint students at first hand with the work of two economists who profoundly influenced the development of the discipline as it is taught and applied today.

Each semester of the course is divided into lectures and seminars commencing with the already mentioned introductory lectures. Seminars scheduled for each semester deal with topics in the two classics to be studied, and students are strongly advised to obtain their own personal working copy of each. Both are available in paper-covered editions, details of which are subsequently provided. The course is essentially a reading course, with private study the major course work apart from two seminar papers. The amount of reading to be done is extensive. Seminar performance counts for 50% of the final result, which includes participation by discussion during those seminars at which a student is not giving a paper.

Seminar papers are therefore an important part of course work assessment and students should consider the following in their preparation. Each paper should briefly discuss the major points raised by the topic set down for the seminar, drawing mainly on the reading from the classic itself. The secondary literature suggested is intended for supplementary guidance only and suggested readings of greater importance are marked with an *. Papers, which must be no longer than 2,000 words should be designed as vehicles for discussion at the seminar. Hence a listing of issues or questions considered particularly important for later discussion should be provided at the end of the paper. References should be provided as follows: Keynes (1973, p. 324), Marshall (1961 I 464n) and a bibliography in alphabetical order by author of the works consulted should be provided at the end of the paper.

The November examination paper is in two sections containing six questions each. Each section is devoted to the work of one semester respectively. Students have to attempt four questions in all, two from each section.

Paperback editions of the classics to be studied

Alfred Marshall, Principles of Economics, Papermac edition, Macmillan. [NB. This edition uses different pagination from the 8th edition because it was reset - a concordance of pagination is included as an appendix to allow easy transformation of page references from this version of the 8th edition to the earlier version.]


SEMESTER 1:

Marshall's Principles of Economics
(Lecturer: Peter Groenewegen)

This semester discusses Marshall's Principles of Economics from the perspective of the development of economics in the nineteenth century and towards the end, looking at some specific relationships between Marshall's economics and that of Keynes. The preliminary lectures provide the historical and theoretical settings for the 7 seminars on the Principles of Economics. 1930 marks the centenary of publication of the first edition of the Principles which took place in July 1890. A number of journals are devoting special issues to this event, including the Scottish Journal of Political Economy 37(1), February, and Economic Appliquee 43(1).

Introductory Reading

There is a wealth of introductory material on Marshall's economics and the following are listed as being of particular interest.


Alfred Marshall, 'On himself', in History of Economic Thought Newsletter, No. 8, Spring 1972, pp. 14-17. (This is circulated at the start of the course.)


N.B. Two of the above are reprinted in J.C. Wood (ed.), Alfred Marshall, Critical Assessments, London, Croom Helm, 1982, Vol. 1, section 1, while in subsequent volumes and sections much other relevant material can be found which those interested are invited to use.


LECTURES 1 AND 2 (first two weeks):
The Growth of Economic Science

After an introduction to the course, these lectures examine the development of economics as seen by Marshall (Principles, Appendix B) with special reference to aspects of the work of Adam Smith, David Ricardo and John Stuart Mill.

Reading:

A. Marshall, Principles of Economics, Appendix B, I.

P. Groenewegen, 'Marshall on Ricardo' (copies to be circulated).


LECTURES 3 and 4 (weeks 3 and 4):
Alfred Marshall (1842-1924) and Contemporaneous Developments in Economics

A biographical sketch of Alfred Marshall which places him in the context of the developments in economics during the second half of the nineteenth century and the early decades of the twentieth.

Reading:

Guillebaud, Introduction to variorum edition, Vol. II.


Alfred Marshall, 'Mr. Jevons' Theory of Political Economy', (1872), and 'Mr. Mill's Theory of Value' (1876), both reprinted in A.C. Pigou (ed.), Memorials of Alfred Marshall, Part II, essays 1 and 3.


SEMINAR 1 (Week 5):
Preliminary Survey and Fundamental Notions

Designed to come to grips with aspects of Marshall's view of the subject in general, and methodology in particular.

Reading:


David Reisman, Alfred Marshall, Progress and Politics, Ch.7.

SEMINAR 2: (Week 6)
Analysis of Consumer Behaviour: Theory of Demand and Consumption

Reading:
Marshall, Principles, Book III.

David Reisman, The Economics of Alfred Marshall, Chapter 3.

Peter C. Dooley, 'Giffen's Hint?' Australian Economic Papers, 24(44), June 1985, pp. 201-5.


SEMINAR 3: (Week 7)
The Theory of Production and the Theory of Supply

This seminar is designed to cover not only a discussion of issues arising from the theory of production - factors of production and their definition, laws of returns - but also the connection with the theory of supply in preparation for the subsequent seminar on the theory of value (supply and demand). The link between the theory of production and supply is not explicitly made till Book V chapter 3, though the underlying theory of costs is virtually fully presented in the main book set down for study for this seminar.

Reading:
Marshall, Principles, Book IV, Book V, chapters 3, 4, 7, Appendices E and H.

Stigler, Production and Distribution Theories, chapter 4, pp. 61-83.

David Reisman, The Economics of Alfred Marshall, chapters 3-5.


SEMINAR 4: (Week 8)
The Theory of Value as a Theory of Supply and Demand

This seminar is designed to examine time periods in relation to the theory of value in particular, and hence needs to deal with market price determination, and the theory of short, long period value, secular price movements and the stationary state.

Reading:


All articles above are included in J.C. Wood (ed.), Alfred Marshall, Critical Assessments, the last three in Vol. 3.

SEMINAR 5: (Week 9)
Theory of Distribution as an Application of the Theory of Value

This seminar is designed to present a general overview of Marshall's theory of distribution in the Principles, and is followed by two further seminars (6 and 7) on labour, wages and employment; capital, interest, quasi-rent and rent. The various forms of Marshall's distribution theory as identified by Stigler should be particularly examined for this seminar.

Reading:
SEMINAR 6: (Week 10)
Labour, Wages and Employment

The Marshallian supply and demand approach to labour economics is the focus of this seminar, with an eye to second semester discussion of Keynes' analysis of the classical theory of employment.

Reading:
Marshall, Principles, Book IV, chapters 4-6 (aspects relevant to labour supply); Book VI chapters 3-5, Appendix J.


George Stigler, Production and Distribution Theory, chapter 4, pp. 97-101. (Reference can also be fruitfully made to Whitaker's article listed for seminar 5, esp. pp. 112-7.)

SEMINAR 7: (Week 11)
Capital, Interest, Profits, Rent and Quasi-Rent

The focus on Marshall's treatment of other factor price (returns) determination in this seminar is also designed with an eye on the discussion which Keynes gave it in the General Theory.

Reading:
Marshall, Principles, Book IV, chapter 7, Book V, chapters 4, 8-11; Book VI chapters 6-10, Appendix E.

SEMESTER 2

KEYNES’S GENERAL THEORY OF EMPLOYMENT, INTEREST AND MONEY (Lecturer: Tony Aspromourgos)

This semester consists of an intensive study of John Maynard Keynes’s major work on economic theory, published in 1936. The preliminary lectures provide the historical and theoretical setting for the 7 seminars on The General Theory by examining the main currents in the development of economic theory from the 1870s to the 1930s and Keynes’s life and intellectual work. They also outline in a preliminary way the main currents in interpretation of the GT, a theme returned to in the final double lecture.

LECTURES 6 and 7 (first two weeks)
The Development of Economic Theory 1871-1936

These 4 lectures examine the main currents in economic theory from the "first generation" of marginalist theorists to the 1930s, thereby providing the intellectual background, in particular from Marshall to Keynes:

1. From the first to the second generation of marginalist theorists.
5. The state of economics in February 1936.

Reading:

• M. Dobb (1973), Theories of Value and Distribution since Adam Smith (Cambridge: CUP), ch. 7, pp. 168-210 ("The Jeovian Revolution").


LECTURES 8 and 9 (third and fourth weeks)
John Maynard Keynes and His Economics

These 4 lectures examine the life of Keynes with particular reference to his intellectual development and activities; and provide an account of the main currents in interpretation of the GT in the approximately 50 years subsequent to its publication:

1. Life and activities
2. Keynes's intellectual development with particular reference to the making of the GT (1930-36)
3. Reception of the GT: rise and fall of "Keynesian" economics.
4. Main currents in the interpretation of Keynes.

Reading


• J.R. Hicks (1937). "Mr. Keynes and the 'Classics': A Suggested Interpretation", Economica (reprinted in many places).


SEMINAR 8 (week 5)
"Classical" Economics and the Principle of Effective Demand

Reading
J.M. Keynes, GT, Preface (v-viii); chs. 1-3 (3-34), 5 (46-51), 6, sec II (61-65), 7, sec. V (81-85), 18 (345-54).


* J.M. Keynes (1939), "Relative Movements of Real Wages and Output", Economic Journal, Vol. 49, 34-51 (March) [reply to Dunlop].


SEMINAR 9 (week 6):
The Theory of Consumption and the Multiplier

Reading
J.M. Keynes, GT, chs. 8-10 (90-131).


* G.L.S. Shackle (1967), The Years of High Theory (Cambridge UP), Ch. 14 ("The Multiplier").


SEMINAR 10 (week 7):
Investment Demand and the Trade Cycle

Reading
J.M. Keynes, GT, chs. 11-12 (135-64), 22 (313-32).


H.P. Minsky (1975), John Maynard Keynes (New York: Columbia UP), Ch. 4 ("The Theory of Investment").

V. Chick (1983), Macroeconomics After Keynes (Oxford: Philip Allen), ch. 16, "Cyclical Fluctuations".

SEMINAR 11 (week 8):
Monetary Theory and the Rate of Interest

Reading
J.M. Keynes, GT, chs. 13-17 (165-244).


SEMINAR 12 (week 9):
Money Wages, Price and Employment

Reading
J.M. Keynes, GT, chs. 19-21 (257-309)
• P. Caregiani, op.cit. (Part II and Conclusions), pp. 41-63.
• E. Roy Weintraub (1979), Microfounds (Cambridge UP), ch. 3, pp. 38-54 ("The 4,287th re-examination of Keynes's System").

SEMINAR 13 (week 10):
Economic Policy

Reading
J.M. Keynes, GT, ch. 24 (372-84) with pp. 94-95, 119-29, 128-31, 163-84, 195-99, 202-09, 217-21, 256-71, 215-20. (These pages bring together the more significant discussions of policy prior to ch. 24. Most come up in earlier seminars. They deal with monetary policy, fiscal policy, public works and public investment, and wages policy.)

• A. Lajonhufvud (1968), On Keynesian Economics and the Economics of Keynes (New York: OUP), Ch. VII:2, pp. 401-16.
• D. Winch, op. cit., ch. 8 and Appendix, pp. 145-66, 239-50. ("Keynes and the Academic Community, 1919-1936", "Keynes and the British Left in the inter-war period").


SEE ALSO REFERENCES FOR SEMINAR 14.

SEMINAR 14: (week 11):
Social Philosophy and Politics

Reading
J.M. Keynes, GT, ch. 24 (372-84).


LECTURE 10 (week 12):
Keynesian Economics After Keynes

This lecture draws together the earlier lectures and seminars in order to consider concluding Keynes's influence on theory and policy on half a century after after the GT.

Reading

Peter Groenewegen
Tony Aspromourgos
February, 1990.
SECTION A

1. Critically examine the usefulness of the various time periods Marshall distinguished. To what extent do they explain his conception of quasi-rents?

2. "Two Marshalls - one the abstract theorist, the other the practical observer of everyday economic life - were blended in all of his writings." (William Barber). Discuss, illustrating your answer with examples of his treatment either from the laws of returns or from his discussion of market structure.

3. "For Marshall, not only was constant purchasing power of money a device for separating the theory of relative prices from monetary theory: it was also a bridge between the two." (Milton Friedman). Discuss, confining your illustrations to Marshall's work in the Principles.

4. "The framework for a mathematically determined market price by the intersection of the schedules of supply and demand was set out in Book V of Marshall's Principles, the section which he regarded with reason as containing the real hub of his own special contribution to economic theory." (Phyllis Deane). Discuss, including in your answer at least some reference to the implications of this statement for Marshall's own perception of his work as a continuous development from the British classical tradition in economics.

5. Critically examine the proposition that Marshall's theory of distribution is essentially a marginal productivity theory.

6. "If we shut our eyes to realities we may construct an edifice of pure crystal imaginations, that will throw side lights on real problems; and might conceivably be of interest to beings who had no economic problems at all like our own. Such playful excursions are often suggestive in unexpected ways: they afford good training to the mind: and seem to be productive only of good, so long as their purpose is clearly understood." (Alfred Marshall). Discuss, with reference to the extent this judgment may be argued to apply to Marshall's own work in the Principles.

SECTION B

7. "... it is an outstanding characteristic of the economic system in which we live that, whilst it is subject to severe fluctuations in respect of output and employment, it is not violently unstable. Indeed it seems capable of remaining in a chronic condition of sub-normal activity for a considerable period without any marked tendency either towards recovery or towards complete collapse. Moreover, the evidence indicates that full, or even approximately full, employment is of rare and short-lived occurrence" (GT, 249-50). In the light of this conclusion, outline and appraise Keynes's formulation of the Principle of Effective Demand (in terms of Aggregate Demand and Aggregate Supply) in Book I of the GT, and the associated critique of "classical" economics.

8. "An increment of investment in terms of wage-units cannot occur unless the public are prepared to increase their savings in terms of wage-units. Ordinarily speaking, the public will not do this unless their aggregate income in terms of wage-units is increasing. Thus their effort to consume a part of their increased incomes will stimulate output until the new level (and distribution) of incomes provides a margin of saving sufficient to correspond to the increased investment. The multiplier tells us by how much their employment has to be increased to yield an increase in real income sufficient to induce them to do the necessary extra saving ..." (GT, p. 117). In the light of this statement, outline and appraise the theory of consumption in Book III of the GT.


10. "... the rate of interest is a highly psychological phenomenon ... it might be more accurate ... to say that the rate of interest is a highly conventional ... phenomenon. For its actual value is largely governed by the prevailing view as to what its value is expected to be ... Such comfort as we can fairly take from more encouraging reflections must be drawn from the hope that, precisely because the convention is not rooted in secure knowledge, it will not be always unduly resistant to a modest measure of persistence and consistency of purpose by the monetary authority" (GT, 202-04). Outline and appraise Keynes's monetary theory of interest, and his views on monetary policy, in the light of these comments.

11. Outline and appraise Keynes's theory of the relations between money wages, employment, prices and the quantity of money, especially in Book V of the GT.

12. EITHER
   (a) Outline and appraise Keynes's views on the relation between his own theory in the GT and that of his predecessors, orthodox and heterodox.

   OR
   (b) Outline and appraise how Keynes's theory of the capitalist economy, together with his political values, shape his views on economic policy and social reconstruction.
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Wesleyan University
W. Barber
Fall 1989

Syllabus

Key: x - designates required reading
(x) - indicates that one selection from a group of readings is required.
Other readings on the list are recommended.

I. The Mercantilist Background

Texts: x Mun, England's Treasure by Foreign Trade.
Considerations Upon the East India Trade, 1701 in Early English Tracts on Commerce, McCulloch, ed.
King, "Of the Naval Trade of England Anno. 1688 and the National Profit then Arising Thereby," in Two Tracts.

Commentaries:
Heckscher, Mercantilism, Vol. I, Chapter VII.
Viner, Studies in the Theory of International Trade, Chapters I-II.
Senior, Three Lectures on the Transmission of Precious Metals.
Schumpeter, History of Economic Analysis, pp. 335-376.
Barber, British Economic Thought and India, Part I.

For Comparison:
x Keynes, "Notes on Mercantilism," The General Theory, Chapter 23.

Historical Background:
Davis, English Overseas Trade, 1500-1700.

II. Transitions to Explicit Theorizing

Turgot, Reflections on the Origins and Distribution of Riches.
x Hume, "On Money," and "On the Balance of Trade," (Kapp, Readings; also in Hume, Writings on Economics, Rotwein, ed.).
Steuart, Principles of Political Economy.
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Syllabus (Continued)

Fall 1989

(Commentaries, continued):

Keynes, "Robert Malthus" in Essays in Biography.
Hollander, The Economics of David Ricardo.

C. The Utilitarian Strand in the Classical System

Texts: x J.S. Mill, Principles of Political Economy, Book IV.
Stark, ed., The Economic Writings of Jeremy Bentham.

Commentaries:

Little, Critique of Welfare Economics, Chapter 1.

D. Classical Perspectives on Policy Questions


x James Mill, "Testimony Before the Select Committee on East India Affairs," 1831.
Black, The Classical Economists and the Irish Question.

For Comparison:

Adelman, Theories of Economic Growth.
Sraffa, The Production of Commodities by Means of Commodities.

IV. Marxist Economics

Text: x Marx, Das Kapital, Vol. I.

Commentaries:

x Bronfenbrenner, "Das Kapital for the Modern Man," Science and Society, Fall 1965.
Wolfson, A Reappraisal of Marxist Economics.
Sowell, Marxism.
Foley, Understanding Capital.
Romeo, Analytical Marxism.

For Comparison:

x Sweezy and Baran, Monopoly Capital, Chapter 34 (and Appendix).
-OR- x Baran and Sweezy, "The Tendency of Surplus to Rise," in Economics: Mainstream Readings and Radical Critiques (Marmelstein, ed.).
Sweezy, Essays in Keynes' General Theory: Reports of Three Decades (Leachman, ed.).
Baran and Holbourn, "The Stages of Economic Growth," in Economics: Mainstream Readings and Radical Critiques (Marmelstein, ed.).
Sweezy, The Theory of Capitalist Development.
Dobb, The Political Economy of Capitalism.
Meek, Studies in the Labor Theory of Value.
Mandel, Marxist Economic Theory.
Kalecki, Collected Economic Papers.
V. Aspects of Neo-Classical Economics

Texts: x Marshall, Principles of Economics, Book I, Chapters 1-4; Book V, Chapters 1-5, 12; Book VI, Chapters 1-2, 11-13.
x Schumpeter, "Bohm-Bawerk," in Ten Great Economists.
x Hutchinson, "L. Walras" in Review of Economic Doctrines, 1870-1929.
x Pigou, The Economics of Welfare, Part I, Chapters 1, 3, 7-8; Part II, Chapter 2-11; Part IV, Chapters 1, 11-13.
x Clark, The Ethics of Distribution.
x Jevons, The Theory of Political Economy.

Commentaries:


Historical Background:


VI. Aspects of Institutionalism

x Veblen, The Theory of the Leisure Class.
x Commons, Institutional Economics.
x Ely, Problems of Today.

Commentaries:

Dorfman, Thorstein Veblen and His America.
Furner, Advocacy and Objectivity.

Historical Background:


For Comparison:

Calbrait, The New Industrial State.

VII. The Shifting Analytic Landscape in the 1920's and Early 1930's

x Viner, "Cost Curves and Supply Curves," Zeitschrift fur Nationalokonomie, 1931 (reprinted in AEA Readings in Price Theory).
x Robinson, The Theory of Imperfect Competition.
x Chamberlin, The Theory of Monopolistic Competition.

B. Texts: x Myrdal, Monetary Equilibrium, 1931, Chapter 3.
x Esseg, From Marshall to Keynes, Chapter 1.
x Keynes, A Treatise on Money, 1930.

Commentary:


VIII. The Keynesian Revolution and Its Reception

x Keynes, The General Theory, passion.
x Hicks, "Mr. Keynes and the Classics," Econometrica, 1937 (Reprinted in AEA Readings in the Theory of Income Distribution and in Mueller, Readings in Economics).
MID-TERM EXAMINATION
October 19, 1989

PART I. Select one question (50 per cent)

1. Evaluate the argument that the focus of analysis in the classical tradition shifted from an interpretation of the causes of economic growth (in the late 18th century) to the consequences of economic growth (in the early to mid-19th century). What analytic developments might account for such a shift?

2. What theoretical rationale underlies the positions of classical economists from Smith through J.S. Mill on appropriate policies toward agricultural protection, relief of the poor, and taxation?

3. What, if anything, is “classical” in Arthur Lewis’s model of the growth process in underdeveloped economies?

PART II. Select one question (25 per cent)

1. Assess the attempts of Smith and Ricardo to explain value in terms of labor content.

2. How did Hume arrive at the conclusion that the pursuit of mercantilist strategies was self-defeating? How might an orthodox mercantilist have responded to this indictment?

3. If the price of the products of land is determined on “zero-rent” land, how can the rent share of income be greater than zero?

PART III. Define and comment briefly on the significance of five of the following (25 per cent)

1. productive vs. unproductive labor
2. partial vs. general “glut”
3. the nature of “laws” in economics
4. positive vs. preventive checks
5. natural vs. market price
6. the stationary state
7. the “scientific” tax
INSTRUCTIONS: Follow the directions for each part. Each part will be weighted equally.

PART I. Select ONE question.

1. In the development of economic doctrines, some "master models" are primarily "supply-oriented"; others are primarily "demand-oriented." Discuss the properties of each with attention to their respective approaches to theories of value, distribution, and the behavior of aggregate income.

2. Trace the development of and the differing interpretations assigned to FIVE of the following within various traditions of economic analysis:
   a. the role of money in economic activity
   b. the behavior of the rate of profit
   c. the nature of "laws" in economics
   d. the definition of productive activity
   e. the concept of "surplus"
   f. the concept of "exploitation"

3. It has sometimes been argued that much is revealed about the intellectual style of the "big thinkers" in economics through an analysis of the portions of earlier traditions with which they choose to identify and the portions they choose to reject. How might one interpret:
   a. the sympathetic reading Keynes gives to the mercantilist tradition in light of the treatment it received from most classical and neo-classical writers;
   b. the difference between Marx's views of the contributions of Ricardo and of Malthus;
   c. Veblen's attitude toward his neo-classical inheritance.

PART II. Select ONE question.

1. In what crucial respects is the neo-classical program fundamentally different from the Marxian one?

2. What differentiates the Veblenian conception of class from the Marxian one? How and why do their readings of the problems of capitalism diverge?

3. Why did the phenomenon of increasing returns to scale (long-run decreasing supply price) present a problem for Marshall? How did he attempt to solve it?

4. What claims did Marshall make for the novelty of his conception of the "scissors'? What presuppositions underlie his derivation of the demand "blade"?

PART III. Select ONE question.

1. How might a "Say's lawyer" have explained the persistence of unemployment during the Great Depression? From Keynes's perspective, what was unsatisfactory about this explanation?

2. Set out the reasoning underlying the divergent views of neo-classical economists and Keynes on the effectiveness of wage-cutting as a remedy for unemployment.

3. What, if anything, is "revolutionary" about The General Theory?

PART IV. Identify and discuss briefly the significance of FIVE of the following statements.

1. "We regard the state as an educational and ethical agency whose positive aid is an indispensable condition of human progress.... We hold that the doctrine of Laissez faire is unsafe in politics and unsound in morals.... We hold that the conflict of capital and labor has brought to the front a vast number of social problems whose solution is impossible without the united efforts of church, state, and science."

2. "Interest today rewards no genuine sacrifice, any more than does the rent of land."

3. "An abstract law of population exists for plants and animals only and only in so far as man has not interfered with them."

4. "Abstract reasoning as to the effects of economies in production which an individual firm gets from an increase of its output are apt to be misleading, not only in detail, but in their general effect."

5. "... that which determines the magnitude of the value of any article is the amount of labor socially necessary, or the labor time socially necessary for its production."

6. "It is a Physiocratic illusion to hold that rents grow out of the soil and not out of society."

7. "Whatever form of expenditure the consumer chooses, or whatever end he seeks in making his choice, has utility to him by virtue of his preference. As seen from the point of view of the individual consumer, the question of wastefulness does not arise within the scope of economic theory proper.... But it is, on other grounds, worth noting that the term 'waste' in the language of everyday life implies depreciation of what is characterized as wasteful."

8. "The influence of the rate of interest on the amount actually saved is of paramount importance, but is in the opposite direction to that usually supposed."
Economics 506
Department of Economics

History of Economic Thought
Professor William Baumol
Fall 1988

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.


Ricardo, David, On the Principles of Political Economy and Taxation, London,
1817, Chapters I-X, XIX-XXI, XXX-XXXI.

*Ricardo, David, Notes on Malthus, Piero Sraffa, Editor, Cambridge, Cambridge

Marx, Karl and Friedrich Engels, Manifesto of the Communist Party.

Marx, Karl, Capital (three 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 17, last 6 pages on Simple Reproduction);
Chapter 20; pp. 576-9 (Chapter 21, I, Accumulation in
Department 1 (1) formation of a hoard).

Volume III: Preface; Chapters 1, 2, 8, 9, 10, 13, 14, 15, 22, 27,
37, 38, 48.

*Marx, Karl, A Critique of the Gotha Program, Moscow, Progress Publishers,
1937.

*On reserve at Firestone Library.

UNIVERSITÉ D’OTTAWA
UNIVERSITY OF OTTAWA

FACULTÉ DES SCIENCES SOCIALES
FACULTY OF SOCIAL SCIENCES

ECO 5532

HISTOIRE DE LA PENSEE ECONOMIQUE

prof.: Ronald G. Bodkin
Bureau: #293 pavillon Tabaret
Tel.: 564-4987

Heures de
bureau: Tous les matins, entre 10h et 11h.
en dehors de ces heures, par rendez-vous

Janvier-avril 1990

Le manuel obligatoire sera Henri Denis, Histoire de la Pensee
economique, 4ème edition (Paris: Presses universitaires de
France, 1974), 36.00$ (à peu près).

Deux autres sources utilisees seront:
1. I.H. Rima, Development of Economics Analysis,
troisième edition (Homewood, Illinois: Richard D.
Irwin, Inc., 1978), et

2. H.W. Spiegel (redacteur), The Development of
Economic Thought, édition abrégée (New York, John

Des commentaires à propos du cours:

Les sujets d'étude de ce cours seront les pensees, les théories,
et les vies (en partie) des grands économistes du passé. On
fera cela, et pour son propre intérêt et aussi comme aide à la
compréhension de la théorie économique courante. Chaque été
reinterprète les grands penseurs du passé, et nos critères seront
les théories et concepts actuels. Puisque l'interprétation peut
varier, on incite l'étudiant(e) à lire autant des sources
originales que possible, étant donné les contraintes du temps
disponible (lesquelles sont très sévères dans un cours d'un seul
trimestre). D'ailleurs, une introduction très limitée aux
commentateurs actuels qui sont renommés serait donnée.

SCIENCE ECONOMIQUE/ECONOMICS

550 CUMBERLAND, OTTAWA, ONTARIO, CANADA K1N 6N5
(613) 564-4252
Il y aura un examen de mi-trimestre et aussi un examen final. L'examen de mi-trimestre comptera entre 33 1/3 pour cent et 40 pour cent de la moyenne finale des examens, tandis que l'examen final comptera entre 66 2/3 pour cent et 60 pour cent de la moyenne finale des examens (selon l'avantage de l'étudiant). Si l'étudiant(e) n'écrit pas de travail majeur, la moyenne finale des examens deviendra la note finale pour le cours, sauf que le professeur se réserve le droit d'augmenter la note finale pour la participation exceptionnelle dans la discussion de la classe. Un travail majeur ou un essai ne sera pas requis, mais il est facultatif. J'incite l'étudiant(e) à faire un tel travail puisque celui-ci pourra élever (mais ne pas abaisser) la note finale. Spécifiquement, si la note pour le travail majeur est supérieure à la moyenne finale des examens (comme décrite en haut), alors la note pour le travail majeur comptera pour 25 pour cent de la note finale. (Encore, le professeur se réserve le droit d'augmenter la note finale pour la participation exceptionnelle dans la discussion de la classe.)

Le sujet du travail majeur peut être n'importe quel sujet dans l'histoire de la pensée économique, si discuté dans le cours ou non. Cependant, je préconise que l'étudiant(e) qui considère la possibilité d'écrire un tel travail majeur fasse une consultation avec le professeur tôt dans le trimestre, pour éviter le gaspillage de son temps (et celui du professeur).

Le plan de cours et les lectures recommandées

I. Introduction: pourquoi étudier l'histoire de la pensée économique? (1/2 semaine):
1. Denis, pp. 1-6
2. Rima, chapitre 1

II. La pensée économique de l'Antiquité et du Moyen-Age. (1/2 semaine):
Denis, pp. 7-88.

III. Le Mercantilisme et ses critiques: Petty, Hume, et Galiani. (1 semaine):
1. Denis, pp. 91-151
2. Spiegel (réd.), article par Hecksher sur le mercantilisme

IV. Richard Cantillon et les Physiocrates (1 semaine):
1. Richard Cantillon, Essai sur la nature du commerce en générale (édition bilingue traduit par Henry Higgs), les parties 1 et 2, ou
2. (alternativement) A.E. Monroe, Early Economic Thought, abrégement de l'Essai de Cantillon

V. Adam Smith (1 semaine)
1. Denis, pp. 187-220
2. Smith, La richesse des nations
   a. Vol. I, chapitres 1-4
   b. Vol. I, chapitre 10, partie I
   c. (facultatif) Vol. IV, chapitre 1
   d. (facultatif) Vol. V, chapitres 1 et 2
VI. T.R. Malthus et David Ricardo
(1 semaine):
1. Denis, pp. 293-308, 317-350

VII. EXAMEN DE MI-TRIESTRE (12 février)

VIII. Jean Baptiste Say
(1/2 semaine):
Denis, pp. 309-316.

IX. Nassau Senior, John Stuart Mill, et le bilan de l'Ecole Classique
(1 semaine):
1. Denis, pp. 226-230, 467-481.
2. Émile James, Histoire sommaire de la pensée économique, 4ième édition, Deuxième partie, Chapitre V, "Bilan des écoles classiques"
3. John Stuart Mill, Principes de l'économie politique
   a. Vol. III, chapitres 1-3
   b. (facultatif) Vol. III, chapitres 4-6
   c. Vol. IV, chapitre 4

X. Les romantiques, les nationalistes, l'école historique allemande, et les socialistes avant Marx
(1 semaine)
1. Denis, pp. 390-463
2. Marx, Le Capital, livre 1, chapitre 10
3. Joseph A. Schumpeter, Capitalism, Socialism, and Democracy, chapitre 3 de la partie I, "Marx the Economist".

XII. Les marginalistes (Cournot, Gossen, von Thünen, Jevons, et les autrichiens)
(1 semaine):
1. Denis, pp. 481-500, 520-522, 524-526
2. Spiegel (réd.), articles par Keynes sur Jevons et par Hayek sur Menger

XIII. L'Ecole de Lausanne et Pareto comme sociologue
(1 semaine):
1. Denis, pp. 500-519, 526-531, et 615-619
2. Léon Walras, Éléments d'économie politique pure, partie II

XIV. J.B. Clark et Alfred Marshall
(1 semaine)
1. Denis, pp. 522-524 et 531-544
2. Spiegel (réd.), article par J.M. Clark sur J.B. Clark

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Richard McKenzie and Gordon Tullock, *The Best of the New World of Economics*, which contains a wide range of short, clearly written examples of economic research. Professor Borcherding will hold a one-evening review session on economic theory near the beginning of the semester, designed to give CPP students a grounding in the basics.

All students are expected to be active participants in the weekly seminar meetings and to write three papers. The first paper is a short essay of about five pages on the possibilities and limitations of a social science. It must be written after the first segment of the course. The second paper is also an essay of about five pages contrasting the rational and cultural approaches to social science and making an argument for one of those approaches in a substantive field of interest to you. This second paper is an opportunity to summarize your views on social science and to apply them to a concrete problem area. The final paper will be a report of about ten pages, critiquing a specific piece of empirical research from the standpoint of research design. A sample research design critique is available on reserve.

**PART I: THE PHILOSOPHY OF SOCIAL SCIENCE**

**WEEK 1. Introduction: Methods of Social Science Inquiry**

There is no assigned reading for the first session.

**WEEK 2. What are we trying to do?**

- Ralph Bunche, "Presidential Address," *American Political Science Review* 47 (December 1953), pages 961-974
- David Trusam, "Disillusion and Regeneration: The Quest for a Discipline," *American Political Science Review* 59 (December 1965), pages 865-873
- George Stigler, "Economists and Public Policy," *Regulation* 6 (May/June 1982), pages 13-17
* Muncy Olson and Christopher Clague, "Dissent in Economics," pages 79-99 in Ryan Anscher, Robert Tollison and Thomas Willett (eds.), The Economic Approach to Public Policy

WEEK 4. Philosophical and Political Critiques of Social Science

* Charles Taylor, "Interpretation and the Sciences of Man," review of Metaphysics 25 (September 1971), pages 3-51. Also in Fred Dallmayr and Thomas McCarthy (eds.), Understanding and Social Inquiry

* Sheldon Wolin, "Political Theory as a Vocation," American Political Science Review 63 (December 1969), pages 1062-1082

* Peter Hall, "Conclusion: The Politics of Keynesian Ideas," pages 361-391 in Peter Hall (ed.), The Political Power of Economic Ideas

* Kathy Ferguson, "Male-Ordered Politics: Feminism and Political Science," chapter 9 in Terence Ball (ed.), Idioms of Inquiry


Arjo Klamer, Conversations with Economists


Roger Spegele, "Deconstructing Methodological Falsificationism in International Relations," American Political Science Review 74 (March 1980), pages 104-122


Eugene Miller, "Positivism, Historicism and Political Inquiry," American Political Science Review 66 (September 1972), pages 796-817. Read also the "Comments" by Braybrooke and Rosenberg, Rudner, and Landau, and the "Rejoinder" by Miller

Richard Rorty, Philosophy and the Mirror of Nature, chapters 7 and 8

Charles Taylor, "Neutrality in Political Science," pages 139-170 in Alan Ryan (ed.), The Philosophy of Social Explanation

Peter Winch, The Idea of a Social Science, chapters 1 and 5

Martin Landau, Political Theory and Political Science


T.W. Hutchison, Knowledge and Ignorance in Economics

Stephen Skaliev, "Cool Reflection and the Criticism of Values," American Political Science Review 74 (March 1980), pages 70-77


WEEK 5. The Evolution of Social Science

* Thomas Kuhn, The Structure of Scientific Revolutions


Martin Landau Political Theory and Political Science, chapter 2


THE FIRST PAPER SHOULD BE WRITTEN AFTER THIS SESSION. IT IS DUE IN CLASS NEXT WEEK.

WEEK 6. The Basic Model of Rationality

* James DeNardo, "Introduction"

* Donald McCloskey, "The Limits of Expertise: If You're So Smart, Why Ain't You Rich?" American Scholar 57 (Summer 1988), pages 393-406

* Gordon Tullock, The Vote Motive, pages xiv-xv and 1-58

* Terence Ball, "Is There Progress in Political Science?", chapter 1 in Terence Ball (ed.), Idioms of Inquiry


* Garrit Hardin, "The Tragedy of the Commons," Science 162 (December 1968), pages 1243-1248


George Tsebelis Nested Games: Rational Choice in Comparative Politics, chapters 1-2

Richard McKenzie and Gordon Tullock, The Best of the New World of Economics


WEEK 7. Advanced Models and Some Applications


* Robert Axelrod, The Evolution of Cooperation, pages 3-26


Peter Ordeshook, Game Theory and Political Theory: An Introduction

Dennis Mueller, Public Choice (second edition)

Eric Rasmussen, Games and Information: An Introduction to Game Theory

WEEK 8. Anomalies and Critiques of Rationality


* Albert Hirschman, "Morality and the Social Sciences," chapter 14 in Hirschman, Essays in Trespassing


* Clifford Geertz, "Blurred Genres," in Geertz, Local Knowledge


WEEK 9. The Cultural Alternative


* Clifford Geertz, "Thick Description: Toward an Interpretive Theory of Culture," chapter 1 in Geertz, The Interpretation of Cultures

* James S. Coleman, "N norms as Social Capital," in Gerard Radnitzky and Peter Bernholz (eds.), Economic Imperialism


* Martin Wiener, English Culture and the Decline of the Industrial Spirit, 1850-1980, chapters 1-3

* David McClelland, "The Achievement Motive in Economic Growth," in William Lambert and Rita Weisbrod (eds.), Comparative Perspectives on Social Psychology

* Stephen Chilton, "Defining Political Culture," Western Political Quarterly 41 (September 1988), pages 419-445

* Michel Foucault, Madness and Civilization, chapters 1-4, 9

* Brian Barry, Sociologists, Economists and Democracy


* David Laitin/Aaron Wildavsky, "Political Culture and Political Preferences," American Political Science Review 82 (June 1988), pages 589-596


* Ronald Rogowski, Rational Legitimacy, introduction


PART II. THREE APPLICATIONS

WEEK 10. Who Represents Whom in Government?

* Edmund Burke, "Letters to the Sheriffs of Bristol."

* Warren Miller and Donald Stokes, "Constituency Influence in Congress," American Political Science Review 57 (March 1963), pages 45-56
PART III. RESEARCH DESIGN

WEEK 13. Experimental and Quasi-Experimental Design

* Donald Campbell and Julian Stanley, Experimental and Quasi-Experimental Designs for Research

Roger W. Benjamin, "Strategy versus Methodology in Comparative Research," Comparative Political Studies 9 (January 1977), pages 475-484

Arend Lijphart, "Comparative Politics and the Comparative Method," American Political Science Review 65 (September 1971), pages 682-693

Arend Lijphart, "The Comparable-Cases Strategy in Comparative Research," Comparative Political Studies 8 (July 1975), pages 158-177

Paul Spector, Research Designs

Adam Przeworski and Henry Teune, The Logic of Comparative Social Inquiry, pages 3-46


Herbert Blalock, Causal Inferences in Non-Experimental Research, chapter 1

Fred Kehlger, Foundations of Behavioral Research, chapters 15-17

WEEKS 14 AND 15. Evaluating Research Designs


THE SECOND ESSAY SHOULD BE WRITTEN AFTER THIS WEEK'S CLASS. IT IS DUE IN CLASS NEXT WEEK.
University of North Carolina at Greensboro

SYLLABUS

Economics 555
History of Economic Thought
Fall 1990

Bruce J. Caldwell
Office: 444 BAE Bldg.
Phone: 334-3463

Required Texts:
Bruce Caldwell, ed. Carl Menger and his Legacy in Economics. 1990.
(There are also two articles on reserve at the library)

Course Requirements:
Term Paper: 50%
Final Exam: 50%

COURSE OUTLINE

I. Introduction - Goals, Purposes, Procedures

II. Pre-Classical Economics
Readings:
A. Scholastics
B. Transition to Mercantilism
C. Mercantilism - French and English
D. Transition to Liberalism
E. Physiocrats

III. Classical Economics
A. Smith
B. Malthus
C. Ricardo

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IV. The Marxian System
A. Precursors and Origins
B. Marx’s System
C. Evaluation

V. The Marginal Revolution
A. Origins and Jevons
B. The Austrians
C. Walras and Pareto
D. Marshall and the Cambridge School
E. Assessment of the Marginal Revolution

VI. The Twentieth Century - Selected Topics
A. Overview
B. Institutionalism
C. The Austrian Revival

Readings:
Tucker: see list of readings on the Study Questions sheet handed out on the first day of class.

S-22
Caldwell: selected articles

S-23

S-24

S-25

Article on Reserve by Mirowski: “Physics and the Marginalist Revolution”

Questions to think about as you read various sections. You may wish to outline rough answers before class, and perhaps to add some questions of your own for discussion by the class.

1. Scholastics
   1. What is a “just price”? Do modern economists speak of just prices? Why or why not? Do others speak of justice in the marketplace? Do you? I.e.g. Have you ever felt overcharged for a good? Do you think it is fair for new Ph.D.’s in accounting to be paid more than new Ph.D.’s in economics, who are paid more than new Ph.D.’s in English?
   2. What is usury? Why was it perceived as bad by the Scholastics, and by many people since? What are some modern examples of anti-usury doctrines? Do you think it is bad? Be prepared to defend your answer.
   3. Do the beliefs of Scholastics “make sense” to you? What do you like and dislike, and why?

11. Mercantilism
   1. The English mercantilists were primarily businessmen. Did they favor free trade? Why or why not? Do modern businessmen favor free trade? (Think of Lee Iococca, or the textile industry.)
   2. Some mercantilists believed that a net inflow of bullion (gold and silver) would make a country prosperous. Do you agree? Carefully figure out what would happen to such a country. If not gold and silver, what is the cause of the wealth of nations?

111. The Rise of Science (not in readings - just think about these)
   1. What is science? What is the scientific method? Have you ever used it? Where has your knowledge come from? (Answer honestly.) What do you mean by “knowledge”?
   2. How do we evaluate scientific theories? (Think about how you answered some of the questions above about the Scholastics and Mercantilists.) Are there any theories that you believe to be true in economics? What kind of evidence would make you give up your belief?

IV. Physiocracy
   1. Mark Blaug states that physiocracy was “an effort to provide agrarian reform with a watertight theoretical argument.” Explain.
   2. Contrast the Mercantilists and the Physiocrats on the source of value. Was Physiocracy a reaction against “ Colbertism,” or French mercantilism?
3. Some terms and concepts to remember - Quesnay’s Tableau Économique. The product net, the 3 classes, the circular flow.

V. Adam Smith - *Wealth of Nations - Book I - Things to look for in readings.*

Chapter 1 - Why is division of labor important? Pin factory; how division of labor improves productivity.
Chapter 2 - Did someone have to invent the division of labor?
Chapter 3 - What limits are there on the extent of the division of labor?
Chapter 4 - What are the functions of money; compare to modern approach.
Chapter 5 - Looking for a measure of value.
Chapter 6 - Looking for determinants of value.
Chapter 7 - Same as 6, but more fully developed.

Chapters 5, 6, and 7 are tough. Read them, try to come to an interpretation. Marx said Smith had a labor theory of value, but botched the representation. Your thoughts?

Chapter 8-11 - Theory of Distribution, or Factor Markets.
Chapter 8 - A variety of theories of wage determination.
Chapter 9 - Theory of profits. Many have criticized Smith on this chapter. Do you see any problems?
Chapter 10 - Causes of wage differentials.
Chapter 11 - A differential surplus theory of rent. What does that mean?

VI. Marxian Section - Instead of questions, I’ve summarized the readings below.


1. Preface - A useful overview of the organization of the volume, notably for your information.
3. Theses of Feuerbach (pp. 43-45) - materialism, religion, philosophy, vs. action.
4. Working Class Manchester (pp. 579-85) - a view of living conditions of workers.
5. Engels’ Speech at the Graveside of Marx (pp. 679-81) - a summary and evaluation.
6. Socialism - Utopian and Scientific (pp. 681-717) - Engel’s popularization of Marx’s - the pamphlet which introduced Marxism to the world. It is easy and interesting reading - everything from intellectual history to emergence of capitalism, anarchy under capitalism, the business cycle, to the proletarian revolution.
7. The Communist Manifesto, Sections, I, II, and IV (last III) - (pp. 477-481, 499-501). Enjoy the alternating short, staccato sentences and longer passages on the history of the class struggle. In their agreed, they even explain why middle class readers like you won’t like what you’re reading. The concluding sentences are ones you’ve heard before.
8. A taste of *Das Kapital* (131-76).

**Economics 555**

**Guidelines for a Perfect Term Paper**

Your required term paper will count for 50% of your grade. My past experience indicates that some students have a hard time writing papers. The guidelines outlined below should be carefully followed by everyone. If you are unclear on anything, be sure to see me to get the problem straightened out.

1. Your paper will be evaluated according to three criteria: research, style, and presentation of theme.

A. Research - your research should be thorough. Your sources should include both primary and secondary sources. A primary source is a book written by the economist studied (e.g., Adam Smith’s *Wealth of Nations;* Paty’s *Political Arithmetic*; a secondary source is a scholarly book or article which examines some aspect of the chosen economist’s work (e.g., Ronald Meek, *Prices on Progress;* Sociology and Economics; Thomas Sowell, *Say’s Law;* Joseph Spengler, *The Physiocrats and Say’s Law of Markets.* *Journal of Political Economy*). Do not make the common error of using history of economic thought textbooks as secondary sources. While these books can be used to suggest topics or to provide biographical background material on your subject (and this latter legitimate use should be footnoted), such texts should not be used as secondary sources. It is also best to avoid the common but sophomoric practice of padding your bibliography with citations of books you either have not read at all or have read only sparingly.

B. Style - In any written presentation, style is truly important. Poor sentence structure and incorrect grammar detract from the presentation and distract the reader. If you are not confident in this area, you should purchase Strunk & White’s *Elements of Style.* It is an inexpensive, short paperback that is worth its weight in gold.

Style also includes the proper use of footnotes and bibliographical citations. Two standard guidebooks here are the MLA Handbook and the Chicago Manual of Style. Remember, both direct quotes and reordered ideas taken from other authors must be footnoted. Two common errors with regard to footnotes are:

1. Too many footnotes - in this case, the paper consists of line after line of quotations. It indicates that you have not synthesized the material yourself, but merely patched together a number of other people’s ideas.
2. Too few footnotes - this is especially dangerous if you use language which is not your own and do not cite your source, for it constitutes plagiarism.

A word of warning - be extremely careful about plagiarism. By now, you should be well aware of what does and what does not constitute a violation; if not, check your student handbook. You should be forewarned - unintentional plagiarism will result in a poor grade or a demand that the paper be rewritten; intentional plagiarism will be prosecuted to the full extent of the law. And remarkably, I am not as dumb as I look.
C. Presentation of the theme - This category involves the substantive content of your paper. Did you accomplish the task as it is set out in your title and introduction? Did you include a conclusion? Is your conclusion based on the arguments made in the body of the paper? If you plan on studying the major economic contributions of a specific economist, did you do so, or did you spend two-thirds of the paper telling me about his or her life and times? Does your conclusion indicate that you have fully synthesized the material you studied?

Finally, your paper should be typed, double-spaced, and hand-in-on-time - the week before classes end. You should proofread it before handing it in. The average length of good papers in the past has been 15 pages.

II. Plausible Types of Topics

A. An aspect of a major economist's work. Past A papers have included:

- Marshall's theory of demand
- Ricardo's rent theory
- Marx on surplus value

Such a paper would also include comments from the secondary literature and your own conclusion.

B. A survey of a minor economist's work. Past A papers have included:

- Pigou's economic thought
- Turgot's contributions
- Fisher's theory of interest

Again, citations from secondary sources and a conclusion are essential.

C. A study of the contributions of a major school in economic thought. Past A papers have included:

- Quesnay and the Physiocrats
- The Institutionalist
- Precursors of the Marginalists

You will probably use more secondary sources in a paper like this.

D. A topic of your own choosing.

About three weeks into the semester, I will ask you for a paper proposal, in which you will state your topic of study and which should include some bibliographic citations.

III. How to find a topic

A. Read over the bibliographic citations at the end of Spiegel. One reason I chose this book as our text is because it has one of the best and most complete bibliographies available.

B. Read the shelves in the library. The history of thought section is HS710-160. The major journal in the field is History of Political Economy.

C. Desperate? See me.
1937 - J.R. Hicks - "Mr. Keynes and the Classics: A Suggested Interpretation," *Econometrica*

1938 - Abraham Bergson - "A Reformulation of Certain Aspects of Welfare Economics," *QJE*

1938 - Paul Samuelson - "A Note on the Pure Theory of Consumer's Behavior," *Econometrica*

1939 - P. Samuelson - "Interaction Between the Multiplier Analysis and the Principle of Acceleration," *RESTAT*

1939 - J.R. Hicks - *Value and Capital*


1939 - Paul Sweezy - "Demand under Conditions of Oligopoly," *JPE*


1942 - Joseph A. Schumpeter - *Capitalism, Socialism and Democracy*

1944 - F.A. von Hayek - *The Road to Serfdom*

1944 - John von Neumann and Oskar Morgenstern - *The Theory of Games and Economic Behavior*

1947 - P. Samuelson - *Foundations of Economic Analysis* [First published in 1941]

1948 - P. Samuelson - *Economics*

1948 - P. Samuelson - "International Trade and the Equalization of Factor Prices," *Economic Journal*

1949 - Ludwig von Mises - English translation of *Human Action*

1950 - E.M.D. Little - *A Critique of Welfare Economics*

1951 - Kenneth J. Arrow - *Social Choice and Individual Values*

1953 - Milton Friedman - "The Methodology of Positive Economics"

1954 - J.A. Schumpeter - *History of Economic Analysis*


1956 - Milton Friedman - "The Quantity Theory of Money: A Restatement"


1956 - T. Swan - "Economic Growth and Capital Accumulation," *Economic Record*

1957 - Herbert Simon - *Models of Man*

1958 - John Kenneth Galbraith - *The Affluent Society*


1959 - R. Musgrave - *The Theory of Public Finance*


1960 - W.W. Rostow - *The Stages of Economic Growth*

1961 - P. Sraffa - *Production of Commodities by Means of Commodities*

1961 - George Stigler - "The Economics of Information," *JPE*


1962 - James Buchanan and Gordon Tullock - *The Calculus of Consent*


1963 - M. Friedman and Anna J. Schwartz - *A Monetary History of the U.S., 1861-1960*


1964 - Gary Becker - *Human Capital*

1965 - Don Patinkin - *Money, Interest, and Prices*


1966 - P. Baran and P. Sweezy - *Monopoly Capital*

1966 - K. Lancaster - "A New Approach to Consumer Theory," *JPE*
Economics 555
Potential Exam Questions

* Evaluate the economic doctrines of the Scholastics. A favorable assessment might stress (e.g.,) how the ideas were those of a religious community, and how those ideas reflect a morality which is too often lacking in the modern world. A negative judgement might be based on (e.g.,) how those ideas might have caused economic growth to be retarded. I do not care which side you take, and you may wish to offer a more balanced judgement in which both pros and cons are discussed. But your answer should explicitly address the seven or eight points of Scholastic economic doctrine covered in class.

* Mercantilism took both an English and a French form. In which ways were the two forms similar? In which ways were they different?

* Intellectual history is often shaped by cultural, political, social, economic (etc.) contexts - that is to say, it often seems in retrospect that the ideas of great writers are shaped by the times in which they live, or those just preceding. Discuss, using examples from the Scholastic and mercantilist periods.

* It is the year 1758. You are Henri LeFou, chief assistant to Quesnay, and an intimate associate of the other Physiocrats. A group of English intellectuals is visiting Paris, and you have been asked by Quesnay to describe the Physiocratic system to them. A typical French person, you assume that your English audience is comprised of ignorant dolts who are nonetheless eager for Enlightenment. What would you tell them about Physiocratic thought? Do not neglect to include in your answer:
  a. The background assumptions of Physiocratic thought
  b. The three classes, and their interaction as revealed by the Tableau Economique
  c. The policy implications of your ideas. Are you a free trader?

* Outline and comment upon Smith's contributions in Book 1 of The Wealth of Nations. Be sure to discuss the following points:
  a. What does Smith have to say concerning the origin of, advantages conferred by, and limitations faced by the division of labor?
  b. Certain later commentators claimed that Smith confused the distinction between measures of value and determinants of value. Discuss Chapters 5 - 7, and in the process clear up this confusion.
  c. Describe his theory of distribution. Why have some commentators called this theory incomplete, and others called it inconsistent?
  d. It would seem that in a system of perfect liberty there should be no differences in the wages paid to different professions. If such a differential existed, freely mobile workers would leave the low-paying fields and enter the high-paying ones, and this movement would raise wages in the former and lower them in the latter until equality was reached. Smith points out that even in a system of perfect liberty, wage differentials would exist. Reproduce his argument.
Implicit in the writings of the Classicals is a theory of economic growth, a theory which would hold if the system of natural liberty were left undisturbed.

a. Outline the theory.
b. Describe how it could lead to a happy progressive state (a la Smith). Are there any inconsistencies in Smith's model?
c. How did Malthus' theories of population and commodity gluts challenge this happy vision? What policy conclusions does Malthus draw from this?
d. Show how Ricardo reached his conclusion that the growth process would end up in a stationary state.

Some economists claim that the Classicals (excluding Malthus) embraced a strict interpretation of Say's Law - supply creates its own demand, general overproduction is impossible, money has no effect on the real variables in the economy. Others deny this, claiming that the Classicals did understand that gluts were possible and that money had effects. Discuss the evidence offered by both sides in this debate within the history of thought.

Detail Thomas Malthus' contribution to economics in the areas of population, diminishing returns, and the question of commodity gluts.

Answer the following questions on classical theories of value.

a. What is a theory of value?
b. Some claim that Adam Smith held a labor theory of value. Did he? Explain.
c. One economist has stated that Ricardo held a "93% labor theory of value. What does this mean?
d. Ricardo outlines the assumptions necessary for a labor theory of value to work. Explain in detail what these assumptions are.

In Marx's vision of the laws of motion of capitalism, capitalism is doomed to destruction due to certain contradictions inherent in its structure.

a. Beginning with the capitalist's tendency to substitute capital for labor (i.e., GNP Marx's derivation of the origins of surplus value, and simply accept it as a premise of his argument), describe the process leading to socialist revolution and the millennium as Marx envisioned it.
b. Point out which of his predictions held true and which went wrong. Assess his argument and draw a conclusion.

In five short sentences (no major compound sentences, please) summarize the most important points of the Communist Manifesto. Then write a short essay defending why you chose these five particular points as revealing the essence of the essay.

Outline the major arguments contained in either "The Communist Manifesto" or "Socialism - Utopian and Scientific."

"Competition ensures that social welfare is maximized." Discuss this idea, using your knowledge of the history of economic thought. Mention Smith, Marx, the relevant marginalists, and 20th century welfare economics in your answer.
ECONOMICS 657
AUBURN UNIVERSITY
ROBERT B. EKELUND, JR.

HISTORY OF ECONOMIC THOUGHT: THE NEOCLASSICAL PERIOD
THROUGH MARSHALL AND VEBLLEN

TEXTS

The work should form the core of every serious student's library on the history of economic analysis.
(optional).


SELECTED REFERENCES

The following books are suggested for further general reading and/or for graduate student research paper-secondary source materials. There is no substitute for reading in primary sources!!!


8. -------. Production and Distribution Theories: The Formative Period. Stigler's doctoral dissertation and a brilliant, if idiosyncratic, source on neoclassical theory in these areas.

READINGS

I. INTRODUCTION: HISTORY OF ECONOMIC THOUGHT AND ANALYSIS


II. THE DECLINE OF CLASSICAL ECONOMICS (1848-1890)

A. The Wages Fund Doctrine: Original Sources

Early Attacks


4. Taussig, Frank W. Wages and Capital. Chapter 12, pp. 241-
Cairnes' Restatement of the Wages Fund Doctrine


2. Taussig, F. W. Wages and Capital, Chapter 12, pp. 256-265.

Later Criticisms of the Wages Fund Doctrine

1. Walker, Francis Amasa. The Wages Question, Chapters 8 and 9. (Reader may also refer to his Principles of Political Economy, Part IV, Sections 4 and 5; Part IV, Section 5).

2. George, Henry. Progress and Poverty, Book I, Chapters 1-5.

3. Taussig, F. W. Wages and Capital, Chapter 14, pp. 280-300.


B. The Wages Fund Doctrine: Secondary Sources


III. JOHN STUART MILL, EDWIN CHADWICK, AND MASSAU SENIOR: LIASSEZ FAIRE, SOCIAL JUSTICE AND CLASSICAL ECONOMIC POLICY

A. Original Source Materials

1. Mill, J. S. Essays on Economics and Society, Volumes 4 and 5 in J. S. Mill's Collected Works, edited by J. M. Robson, with an introduction by Lord L. Robbins (Toronto: University of Toronto Press, 1967). The entire canon of J. S. Mill's works has now been published by the University of Toronto Press. It includes virtually all of Mill's published works and is composed of 17+ volumes. This collection is definitive and gives all a good look into Mill's catholic interests and incredible mind.


7. Chadwick, Edwin. "Results of Different Principles of
Legislation and Administration in Europe; of competition for the field, as compared with competition within the Field of Service," Royal Statistical Society Journal 22 (1959), pp. 381-420.


B. Secondary Sources: Mill, Chadwick, Senior and Economic Policy


IV. AUSTRIAN CONTRIBUTIONS

A. The Early Austrians: Primary Sources


B. Second and Third Generation Austrians


C. The Austrians: Other Sources

2. Ekelund and Hebert, 2nd ed., Chapters 13 and 21.
3. Hutchison, T. W. Review of Economic Doctrines, Chapters 2, 9, 10, and 11.
5. Stigler, George J. Production and Distribution Theories, Chapters 2, 6 and 7 (Highly recommended).

V. THE EMERGENCE OF SCIENTIFIC ECONOMICS (I): NINETEENTH CENTURY CONTINENTAL AND BRITISH CONTRIBUTIONS TO ECONOMIC ANALYSIS

A. Original Sources

VI. THE EMERGENCE OF SCIENTIFIC ECONOMICS (II): SOME NINETEENTH CENTURY MODELS IN LOCATION THEORY

A. Original Sources


B. Secondary Sources


3. Greenhut, M. L. Microeconomics and the Space Economy (Chicago: Scott Foresman, 1963), Chapter 7, especially pp. 160-163 on von Thunen. Also see references to Launhardt and others.


VII. THE EMERGENCE OF SCIENTIFIC ECONOMICS (III): SOME NINETEENTH CENTURY ORIGINS OF ECONOMIC EMPIRICISM

A. Original Sources


B. Secondary Sources


VIII. LEON WALRAS: THE ORIGINS OF GENERAL EQUILIBRIUM

A. Original Sources


2. Walras, Leon. Elements of Pure Economics. Translated by W. Jaffe. (Homewood, Illinois: Richard D. Irwin, 1954). Lessons 5, 6, 7, 8, 9, 10, 11, 12, and 15 give the essence of general equilibrium theory.

B. Secondary Sources

1. Ekelund and Hebert, Chapter 16.


IX. NEOCLASSICAL ECONOMIC THEORY: ALFRED MARSHALL AND OTHERS

A. Alfred Marshall


B. General

1. Ekelund and Hebert, Chapters 15, 22 and 23.


X. BRITISH HISTORICISTS AND AMERICAN INSTITUTIONALISTS: A HETERODOX REACTION

A. Original Sources


ECO 665. History of Economic Thought I
University of Kentucky
Professor R. E. Gift (BE 207H, 7-7640)

I. COURSE DESCRIPTION

The purpose of this course is to understand the foundations of modern economics as seen in works of Smith, Cantillon, Turgot, Quesnay, Patry, Staat, Salus, Malthus, and Hum. To appreciate the literary background of the analysis as seen in works by such writers as Hume, Serra, Bodin, Oresme and Aquinas. (This course sets the stage for Economics 666, which begins with Ricardo's Principles and outlines the historical development of modern economics.)

II. COURSE OUTLINE

The plan of work in the course is to proceed with a reading of The Wealth of Nations in its entirety. Other reading assignments will be made from the reference list.

There will be a mid-term examination and a final examination, both essay-type. Grading is by subjective letter grades. There will be no term paper, but the student will do a literature search in order to submit a working bibliography on some special problem in The Wealth of Nations such as human capital, wilderness preservation, or public debt. Regular class attendance is required.

III. REFERENCES

Primary:
Smith, The Wealth of Nations, Cannan edition (purchase)
Hickscher, Mercantilism, 2 vols.
Monroe, Early Economic Thought
Viner, Studies in the Theory of International Trade

Secondary:
Angell, The Theory of International Prices
Bell, History of Economic Thought
Blaug, Economic Theory in Retrospect
Campbell and Skinner, Adam Smith
Cline, The House of Adam Smith
Gable, Adam Smith and The Wealth of Nations
Haney, History of Economic Thought
Hirschman, The Passions and the Interests
Malthus, Essay on Population
Malthus, Principles of Political Economy
Monroe, Monetary Theory Before Adam Smith
Murrow and Stebbins, Adam Smith and The Wealth of Nations
O'Driscoll, Adam Smith and Modern Political Economy
Schumpeter, History of Economic Analysis
Smith, The Theory of Moral Sentiments
Smith, Lectures on Jurisprudence
Spengler and Allen, Essays in Economic Thought
Teichgraeber, Free Trade and Moral Philosophy
Wood, Adam Smith, 4 vols.

ECO 666. History of Economic Thought II
University of Kentucky
Professor R. E. Gift (BE 207H, 7-7640)

I. COURSE DESCRIPTION

The purpose of this course is to understand the historical development of modern economics as seen in the literature from Ricardo to Stafa and Geographical Economist. Primary attention is devoted to topics having to do with value and distribution. The emphasis is on the classical, neoclassical, and Marxist doctrines, but other schools of thought are also kept in view. Much of the class discussion deals with the significance of the neoclassical production function and with problems in the theory of capital. Several philosophical systems will be used, and special importance is assigned to Whitehead, Sartre, and Jaspers.

This course is a sequel to ECO 665, which deals with the foundations of modern economics as found in The Wealth of Nations and other writings from Aquinas to Malthus.

II. COURSE OUTLINE

The plan of work is to move in an orderly manner through the evolution of value and distribution theory from Ricardo to the present. Following Blaug. Frequent references are to be made to books in the library, and the student will make intensive use of this material. Use will also be made of two journals, History of Political Economy and Journal of Economic Literature, as well as Research in the History of Economic Thought and Methodology (annually).

There will be a mid-term and a final examination, both essay-type. There is no term paper, but there will be homework. Regular class attendance is required.

III. REFERENCES

Primary:
Blaug, Economic Theory in Retrospect (purchase, 4th edition)
Hunt, History of Economic Thought (purchase)

Secondary:
AEA, Readings in Business Cycle Theory
AEA, Readings in Monetary Theory
AEA, Readings in Price Theory
AEA, Readings in the Theory of Income Distribution
Backhouse, A History of Modern Economic Analysis
Bell, History of Economic Thought
Bohm-Bawerk, Capital and Interest
Bohm-Bawerk, Positive Theory of Capital
Brams, Pioneering Economic Theory
Commins, Legal Foundations of Capitalism
Com这也, Theory of Interest

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ECONOMICS 610
Alternative Economic Paradigms
Professors Gale and Mott
Spring 1988
University of Colorado

Assigned Texts:


General Texts:


Dow, *Macroeconomic Thought*
Hayek, *History of Economic Thought*
Hicks, *Capital and Growth*
Hicks, *Value and Capital*
Hoover, *The Economy, Liberty, and the State*
Klein, *The Keynesian Revolution*
Malthus, *Essay on Population*
Malthus, *Principles of Political Economy*
Margaret, *Theory of Prices*
Marshall, *Principles of Economics*
Marx, *Capital*
Mill, *Principles of Political Economy*
Mitchell, *Lecture Notes on Economic Theory*
Mugrave, *Theory of Public Finance*
Negishi, *Economic Theories in a Non-Valresian Tradition*
Pareto, *Manual of Political Economy*
Pasinetti, *Lectures on the Theory of Production*
Patinkin, *Money, Interest, and Prices*
Prifties, *History of Economic Reasoning*
Ricardo, *Principles of Political Economy and Taxation*
Robinson, *Economics of Imperfect Competition*
Samuelson, *Foundations of Economic Analysis*
Schumpeter, *History of Economic Analysis* (recommended purchase)
Spengler and Allen, *Essays in Economic Thought*
Sraffa, *Production of Commodities by Means of Commodities* (recommended purchase)
Stigler, *Production and Distribution Theories*
Veblen, *Theory of the Leisure Class*
Walters, *Elements of Pure Economics*
O'Riordain, Gerald P. Jr., *Economics as a Coordination Problem* (Kansas City: Sheed Andrews and McMeel, 1977). Hereafter, *Coordination*.


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**Topic I.**

**Historical and Methodological Background**

Required reading:


Harris, *Capitalist Accumulation*, Chapters 1 and 2.


Shand, *Capitalist Alternative*, pp. xi-xii, 1-42.

Supplemental:


**Topic II.**

The Theory of Value

**Required reading:**


Harris, *Capital Accumulation and Income Distribution*, Chaps. 3-7.


**Supplemental:**


**Topic III.**

The Theory of Capital and Interest

**Required reading:**

Kirzner, "The Theory of Capital", in *Foundations*, pp. 113-44.


Harris, *Capital Accumulation*, Chaps. 8 and 9.


**Supplemental:**

Mises: *Human Action*, pp. 479-537.


O'Driscoll, *Coordination*, pp. 66-91.


**Topic IV. Competition and Monopoly**

Required reading:


supplemental:


O'Driscoll, *Coordination*, pp. 16-34.


**Topic V. Theory of Money and Monetary Institutions**

Required reading:


Supplemental:


**Topic VI**

The Business Cycle and Macroeconomics

Required reading:


Gerald P. O'Driscoll, Jr., and Sudha R. Shenoy, "Inflation, Recession, and Stagflation," in *Foundations*, pp. 185-211.

Harris, *Capital Accumulation*, Chapter 10.

Keynes, *General Theory*, Chaps. 12, 18, and 22.

Kalecki, *Capitalist Economy*, Chaps. 1, 6-11.

Supplemental:

Mises: *Human Action*, pp. 538-06.


Hayek, *Prices and Production*, pp. 59-104.


O'Driscoll, *Coordination*, pp. 92-114.

**Topic VII**

Socialist and Capitalist Economic Systems

Required reading:


____, *The Road to Serfdom*, condensed version (Boulder, Colorado: Economic Institute for Research and Education) pp. 3-37.

Don Lavoie, "Between Institutionalism and Formalism: The Rise and Fall of the Austrian School's Calculation Argument: 1920-1950."


Supplemental:


O'Driscoll, Coordination, pp. 1-15.


O'Driscoll, "Spontaneous Order and Coordination of Economic Activities," in *New Directions*, pp. 111-42.


Questions for Discussion

Economics 150

January 19
Organizational Session

January 26
Was there really any economics in Greek, Scholastic or Mercantilist thought? Was it science or something else? Justify your answer. Give examples of economic thought which you think were scientific and which were not.

February 2
The 1750-1776 period was characterized by "brilliant people groping unsuccessfully for a new science." Comment.

February 9
Was A. Smith the founder of modern economics? Why?

February 16
Do you think Malthus was a real economic scientist? or maybe just a prophet or propagandist for class interest?

February 23
What was the nature of Ricardo's contribution to economics? Was it "The Ricardian Vice" or his emphasis on diminishing returns?

March 2
Mid-term Test

March 9
Did the critics of classical economics find their mark? Why did they not prevail?

March 23
Did neo-classical theory contribute rigor to economics or rigor mortis?

March 30
What was the essence of the developments in economics in 1870-1890? Was economics at last a science? or perhaps a pseudo-science?

April 6
Did American Institutionism deserve to survive? Did it?

April 13
Was Marshall achieving some kind of accommodation between classical and neo-classical economics?

April 20
In what respect was Keynesian theory a revolution? Was it permanent?

Textbooks:

- W. J. Barber, A History of Economic Thought, Penguin, Baltimore 1977

Supplementary Class Materials

Note: Citations preceded by the letter R are contained in a bound volume available in the reserve room. Remaining references, except of course the chapters in Barber and Heilbroner, are contained in the Supplementary Class Materials volume. An asterisk indicates that the article is the basis for the discussion section.

1. Introduction - January 12


2. Applications of the History of Philosophy of Science to the History of Economics - January 13

3. Greeks, Scholastics and Mercantilists - January 17, 22


St. Thomas Aquinas, "Summa Theologica", in Monroe, ibid., pp. 53-77.


4. Physiocrats and Precursors of Classical Economics - January 24, 29


5. Smith - January 31, February 5, 7

- Heilbroner, chapter 3
- Barber, chapter 1


6. Dwindling Returns: Malthus and Ricardo - February 12, 14, 19, 21

- Heilbroner, chapter 4
- Barber, chapters 2 and 3


7. J. S. Mill and the Classical Tradition - February 26, 28

J. S. Mill, "Of the Stationary State", in Principles of Political Economy, Book 17, Chapter VI, Kelley, New York 1964, pp. 744-751

Barber, chapter 6


8. The Utopian Socialists and Marx - March 5

- Heilbroner, chapters 5 and 6
- Barber, chapter 5
9. Attacks from other quarters -- Henry George, the Historical School and the Fabians - March 7

Heilbroner, chapter 7
H. George, "The Single Tax", in Progress and Poverty, 1879.

10. The Marginalists - March 19-29

W. S. Jevons, "Theory of Political Economy", in Patterson, 92. CJI., pp. 324-343.
M. Blaug, "Was there a Marginal Revolution?" HOPE 4:2, Fall 1978, pp. 269-80.

11. American Institutionalism - April 2, 4

Heilbroner, chapter 8

12. From Marshall to Keynes - April 9, 11

Barber, chapters 6, 7 and 8
Heilbroner, chapter 9

13. The General Theory" and Thereafter - April 16, 18

Roberto M. Solow, "What do we know that Francis Amasa Walker didn't?", HOPE 17:2, Summer 1987, pp. 103-109.
The course deals with the evolution of economic ideas from the early eighteenth century to the present day, with emphasis on the intellectual and social background that influenced the more important contributions. After a discussion on mercantilism and physiocracy, the work of Adam Smith and Ricardo are studied in detail. Subsequently in first semester, nineteenth century economics is studied with special reference to the early criticisms of Ricardo and the work of John Stuart Mill. Marx, the marginal revolution and the experience during the twentieth century such as developments in neo-classical theory, the Keynesian revolution, and post-war developments in the theory of growth, distribution and economic policy are discussed in second semester.

Lectures are held on Mondays and Wednesdays at 11.00 a.m. in Lecture Room 3. The lecturers in the course are Peter Groenewegen, Louis Naddad and Flora Gill. Peter Groenewegen is lecture-in-charge of the course.

COURSE WORK

One essay in second semester 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. More immediately relevant books in the subsequent reading list are distinguishable by an *.

TEXT BOOKS


Useful introductory material for an overview of the subject can be obtained from reading:


Useful surveys of the recent literature on the history of economic thought are:


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. Rina, Development of Economic Analysis

B.B. Seligman, Main Currents in Modern Economics

M. Blaug, Economic Theory in Retrospect

G. Routh, The Origin of Economic Ideas

I.I. Rubin, History of Economic Thought

COURSE WORK REQUIREMENT

Coursework consists of one, 4,500 words essay during the year. The completion of the essay is a pre-requisite for satisfactory completion of the course and will count for 50% of the final result.

Because the essay counts 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 Monday, 8th October 1990, immediately after the second semester break. Essays should preferably be typewritten, double spaced, on one side of the paper only with an adequate margin (5 cm) for comments. Each essay should be accompanied by a synopsis and 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 penalized.

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 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:

2. "Some Thoughts on the Interest of Money in General" (1738) ascribed to Sir William Pulteney, reprinted Sydney, 1982.4
4. Robert Torrens, *The Economist Refuted* (1808) and other *Early Economic Writings*, reprinted Sydney, 1854.5

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 no later than the end of the first week after Easter, that is, Monday, 23rd April.

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). Students should also look up the author in *Palgrave's Dictionary of Political Economy*, *New Palgrave Dictionary of Economics* and the Encyclopaedia of the Social Sciences (check both editions) which provide useful bibliographical information. *History of Political Economy*, Vol. 15, no. 4, Winter 1983, has a cumulative index of the first 15 years of this journal, classified by subject.

SEMIESTER 1 - CLASSICAL POLITICAL ECONOMY

(Lecturer first 3 weeks: Peter Groenewegen last 5 weeks: Louis Haddad)

TOPIC 1: Introduction

The first eight lectures provide a basic introduction to the study of the history of economic thought in general, and to the rise of classical political economy in particular. The first two of these lectures provide an insight into the subject itself, with particular reference to the course for this year, including some explanations of what is expected in the essay, and in the form of reading during the year. These lectures also discuss reasons for the study of the subject, including reasons why the history of this subject is especially instructive for students of economics. There will also be a brief discussion on the history of the subject.

The third and fourth lectures present a brief account of some of the basic features of Mercantilism and discusses the manner in which economics emerged as a science during the 17th and 18th centuries. The last four lectures illustrate this final theme by examining in more detail the work of some major seventeenth and eighteenth century economists up to and including the early 1750s.

Lectures 1 and 2 - Introduction to the History of Economic Thought

Reading

- M.H. Dobb, *Theories of Value and Distribution Since Adam Smith*, Ch. 1.

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Lectures 3 and 4 - Mercantilism and the Emergence of Economics

Reading

- Phyllis Deane, *op.cit.*, chapter 1.
- * (worth dipping into).

Lecture 5 - Sir William Petty (1623-1687)

Reading


Lectures 6 - John Locke (1632-1704)

Reading

- John Locke, *Some Considerations of the Consequences of the Lowering of Interest and Raising the Value of Money* (1691) - various editions available.

Lecture 7 - Richard Cantillon (1680-1734)

Reading:


Lecture 8 - David Hume (1711-1776)

Reading:

TOPIC 2: The Zenith of 18th Century Classical Political Economy: The Physiocrats and A. Smith (7 lectures)

These seven lectures discuss the two basic systems of political economy developed in the eighteenth century. The system of the Physiocrats developed by Francois Quesnay in the 1750s and 1760s, the system developed by Turgot with particular reference to his theory of development in the Reflections, and the system of Adam Smith. Four lectures are devoted to the Physiocrats; three to Adam Smith; this is not because the Physiocrats are more important than Smith; it is because their works are less accessible and not as well covered in the secondary literature. The first of the four lectures presents a picture of the Physiocrats as a school, some of the historical background and a guide to the commentaries. The next two lectures deal with the work of Quesnay - first his general economic system, second an analysis of the Tableau economique. The fourth lecture presents Turgot - the bridge between Physiocracy and modern classical economics and especially Smith. The last three lectures deal with Adam Smith's economics in the Wealth of Nations, with emphasis on the material in Books I and II.

Lecture 9 - Introduction to Physiocracy (1758-1776)

Reading


and, for a general introduction to the study of classical economics:


Lectures 10-11: Francois Quesnay (1694-1714)

Reading:

R.L. Meek, The Economics of Physiocracy, op. cit., translations from Quesnay writings esp. Parts II, III of translations, and Essays 1, 4 in Part Two.

P.D. Groenewegen, introduction to Francois Quesnay, Farmers (1756) and Turgot, Sur la grande et la petite culture (1766),

Sydney: Department of Economics, University of Sydney, Reprints of Economic Classics, Series 2, no. 2, 1983.


Lecture 12 - A.R.J. Turgot (1727-1781)

Reading:

* Turgot, Reflections on the Formation and Distribution of Wealth (1766), various editions available.


Lectures 13-15: Adam Smith (1723-1790)

Reading:

* A. Smith, An Inquiry into the Nature and Causes of the Wealth of Nations, 1776, Books I and II. (Various editions available, the best are those by Cannan and the new definitive edition included in the collected works of Adam Smith and published by Oxford University Press in 1978.)


* Phyllis Deane, op. cit., chapters 2, 3.

W. J. Barber, op. cit., chapter 1.
M.H. Dobb, *Theories of Value and Distribution*, chapter 2.


**TOPIC 3: From Smith to Ricardo: Population and Gluts (1 lecture)**

In this lecture two major developments in economics will be discussed which occurred between the publication of the final edition of the *Wealth of Nations* in 1789 and the publication of the first edition of Ricardo's *Principles of Political Economy* in 1817. These are the publication of Malthus' *Essay on the Principle of Population* (first edition, 1798) which provided much of the background for the assumptions on which Ricardo constructed his analysis of distribution and growth, in the nineteenth century. This period also marks that of the French Revolution and the Napoleonic Wars, and in this way led to the development of Mr. Mill's "Principle", the English produced version of Say's Law.

**Lecture 16: Malthus on Population and Mr. Mill's "Principle"**

**Reading:**

* T.R. Malthus, *Essay on the Principle of Population* (various editions available - but the first edition, which has been reprinted on numerous occasions is worth reading in toto).


**TOPIC 4: David Ricardo (1772-1823)**

In the lectures devoted to Ricardo, his system of value and distribution is examined in some detail. This work is not only important in its own right, but is crucial for the understanding for much of the economic debate discussed during next term. Ricardo's economics must therefore be especially carefully studied and assimilated by reading of his work.

**TOPIC 5: Introduction (1 lecture)**

(Lectures by Mr. Louis Haddad)

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:**


Lectures 17-18

**Reading:**

* David Ricardo, *Principles of Political Economy and Taxation*, especially chapters 1-7 (various editions available)

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:**


Phyllis Deane, *op.cit.*, ch. 5.

W.J. Barber, *op.cit.*, ch.3.

Thomas de Quincey, Dialogue of Three Templars on Political Economy.

TOPIC 6: Ricardo's Critics: The Subjective School (3 lectures)

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

Reading:


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

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


S. Hollander, Classical Economics, ch. 16.

* T. W. Hutchison, op. cit., ch. 3.

Marian Bowley, Nassau Senior and Classical Economics.

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


TOPIC 7: The Ricardian Socialists (2 lectures)

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

Reading:


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

E. Lowenthal, The Ricardian Socialists, 1911.


Robert Owen, A New View of Society, 1813.


* K. Marx, Theories of Surplus Value, Part III, ch. 21.

* Grade and Rist, History of Economic Doctrines, Book II, chs. 3 and 5.


TOPIC 8: J.S. Mill 1806-1873 (4 lectures)

Reading:


J.S. Mill, Principles of Political Economy, 1848 (specific references will be given in lectures).


* Maurice Dobb, op. cit., ch. 5.


S. Hollander, Classical Economics, chapters 6, 9, 14.
SECOND SEMESTER
(Lecturers: L. Haddad (first four weeks)
F. Gill (last nine weeks).

TOPIC 9: K. Marx (1818-1883) (6 lectures)
(Lectures by Louis Haddad)

Reading:

K. Marx, *Theories of Surplus Value*, Part II.

K. Marx, *Capital*, 3 vols., (specific references will be given in lectures).


* Maurice Dobb, *op. cit.* ch. 6.


TOPIC 10: The Emergence of the Marginal Revolution (2 lectures)

Reading:


* Maurice Dobb, *op. cit.*, ch. 7.


TOPIC 11: The Development of Modern Economics 1870 and After (lectures given by Flora Gill)

Introduction (1 lecture)

An outline of the structure of the lectures given during the final part of the course. The central theme, the general approach and the specific chapters of economic thought dealt with. (Dr. Gill has indicated she will provide some amendments to this part of the reading list at the start of second semester).

TOPIC 12: From Classical to Neo-classical Economics (1 lecture)

A brief sketch of the historical evolution and a juxtaposition of the structure of classical and neo-classical economics in terms of the central question, the fundamental assumption about the economic process, the conception employed and the skeleton of their internal logic.

Reading:

* Vivian Walsh and Harvey Grum, *Classical and Neoclassical Theories of General Equilibrium*, Oxford University Press, 1966, chs. 1, 6


For the broader socio-economic, political and intellectual background, you may consult the following sources:

J.A. Schumpeter, *ibid.*, chs. 2 and 3. (You may wish to glance at ch. 4 as well.)

TOPIC 13: From Jevons, Menger and Walras to Marshall - or from "The First Wave" of the Marginal Revolution to the "Second Wave" (2 lectures)

Reading:

* Walsh and Gram, ibid., chs. 4, 5 and 6.
* Mark Blaug, Economic Theory in Retrospect, ch. 8 (Jevons and other forerunners with only brief mention of menger), ch. 9 (marshall's utility and demand analysis), ch. 10 (marshall's cost and supply analysis), ch. 13, Section 1 (on Walrasian general equilibrium).

To sharpen focus you may also consult:

* Schumpeter, ibid., Part IV, ch. 7, Section 3 (on the concept of general equilibrium), Section 6 on Marshall's partial equilibrium analysis and Section 7 on Walrasian equilibrium analysis).

* Deane, ch. 7.

TOPIC 14: The "Second Wave" of the Marginal Revolution and the emergence of a number of specific propositions about the distribution of income and welfare economics, and the Austrian Theory of Capital and Interest. (J.B. Clark, Wickiess and Wickstead; Pareto and Pigou, Bohm Bawerk and Von Misses; Fisher (2 lectures)

Reading:

* Walsh and Gram, ibid., chs. 8 and 9 (on neo-classical theory of resource allocation).
* Blaug, ibid., ch. 11 (on marginal productivity and factor prices), ch. 12 (on the Austrian school), ch. 13, Section 2 (on Paretoian and Pigouvian welfare economics).

M. Dobbs, Theories of Value and Distribution since Adam Smith. Cambridge University Press, 1973, ch. 7 (the Jevonian Revolution).


Reading:

* Blaug, ch. 13.
* Deane, chs. 4 and 11.

TOPIC 16: Ensuing Debates: The Importance of markets, and the Role of Money (P. Sraffa, A. Young, J. Chamberlain, Joan Robinson, D.H. Robertson and J.M. Keynes. (3 lectures)

Reading:

* Blaug, pp. 412-17, 432-7 (imperfect competition).


C.L.S. Shacklock, Years of High Theory, chs. 3-6. Schumpeter, ibid., Part V, ch. 2, Section 2.
TOPIC 17: Economics between the Wars: The Keynesian Revolution, the Stockholm School and the Emergence of Business cycle theory (Keynes, Kalecki, Lindahl, Myrdal, Ohlin). (4 lectures)

Reading:

* J.M. Keynes, Essays in Persuasion, II-2 (pp. 80-104), II-2 (pp. 186-212), IV-2 (pp. 312-322), IV-3 (323-338), V-2 (pp. 358-378).
* Doane, Ch. 10, (Neo-classical economics during the inter-war years) ch. 12 (the Keynesian Revolution).
Schumpeter, ibid., Part V, chapter 4.

TOPIC 18: Methodological Issues: Between Philosophy of Science and Economics (2-3 lectures)

Reading:

* Bruce Caldwell (1982), Beyond Positivism Economic Methodology in the Twentieth Century, ch. 5 (pp. 88-93), chs. 10-15 (pp. 211-232).
* A.P. Chalmers (1976), What is This thing Called Science [SKIM]
* T.W. Hutchinson, Knowledge and Ignorance in Economics, Blackwell, 1977, ch. 4.
THE UNIVERSITY OF SYDNEY
FACULTIES OF ECONOMICS, ARTS, ETC.

Economics III
Economics III Additional
Economics III Supplementary
Economics III Advanced

Paper
History of Economic Thought

Time Allowed: Three Hours.

Answer FOUR questions, AT LEAST ONE from each section.
Answer each question in a separate book.

SECTION A

1. Prior to the emergence of Economics as a separate science (circa 1750) there were several crucial contributions by individual economists which assisted this process. In the context of a discussion of the causes of the emergence of economics as a science, evaluate the work of one of those authors with whose work you are familiar.

2. Critically evaluate the four stages theory as developed by Turgot, particularly with respect to the final two stages discussed in his Reflections, making sure to comment on the impact, if any, his stadal process theory may have had on his economic theory.

3. Compare and contrast the growth models of François Quesnay and Adam Smith, highlighting the major differences as well as the similarities.

4. Either
   a) What are the differences between Smith and Ricardo on the measure of value with special reference to the different aims they had on the measure they evolved.
   Or
   b) "The Principles of Political Economy and Taxation is, in so far as its core is concerned, nothing but the earlier Essay on the Profits of Stock writ large." Discuss.

SECTION B

5. Explain why the early developers of the principle of marginal utility (Senior, Longfield, Lloyd and Whateley failed to construct a coherent theory of value based on this principle.

6. Evaluate the role of J.S. Mill in the transition from Classical, Political Economy to Modern Economics, with particular reference to value and distribution.

7. Either
   a) Discuss the contribution of Friedrich Engels to Marxian Political Economy.
   Or
   b) Compare and contrast Ricardo's growth model with that of Marx.

8. Does the term Marginal Revolution describe adequately what took place in the development of economic thought from 1862 to 1874?

SECTION C

9. "With the elevation of the static frame of analysis to centre stage, the break with the classical past occurred during the last quarter of the nineteenth century. This shift of focus from the dynamic to the static was inevitable, given the prime role accorded to marginal analysis and individual utility." Discuss.

10. Illustrating with example(s) of your own choice, discuss the evolution of economic thought in terms of the contribution of the purely internal intellectual development, as well as of the economic and political currents and intellectual climate in the society at large.

11. Discuss the impact of logical positivism on economic model. In your answer evaluate the latter in the light of some of the more recent developments in the philosophy of science.

12. Present the essence of the moment by Walsh and Grau dealing with the relative roles of marginalism and the demand side of the Marginal Revolution. Do you agree with that argument? Give reasons for your answer.
Instructor: D. Wade Hands
Class: 12:00-1:50 T Th
Office: MC 013M
Phone: X3692 (office), 845-7166 (home)
Office Hours: 1:00-2:00 M W F; 3:00-5:00 M W

Course Purpose:

To acquaint the student with the major theories and theorists in the history of economic thought. The course will focus on the economists who have been instrumental in the development of the principal "schools" of economic thought both orthodox and heterodox.

Course Requirements:

The student will be required to complete the reading assignments prior to the relevant lectures. There will be four essay exams (3 + final) to test the student's broad understanding of the course material. In addition to the exams, the student will be expected to write a short essay (approximately 4 pages) on each of the major figures discussed during the semester. The specific topics of these seven papers will be chosen by the instructor. If the student wishes to write a traditional term paper on a particular topic in the history of economic thought, the term paper may be substituted for one of the exams.

Grades:

Grades will be computed on the basis of the following weighting system and scale:

- Exam 1 -- 20%
- Exam 2 -- 20%
- Exam 3 -- 20%
- Final -- 20%
- Papers -- 20%

92 - 100% A
90 - 92% A-
88 - 89% B+
82 - 87% B
80 - 81% B-
70 - 79% C
60 - 69% D

Books To Be Purchased:


Books To Be Purchased (continued):

- Marx, Karl, Wage, Labor, and Capital/Value, Price, and Profit (International)
- Mill, J. S., Principles of Political Economy, (Penguin)
- Smith, Adam, Selections from the Wealth of Nations, George Stigler (ed.), (Arlington Heights, IL: Harlan Davidson, 1957)

Reserve Readings (in Library):

In addition to the required texts the following books will be placed on reserve in the Library:

- Jaffe, W., Essays on Walras (Cambridge, CUP, 1983)
Course Outline

* indicates reserve reading
** indicates paper to be handed out in class

I. Mercantilism and Physiocracy

Heilbroner: Introduction (Ch 1), The Economic Revolution (Ch 2)
**Meek: Introduction to Physiocracy
**Bell: Mercantilism (Ch 4)

II. Classical Economics

A. Adam Smith

Heilbroner: The Wonderful World of Adam Smith (Ch 3)
Smith: Book I (pp. 1-47), Book IV (pp. 62-88)

B. Ricardian Economics

Heilbroner: Malthus and Ricardo (Ch 4)
**Malthus: "Mathematics of Population and Food"
Ricardo: Chapters I-VII, XVIII, XXVIII, XXX, and Introduction

EXAM 1

C. J. S. Mill and the Philosophic Radicals

Heilbroner: Utopian Socialists (Ch 5)
Mill: Introduction, Book IV (pp. 55-117), Book V (pp. 277-303), Book II (pp. 349-361)

D. Marx

Heilbroner: Marx (Ch 6)
Marx: "Wage-Labour and Capital" and "Value, Price and Profit"
**Marx: "Preface to the Critique of Political Economy"
**Sweedey, Chapters I-IV, VII-X

EXAM 2

III. Neoclassical Economics

A. Jevons and Menger and Walras

**Jevons: "The Theory of Political Economy" (1871)
**Hayek: "Menger"
**Jaffe: "Reflections" (Ch 15), "Jevons, Menger, and Walras De-Homogenized" (Ch 17)

B. Alfred Marshall

**Keynes: "Alfred Marshall"
Marshall: Book III (Chs 3 and 4), Book IV (Chs 1 and 3), Book V (Chs 2, 3, 5 and 8), Appendix 1

IV. Thorstein Veblen and the American Heterodoxy

Heilbroner: The Savage Society of Thorstein Veblen (Ch 8)
**Ayres, C. E.: "The Legacy of Thorstein Veblen" in Institutional Economics, 1963

**Veblen: The Theory of Business Enterprise (1904), Ch 1-IV, X

EXAM 3

V. Keynes and Macroeconomics

Heilbroner: The Heresies of Keynes (Ch 9)
**Stewart: Chapters 1-3

Keynes: Chapters 2, 3, 8-10, 13, 14, 16, 18, 19, 21, 23, 24

VI. Modern Topics

(Readings assigned as time remaining permits)

FINAL EXAM
Answer any four of the following six questions.

1. **Adam Smith is very critical of Mercantilist policies. What are these policies and what are Smith's criticisms?**

2. **The following quote is from Ricardo's Principles:**
   
   "It follows then, that the interest of the landlord is always opposed to the interest of every other class in the community."

   Give a detailed Ricardian defense of this statement.

3. **Explain the Physiocratic model and discuss its policy implications.**

4. **Summarize Adam Smith's theory of economic growth (i.e. what causes the wealth of nations?).**

5. **In Ricardo's value theory different capital to labor ratios (different ratios of fixed to circulating capital) create problems for the labor theory of value. Explain this problem.**

6. **Explain Ricardo's long run wage theory with special reference to Malthusian population theory.**

**Answer any four of the following six questions.**

1. **Discuss the utilitarian philosophy of Jeremy Bentham and how it influenced J. S. Mills economics.**

2. **Discuss Marx's Theory of history.**

3. **Explain the theory of profit in Marx's work with particular attention to the following quote from Marx:**
   
   "To explain the general nature of profits, you must start from the theorem that, on the average, commodities are sold at their real values, and that profits are derived from selling them at their values...If you can not explain profit upon this supposition, you can not explain it at all!"

4. **Discuss in detail J. S. Mills' view of the stationary state with particular attention to how his view differed or agreed with Ricardo's view.**

5. **Compare and contrast Ricardo's theory of wages with Marx's theory of wages.**

6. **In Vol. III of Capital Marx states:**
   
   "The real barrier to capitalist production is capital itself."

   Give a detailed Marxian defense of this argument.
Answer any four of the following questions.

1. Compare and contrast Veblen's view of late 19th century capitalism with Marx's view of capitalism.

2. Discuss in detail Marshall's interpretation of Jevons and Ricardo (i.e. what did Marshall think was right with these theories and what did he think was wrong?).

3. Discuss Marshall's stable equilibrium of supply and demand (i.e. how do markets work for Marshall?).

4. On pg. 394 of The Principles, Marshall says, "it might even be for the advantage of the community that government should levy taxes on commodities which obey the law of diminishing return, and devote part of the proceeds to bounties on commodities which obey the law of increasing return."

   Explain Marshall's defense of this quote.

5. Neoclassical economists all had basically the same theory of the demand for goods. Discuss this theory in detail.

6. Compare and contrast the questions asked by classical economists (Smith-Ricardo), neoclassical economists (Jevons-Marshall), and institutionalist economics (Veblen). [Note this is not about how their "theories" are alike or different but rather how the "thing" they were trying to explain was alike or different.]
Adam Smith discusses "natural prices" many places in the Wealth of Nations. Answer the following questions regarding his discussion.

a) What does Adam Smith mean by "natural prices"? (Use quotes with references.)

b) How do Smith's "natural prices" relate to the equilibrium prices of modern supply and demand analysis?

According to Adam Smith's "adding-up" theory of price/value, an increase in the price of labor would increase the price of all commodities. Ricardo argues that this is incorrect. What does Ricardo say will happen when wages rise? (Use quotes with references.)

Summarize J. S. Mill's view of the stationary state. How is it different from Ricardo's view of the stationary state.

Explain Marx's distinction between the "value of labor power" and the "value produced by labor power."

In the Principles of Economics, Alfred Marshall discusses a stable equilibrium of Supply and Demand. Explain this, i.e. how does Marshall characterize a stable equilibrium (use quotes from Marshall to support your argument, you may want to draw diagrams).

In The Theory of Business Enterprise, Veblen emphasizes the distinction between "Business" and "Industry." Discuss how Veblen uses these two terms (support your argument with quotes).

There is only one diagram in J. M. Keynes' General Theory of Employment, Interest and Money. Explain it (what does it say, what point is Keynes making, how does it relate to the "classical" theory, his theory, etc.?).

Reading

Adam Smith, The Wealth of Nations.


Robert Thomas Malthus, Principles of Political Economy.


2. Marx

Reading

Capital, 3 Vols.


W. Eltis, Chs. 7, 8.

David Levine, "Marx's theory of income distribution", in Asimakopoulos (ed.) Theories of Income Distribution

3. Neoclassical Economics:

1) Jevons, Menger, Walras.

Reading


2) Marshall

Reading


4. Reactions against neoclassical theory.

1) The imperfect competition and monopolistic competition "revolutions".

Reading

John Ralston, Marshall, Orthodoxy and the Professionalisation of Economics (CUP, 1985)


"Symposium on increasing returns and the representative firm", Economic Journal, 1930.

Joan Robinson, The Economics of Imperfect Competition, (Macmillan 1933).


1) The Keynesian "revolution", Cambridge Monetary Thought and the Marshallian tradition.

Reading


J.M. Keynes, A Tract on Monetary Reform, 1923.

J.M. Keynes, Treatise on Money, 2 Vols, 1930.


G.L.S. Shackle, The Years of High Theory, Chs. 11,12.


3) The modern Cambridge tradition: Michal Kalecki, Joan Robinson, Nicholas Kaldor and Piero Sraffa.

Reading


Joan Robinson, The Accumulation of Capital, (Macmillan 1956)


Piero Sraffa, Production of Commodities by Means of Commodities, (CUP 1960).

Peter Kriesler, Kalecki's Micro Analysis, (CUP, 1987)

Further reading and topics will be given as the 'circus' is assembled. I hope to get some of the present 'greats' of the Faculty to appear and talk about their favourite economists and/or episodes in economic theory.

G.C.M.
University of Cambridge

RLZ

Prelims, Papers 1 and 2
Lent Term 1990 Thursday at 10.00 a.m.
G.C. Harcourt Friday at 9.00 a.m.

Lectures on Post Keynesian and Growth Theory

Reading List

A. Background on leading figures


B. The Classical and Marxian surplus approach


Vivian Walsh and Harvey Grant, Classical and Neoclassical Theories of General Equilibrium, (Oxford University Press, 1980)

(See also A & J Cohen, ‘Classical and Neoclassical Theories of Distribution’, Aust. Econ. Papers, June 1983)


C. Theory of Distribution


Michal Kalecki, Selected Essays on the Dynamics of the Capitalist Economy, 1933-1970 (Cambridge University Press, 1971), Essays 5, 6, 7, 14


M.C. Howard, Modern Theories of Income Distribution, (Macmillan) Chs. 5, 6, 7


D. Micro Foundations

Michal Kalecki, Selected Essays, Essay 5


Nicholas Kaldor, Economics without Equilibrium (Sharpe, 1985), Chapter 2


E. Accumulation and Synthesis

Joan Robinson, The Accumulation of Capital, (Macmillan, 1956), especially Book II


Michal Kalecki, Selected Essays, especially Essays 9, 10 and 15


Nicholas Kaldor, Economics without Equilibrium (M.E Sharpe, 1985)
G.C. Harcourt, *The Social Science Imperialists, Essays 6,7*

Bob Rowthorn, *Demand, Real Wages and Economic Growth, Thames Papers in Political Economy, Autumn 1981*

Peter Skott, *Vicious Circles & Cumulative Causation, Thames Papers in Political Economy, Summer 1985*

Donald J. Harris, "Structural Change and Economic Growth: a review article", *Contributions to Political Economy, 1, 1982, 25-46*


F. Capital Theory: The Cambridge Controversies


Donald J. Harris, "Profit, Productivity and thrift: the neoclassical theory of capital and distribution revisited", *Journal of Post Keynesian Economics, Spring 1981, 111, 359-82*


G.C. Harcourt, *The Social Science Imperialists, Part V, Essays 16, 18*

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**Lent Term 1990, Thursday at 10:00 a.m. and Friday at 9:00 a.m.**

G.C. Harcourt

**Lectures on Post Keynesian and Growth Theory**

A. Overview: growth theory from Adam Smith via Hahn and Matthews to Solow’s 1988 Nobel Prize lecture.

Reading


B. Classical growth theory: David Ricardo

Reading


Walter Eltis, *The Classical Theory of Economic Growth*, Ch.6


C. Introduction to Marxist Growth Theory

Reading


K. Marx, *Capital*, Vols 1 and II.


D. Post General Theory Growth Theory: (a) Harrod and Domar

**Reading**


(If you cannot get access to Sen, Harrod's paper is in the *Economic Journal* 1939, pp. 14-33 and Domar's paper is in *Econometrica*, 1946, pp. 137-47).

(b) Joan Robinson

**Reading**


(c) Neoclassical Growth Theory: Swan and Solow

**Reading**


R.M. Solow, Reading 7 in Sen (ed.) or *Quarterly Journal of Economics* 1956, pp. 65-94. (Solow is expounded in many textbooks. Swan, who in some ways is more profound, is not in the textbooks).


(d) Post Keynesian and Marxian Growth Theory (The themes of section (d) will be taken up in more detail in lectures in the Lent Term).

**Reading**

Donald J Harris, *Capital Accumulation and Income Distribution*, pp. 262-84 (you may find Harris's paper in the *American Economic Review*, May 1975 easier to follow).


Please note that the reading is much 'harder' than the level at which the lectures will be pitched.
RL/3

CAPITAL AND GROWTH THEORY IN THE CAMBRIDGE TRADITION

Part II

Lent Term 1990

G C Harcourt

Tuesday at 2.00 p.m.

Reference marked * are regarded as the most important readings; I shall give six to eight lectures on the following topics.

I

Overview: the issues

Reading


II

Capital measured in a unit independent of distribution and prices.

Reading


*Piero Sraffia, Production of Commodity by Means of Commodities. (C.U.P.), pp. 34-8, reprinted in G.C. Harcourt and N.F. Leign (eds.).

III

Solow on the rate of return

Reading

*G.C. Harcourt, Some Cambridge Controversies.... Ch. 3.

IV

Reswitching and Capital-Reversing

Reading

*F. Garegnani, 'Heterogeneous capital, the production function and the theory of capital', R.E. Stud., 1970.
*G.C. Harcourt, Some Cambridge Controversies... Ch. 4

V

The End of The Affair

Reading


VI

The Capital Theory Critique and the Foundations of Monetary Theory

*Colin Rogers, Money, Interest and Capital (Cambridge U.P. 1989), Chapters 1,2,3,7,11.
1. Sections of the Dissertation

The following describes the issues to address in each chapter.

(1) Chapter 1. Introduction

The introduction chapter should be written last, should be the most literary of all the chapters (a real attention grabber), should foreshadow what is to come, and should answer the following two questions:

(i) What is the general area of research and why is it important to economists and policymakers?

(ii) What is the specific research question that interests you and why is it important to economists and policymakers? Make sure that the "punchline" appears as the last sentence of the first paragraph.

(2) Chapter 2. The Literature

This chapter should set the stage for your original research to follow by convincing the reader that you are building on the current state of knowledge rather than rediscovering the wheel. It should answer the following two questions:

(i) What do we know about the topic of your research issue from the existing economic literature? (Explain the findings from the key articles and books on the topic.)

(ii) What do we not know about your research issue from the existing literature?

(3) Chapter 3. Conceptual Framework

This chapter explains the economic tools (expressed in equations or graphs) that you will use to test the economic hypothesis or to measure the economic phenomenon that is the focal point of your dissertation. It should answer the following questions:

(i) What is the theoretical tool(s) or model(s) you will use to guide your analysis of the research question described in Chapter 1 above? (Carefully explain your graphs and equations.)

(ii) What economic hypothesis or hypotheses will you be examining or economic phenomena will you be quantifying? More specifically, what is the dependent variable in your analysis and what are the independent variables? Simply put, what are you trying to explain and with what are you trying to explain it?

(4) Chapter 4. Results

It is here that you present your findings. In the context of displaying your "wares" be sure to touch on how your hypothesis or hypotheses were tested or your economic phenomena were measured. The reader should come away with a clear understanding of the data that you used as well as the statistical techniques involved in processing the data.

(5) Chapter 5. Conclusion

This is where you tie things up, and in a highly literary way remind the reader what he or she should remember about the dissertation just read.

(6) Appendices (as needed)

The purpose of an appendix is to collect technical information that will be important to someone who really wants to understand your work, but that technical information is too long to put into the main body or a footnote.

Your dissertation should definitely have an appendix with the formal definitions of the variables and summary statistics that include (i) means, (ii) standard deviations, (iii) minimum values, and (iv) maximum values of the variables.

Example appendices appear at the end of this document.
(7) References
Put your references in a list using the bibliographical style in Turabian's book on dissertation style. Be sure that everything you cite in the body of your dissertation is contained in the references section. List only things in the references section that you actually use and cite in the body of your dissertation.

2. Typing Details

Here are some details to incorporate in the final typed copy of your dissertation.

(1) University Regulations
Adhere to the details in "A Guide to the Preparation of Theses and Dissertations," which is put out by the Graduate School and available from the Director of Graduate Studies.

(2) Equations
Equations are numbered consecutively with numbers in parentheses flush to the right-hand margin. An example is

E = MC²

(3) Figures and Tables
Should be numbered consecutively throughout the text of the dissertation.

(4) Footnotes
Number consecutively throughout the dissertation and place them at the bottoms of the pages on which they appear.

3. Stylistics

Here are some simple rules to follow concerning writing style. I also highly recommend that you read two books by Donald N. McCloskey, (1) The Rhetoric of Economics and (2) The Writing of Economics.

(1) Active vs. Passive Voice
At least 75 per cent of your sentences should be in the active voice. Research is dull enough reading without making it duller yet. Brighten the dialogue by writing predominantly in the active voice.

(2) Direct Quotes
Minimize the use of quoted material. It makes for choppy reading because of the change in writing styles and gives the reader the impression that you are too dumb to think for yourself and to write your own dialogue. Rule of Thumb: only use a quote if the thought and way of saying it is exceptionally brilliant. (Example: "My blood, ejaculated the vexed coachman.")

(3) Equations
Be sure to punctuate sentences that contain equations; just because a sentence contains some algebra doesn't mean you can stop punctuating it.

(4) First Person Singular
Write in the first person singular, rather than first person plural or third person. We is reserved for when you have a coauthor or are writing a children's book, and "this author" became obsolete when Walter Winchell died. In other words, your sentences should say something like "in my dissertation, I ........."

(5) Footnotes
Do NOT use reference footnotes. All references should be in the text in one of two forms appearing in the examples below:

Jones (1986) and Green (1949, p. 55) both argue .........

It is well known that demand curves are downward sloping (Jones, 1985; J. Smith, 1986a; and Brown, 1986a).

Minimize the use of information footnotes. If it is important enough to say it is probably important enough to put into the main body of the text, and if it is not important enough to say in the main body it probably doesn't need to be said at all. Footnotes should largely be used to explain important, but distracting, technical details.

(6) Headings
Use three levels of headings to organize your material. The first level is centered and contains mixed upper and lower case letters. The second level of heading begins flush with the left-hand margin and also contains mixed upper and lower case letters. The third level of heading is an underlined sentence that starts a paragraph. The first real sentence of the paragraph then follows. Here is an example

2. The Literature

In this chapter I .........

A. Microeconomic Analyses

Microeconomic analyses of the substitution hypothesis focus on .........

1. Studies of the United States. Arguably the most important books written on .........

Finally, do not to have a heading with nothing under it but another heading. A heading ALWAYS has some dialogue under it.

(7) Latin
The following Latin abbreviations are off limits: etc., op. cit., ibid., viz., e.g., and i.e. (Use their English equivalents.)

(8) Quotation Marks
Only put quotes around a term if you wish to indicate unfamiliar usage.

(9) Nonsexist Dialogue
Use sexless terms or pronouns. (Example: letter carrier instead of mailman or police officer instead of policeman.) Avoid sentences that contain the phrase "he or she ......", however, and be sure to use good English in the sense that nouns and verbs agree. A handy trick is to use the instead of his or her.

(10) That vs. Which
Learn the difference between that and which, and then go on a "which" hunt to change most of your whiches to thats. That begins a conditional statement and which begins an unconditional statement. Here are some examples
Would you please remove the books that are on the table?

Love, which is one of life's great emotions, makes one feel all warm inside.

(11) Two-Word Adjectives
Two-word adjectives are hyphenated and two-word nouns are not. Here is an example

A well-known economist is .......

The downward-sloping demand curve is .......

Exception: do not hyphenate a two-word adjective when the first word ends in 'y'.

(12) United States vs. U.S.
Use United States when you are using it as a noun and U.S. when you are using it as an adjective. Here are some examples

Michigan is part of the United States.

IBM is a U.S. corporation.

(13) Visual Aids
Figures and tables should be self-explanatory. The reader should be able to understand a table or a figure without reading the main body of your dissertation. Use visual aids liberally.

EXAMPE

APPENDIX 1
CLEARING AND PAYMENT CONVENTIONS
OF THE TREASURY SECURITIES MARKET

The standard clearing convention of the Treasury securities market is that bills or bonds purchased must be exchanged for funds the following day. The daily Treasury return data provided to me by Mark Flannery reports prices for bills and bonds deliverable two business days later. Thus, a Friday announcement return (corresponding to a Thursday announcement) requires financing from the following Monday to the day after. A Monday announcement return (corresponding to a Friday announcement) also requires only one day of financing, that is, from the next Tuesday to Wednesday.
EXAMPLE
APPENDIX II
CALCULATION OF THE UNADJUSTED
RETURNS OF TREASURY SECURITIES

The purpose of this section is to explain exactly how
the daily return for the Treasury bills and bonds were
calculated. The calculations were made by Mark Flannery, who
supplied me with the daily returns.

The raw data for the Treasury bills is the average of
bid and asked discount yield on the outstanding security
closest to the constant maturity described by the series.
Government securities dealers buy at a price corresponding
to the bid discount yield and sell at a price corresponding
to the asked discount yield. To explain what is meant by
"the outstanding security closest to the constant maturity
described by the series," I give the following example of
what security is used for the calculation of the daily
returns for what I label a 3-month T-bill. That is, for the
period when the announcements were made on Friday, a bill
with 87 remaining days to maturity is used. For the Thursday
announcements, a bill with 88 remaining days to maturity is
used. These raw data are collected from the Federal Reserve
Bank of New York's daily report "Composite Closing
Quotations for U.S. Government Securities." The prices
quoted are for bills to be delivered two business days after
the day the Federal Reserve collects the quotes. The
collected yield was converted to a bill price with the

\[
\text{Formula:} \quad (100 - P)(360 / \text{DSM}) = YAV, \quad (8)
\]

where YAV is the average of bid and discount yields and DSM
is the number of calendar days from the time the bill was
delivered to the maturity date. Finally, the daily returns
for the Treasury bills were computed as:

\[
\text{daily return} = \frac{[P(t) - P(t-1)]}{P(t-1)}. \quad (9)
\]

The daily return for Treasury bonds is similar:

\[
\text{daily return} = \frac{[P(t) - P(t-1)]}{P(t-1)} + \frac{[C/P(t-1)]}{n/365}, \quad (10)
\]

where C is the coupon rate for the bond and n is the number of
calendar days between settlement dates.
### APPENDIX III - SUMMARY STATISTICS

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<th>Standard Deviation</th>
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<th>Maximum Value</th>
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---

**Example**


Wolf, B.L. and J.R. Behrman [1984]


ABOUT THE SUBJECT:

This subject covers the methodology of classical and modern economics (including views on the application of the philosophy of science literature to economics) and applied econometrics.

Themes considered will include some of the major issues in macro theory, classical and neoclassical value and distribution theory and equilibrium analysis.

Dr. John Lodewijks is the lecturer-in-charge and can be found in JG 312 (ext. 3386). Dr. Eric Sowey can be found in JG 252 (ext. 3319).

ASSESSMENT:

Assessment will consist of a final exam (50%), two seminar papers (40%) and seminar participation (10%). The two seminar papers should be approximately 2000 words each.

TEXT:


The following two books are also highly recommended:


THE VALUE OF A SEMINAR:

Especially valuable skills you can acquire as a student are the capacities (a) to read critically, (b) to gather information and analyze and present it in oral and written form and (c) to contribute to an organized discussion. These skills can be developed in preparing for and participating in a seminar.

Unlike a lecture class, a seminar necessarily requires regular attendance and active participation. You will be asked specifically to lead the discussion during the session, but in addition you will be expected to take a constructive and informed part in the discussion at every meeting.

You should prepare yourself for each meeting by reading and thinking about the material and having ready both observations and questions that occur to you.

A SHORT LIST OF BOOKS ON ECONOMIC METHODOLOGY:

It will be be useful to refer to these books regularly during the session.

H.K.H. Woo, *What's Wrong with Formalization in Economics?* 1986


LECTURE PROGRAM

WEEKS 1 - 3

**METHODOLOGICAL DISCUSSIONS IN ECONOMICS: AN INTRODUCTION**

1. What economic methodology is about: (i) Mill, Keynes, Robbins, Friedman, Blaug (ii) Science, hypothesis testing, positivism, conventionalism, instrumentalism, rhetoric, assumptions, rational economic man, positive-normative distinctions.

Reading:


2. Application of the Philosophy of Science to Economics - Popper, Kuhn and Lakatos.

Reading:
M. Blaug, Kuhn versus Lakatos, or Paradigms versus Research Programmes in the History of Economics, HOPE, 7:4 1975 pp. 399-433.

Additional References:
Imre Lakatos and Alan Musgrave (eds), Criticism and the Growth of Knowledge, 1970.

3. Is there a 'crisis' in economics? Do economists really matter? How can methodologists help?

Reading:

Weeks 4 - 6

MICROECONOMIC THEORY

1. Introduction

Reading:

2. English Classical Political Economy and the Marginal Revolution.

Reading:
P. Deane, The Evolution of Economic Ideas, 1978, Ch. 5 - 8.

Additional References:
Vivian Walsh, Introduction to Contemporary Microeconomics, 1970 (A fascinating "history" of micro theory from cardinal utility to modern axiomatic approaches).
Eisler, Jon, Explaining Technical change: A Case Study in the Philosophy of Science, Cambridge: CUP 1983 Part II


Reading:

Additional References:

________, Stabilizing Economic Knowledge, Cambridge University Press, forthcoming, Chapters 3, 4, 9 & 10

D.M. Hausman, *Capital, Profits and Prices* 1981, Ch. 6-7.


Janos Kornai, Anti-equilibrium, 1971, Ch. 1-3, 25.


L. Boland, Methodology for a New Microeconomics, 1985.


WEEKS 7 - 10

**MACROECONOMIC THEORY**

1. Macroeconomics from the 1930’s through to the present. Topics include macro textbook "histories", classical macro, business cycle research, Keynes,

Hansen seminar, Cowles versus NBER, Klein's macroeconometric models and contemporary developments.

2. The methodology of Arthur M. Okun.

3. The new classical macroeconomics and real business cycle theory.

Reading:


B. Caldwell, 1984 (Cross, Weintraub, Dow and Brown)


Additional References:


1. The Promise of Econometrics


2. The Problems of Econometrics


3. The Performance of Econometrics


SEMINAR PROGRAM

Week 2

(A) Is there a ‘crisis’ in Economics?

References:


References:


Week 3 - The Sociology of Knowledge Approach to Economics

References:


D. Colander and A.W. Coats, The Spread of Economic Ideas, op. cit., Part IV


R. Whitely, 1984, The Intellectual and Social Organization of the Sciences, Clarendon, Oxford, particularly Ch. 6. See also by the same author The Rise of Modern Finance Theory and The Structure and Context of Economics as a Scientific Field in Research in the History of Economic Thought and Methodology, Vol. 4 1986 pp.147-209. Also useful is the paper by Tarascio in the same issue.


Week 3 - Friedman’s Methodology of Positive Economics

References:


A. Hirsh and N. de Marchi, American Pragmatic Instrumentalism and the Methodology of Positive Economics, Mimeo. 1984. Also their article Making a Case when Theory is Unfalsifiable: Friedman’s Monetary History, Economics and Philosophy, 2.1.


A. Rosenberg, Microeconomic Laws, 1976, Ch. 7.


D. Hammond, 1987, Realism in Friedman’s Essays in Positive Economics, mimeo; Wesley Mitchell as Harbinger of Friedman’s Method, mimeo; and How Different are Hicks and Friedman on Method?, Oxford Economic Papers, June 1988.

Reference:


Week 6 - Classical and Neoclassical Value Theory: Much the Same or Radically Different?

References:


References:


Week 8 - Chicago Economics - Tight Prior Equilibrium?

References:


Week 9 - Since a public holiday falls on the Monday of this week, we will have the Lecture on Thursday and skip a seminar.

Week 10 - The Rhetoric of Economics?

References:


Week 11 - Alternative Approaches to Macroeconomics?

References:

THE UNIVERSITY OF NEW SOUTH WALES
SCHOOL OF ECONOMICS
SESSION 2, 1988

15.173 ECONOMIC METHODOLOGY

Time allowed - 3 hours
There are seven (7) questions in total.
Answer any four (4) questions
All questions are of equal value
No examination materials may be taken into the examination room
This paper may be retained by the candidate

1. "Methodological pluralism ... seems to be tantamount to the abandonment of all standards, indeed the abandonment of methodology itself as a discipline of study. If all methodological views are equally legitimate, it is difficult to see what sort of theorizing is ever excluded. Can we really say nothing to appraise competing research programmes except that "anything goes" in methodology? Are there no minimum standards which we may demand of any species of economics claiming to be scientific? Methodological pluralism, I would contend, is a sham, an excuse for never making any final judgements about competing theories."

Mark Blaug (1984)

Bruce Caldwell in his Beyond Positivism has advocated that economic methodologists should follow a program of "methodological pluralism" because he believes that "no universally applicable, logically compelling method of theory appraisal exists". Clearly Blaug does not agree. Where do you stand on this issue? What role do you then see the economic methodologist playing? How would you go about appraising theories?

2. Outline and discuss the assault on neoclassical economic theory provided by either Keynes or the Cambridge Capital debates. What has been the response of the mainstream to these assaults and what methodological lessons do we learn from either episode?

3. "In discussion of economic science, "Chicago" stands for an approach that takes seriously the use of economic theory as a tool for analyzing a startlingly wide range of concrete problems, rather than as an abstract mathematical structure of great beauty but little power; for an approach that insists on the empirical testing of theoretical generalizations and that rejects alike facts without theory and theory without facts."

Milton Friedman

Discuss the distinctive features of the "Chicago" School approach to economics and try to account for its pervasive influence on modern economics.
4. "In short, macroeconomics has yet to come of age. The closeness of macroeconomists to policy problems makes them often impatient of the abstractions of the theorist. Their finger is always on the trigger. There is something in the nature of this sort of enquiry which leads people to take shortcuts, make exaggerated claims, and attach far too much significance to prediction at the expense of understanding. The result has been surveyed by Klaiber."

Frank Hahn (1986)

Discuss Hahn's statement. Do you agree? In answering this question compare and contrast the development of micro- and macroeconomics.

5. "What is it that has so enthused a whole younger generation of economists about the rational expectations assumption? The answer is plain. Make that assumption, and a whole set of problems in dynamic analysis that were previously messy or downright intractable can be made to yield interesting, suggestive and testable solutions. I imagine that a similar excitement was felt many years ago by economists using the principles of optimization and the marginal calculus for the first time."

Patrick Minford (1986)

Discuss. Do you see any parallels between the rational expectations "revolution" of today and the Marginal "revolution" of the 1870s?

OR

"The ascendancy of new classicism in academia was instead a triumph of a priori theorizing over empiricism, of intellectual aesthetics over observation, and, in some measure, of conservative ideology over liberalism."

Alan Blinder (1988)

How can the fall of Keynesian economics, and its apparent resurrection, at least according to Blinder, be explained?

6. "One might say that the biggest challenge facing econometrics is to persuade its enemies that it has some virtues, without at the same time persuading its friends that it has no limitations."

Carl Christ (1967)

What criticisms might enemies of the econometric approach make about the subject today, i.e. in 1988?

Assess each criticism you mention for its methodological significance to economics. Is each one in your opinion a valid criticism?

7. "If economics is a science ... it is evidently a science whose powers of prediction and control are limited, largely because the phenomena it seeks to explain are subject to persistent change and often for reasons that may lie outside the traditional boundaries of the discipline."

Phyllis Deane (1983)

Discuss the proposition in this quotation from the perspective of the econometrician.

Give examples from the literature of macro- and/or microeconomics that illustrate the points of your discussion.
THE UNIVERSITY OF NEW SOUTH WALES  
SCHOOL OF ECONOMICS  
SESSION 2, 1987

15.173 ECONOMIC METHODOLOGY

1. "In the long run, the economic scholar works for the only coin worth having - our own applause."
   
   P. A. Samuelson (1961)

Discuss how the incentive structure in the profession influences the nature and direction of research in economics.

OR

"Has it not really been one of the great sources of weakness in economics that people have been content with plausible speculations, attractively presented, instead of insisting upon putting their ideas to the final test of correspondence with facts as they are known and working out modifications or realigning the whole discussion when the speculations and the facts seem out of balance?"

W. C. Mitchell (1910)

Discuss. Use the work of particular economists to support your statements.

2. Roy Weintraub has alleged that GE reasoning is central to all economic analysis which lays claim to being scientific. Why does he regard GE analysis as the centerpiece of the discipline of economics? How might one appraise work in this tradition? What are the difficulties?

3. Is there a 'Chicago' school?

If so, describe and analyze its distinctive methodological approach to the study of economics. What has been its influence and impact on modern economics?

4. "... a theory is only overthrown by a better theory, never merely by contradictory facts."

J. B. Conant, On Understanding Science, 1947

What line of thought would an economist see behind this conclusion?

If Conant's conclusion applied to economics, what role can econometrics have in the evolution of economic principles?

Looking at the field of macroeconomics since 1950, do you think Conant is right?

5. "... the most powerful policy advocacy of economists often involves the marshalling of information that makes a case forcefully. However, it is usually simple data, rather than sophisticated econometric studies, that are most influential. Responsible officials are frequently skeptical of empirical analyses that they cannot understand and evaluate themselves and may well dismiss them. In general, (economists) hoping to have a significant influence on policy must design arguments that directly persuade ...".


Why might a policy proposal supported by an apt econometric analysis not be persuasive even if the "responsible officials" understood the analysis?

Should economists nevertheless use "sophisticated econometric studies" to lay the foundation for their policy advice?

Do you think skepticism towards the results of a well conducted applied econometric study is justified?


7. Why and how has macroeconomic thought developed differently from microeconomics? Use a number of specific case studies to illustrate your views.
Orientation to Economic Research

T. Nayer
University of California, Davis

Econ. 280
Winter 1989

Readings

George Ladd, "Imagination in Research," For the methodology "section" also: M. Blaug, The Methodology of Economics

RECOMMENDED READINGS

Methodology

B. Caldwell, Beyond Positivism

M. Friedman, Essays in Positive Economics, Ch. 1.

L. Boland, "A Critique of Friedman's Critics," JEL, June, 1979


D. McClosky, The Rhetoric of Economics (For a brief version see his paper with the same title in the June 1983 JEL)


Note: watch for papers in Philosophy and Economics

General Background

Beveridge, I. The Art of Scientific Research

A. Klamer, Conversations with Economists

E. Frawill, "How CEOs Manage their Time," Fortune, Jan. 18, 1988
(to top of p. 96 only)

G. Frank, "Goal Ambiguity and Conflicting Standards..." Human Organization Winter 1958


Luetk. Beth, Handbook for Academic Authors

G. Stigler, "Do Economists Matter?" Journal of Economic Issues, Jan. 1976

M. Manheim, Scientists as Subjects

P. Hedawar, Advice to a Young Scientist

Locating Literature


Uses of Data and Empirical testing


A. Farnam, Economics and Reality

G. Morgenstern, On the Accuracy of Economic Observations

M. Friedman, A Theory of the Consumption Function

T. Nayer, Permanent Income, Health and Consumption

Writing

A. Vandermeulen, "How to Fabricate an Article," American Economist

J. McClosky, "Economical Writing," Economic Inquiry, April 1985

H. Becker, Writing for Social Scientists

R. Salant, "Writing and Reading in Economics," JPE, July/August, 1969


Note: I will place a file with some light pieces on writing on reserve.
This course is designed to cover certain topics in the history of economic thought. This course is of very broad subject, and so to handle it during one semester we will have to confine ourselves to dealing with only one or two areas of concern in depth, touching lightly on a few others, and ignoring many topics, which hopefully if they are of concern to people will be able to be treated independently with the help of the material we study here and in other courses. We will start by considering some fundamental issues in philosophy of science and in defining the subject matter and concerns of economics, and then we will investigate the history of thought concerning the working of a capitalist economy, mainly by examining differing schools of thought on the determination of value, distribution, growth, and fluctuations in such an economy. The pace of the course and the depth into which we go on any particular topic will be uneven because of the magnitude of our task. The reading list given below is long and has been chosen with the purpose of covering certain points as economically (believe it or not) as possible (the secondary sources) and of giving you a flavor of the work of certain thinkers (the primary sources). My advice is to read as much as you can without worrying about whether or not you understand it. Some understanding hopefully will come in class and as you do your written assignments, this will come more easily if you have at least looked at the reading assigned.

The assignments require to receive a grade in the course are three essays plus a final exam. Each essay and the exam count 1/4 of your grade. The essays are not to exceed ten (8 1/2 x 11 inch) pages, including references, and in fact any other extra pages will be thrown away prior to grading. Late papers in the essays will be tolerated but penalized (1/3 of a letter grade off if handed in one week late; 2/3 of a letter grade off if after one week late). The questions to be answered in the essays are:

#1 Compare and contrast the positivist and the idealist points of view in philosophy. Give the strengths and weaknesses of each. (Due two class days after we finish Topic I.)

#2 What does a take for the labor theory to be an adequate conception of the determination of value in a capitalist economy? (Due two class days after we finish Topic IV.)

#3 What does it take for the utility theory to be an adequate conception of the determination of value in a capitalist economy? (Due on the last day of class.)

All but one of the following books should be available for purchase in the bookstore:

Maurice Dobb, *Theories of Value and Distribution Since Adam Smith*
Robert Heilbroner, *The Essential Adam Smith*
David Ricardo, *The Principles of Political Economy and Taxation*
Piero Sraffa, *The Production of Commodities by Means of Commodities*
Robert Tucker, *The Marx-Engels Reader*
George Zin工资*The Problem of Malnutrition: Must Progress End in Overpopulation?*

George Zin工资's book is out of print but the University of Colorado Press has given me all of its stock, so I can give you a copy of the book.

The divisions of the course and the reading assignments are as follows:

1. Philosophy and Economics
   - Axel Leijonhufvud, "Life Among the Econ"
   - Robert Kuttner, "The Poverty of Economics"
   - Daniel Hausman, *The Philosophy of Economics*, Introduction
   - Karl Popper, "Science: Conjectures and Refutations"
   - Graham Leach, "Logic, Evidence, and Belief"

2. Some Pre-Classical Economists
   - Ronald Meek, *The Economics of Physiocracy: Introduction and the "Tableau Economique": the "Analytical"
   - Shigeo Tsuji, "On Reproduction Schemes"
   - Thomas Mun, "England’s Treasure by Foreign Trade"
   - Joan Robinson, "The New Mercantilism"
   - Paul Krugman, "Is Free Trade Passe?"

3. Classical Economists
   - David Hume, three extracts of *Political Discourses*
   - Dobb, Chaps. 2, 3, 4, 5
   - Heilbroner, pp. 57-76, 149-247
   - Lucio Galletti, "Rousseau as Critic of Civil Society" and "Mandeville, Rousseau, and Smith"
   - George Gilder, "The Heroes of Growth"
   - Zin工资, the whole book
   - Ricardo, Preface and Chaps. 1-8, 19-21, 26, 30-31
   - Sraffa, Preface and Chaps. 1-4, 6, and p. 53

4. Marx
   - Dobb, Chap. 6
   - Paul Sweezy, *The Theory of Capitalist Development*, Chaps. 5, 6, 7
   - Albert Einstein, "Why Socialism?"
   - Josef Steindl, *Maturity and Stagnation in American Capitalism*, Chap. 14

5. Neoclassical Economics
   - Dobb, Chap. 7
   - Stanley Jevons, *The Theory of Political Economy*, Chaps. 1, 2, 3
   - Leon Walras, *Elements of Pure Economics*, Chaps. 1, 3, 10, 11, 12, 16, 18, 20, 35
   - William Jaffe, "Menger, Jevons, and Walras Dehomogenized"

6. Critiques of the Preceding Theories
   - Thorstein Veblen, "The Limitations of Marginal Utility"
   - *Aspects of the Classical Theory of Markets*
   - Paul Samuelson, *Economics*, Appendix to Chap. 30
   - Robinson, *The Measure of Capital: The End of the Controversy*
   - "Marx and Keynes"
   - "Kalecki and Keynes"
   - "Marx, Marshall, and Keynes"
   - Dobb, Chaps. 8, 9
   - Keynes, Chaps. 1, 2, 16
   - Friedrich Hayek, *The Use of Knowledge in Society"
   - Gerard O'Driscoll, Introduction to the condensed version of *The Road to Serfdom*
FINAL EXAM

Answer one question from Part A and one question from Part B. Put each answer in a separate blue book.

Part A

1. Increasing returns to scale serve as a support for Adam Smith’s theory of the growth of the wealth of nations, but they also could serve as a support for mercantilism. Discuss, and explain why Smith disagreed with mercantilism.

2. What are the strengths and weaknesses of the partial equilibrium method of Alfred Marshall? What are the strengths and weaknesses of the general equilibrium method of Léon Walras?

Part B

3. The issue of effective demand destroys both the classical and neoclassical value theories. Do you agree or not? Discuss.

4. Classical and neoclassical economics both reduce economics to a natural science rather than treating it as a social science. Do you agree or not? Discuss.

University of Pittsburgh

MARK PELMAN

Economic Thought I: The History of Economic Thought and Society until 1870

Coverage: The development of economic thought from its patristic origins (Plato, Aristotle, the Church Fathers including Aquinas) through the XVI, XVII, and first 70 years of the XIX centuries.

The principal divisions are: (a) the Patristic Legacy, (b) Mercantilism and its Concurrent Philosophical Developments — Thomas Hobbes and his "successors", (c) Four System Builders — Cantillon, Quesnay, Stewart, and Adam Smith, (d) The Era of the Dominance of English Classical Economics including the tensions between the Malthus-Tory advocates of balanced socio-economic growth and the Ricardian advocates of market-controlled economic growth, and (e) The Question of Method and Methodology in the Study of the History of Economic Thought.

Student Responsibilities: There are three weekly lectures. Attendance at the lectures is obligatory; more than 3 hours of unexcused absence will adversely affect the final grade. In-term examinations will be during the lecture hours of 14 October and 4 November. There will also be a two hour final examination, currently scheduled for 10:00 to 11:50 p.m. on Friday, 15 December.

Required reading assignments are greater for Economics 207 than for Economics 107.

Papers: Except for those taking the course as part of the Honors Program, all students are to write a term paper (discussed below). It is due at the beginning of class 27 November.

Honors students are to write three short essay papers, due on 6 October, 23 October and 27 November. If feasible, the honors students’ papers will be discussed in a group, meeting separately three times during the course. Written papers are due on or before the specified dates and in conventional typed form (that is, with words properly spelled, the traditional rules of syntax observed, and with footnotes and references in a standard mode).

Textbook and Reading Assignments: The assigned textbooks are:


or


The assigned reading consists of required materials (indicated by a preceding asterisk). There are also recommended supplementary materials; the latter include original sources (identified by preceding double asterisks). All of these materials, except for the textbooks, can be found in the Economics library or in my own office seminar room (enter 4002, Forbes Quad).
Course Outline

I The Patriotic Approaches
   A. Hierarchy, democratic openness: Plato & Aristotle
   B. The medieval Roman Church views
      1. Some of the questions
      2. Thomas Aquinas’s answers
      3. Nicole Oresme
      4. Assertion, problem, and practice: de Roover’s contribution

II Mercantilism
   A. Its historical origins
   B. The earlier phase, the tract writers and their objectives
   C. Secularism, political theory, and the “scientific” mind
      1. Hobbes’ Leviathan
      2. The ecclesiastical answer: Bishop Joseph Butler
      3. Efforts at the introduction of an empirical answer
         a. Anthony Ashley Cooper
         b. Bernard de Mandeville
         c. The Scots: Hume and Smith [Theory of Moral Sentiments]

III Four system builders
   A. Cantillon
   B. Quesnay
   C. Steuart
   D. Smith [The Wealth of Nations]

IV British Classical Economics
   A. The radical philosophers, their origins and their impact
   B. Malthus’s Essay on Population
   C. The Ricardian strand
   D. The Senior synthesis compared to Say and McCulloch
   E. John Stuart Mill
   F. Karl Marx
   G. State of the “art,” pre-1870.

V Method and methodology in the study of economics

Lecture Schedule

<table>
<thead>
<tr>
<th>Date</th>
<th>1. 30 August</th>
<th>2. 1 September</th>
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<tbody>
<tr>
<td>Topic</td>
<td>Orientation lecture, distribution of assignments</td>
<td>The earlier Patriotic Approach: Plato &amp; Aristotle</td>
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<td>3.</td>
<td>No class: Labor Day</td>
<td>The Roman Church Fathers and medieval philosophy</td>
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<td>4</td>
<td>Doctrine: problems, practices and policy</td>
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<td>The scholastic approach and its uses</td>
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<td>The political origins of mercantilism</td>
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<td>Mercantilism as a social policy</td>
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<td>Hun, Misselden, and Malyves</td>
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<td>Child, Barbon, and North</td>
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<td>10.</td>
<td>20</td>
<td>Steuart’s and other mercantilist systems</td>
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<td>11.</td>
<td>22</td>
<td>Mercantilism assayed</td>
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<td>25</td>
<td>XVI and XVII British history &amp; philosophy</td>
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<td>Hobbes’ Leviathan and the problems it posed</td>
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<td>The ecclesiastical answer</td>
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<td>2 October</td>
<td>Sentimental Morality and Its Critics, Including de Mandeville’s Fable of the Bees</td>
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<td>4</td>
<td>Smith’s Theory of Moral Sentiments</td>
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<td>17.</td>
<td>6</td>
<td>No class: Jewish holiday</td>
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<td>18.</td>
<td>9</td>
<td>Cantillon’s system</td>
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<td>First Examination</td>
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<td>13</td>
<td>French history in the XVI and XVIII</td>
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<td>21.</td>
<td>16</td>
<td>Quesnay’s system [Physiocracy]</td>
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<td>22.</td>
<td>18</td>
<td>British history in the late XVII and XVIII</td>
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<td>23.</td>
<td>20</td>
<td>Smith’s Wealth of Nations</td>
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<td>23</td>
<td>Smith Assessed: Was there “An Adam Smith Problem?”</td>
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<td>25</td>
<td>Comparing four systems: Stewart, Cantillon, the Physiocrats, and Smith</td>
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<td>Second Examination</td>
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<td>27.</td>
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<td>Bentham’s Utilitarianism and His Other Work</td>
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<td>28.</td>
<td>1 November</td>
<td>Malthus’s Essay on Population</td>
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<td>Ricardo’s Principles . . .</td>
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<td>Malthus’s Principles . . .</td>
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<td>J. B. Say and Ricardo’s Immediate Successors</td>
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<td>Nassau Senior</td>
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<td>John Stuart Mill</td>
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<td>Open</td>
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<td>35.</td>
<td>17</td>
<td>Thanksgiving Holiday</td>
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HONORS STUDENTS' ESSAYS

General. Each essay should be about 2,500 words.

Essay I (due 18 September) deals with the Patristic tradition. Discuss the differences in method between Plato and Aristotle, on the one hand, and the conflict between the medieval realists and the medieval nominalists. Identify, after consulting an encyclopedia, how Abelard and Thomas Aquinas sought to "bridge" the gap.

Essay II (due 27 October) deals with mercantilism and is to be written after you have read Robert B. Ekelund, Jr. and Robert D. Tollison. Mercantilism as a rent-seeking society: Economic regulation in historical perspective. College Station, Texas: Texas A & M University Press, 1981.

The task is to compare their view with Becksher's and Viner's.

Essay III (due 27 November)

The task is to identify your own perception of classical economics and explain how and/or why the utilitarian economics of John Stuart Mill and the materialistic economics of Karl Marx both fit into the same school.

TERM PAPERS
(for all but the Honors students)

General. Each paper should be about 22 double-spaced pages (i.e., about 6000 words). This assignment will be fulfilled only when a passing grade for it is awarded; a passing grade will not be awarded if the paper is in an illiterate form (there are spelling, literature, and scholarly conventions).

The paper is due no later than the beginning of the class period on 28 November.

The paper is to be an effort to put a history of thought question into scholarly perspective. The first step is to select the question: I suggest any of the following.

1. Just what is utility? What has just price got to do with utility, and in what senses do they stem from completely different philosophic sources? Is this distinction the basis for de Roever's approach to the medieval Patristic writers? Is a price interest rate of 15 percent usurious? Discuss.

2. How do Becksher's, Viner's and Keynes's views of mercantilism differ?


4. Aside from the impact of Smith's Wealth of Nations, what he meant to say has been commonly misperceived. Just what was he trying to argue in terms of long haul economic development? He was clearly not opposed to governmental intervention; but what was he really opposed to? To what degree was he in favor of limiting individualism? Discuss fully.

5. Identify and discuss Ricardo's writings on money and currency.

6. Identify and discuss the evolution of Ricardo's views regarding the role of capital substitution on social organization and economic distribution.

7. Lord Robbins thought that Senior's work contained the prototype statement of English classical economics. In what senses were his views different from Ricardo's and more like Malthus's?

8. In what sense is John Stuart Mill's Principles the apotheosis of the English classical tradition? In what ways does it really repudiate the Ricardian emphasis in that tradition? Was he, in terms of his interests, much of a follower of the economics as distinct from the demographic side of Malthus?
9. Schumpeter and others suggest that economics through the time of Adam Smith's Wealth of Nations was, except for a few notable exceptions, tied to moral philosophy, and that afterwards it developed a professional independence and offered political leadership a set of functional rather than principally a philosophical or meta-philosophical value-system kind of advice. What were the issues that characterized the new economics offerings?

The second step (by 22 October) is to notify me of your choice.

The third step is to read a minimum of four discussions of your topic. They are to be cited in your footnotes and/or your references.

The fourth step is to organize how you will put the question, how you will organize the parts of the answer, and report same to me by giving me an outline. Wait for my approval before you start writing.

The fifth and sixth steps are to write a draft and revise it. Hand in the latter to me on or before the due date (and time).

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UNDERGRADUATES' REQUIRED READING INCLUDES ALL MATERIAL PRECEDED BY AN ASTERISK.

Unit I (to be completed by 7 September)

*Spiegel. Chapters 1 (pp. 14ff.), 2, 6, & 3.


Unit II (to be completed by 25 September)

*Spiegel. Chapters 4, 5, 6, & 7.
*Blaug. Chapter 1.
---

Edgar S. Furness, The position of the laborer in a system of nationalism: A study in the labor theories of the later English mercantilists.


**Thomas Mun, A discourse of trade, [1621].**

**Gerard de Malynes, The maintenance of free trade, [1622].**

**Edward Mandelaen, Free trade or the means to make trade flourish whereas the causes of the decay of trade in this kingdom are discovered.** [1622].

**Gerard de Malynes, The center of the circle of commerce or a refutation of a treatise, intituled "The Circle of Commerce," or "The Balance of Trade," lately published by E. R. [1623].

Unit III (to be completed by 4 October)


*Bernard de Mandeville, The fable of the bees. Read "The grumbling hive: or, Knaves turn'd honest," [1705] and also the "Remarks" on lines 167, 173, 200, 201, 307, & 367.

*Adam Smith, The Theory of Moral Sentiments. Part I -- Sections I, II; Part II -- Section I (chapters 1, 2, 3); Part II -- Chapters 1, 2, 7; Part V.

Thomas Hobbes, the Leviathan or the matter, form and power of a commonwealth ecclesiasticall and civil. Read chapters 1, 14, 15, 18, 19, & 21.

L. A. Selby-Bigge, British moralists being a selection of writers, ... Read in this order the selections by T. Hobbes, J. Butler, A. A. Cooper, F. Buttschon, A. Smith, and B. de Mandeville.

Unit IV (to be completed by 30 October)

*Spiegel, chapters 8, 9, 10, & 11.

*Blaug, chapter 2.


Ekelund & Hebert, chapters 4 & 5.


Ronald L. Meek, The economics of Physiocracy, Part I -- "Essays."

David Hume, Economic writings, edited with an Introduction by Eugene Rotwein; read Rotwein's Introduction.

(Sir) James Stewart, An inquiry into the principles of political economy. Read the Andrew S. Skinner edition [1966] and the biographical and analytical Introductions (pp. xxi-xxxiv) as well as Books I and 2.

**Adam Smith, The Wealth of Nations, Glasgow -- R. H. Campbell & A. S. Skinner edition [1976]. Read their "General Introduction" and Book I -- chapters 1, 2, 3, 5, 6, 7, 8, 9, 10, & 11; Book II -- chapters 1, 3, 5, 6; Book III -- chapter 1; Book IV -- chapters 4, 5, 6, 7, 8; Book V -- chapter 2.

Unit V (to be completed by 17 November)

*Spiegel, chapters 12, 13, 14, & 15.

*Blaug, chapters 3, 4, & 5.


** Principles of political economy. Book I -- chapters 1, 2, 3, 6.

**David Ricardo, On the principles of political economy and taxation, chapters 1, 2, 4, 5, 6, 7, & 18.

**Nassau Senior, An outline of the science of political economy.

Unit VI (to be completed by 27 November)

*Spiegel, chapters 16, 17, 18, 19, 20.

*Blaug, chapters 6 & 7.

**Ekelund & Hebert, chapters 8, 9, 10, & 11.

**John Stuart Mill, Principles of political economy [Ashley edition], read the Ashley "Introduction" and Book I -- chapters 1, 2, 3, 4, 5, 6, 7, 10, 11, 12, 13; Book II -- chapters 3, 4, 11, 12, 13, 14, 15, 16; Book III -- chapters 1, 2, 3, 4, 7, 8, 14, 17, 23; Book IV -- chapters 1, 2, 3, 6; Book V -- chapters 1 & 11.


Unit VII (to be completed by 1 December)


OLD EXAMINATIONS
First Hour Examinations

10 February 1986

1. Describe in detail Cournot's duopoly pricing proof. What
inferences about the nature of competitive pricing can be drawn?
What significance do you draw from the specifications of his
assumptions? Given the "force" of the proof, the importance of his
inferences, and the significance of his specifications, what
usefulness does his work now have to (a) professional economists and
(b) to businessmen?

2. Sketch out as completely as you can the contributions of William
Stanley Jevons to modern economics. Identify the Utilitarian
elements in his approach by contrasting them with the comparable
elements in Menger's contributions.

3. Describe the Austrian School of Economics from the time of the
elder Menger to the time of Hayek. What are the underlying
consistent themes? Are there areas where the School has changed its
position? Identify some of the principle shifts.

11 February 1987

Students may choose to write either Examination A or Examination B,
but there is no opportunity for switching once the choice is made.

Examination A (notes, but not texts, may be used)

Answer both questions:

1. Identify five contributions associated with von Thünen's The
Isolated State. Explain the significance of each.

2. Explain thoroughly and carefully Jevons' and Wicksteed's
perceptions of the economic science, taking care to show the likely
sources of their views. How did their view differ from that of
Menger/von Böhm-Bawerk/von Biber?

Examination B (closed book)

Answer two questions: one from each part

Part I

1. What was Cournot's theory of monopoly and oligopoly price? Where
desirable
Yuse a geometric diagram.

2. What was the basic contribution of von Thünen to the theory of
regional economics?

3. How did Jevons introduce the concept of marginalism in his work?
Explain fully.

4. What was the logic of Böhm-Bawerk's theory of interest, how did it
lead to his theory of the roundaboutness of production, and how
was the "degree" of roundaboutness explained? Describe fully.

5 February 1988

Answer three questions, one from each part.

Part I

1. Central to von Thünen's work was a theory of rent (location),
how did it differ from Ricardo's?

2. Cournot's theories of (1) monopoly, (2) duopoly, and (3) of
demand \( D = f (p) \) combine both logical and empirical elements.
Summarize these theories and identify briefly what you think are the
key logical and the critical empirical elements of each.

Part II

3. What did Jevons mean when using the phrase, "final degree of
utility"? What beside diminishing "final degrees of utility" affect
the amount of work that a laborer will offer to his employer? What
would an increase in the price per hour do to affect a worker's
willingness to work extra hours per day (or per week)? What would an
increase in yearly pay do to a woman worker's willingness to give up
a job and raise an (n + 1th) child?

4. Wicksteed asserted that he was Jevons's disciple. In what
senses did the disciple "reinterpret" (go beyond in a different way)
the master?

Part III

5. What were Carl Menger's perceptions of subjectivity, imputed
values of higher order goods, value as distinct from utility or even
price, and how did his system differ from Jevons's? Discuss.

6. In what sense was Böhm-Bawerk's perception of time and round
out to different from what Wicksteed offered in the way of a theory of
interest and the role that it plays in the production process?
**Second Hour Examinations**

8 March 1987

Answer either three or four questions. Your grade will reflect an allowance for breadth as well as depth.

1. Write a brief essay on the concept of equilibrium and how it got into the mainstream of economic analysis after the "marginal revolution." What relationship do you see it having to the central roles of value and price in the post-classical treatment of the topic --- what had classical economics emphasized? How does the concept of the role of equilibrium sharpen the differences among the contributions of Menger and Jevons? Discuss.

2. Discuss Marshall's "objectives" for the teaching of economics as put forth in his *Principle of Economics*, taking care to stress what he wanted to synthesize in terms of the classical and various marginal contributions, what he wanted to stress in terms of the role of time in the productions process, and what he thought of the relative importance of empiricism and deduction.

Identify at least four of his more-or-less original contributions such as (1) two ways to perceive elasticity of demand, (2) consumer and/or producer surplus, (3) the short and long runs, (4) joint, complementary and substitute products, (5) the bit-at-a-time method, (6) quasi-rents, and (7) prime vs. supplementary costs.

3. Describe Pigou's *Welfare Economics*, taking care to show its relationship to the system which Marshall had sought to install at Cambridge. Discuss it fully.

4. What was the implication of the imperfect competition and/or monopolistic competition attack on the traditional Marshallian synthesis? How does the concept of marginal revenue change the mechanics of microeconomics?

Writers at the time thought that his assertion of the overwhelming "truth" of increasing costs "had finished" Marshall: others have argued that it was his assumption of perfect knowledge. What do you think made Marshall passe?

5. How did Keynes seek to revolutionize the Cambridge perception of economic analysis? What did his *Treatise on Money* offer, and what did his *General Theory* offer that was new and what was new only to Cambridge? How did Keynes's 1937 JIE article differ from the 1936 book (or did it?)? Discuss.

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4 March 1988

1. Write an essay on the neo-classical contributions of Alfred Marshall to economics. Cover briefly.

   a. How his perceptions of what economics is about differed from Menger's and Jevons' perceptions, and how this difference affected the rigor of his presentation.

   b. His technical assumptions.

   c. His contributions regarding consumer surplus, elasticity, and time.

2. Write an essay on the dissatisfactions with Marshallian competitive partial equilibrium analysis and what emerged.

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23 March 1987 (special exam)

Instructions: Answer each question:

This is an open-book examination. You have one week to turn in your answers. They should be in polished essay form.

1. What were Wickesell's contributions? Identify and discuss.

2. Discuss the differences between the positions taken by Hayneard Keynes in his *Treatise on Money* and in his later *General Theory*. What was the "contradiction" between Keynes's views in compensatory governmental investment programs and his views on uncertainty? Discuss.

3. What is the rationale for Marshallian partial equilibrium analysis and the one for general equilibrium analysis?
Final Examination

22 April 1986

Answer four questions, at least one from each part.

Part I

1. Write an essay on the role of mathematics in the evolution of modern economics, taking care to identify the arguments, pro and con, for its use as an expository and/or an analytical instrument(s).

2. Write a brief essay on the purposes of studying the history of economic thought. First, what is the delineation of economics? Second, where and why, in your view, has "Professionalism" (define the term) occurred? Third, discuss the variety of sources of ideas which have been incorporated into the "core area" of economics (delineate that area) and explain why some contributions have been more and some less "acceptable."

3. Write a brief essay on the development of macroeconomics in the development of the discipline.

Part II

4. What were the schema introduced into economics by any four of these "groups":

a. William Stanley Jevons and Philip Wicksteed
b. John Bates Clark
c. Alfred Marshall
d. Leon Walras and Vilfredo Pareto
e. John Maynard Keynes and/or the "Keynesians"
f. Wesley Clair Mitchell
g. Roy F. Harrod and Evsey Domar
h. John von Neumann and Oskar Morgenstern
i. Paul H. Douglas and Charles E. Cobb
j. Knut Wicksell, Gunnar Myrdal and the Swedish group
k. Karl Popper or some other [economic] methodologist

5. Using as exemplar material from three of the following:

1. The Austrians
2. The "neoclassical economists"
3. The Lausanne general equilibrium writers
4. The American Institutionalists
5. The English "neo-Ricardians"

Identify what constitutes a school of economic thought — does it include a reaction to a change in socio-economic problems, a change in assumptions and/or method, an advance in analytical process, or something else?

6. Write a brief essay on the evolution and ultimate disappearance of interest in (a) the "residual," (b) the wages-fund, or (c) "the greatest good for the greatest number."

Part III

7. Discuss the "rise" and "fall" of "Pigovian welfare economics" or imperfect competition.

8. How did modern national income accounting come to be established? What are the issues which separated one of its principal architects, Simon Kuznets, from the work done by his successors in the Department of Commerce? What was the contribution of Richard Stone, and what part did John D. Hicks' The Social Framework play?

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26 April 1988

Answer each question:

1. Schumpeter mentions that von Thünen and Cournot "wrote before their time." Indicate fully and in detail what was so prescient about their work.

2. How do you explain the rise and fall of Marshallian neo-classical economics. Discuss fully.

3. Discuss the impact of John Bates Clark and Irving Fisher on the development of American economic thought.


5. Trace the development of macroeconomics from the time of Walras through the institutionalization of modern national income analysis.
First hour examinations:

1984

Answer each question:

1. Discuss the similarities of and the differences between the economic arguments advanced by Plato, Aristotle, and St. Thomas Aquinas. Focus on the concepts of hierarchy of occupation, inherited personal status, inherited social relationships, and the social role that market interactions were to play in maintaining social stability. What Stoic virtues were required to make the system work? And how were their systems intellectually conceived? (The idea is simultaneously to show that you have read widely, thought through what you have picked up, and can wrap the foregoing in an attractive intellectual package.)

2. Give three (or more) interpretations (taking care to identify their origins) of what mercantilism in the 16th and 17th centuries was said to be about. Use the work of Thomas Mun to illustrate one or more of these interpretations. How did the Malthus vs. Mises debate or Petty’s contribution illustrate the transition of economic thinking from the Patriotic tradition to “something more modern?” What was that “something more modern?” Discuss.

3. What was the convention-shattering contribution of Thomas Hobbes? How did each of the following try to answer Hobbes’ argument: Joseph Butler, Anthony Ashley Cooper, Adam Smith (in the Theory of Moral Sentiments)? How does Mandeville’s Fable of the Bees fit in? In what sense does this “debate” have methodological implications? What was the difference between Bacon’s approach and the one advocated by Descartes? (The idea here is to show what you have grasped, and how you have integrated it.)

Second hour examinations:

1984

Answer each question:

1. Outline the principal ideas in the Physiocratic legacy.

2. List and discuss the contributions of Richard Cantillon to economic analysis. In what sense, if any, does Cantillon’s work bear greater resemblance to modern economics than the work of Steuart and even Adam Smith?

3. Discuss the following aspects of Adam Smith’s work:
   a. Human nature and the “Adam Smith Problem.”
   b. The sources and limits of economic growth.
   c. Market vs. natural price.
   d. The “Invisible Hand.”
   e. Productive vs. unproductive labor.

1985

Answer each question:

1. Outline the organization and contributions of Sir James Steuart’s An Inquiry into the Principles of Political Economy.

2. Identify the contributions of Richard Cantillon and the Physiocrats to current economic analysis. Discuss in detail three of those contributions, at least one from either “source.”

3. Discuss the following:
   b. Smith’s theory of production, including the sources.
c. Smith's concern with market vs. natural price.
d. The significance and limitations of the "Invisible Hand," and the concept of laissez-faire in his system.

1985 (alternate)

Answer each question

1. What was the Classical School's theory of value? From what sources did it derive?

2. What is your view of the role of David Ricardo in the development of the economics discipline? Discuss fully, taking care to identify the role that Malthus played in the development of Ricardo's approach.

3. Sir James Steuart's *Summa* is offered in this course as a relatively complete treatment of the mercantilist view of economics. Smith's two principal books are offered as another comparable *Summa*. Contrast the two views, taking care to describe them fully.

4. The Political Arithmeticians and Richard Cantillon could be considered to be the forerunners of one of the methodological divisions in modern economics. Identify fully their respective contributions and relate them to what you know of the methodological divisions in modern economic theory.

Final Examinations:

1984

Answer four (4) questions, one from each part

**PART A**

1. Identify the role that utilitarianism played in the economics of the English Classical School.

2. What were the political issues which interested the principal English Classical School writers, and how did their analysis affect the policy positions they supported? Cite issues and people.

**PART B**

3. What was the labor theory of value? How did it tie to Locke's perceptions of the "unalienable" rights of man? How did it fit into the Smithian, Ricardian, and Marxian schemes of thought?

4. What were Nassau Senior's postulates relating to Classical Economics and what were their origins? What views did Senior have about the variety of monopolies, and what could be "done" about each?

**PART C**

5. Compare the economics of Richard Cantillon, a forerunner of the Classical tradition, and the economics of John Stuart Mill, the apotheosis of that tradition. Cite specific topics and compare their "answers."

6. What was Malthus's concern with economic gluts? What was the position taken by the more "orthodox" (i.e., Ricardo and the adherents of "Saw's Law")? Does this "conflict of view" suggest that the dominant or Ricardian group had a theory of supply but not a theory of demand? If so, why did they eschew concern with demand -- what to them was so big a worry that "demand" paled in comparison? Was this point indicative of a social class foundation to Classical Economics, or do you think that it was more a functional (independent of class structure) reality? Discuss.

**PART D**

7. Professor Sir Moses Finley argues that there was little economic analysis in the Greek civilization because there were few if any markets. Using similar reasoning, there are those that argue that all pre-industrial societies lack economic analysis if there is no evidence of focus on price and quantity exchanges. What in your judgment represents the "absolute minimum" exchange conditions for concern with what you would define as economic analysis? And why?

8. From a methodological standpoint, how does one explain the Malthusian law of population and what a later writer called "the Iron Law of Wages," the "law of diminishing returns," the principle of "Ricardian rent," and the destruction of the "Wages Fund theory?"

1985

Answer four questions, one from each part

**Part A**

1. What was the Classical School's theory of value? From what sources did it derive?

2. Compare the organization of James Mill's *Elements of Political Economy* and John Stuart Mill's *Principles of Political Economy*. What do you see as the principal differences between their views?

**Part B**

3. What is your view of the role of Adam Smith in the development of the economics discipline? Discuss fully, taking care to identify the principal differing assessments regarding this topic.

4. What is your view of the role of David Ricardo in the development of the economics discipline? Discuss fully, taking care to identify the role that Malthus played in the development of Ricardo's approach.
Part C

5. Wesley Clair Mitchell argues at one point that the study of economics can appropriately begin with Adam Smith's Wealth of Nations because what passes for today's economics discipline is largely a collection of idiosyncratic interpretations of reactions to the process of national industrialization and that anything that is relevant to today's discipline surfaced in Smith's book and/or has surfaced since. Given that we started the course with a discussion of Plato's and Aristotle's contributions and then went on to a discussion of medieval and mercantilist thought, it is clear that the course designer did not "buy" Mitchell's assessment. What did you get out of the discussion of pre-Smithian writers which did not surface in Smith's 1776 book or in the classical period? Discuss.

6. Sir James Steuart's summa is offered in this course as a relatively complete treatment of the mercantilist view of economics. Smith's two principal books are offered as another comparable summa. Contrast the two views, taking care to describe them fully.

Part D

7. The Political Arithmeticians and Richard Cantillon could be considered to be the forerunners of one of the methodological divisions in modern economics. Identify fully their respective contributions and relate them to what you know of the methodological divisions in modern economic theory.

8. The importance of observation (as distinct from exocitigated theorizing) is an old theme in economics, one stemming from the influence of Aristotle. In many ways Malthus "worked both sides of the street." Discuss fully Malthus's contributions and influence on the development of the economics discipline.

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OUTLINE OF THE COURSE

1. The Legacy from Classical Economics

II. Two overlooked now "mainstream" writers
   A. von Thunen
   B. Cournot

III. Two marginalist traditions and their sequela
   A. Jevonian Utilitarianism
   B. Austrian Subjectivism
   C. The Swedish offshoot
   D. The first Cambridge School
   E. A digression into the economics of socialism
   F. The second Cambridge School
   G. The London School of Economics and uncertainty

IV. The third marginalist tradition and general equilibrium analysis
   A. Walras
   B. Pareto
   C. John R. Hicks
   D. Hayne Keynes and Keynesianism

V. Economics in America
   A. Emergence of the profession
   B. Capital Theory: The interesting cases of John Bates Clark and Irving Fisher
   C. Labor Economics: The normative economics of Commons and Douglas and the positive economics of the Chicago microeconomic traditions of Gregg Lewis and Becker
   D. Fisher's Macroeconomics and Business Cycles; Wesley Clair Mitchell and Arthur F. Burns
   E. The Several Facets of Simon Kuznets
   F. Microeconomics: Varieties of rationality
   G. Macroeconomics: Its empirical and theoretical foundations
   H. Statistics and Econometrics: The availability of data, of theory, and of processing equipment

VI. The rationales for studying the history of economics

The Lecture Program

1. 5 Jan. Introduction - The Legacy
2. 8 von Thunen and location and distribution theory
3. 10 Cournot price theory and modern formal technique
4. 12 Jevons. marginalism, and Wicksteed
5. 15 University Holiday, no classes
6. 17 Jevonian marginalism, continued
7. 19 Menger: Subjectivism, marginalism, and methodology
8. 22 The spectrum of von Bohm-Bawerk's capital and interest theories
9. 24 The two sides of von Wieser
10. 26 The Karl Menger seminar of the 1920s
11. 29 The von Mises influence
12. 31 Wickell and natural growth
13. 2 Feb First Examination
14. 5 Marshall
15. 7 Marshall
16. 9 Pigou
17. 12 The nemesis of the "First Cambridge School"
18. 14 Microeconomics and imperfect competition
19. 16 No Class: Great Americans' Day
20. 19 The Socialist pricing controversy: Barone, Mises, Lange, Robbins & Hayek
21. 21 The "second Cambridge school": Keynes' writings until 1936
22. 23 The General Theory
23. 26 Keynesianism: World War II and after
24. 28 Uncertainty: von Thunen, Knight, Keynes, and Shackle
25. 1 Mar Open
26. 5 Spring Recess
27. 7 Spring Recess
28. 9 Spring Recess
29. 12 Walras and general equilibrium analysis
30. 14 Pareto and the continuation of the Lausanne tradition
31. 16 The positive dominance of John R. Hicks' positivism
32. 19 Second Examination
33. 19 Academic positivism and academic positivism: two strands in the development of the economics profession in America.
34. 24 Capital Theory: The interesting cases of John Bates Clark, Irving Fisher, Frank Knight, and Robert Solow
33. 26 Mar  
Topic continued
34. 28  
Fisher's Monetarism and Business Cycles; Wesley Clair Mitchell and Arthur F. Burns  
Topic continued
35. 30  
Topic continued
36. 2 Apr  
Labor Economics: The normative economics of Commons and Douglas and the positive economics of the Chicago microeconomic traditions of Gregg Lewis and Backer.  
Topic continued
37. 4  
The several facets of Simon Kuznets (social accounting, and economic growth)  
Topic continued
38. 6  
The empirical and theoretical foundations of Macroeconomics: from Denison to Solow and Jorgenson, from Moore to Samuelson, and from Patinkin to Ackley and Mungenro.  
Topic continued
39. 9  
Topic continued
40. 11  
Varieties of Rationality
41. 13  
Statistics and Econometrics: The availability of data, of theory, and of processing equipment
43. 18  
The rationale for studying the history of economics
44. 20  
The Writing Program

> Economics 108 honors program students: three 2,500-word essays due on 3 February, 12 March, and 16 April, respectively.
> Economics 108 non-honors program students: one 5,000-word term paper due on 16 April.
> Economics 208 students: one 7500-word term paper due on 16 April.

Topics are assigned, but negotiations are not out of the question.

These papers are to be typed and I expect the traditional cultural amenities to be honored: Spelling conventions count; so do traditions pertaining to punctuation and grammar. Proof-reading, although admittedly a pain, remains, nonetheless, a requirement.

Assigned Papers

Essay assignments for the Honors Students

Topic for paper due on 3 February: The Methodology of formalism, subjectivism and empiricism in modern economics: the impact of the contributions of the likes of von Thunen, Cournot, Jevons, Carl Menger, von Bohm Bawerk, von Wieser as well as others.

Topic for paper due on 12 March: Marshall's rhetoric. Take care to note his views regarding mathematical formalism, historical, the use of constructs, and the audience for whom he purported to write.

Topic for paper due on 16 April: Is there an economic science? If so, what is it, if not what is there?

The purpose of each paper is to lay out what you have gleaned from your reading and to discuss your reactions to the theme outlined in the topic. In sum, your responsibilities are two: Show adequately what you have read, and attempt to present your own reactions to the topic, as specified.

Term paper for all but the Honors Students

As noted earlier in this handout, all but the Honors Students are required to turn in a term paper to me before or on 16 April. The expected length for Economics 108 is 5000 words, for Economics 208, 7500 words. There are about 260 words to a double-spaced typewritten page, so the amount of paper can be calculated easily.

The idea is not only to present your ideas, but also to do so with a degree or persuasive charm and/or imagination. It is an effort to get over inarticulateness. The "great" length assures that you will have my full attention for sufficient time to make a point.

I suggest that you start by either asking a question and explaining why the question has some ultimate relevance to your own curiosity or making an evaluation, which you will then explain and/or defend. This part of the paper might well be sketched initially and then rewritten after you have done the rest of the paper. Thus: this first part is a frame into which you ultimately fit what you have "painted." This introductory section usually concludes with no more than a paragraph or two "outlining the order of the thinking or argument which you are offering in the remainder of the paper."

The second part of the paper presents the materials which you are subsequently going to analyze. It has the data; it offers references to your sources and what you think of them as sources; it may suggest, but does not evaluate contradictions which you can see in your source material. In this section, you are trying to demonstrate your knowledge of the material; you are not yet trying to be original, clever, persuasive, or even definitive.

The third part of the paper sets out your own views. It ties the question you asked in the first part with the data in the second. It may include a great deal of valutative material, criticisms taken from others (credit to be given, of course), and criticisms offered by you (care being taken to explain what "bothers" you or what you think others plainly misperceive). Here is where your chance for persuasion and/or charm comes in. You cannot write this section until you have mastered the previous section. But one way to handle this third part is to sketch out for your later amusement even before you have done any extensive reading what you thought you were going to find. The third section can then take the form of comparing what you had originally thought through a priori with what you later found empirically.

200
The final part of the paper is a sort of reprise. It focuses on your conclusions. Often it takes the form of saying, "the questions I asked were, and the answers I found were. Insofar as the questions frame the answers, I concluded thus and so, but insofar as the answer shows the inadequacy of the question, this is what I would now ask, were I to start the exercise over."

The paper should have either foot- or end-notes and a separate list of bibliographical references.

Possible topics

1. Present and evaluate the views of Jevons and Marshall about the place of mathematics in economics, particularly seen in the light of current practice.

2. Sources and varieties of general equilibrium analysis; the period between Walras and Arrow.

3. Using Henry Phelps Brown's article, "Sir Roy Harrod: A Biographical Memoir," *Econ. J.*, 30 [357] (March 1980), 1-33 as an "ideal prototype," write a comparable essay on any one of the following:

<table>
<thead>
<tr>
<th>Benjamin Anderson</th>
<th>John Bates Clark</th>
<th>John Maurice Clark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frank H. Knight</td>
<td>Simon Kuznets</td>
<td>Abba Lerner</td>
</tr>
<tr>
<td>Irving Fisher</td>
<td>Nicholas Kaldor</td>
<td></td>
</tr>
<tr>
<td>Frank Fetter</td>
<td>John Robinson</td>
<td></td>
</tr>
<tr>
<td>Wesley Clair Mitchell</td>
<td>Paul A. Samuelson</td>
<td></td>
</tr>
<tr>
<td>Paul A. Samuelson</td>
<td>Paul Douglas</td>
<td>Nicholas Georgescu-Roegen</td>
</tr>
</tbody>
</table>

*This list is not meant to be conclusive. Any topic on the list is acceptable. Any other topic must be checked out with me.

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The Reading Program

Undergraduates' reading assignments include all material preceded by an asterisk. Graduate students intending to present the history of thought as a Ph.D. field should read as well as the undergraduate assignments the additional listed material and they should peruse carefully the original source material preceded by two asterisks. Graduate students taking the course for non-credit, as a Ph.D. field should look over all of the listed material, even if they do not take notes on their reading.

The following are assigned as textbooks:


Schedule of Required Reading Assignments

1. **By 10 January 1983**, kindly have read the following material on "two who wrote before their time," von Thuenen and Cournot:


To be discussed 8 January


To be discussed 10 January

Note: take great care to master the Ekelund and Hebert diagram on Cournot's duopoly pricing and output model.


I am also distributing copies of a recent article of my own on Schumpeter as an historian of economic thought. It contains inter alia a summary of Schumpeter's estimates of the contributions and characteristics of the English classical school. These points supplement and perhaps even contrast with the four that he, incidentally, used later (in a book published posthumously in 1954) when he employed Nassau Senior's application of the principle of maximization to the problems of production, distribution, and consumption, (2) the original or early Malthusian theory of population pressure upon resources, (3) the application of the theory of diminishing returns upon agricultural output, and (4) the application of the theory of increasing returns in the area of manufacturing.

To be discussed 12 and 17 January
*Spiegler. op. cit., ch. 22 (pp. 513-25)
*Ekelund and Hebert. op. cit., ch. 14


3. The third reading assignment concerning the various Austrian Schools, besides being very heavy, is to be completed by 30 January; as before, I rely heavily in my lectures on Stigler's Production and Distribution Theories, and, again, I urge all who can to read the relevant material from that book.

*Spiegler. op. cit., ch. 23.
*Ekelund & Hebert. op. cit., chs. 13 and 21.


To be discussed 19 January


To be discussed 22 and 24 January


To be discussed 26 January


To be discussed on 26 January


To be discussed on 29 January


To be discussed 31 January


The fourth reading assignment to be completed by 28 February, is a very long one. It deals with the work established at the University of Cambridge under Alfred Marshall and continued there through much of the career of John Maynard Keynes, indeed his career until World War II. Marshall's approach focused on partial equilibrium analysis and it is not until sometime after Maynard Keynes' death that Keynes' later contributions became established as a fusion of the Cambridge tradition and general equilibrium analysis into what is now called "macroeconomics," a term much newer than is often realized. Because Marshall's treatment of the topic continues to dominate the microanalytical approach to our subject, it is important to see Marshall's contribution not only for what it was but also for what it remains --- two quite different things. As noted, Marshall's treatment all but dominates our approach both positively and negatively. As a consequence, Marshall's synthesis is worth particular attention. It should be borne in mind that Marshall (even more than Herder), was for his time an accomplished mathematician, as was his student Maynard Keynes. Nonetheless, he consciously eschewed mathematics as a primary expository mode. The Mathematical Appendix to his Principles of Economics should be reexamined by anyone wishing to challenge my assessment of his skills.


Ekolund and Hebert. op. cit., chs. 15 and 18.

Terence W. Hutchison. On Revolutions and Progress in Economic Knowledge. Ch. 3.


The Marshallian Phase

To be discussed 5 and 7 February


Bk. I;
Bk. III; chaps. 1, 2, 3, 4, 6;
Bk. IV; chaps. 1, 2, 3, 13;
Bk. V; chaps. 1, 2, 3, 4, 5, 6, 7, 8, 12, 13, 14.

The Post-Marshall/pre-General Theory Phase

George L. S. Shackle. The Years of High Theory. Cambridge: Cambridge University Press, 1967, chs. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10. [Obviously this book can only be scanned, but it gives one picture of the modern era in economics. I am, with reason, a Shackle enthusiast. Incidentally, this book was initially presented as lectures in the history of economic thought at Pitt in 1968.]

To be discussed on 9 February


To be discussed on 12 and 14 February


To be discussed on 16 February


The Second Cambridge School: The Keynesian Hegemony

For the lectures on 21 and 23 February


Harrod, F. F. "Keynes, John Maynard Contributions to Economics." IESS, vol. 8, pp. 368–75. Actually, Harrod's obituary is the better source: Roy F. Harrod. The Life of John Maynard Keynes. (1951) -- although excellent, this is something like an "authorized biography," but it contains much indisputably trenchant information. Recently there has been a spate of books highly critical of Keynes's personal character and/or way of life as well as the impact he and his views have had on post World War II British economic policy. The former deals with the homosexuality within the "Bloomsbury set" as well as at the University of Cambridge; the latter with the promises implicitly existing in Keynes's General Theory about the eating of one's cake and having it, too.

Axel Leijonhufvud. On Keynesian Economics and the Economics of Keynes: A Study in Monetary Theory. New York: Oxford University Press, 1968. (The great virtue of this study is that it initiated a sharp distinction between what Keynes actually wrote [ambiguities and all] and the uses others have put to what they asserted, were "really" his ideas.)

George L. S. Shackle. The Years of High Theory [loc. cit.], chapters 11, 12, 13, 14, 15 & 16.

Terence W. Hutchison. On Revolutions and Progress in Economic Knowledge. Ch. 4.


Alan Heltzer. "Keynes's General Theory: A Different Perspective." Jour. Econ. Lit. 19 (March 1981), 34-64. Patinkin and Heltzer have much different views and there ensued after the appearance of the Heltzer something of a bruhaha between them. Heltzer expanded this article into a book, Keynes's Monetary Thinking: A Different Interpretation (New York: Cambridge University Press, 1988), which is currently considered by many to be the clearest account of the nature of the dilemmas in Keynes's thinking.


To be discussed on 28 February


5. The material on the Lausanne School and certain of its lineal descendants is to be completed by 14 March. It comes in non-chronological sequence, but is paced here to smooth the flow of the earlier materials and their ties to the later tradition. As I have already indicated, there were three marginal utility well-springs: Jevons the Austrians and Walras. Their successors followed parallel, but somewhat competitive, courses.

*Spiegell, op. cit., ch. 24.

*Karel and Neilbert. op. cit., ch. 16.


To be discussed on 12 March


**Leon Walras. Elements of Pure Economics or the Theory of Social Health, trans William Jaffe.

To be discussed on 14 March


To be discussed on 16 March


6. This block of reading is to be completed by 16 April. It deals with some distinctively American contributions to our discipline, contributions which have in major measure come to dominate much of what is taught here and in most of the "Western" world. While there are many interpretive volumes discussing the evolution of the discipline in the United States. I believe that the "standard treatment" is:


I also recommend as really first-class discussions of the development of important aspects of modern empirical economics:


However, the assignments, as such, are:

*Spiegel. op. cit., chapter 27.

*Ekelund and Hebert. op. cit., chapter 17.

For the lectures on 23, 26, 28, and 30 March

The discussion of modern monetary economics (which serves as one origin of modern macroeconomics) is to be completed by 19 April. It draws on earlier reading assignments and serves as a link to one of the key institutionalist American schools. The background is not treated in this course, since one has to make choices. Moreover, it is all but impossible to identify where to begin. Many point to Hume; others to Henry Thornton. For our purposes, which must be rather general, I chose to start with Knut Wicksell, an erstwhile (rather eccentric) pupil of Boehm-Bawerk, and to Irving Fisher, who became, once he was dead and his eccentricities were not so obvious, something of the true ideal of the American profession. For that reason I suggest that you include in your reading two short biographies presented in Dorfman's monumental work.


*Ekelund and Hebert. op. cit., ch. 19.


For the lectures on 2 and 4 April

*Mark Perlman. *Labor Union Theories in America*. Scan the book.


For the lecture on 6 April


For the lecture on 9 April


For the lectures on 11 & 13 April


For the lecture on 16 & 18 April


7. What remains is to be completed by the end of the trimester.

*Spiegel. op. cit., chapters 28 and 29.

*Ekelund and Hebert. op. cit., chapters 22 and 23.

Terence W. Hutchison. *On Revolutions and Progress ...*, ch. 9.


For the lecture on 20 April


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OLD EXAMINATIONS
First Hour Examinations
10 February 1986

1. Describe in detail Cournot's duopoly pricing proof. What inferences about the nature of competitive pricing can be drawn? What significance do you draw from the specifications of his assumptions? Given the "force" of the proof, the importance of his inferences, and the significance of his specifications, what usefulness does his work now have to (a) professional economists and (b) to businessmen?

2. Sketch out as completely as you can the contributions of William Stanley Jevons to modern economics. Identify the Utilitarian elements in his approach by contrasting them with the comparable elements in Menger's contributions.

3. Describe the Austrian School of Economics from the time of the elder Menger to the time of Hayek. What are the underlying consistent themes? Are there areas where the School has changed its position? Identify some of the principle shifts.

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11 February 1987

Students may choose to write either Examination A or Examination B, but there is no opportunity for switching once the choice is made.

Examination A (notes, but not texts, may be used)

Answer both questions:

1. Identify five contributions associated with von Thuenen's The Isolated State. Explain the significance of each.

2. Explain thoroughly and carefully Jevons' and Wicksell's perceptions of the economic science, taking care to show the likely sources of their views. How did their view differ from that of Menger/von Böhm-Bawerk/von Wieser?

Examination B (closed book)

Answer two questions: one from each part

Part I

1. What was Cournot's theory of monopoly and oligopoly price? Where desirable, use a geometric diagram.

2. What was the basic contribution of von Thuenen to the theory of regional economics?

Part II


4. What was the logic of Boeheim-Bawerk's theory of interest: how did it lead to his theory of the roundaboutness of production, and how was the "degree" of roundaboutness explained? Describe fully.

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5 February 1988

Answer three questions. one from each part.

Part I

1. Central to von Thuenen's work was a theory of rent (location), how did it differ from Ricardo's?

2. Cournot's theories of (1) monopoly, (2) duopoly, and (3) of demand D = f (p) combine both logical and empirical elements. Summarize these theories and identify briefly what you think are the key logical and the critical empirical elements of each.

Part II

3. What did Jevons mean when using the phrase, "final degree of utility?" What beside diminishing "final degrees of utility" affect the amount of work that a laborer will offer to his employer? What would an increase in the price per hour do to affect a worker's willingness to work extra hours per day (or per week)? What would an increase in yearly pay do to a woman worker's willingness to give up a job and raise an (n + lth) child?

4. Wicksell asserted that he was Jevons's disciple. In what sense did the disciple "reinterpret" (go beyond in a different way) the master?

Part III

5. What were Carl Menger's perceptions of subjectivity, imputed values of...
higher order goods, value as distinct from utility or even price, and how did his system differ from Jevons? Discuss.

6. In what sense was Boehm Bawerk's perception of time and ago different from what Wickeloff offered in the way of a theory of interest and the role that it plays in the production process?

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3 February 1989

Answer two of the following questions briefly and to the point:

1. Both von Thuenen and Cournot used a moderate level of abstraction to lay out their ideas. One example from each might include von Thuenen's analytical method to explain how an agricultural "estate" ought to be perceived as an economic entity, and the other might be Cournot's model to show not only how a duopolist could set prices, but also quantities -- both without reference to the other producer.

>First, identify each example in detail, and
>Second, show their methodological similarities.
>Finally, why are they cited as the forerunners of modern economic science analysis?

2. What were Jevons's ideas about science, and how was his judgement of the Coal Question and/or labor unions an example of his perception of the scientific process.

>Rene Descartes thought that mathematics was the link between all the sciences -- in what sense do you think that Jevons's and Vicksteed's uses of the calculus were a scientific advance, and were there any senses in which the uses of the calculus impeded scientific understanding? Discuss.

3. Discuss the differences between Jevonian utilitarianism and Carl Mengerian subjectivism and explain how they approached the concept of marginal value differently.

>Indicate where Boehm Bawerk's contributions attach to Carl Mengerian subjectivism, and how did von Mises's praxeology fit into the Carl Menger subjectivist tradition?

>Wicketted said he was the sole disciple of Jevons (surely a strange claim); but was he only a disciple — or, did he go beyond Jevons in some senses and not in others — Discuss.

****

8 March 1987

Answer either three or four questions. Your grade will reflect an allowance for breadth as well as depth.

1. Write a brief essay on the concept of equilibrium and how it got into the mainstream of economic analysis after the "marginal revolution." What relationship do you see it having to the central roles of value and price in the post-classical treatment of the topic — what had classical economics emphasized? How does the concept of the role of equilibrium sharpen the differences among the contributions of Meager and Jevons? Discuss.

2. Discuss Marshall's "objectives" for the teaching of economics as put forth in his Principle of Economics, taking care to stress what he wanted to synthesize in terms of the classical and various marginal contributions, what he wanted to stress in terms of the role of time in the production process, and what he thought of the relative importance of empiricism and deduction.

Identify at least four of his more-or-less original contributions such as (1) two ways to perceive elasticity of demand, (2) consumer and/or producer surplus, (3) the short and long run, (4) joint, complementary and substitute products, (5) the bit-of-a-time method, (6) quasi-rents, and (7) prime vs. supplementary costs.

3. Describe Pigou's Welfare Economics, taking care to show its relationship to the system which Marshall had sought to install at Cambridge. Discuss it fully.

4. What was the implication of the imperfect competition and/or monopolistic competition attack on the traditional Marshallian synthesis? How does the concept of marginal revenue change the mechanics of microeconomics?

Writers at the time thought that his assertion of the overwhelming "truth" of increasing costs "had finished" Marshall: others have argued that it was his assumption of perfect knowledge. What do you think modern Marshallians think?

5. How did Keynes seek to revolutionize the Cambridge perception of economic analysis? What did his Treatise on Money offer, and what did his General Theory offer that was new and what was new only in Cambridge? How did Keynes's 1937 QJE article differ from the 1916 book (or did it)? Discuss.

****
4 March 1988

1. Write an essay on the neo-classical contributions of Alfred Marshall to economics. Cover briefly:
   a. How his perceptions of what economics is about differed from Menger’s and Jevons’ perceptions, and how this difference affected the rigor of his presentation.
   b. His technical assumptions.
   c. His contributions regarding consumer surplus, elasticity, and time.
2. Write an essay on the dissatisfaction with Marshallian competitive partial equilibrium analysis and what emerged.

March 1989

Answer both questions:

1. The University of Cambridge came to dominate the teaching of Anglo-American economics from about 1890 until the end of World War II. Trace the development and identify the contributions of “Cambridge-on-the-Cam” economics from the time of Marshall’s appointment until John Maynard Keynes’s death. Specifically, what were the various systems-of-thought and the specific “discoveries” associated with the place.

2. Much of what has happened to American economic thinking after World War II can be identified with the interests and work at the University of Lausanne of Leon Walras and Vilfredo Pareto. Identify the contributions of each. Why does their economics have so much appeal?

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25 March 1987 (special exam)

Instructions: Answer each question:

This is an open-book examination: You have one week to turn in your answers. They should be in polished essay form.

1. What were Wicksteed’s contributions? Identify and discuss.

2. Discuss the differences between the positions taken by Maynard Keynes in his Treatise on Money and in his later General Theory. What was the “contradiction” between Keynes’ views in compensatory governmental investment programs and his views on uncertainty? Discuss.

3. What is the rationale for Marshallian partial equilibrium analysis and the one for general equilibrium analysis?
Part III

7. Discuss the "rise" and "fall" of "Pigovian welfare economics" or imperfect competition.

8. How did modern national income accounting come to be established? What are the issues which separated one of its principal architects, Simon Kuznets, from the work done by his successors in the Department of Commerce? What was the contribution of Richard Stone, and what part did John D. Hicks's *The Social Framework* play?

26 April 1988

Answer each question:

1. Schumpeter mentions that von Thuenen and Cournot "wrote before their time." Indicate fully and in detail what was so prescient about their work.

2. How do you explain the rise and fall of Marshallian neo-classical economics. Discuss fully.

3. Discuss the impact of John Bates Clark and Irving Fisher on the development of American economic thought.


5. Trace the development of macroeconomics from the time of Walras through the institutionalization of modern national income analysis.

26 April 1988

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5. Trace the development of macroeconomics from the time of Walras through the institutionalization of modern national income analysis.

Master's Degree Comprehensive Examination

1. Using as exemplar material from three of the following:

   1. The English Mercantilists
   2. The Physiocrats
   3. The English "Classicals"
   4. The Austrians
   5. The American Institution Blisters

   Identify what constitutes a school of economic thought —- does it include a reaction to a change in socio-economic problems, a change in assumptions and/or method, an advance in analytical process, or something else?

2. Write a brief essay on the evolution and ultimate disappearance of interest in (a) the "residual" (b) the wages-fund, or (c) "the greatest good for the greatest number."

Answer one question

1. Schumpeter identifies Adam Smith as the last of the philosophers. Mitchell sees Smith as the beginning of modern economics. Given this dichotomy, how do you see the Smith of the *Theory of Moral Sentiments* and the Smith of the *Wealth of Nations*? Explain.

2. Identify fully the principal contribution to static microanalytic analysis of:

   1. Johann Heinrich von Thuenen
   2. Antoine Augustin Cournot
   3. Alfred Marshall
   4. Joan Robinson

Answer three questions, one from Part One and two from Part Two:

Part One

1. One of the questions intriguing the classical economists was who "pocketed" the residual? Some said the landlord, others said the owners of capital. Another view was that it depended upon the kind of monopoly power inherent in the particular market situation. And then there was the opinion that it depended upon the social bargaining power of each of the groups involved in the production and/or distribution process.

   Write a brief essay first identifying what was meant by the residual, then place the comments of each of the following into the appropriate group with a precis of what the opinion was, and finally offer your own assessment of who (if any) was "right:" Ricardo, Malthus, Senior, John Stuart Mill, and Marx.
2. Explain what is meant by the Marshallian "neo-classical synthesis." Taking care to identify your thinking by reference to questions of factors shaping demand and supply, objectivity and subjectivity, a priori theory and empiricism, and the determinants of interest rates.

3. What were Cournot's contributions to modern economic theory and theorizing? Compare and contrast them with the contributions to modern economic theory made by Carl Menger.

Part Two

4. Discuss thoroughly the contributions of Johann von Thünen.

5. Who developed national income analysis? Discuss thoroughly.

6. What was the Keynesian analysis? Identify the IS-LM interpretations offered by John Hicks and explain its rise and fall.

7. What is game theory? Identify the original work by von Neumann and Morgenstern, the work on the core, and the more recent work coming under the social choice rubric.

COMPREHENSIVE EXAMINATION FOR THE Ph.D. IN ECONOMICS

February 1983

Instructions: Answer five questions, one from each part.

Part I

1. Aristotle argued that property ownership was essential to all types of people, not so his teacher, Plato. Why did they differ on this topic? On what other "economic" matters did they also differ? Did either have much of a concept of price as an incentive or as an equilibrating mechanism? What economic ideas did either Xenophon or Hesiod have?

2. What was the medieval perception of The Just Price? What did Thomas Aquinas consider usury to be? Include in your discussion explanations of the doctrines of damnum emergens and iucundus cessans, poena conventionali and periculum sortis.

Part II

3. Identify the basic economic ideas of Thomas Mun, Dudley North, Nicholas Barber, Edward Hyde, and Gerard Haia. Date their contributions. Can you explain the "sophistication" of their views by any reference to chronological development? If not, how do you explain the variation of "competence?"

4. What was the "school" of Political Arithmetics? What was novel about their contributions, and how do you explain their sudden emergence and similarly sudden disappearance? Identify the scope of Petty's economic interests, the economic efforts of Gregory King, and the general interest that virtually all members of this "school" had in the demographic aspects of economics. What was Edmund Halley's contribution to demographic analysis?

5. Compare and contrast the original perceptions and organization of the body of economic thought as developed by Richard Cantillon, Sir James Steuart, Francois Quesnay, and Adam Smith.

Part III

6. What were the contributions to economic analysis offered by Adam Smith?

7. Compare and contrast the contributions to modern or semi-modern economics made by David Ricardo and Thomas Robert Malthus.

8. Benthamite utilitarianism was probably at the heart of English classical economics. What was it, and how was it modified by John Stuart Mill? What, by way of comparison, was at the heart of the work done by Walras and Pareto? If they did not draw on the tradition of Bentham, what was the source of the "inspiration" in their economic writings? Discuss.
Part IV

9. Identify the similarities and differences in the contributions to marginal economic analysis of William Stanley Jevons, Karl Menger, and John Bates Clark. Terence Hutchison thinks that there was a "marginalist" revolution; what do you think is a "revolution," and, accordingly what tests does the marginalist revolution have to pass? Did it do so? Discuss.

10. What is "neo-classical economics"? How can it be distinguished from Jevonian or Mengerian "marginalism"? How do each of the following persons "fit" under the neo-classical regime: Wickell, Wicksteed, Frank Knight, Edward Chamberlin, John Neville Keynes, John Maynard Keynes, and Milton Friedman.

11. What were Piero Sraffa's contributions to economic theory? In what traditions did he write?

Part V

12. It is said the Johann von Thunen and Auguste Cournot "wrote before their time." Just what were their contributions, and in what sense were they more "before their time" than "any" other economic writers?

13. Trace the development of the quantity theory of money starting with John Locke, Henry Thornton, and Irving Fisher. What did Wesley Clair Mitchell conclude as to its universal validity? What did Mitchell offer as an alternative explanation for price changes?

14. How did modern national income accounting come to be established? What are the issues which separated one of its principal architects, Simon Kuznets, from the work done by his successors in the Department of Commerce? What was the contribution of Richard Stone, and what part did John D. Hicks's The Social Framework play?

Brown University

Louis Puttermann
Department of Economics
Economics 128
University Course 128

The History and Philosophical Context
of Economic Thought

Office: 206 Robinson Hall
Phone: 863-1837
Fall, 1988
Office Hours: T and Th 1:00-1:50, and by appointment

Requirements: You may choose one of the following options.
(a) A paper of 8 to 10 double-spaced pages on an assigned theme or topic approved by the instructor, worth 20% of term grade; (b) a midterm exam worth 30% and a final exam worth 50% of term grade; (c) a paper on a topic approved by the instructor, worth 20% of term grade, plus mid-term and final exams, worth 20% and 40%, respectively. Under (c), your paper is due at the final exam, and will be 10-15 pages in length. Under each option, the remaining 20% of the term grade will be determined by class participation.


Readings:

1. Adam Smith, The Wealth of Nations (1776), Book I, Ch. 1, 2, 3, 7, and 10 (Part I); Book II, Ch. 2 (pp. 420-423).
2. Thomas Malthus, Essay on Profits (1798), Chapters 2 and 5.
4. William Barber, History of Economic Thought (1967), Chapters on Smith, Malthus, and Ricardo (pp. 21-93).
5. (Optional) Encyclopedia of Social Sciences: (a) "Economic Thought" subsections on Ancient and Medieval Thought, Mercantilist Thought, and Physiocratic Thought; (b) "Adam Smith"; "Thomas Malthus"; "David Ricardo". NOR.

2. Marx's Economics

Readings:

1. Karl Marx, Capital, Volume I: (1867), Ch. I, Sec. 1 (pp. 35-41); Chs. IV, V, VI, and VII (pp. 146-198) but especially pp. 146-7, 167-73, 175-6, and 190-5; Ch. XIV, Sec. 4, 5 (pp. 350-363); Ch. XXI (pp. 761-764). Volume II: (1884), Ch. X (pp. 173-189) but especially pp. 180-191; Chs. XXI-XXIV (pp. 390-399), skim except for pp. 318-9, 391-3.
2. Maurice Dobb, *Theories of Value and Distribution Since Adam Smith*, (1973) Ch. 6: "Karl Marx."
4. (Optional) Frederick Engels, Prefaces to Volumes II and III of *Capital* (pp. 5-10 and 8-21, only), and Appendix to Vol. III, "Law of Value and Rate of Profit" (891-907).

3. The Marginalists

Readings:

1. Alfred Marshall, *Principles of Economics* (1890), Preface to 1st Edition (pp. v-xii); Book I, Chapter I, Section 4 (pp. 5-10); Book III, Chapters 3, 4, and 6 (pp. 92-116, 124-137); Book V, Chapters 2 and 3 (pp. 331-350); Book VI, Chapter 13, Sections 11-15 (pp. 712-722); (Optional: Appendix B, The Growth of Economic Science, pp. 754-759).

4. Political-Economy versus Economics

Readings:

3. Dobb, Ch. 7, "The Jevonian Revolution," Section I (pp.166-181), in *Theories of Value..."
9. (Optional) Thorstein Veblen, "Professor Clark's Economics," Quarterly Journal of Economics, 1908 (reprinted in *The Place of Science in Modern Civilization*).

5. General Equilibrium Theory

Readings:


6. The Shift to Ordinal Utility

Readings:

7. Background on Method and Epistemology

Readings:

1. Alva Muñoz, *The Methodology of Economics*, Part I: "What you always wanted to know about the philosophy of science but were afraid to ask," and Part II: "The history of economic methodology," except Chapter 5 (all listed as "From Received View to View of Popper.


8. Contending Views on Methodology: The Making of an Economist

Readings:


Some additional, strictly optional, material of interest for this topic and topic 10 is:


Ronald Meek, "Economics and Ideology."

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9. Political Philosophy and Economics

Readings:


10. Economics and Values

Readings:


11. Utilitarianism and Other Views of Justices

Readings:


12. The Best of All Possible Worlds

Readings:


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Economics 235: Economics as Literature

The idea of reading and analyzing economic texts as literary texts is rather new to economists. Since the late nineteenth century, economics has by and large been regarded as a social science where "science" outweighs most "social" factors. Mainstream economists have claimed to follow the 'scientific method' of research, making hypotheses, modelling them against available data. This approach has not so lately been questioned, both on its own grounds, and in economists' application. If economists aren't engaged in 'science', just what is it we are engaged in? Are we trying to persuade other economists to see the world as we do? Are we presenting our interpretations of some economy actually out there? Are we constructing our idea of the economy, and then deciding how to go about analyzing it? These approaches are variously rhetorical, hermeneutical, and post-structuralist, applying literary theory and criticism to economists' work. In this course we will examine briefly the fall of 'science', and the rise of interpretative theories, and then try to apply this new way of thinking about economics to particular examples of economic writings or aspects of the economy. Since the field, in economics, is relatively new, this will require a certain amount of creativity and resourcefulness by the participants in this course.

The course requirements include active participation in class, two short papers and their presentation to the class, and a (take home) final exam. At least one of the papers must be a literary analysis of an economic text.

The syllabus attached should be viewed as a guide to the most basic readings, but not as an exhaustive listing of the literature. You are encouraged to read beyond the assigned chapters or portions of the books identified, and into other topics which are not covered well in the course. Please do the basic reading before class meetings!

The text for the class is *The Rhetoric of Economics*, by D. McCloskey. Other major references are listed below, and are all on overnight reserve. Readings marked "xerox" are at the reserve desk in the Economics 235 Readings Notebook.

Blaug, Mark. *The Methodology of Economics*.
Kramer, Arjo. *Conversations with Economists*.
Kuhn, Thomas. *The Structure of Scientific Revolutions*.
Lakatos, I. and A. Musgrave, eds. *Criticism and the Growth of Knowledge*.
Laszlo, S. *Method and Appraisal in Economics*.
I. Economics as Science

A. Falsificationism and its Failings

McCloskey, ch. 1. 
Lakatos, I. "Falsification and the Methodology of the Scientific Research Programme" sections 1-2b; in Lakatos and Musgrave, pp. 91-132.
Blaug, ch. 1.

B. Kuhn and Scientific Revolutions

Kuhn, T. chs. 3, 9, 10.

C. Lakatos and Scientific Research Programs

Lakatos "Falsification and the Methodology of the SRP" op cit, pages 132-177.
Hutchinson, T. in Latkeis.

II. Science as ?

McCloskey, ch. 2, 3.
Stanley Fish, Is There a Text in this Class?, ch. 15, 16.

FIRST PAPER DUE

III. Economics as Literature

A. Persuasion and Conversation

1. Levels of Discourse


2. Metaphors

McCloskey, ch. 4, 5.
Mirovski, Phil. "Shall I Compare Thee..." in Consequences of Economic Rhetoric. OR

Klamer, A. "As If Economists and Their Subjects were Rational" in

The Rhetoric of the Human Sciences


3. Rhetoric

McCloskey, ch. 6, OR 9
Booth, The Rhetoric of Fiction, ch. 1 and one of chapters 2, 3, 4 or 5, OR Modern Drama and the Rhetoric of Assent, ch. 1-3.
Graff, "The Heterogeneity of the Economists' Discourse" in Consequences of Economic Rhetoric.

Davis and Hersh, "Rhetoric and Mathematics" OR
Campbell, "Charles Darwin, Rhetorician of Science" both in Rhetoric of the Human Sciences.

see also Symposium reports in Economics and Philosophy, April 1988.

B. Interpretation and Construction: the importance of context

1. Foucault

The Order of Things. Foreword to the English edition, Preface, ch 6, plus section on Ricardo.
Jack Amarillo, HOPE 20:4 "The body, discourse, and power..."
S. Todd Lowry, The Archaeology of Economic Ideas, Duke Univ. Press, 1987
Pamela Major-Poetzl, Michel Foucault's Archaeology of Western Culture, UBC press, 1983

2. Hermeneutics

Eagleton, ch. 2.
"Austrian Economics" in the Palgrave's Encyclopedia.
Ebeling, R. M. "Toward a Hermeneutical Economics" in Kirner, Subjective, Intelligibility and Economic Understanding.
Lavoie, D. "Accounting of Interpretations..." or "Hermeneutics, Subjectivity..." (xerox)

3. Deconstruction

Eagleton, T. ch. 4. "Post-Structuralism"
Derrida, J. "Difference and translator's introduction (xerox)
Rossetti, "Menge", xerox
Folbre and Hartmann "The Rhetoric of Self-Interest" in Consequences of Economic Rhetoric.
4. Changing meanings

Fritz and Haulman. "The Marginal Revolution and Change in the Linguistic Structure of Economics" (xerox)
Bausor, Randy. "Conceptual Evolution in Economics: The Case of Rational Expectations." (xerox)

IV. Implications

Stanley Fish. "Comments from Outside Economics"
Arjo Klamer. "Negotiating a New Conversation..." 

SECOND PAPER DUE - Class presentations.
FINAL EXAM

Michigan State University

Economics 421
History of Economic Thought

Warren J. Samuels
Course Outline and Reading List

E. K. Hunt. HISTORY OF ECONOMIC THOUGHT: A CRITICAL PERSPECTIVE. 1979

PART ONE: INTRODUCTION

PART TWO: ECONOMIC THOUGHT PRIOR TO ADAM SMITH

A. Pre-Scholastic
   1. Spengler, chs. 1-2
   B. Scholastic
   1. Spengler, chs. 3-4
   C. Mercantilism
   1. Spengler, chs. 5-7
   2. Hunt, chs. 1-2
   D. Physiocracy
   1. Spengler, ch. 8
   2. Hunt, ch. 2

E. Other Predecessors of Adam Smith
   1. Spengler, chs. 9, 10, 11
   2. Hunt, ch. 2

PART THREE: ADAM SMITH AND CLASSICAL POLITICAL ECONOMY

A. Adam Smith
   1. Spengler, chs. 10-11
   2. Hunt, ch. 3
   B. English Classical Political Economy
   1. Spengler, chs. 12-16
   2. Hunt, chs. 4-8
Economics 422
History of Economic Thought
Syllabus


PART ONE: THE CLASSICAL HERITAGE
Skim Spiegel, chs. 10-11, and Canterbury, chs. 1-5, reading carefully to become familiar with the ideas of Smith, Malthus, Ricardo, Bentham and J. S. Mill.

PART TWO: ANARCHISM, SOCIALISM, MARXISM
1. Spiegel, chs. 17-21
2. Canterbury, ch. 10

PART THREE: MARGINAL UTILITY (AUSTRIAN) ECONOMICS
1. Spiegel, chs. 22-24
2. Canterbury, ch. 14 (to page 259)

PART FOUR: HISTORICAL ECONOMICS
1. Spiegel, chs. 17-18

PART FIVE: NEOClassICAL ECONOMICS: THE DEVELOPMENT OF MICROECONOMICS
1. Spiegel, chs. 25, 27, 28
2. Canterbury, ch. 6

PART SIX: INSTITUTIONAL ECONOMICS
1. Spiegel, ch. 27
2. Canterbury, ch. 11

PART SEVEN: KEYNES AND THE DEVELOPMENT OF MACROECONOMICS
1. Spiegel, ch. 26
2. Canterbury, chs. 7, 15, io, 17, 18

PART EIGHT: FURTHER DEVELOPMENTS
1. Spiegel, ch. 29
2. Canterbury, chs. 8, 9, 12, 13, 14, 18

Economics 404A
History of Economic Thought
Syllabus

Texts: Mark Blaug, ECONOMIC THEORY IN RETROSPECT, 4th ed., 1985
S. Todd Lowry, ed., PRE-CLASSICAL ECONOMIC THOUGHT, 1967
Adam Smith, WEALTH OF NATIONS, Modern Library ed.

PART ONE: INTRODUCTION
1. Blaug, introduction: chapter 1
2. E. Whittaker, A HISTORY OF ECONOMIC IDEAS, chs. 1, 9, 10
3. G. L. S. Shackle, THE NATURE OF ECONOMIC THOUGHT, ch. 1
4. W. J. Samuels, THE CLASSICAL THEORY OF ECONOMIC POLICY, appendix

PART TWO: ECONOMIC THOUGHT PRIOR TO ADAM SMITH
1. Blaug, ch. 1
3. Lowry, chs. 1-8
PART THREE: ADAM SMITH AND ENGLISH CLASSICAL POLITICAL ECONOMY

1. Blaug, chs. 2-6

2. Adam Smith, WEALTH OF NATIONS


ECONOMICS 841C
HISTORY OF ECONOMIC THOUGHT
Warren J. Samuels

Texts:


Note: starred [*] items are optional in the sense that a selection but not all need be read in any section.

PART ONE: A HERITAGE OF DISSONANCE

1. Blaug, chs. 1-6


3. Deane, chs. 8-7, 9


PART TWO: NEOCLASSICAL ECONOMICS: THE DEVELOPMENT OF MICROECONOMICS

A. Marshallian economics

1. Blaug, chs. 9-10, either edition

2. Deane, chs. 7-8


4. Joseph A. Schumpeter, HISTORY OF ECONOMIC ANALYSIS, part 4, chs. 5-7 (including appendix)

5. J. W. Hutchison, A REVIEW OF ECONOMIC DOCTRINES, ch. 4

6. W. J. Stigler, PRODUCTION AND DISTRIBUTION THEORIES, ch. 4

7. William beet and Roger L. Ransom, THE ACADEMIC SCRIBBERS, chs. 2, 3

8. Leo Rauch, THE MEANING AND VALIDITY OF ECONOMIC THEORIES, ch. 14

9. Moloney, chs. 1-11
B. Further Development of Neoclassical Economics

1. Shackle, chs. 3–8, 17
2. Deane, chs. 10, 11
4. Blaug, chs. 11, 13, either edition
5. Ben B. Seltzer, MAIN CURRENTS IN MODERN ECONOMICS, chs. 4 (iv, vi, vii), 5 (iii, iv, vi), 6 (ii, iii, vii), 8 (i–vii, viii), 9 (i, ii, iii, vii)
6. Wesley C. Mitchell, TYPES OF ECONOMIC THEORY, vol. 2, chs. 11, 12, 13, 16, 17, 18
7. Bret and Ransom, chs. 5, 6, 7, 9, 12, 13, 14
8. U. H. Taylor, A HISTORY OF ECONOMIC THOUGHT, ch. 16
9. Henning and Samuels, entire book

PART THREE: KEYNES AND THE DEVELOPMENT OF MACROECONOMICS

2. Deane, chs. 12, 13
3. Seltzer, chs. 6 (iv), 7 (i, iii), 8 (iv, vii), 9 (v)
4. Shackle, chs. 9–16

PART FOUR: FACTORS AND FORCES IN THE DEVELOPMENT OF ECONOMIC THOUGHT

1. Shackle, ch. 18
2. Deane, Introduction and ch. 14
3. Joan Robinson, ECONOMIC PHILOSOPHY
4. Benjamin Ward, WHAT'S WRONG WITH ECONOMICS?
5. Blaug, Introduction and ch. 16 (3rd ed.) or 17 (4th ed.)

Indiana University-Purdue University at Indianapolis  U
Department of Economics
E 420

History of Economic Thought

B 001, 3 credits
Office: Cavanaugh 519
Prerequisites: E201-202
Office hours: Tuesdays, 2:00-4:00 or after class or by appointment
Fall Semester, 1980
Telephone: 274-7379

This course is intended to convince students that great economists of the past are still important for our thinking. Not only did they develop the ideas of modern economics; they also provided alternative ways of thinking about the economy and its social context which go beyond modern models of analysis. Instead of dealing with many economists, this course concentrates on six major schools of economics which continue to this day. You will read substantial parts of text, often condensed and translated, and see how these ideas have been applied to today's problems. You will also identify the philosophical bases for present day liberal, conservative, radical, and libertarian economics. You will also review and criticize what you have learned in your previous courses in mainstream economics.

The course will be conducted as a lecture and discussion, with student participation and exercises based on common reading. Attendance and active participation in written work and oral discussion will count 40% of the grade; the hour exam in the seventh week will count 20%; and a take-home examination (40%) will integrate all material of the course will be due Tuesday, December 13, at 1 p.m. It is expected that about half of all students completing all requirements will receive A's or B's.

Required Texts: All will be placed in the IUPUI library under the instructor's name. Please do not hold readings when not using them; you may make copies. Jacob Oser and Stanley L. Brue, The Evolution of Economic Thought, Fourth Edition (Harcourt Brace Jovanovich, 1988), referred to below as "O & B."
All readings are contained in: Martin C. Spechler, Perspectives in Economic Thought (McGraw-Hill paperback, 1990). [denoted R below]

DETAILED PLAN OF STUDIES

WEEK STARTING  TOPIC  READINGs
TUESDAY
1. Aug. 23  Introduction  O&B, chapter 1 (pp. 1–10) and 2 (pp. 15–29)  [R]

Mercantilism  T. Mun, "England's Treasure by Foreign Trade," [R]

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3. Sept. 6 Classical School: Smith’s System of Natural Liberty O&B, ch. 4 (pp. 45-58) and ch. 5 (pp. 61-82); Adam Smith, Wealth of Nations, Book I, chs. I-VII. [R]

4. Sept. 13 Film on Health of Nations Smith, Wealth of Nations, Book I, chs. VIII-X (pt.1); Book III, ch. 1; Book IV, chs. I, VIII, and IX, all in [R]


7. Oct. 4 HOUR EXAM TUESDAY IN CLASS Thursday Marxism: Socialist Antecedents O&B, chs. 9 & 10 (pp. 149-67, 171-76)

8. Oct. 11 Marx’s Economics O&B, ch. 10 (176-189); Karl Marx, Capital, vol. I, selected in [R]


12. Nov. 8 Neo-Classical Monetary Theory O&B, pp. 127-30 (on Say’s Law), ch. 15 (pp. 295-309)


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Nov. 21-28 THANKSGIVING VACATION NO CLASSES

14. Nov. 29 Institutionalism: Veblen and Other Critics of Capitalism O&B, ch. 19 (pp. 361-84); Thorstein Veblen, The Theory of the Leisure Class, excerpted in [R]


16. Dec. 13 FINAL EXAM DUE TUESDAY, DEC. 13, AT 1:00 p.m.
University of Chicago

Economics 325
George J. Stigler
Spring 1989

READING LIST

History of Economic Thought Before 1870
BEFORE 1776 (to be passed over silently)

(1) J. Schumpeter, History of Economic Analysis
(2) David Hume, Writings on Economics (Ronwin edition)
(2) Cantillon, Essai sur la nature du commerce
(2) Jacob Viner, Studies in the Theory of International Trade. Chapters 1 and 2
(2) F. Hackecker, Mercantilism, Vols. 1 and 2
(2) R. M. E. Park, The Economics of Physiocracy
(2) T. Hutchison, Before Adam Smith

THE CLASSICAL ECONOMICS

1. General

(2) E. Cannan, Production and Distribution Theories
(2) E. Hales, Growth of Philosophical Radicalism
(2) M. Bowley, Passau Senior
(2) L. Stephens, The English Utilitarians
(2) L. Robbins, Robert Torrens and the Classical Economics
(1) M. Blaug, Ricardian Economics
(2) Occasional Papers of T. R. Malthus, ed. by B. Semmel
(2) D. P. O'Brien, J. R. McCulloch
(2) S. Hollander, The Economics of Adam Smith
(2) D. O'Brien, The Classical Economists

2. Adam Smith

(1) Adam Smith, The Wealth of Nations (Liberty Fund Reprint): Bk. I; Bk. II; Bk. IV, Chs. 1, 2, 7, 8, 9; Bk. V, Ch. 1
(1) A. Skinner and T. Wilson, Essays on Adam Smith (Clarendon, 1975)

3. Population

(1) F. Place, Principles of Population
(2) Patricia James, Population Malthus

4. Rent

(1) E. West, Application of Capital to Land (Johns Hopkins U. reprint)
(1) T. R. Malthus, Nature and Progress of Rent (Johns Hopkins U.); or The Works of Thomas Robert Malthus, Vol. 7
(1) David Ricardo, Principles of Political Economy and Taxation, Ch. 2

5. The Ricardian System

(1) David Ricardo, Principles, Chs. 1, 4, 5, 7, 8, 9
(1) DeQuincy, "Dialogue of the Knight Templars," in Works
(2) F. H. Knight, "Ricardian Theory of Production and Distribution," reprinted in History and Method of Economics
(2) S. Hollander, The Economics of David Ricardo

6. Say's Law

(1) J. B. Say, Political Economy, Bk. 1, Ch. 13
(1) J. B. Say, Letters to Malthus
(1) T. R. Malthus, Principles of Political Economy, Bk. II, Ch. 1
(1) J. S. Mill, "Consumption," in Essays on Unsettled Questions (Volume IV of Collected Works)

7. John Stuart Mill

(2) M. de Marchi, "The Success of Mill's Principles," HOPE, Summer 1974
(1) Mill, Principles of Political Economy (Ashley or Toronto edition)

(1) Mill, Principles of Political Economy (Ashley or Toronto edition)

Bk. I, Chs. 4, 5, 10, 11, 12
Bk. II, Chs. 1, 2, 4, 11, 14, 15, 16
Bk. III, Chs. 1, 2, 3, 4, 6, 14, 15
Bk. IV, Chs. 6, 9, 11
Bk. V, Chs. 1, 10, 11
(2) Letters of F. S. Mill and Harriet Taylor, ed. by Hayek
(2) G. Stigler, "The Nature and Role of Originality," in Essays in the History of Economics

8. Von Thünen

(1) Von Thünen's Isolated State, ed. by Peter Hall, Part 1, Chs. 1-5

9. Cournot

(1) Cournot, Researches into the Mathematical Principles of the Theory of Wealth, Chs. 1, 4, 5, 7, 8
10. **Economists and Public Policy**

(1) C. Stigler, "Do Economists Matter?", reprinted in *The Economist as Preacher*
(3) J. Viner, "The Tariff Question and the Economist," reprinted in *International Economics*
(4) J. Viner, "The Short View and the Long in Economic Policy," reprinted in *The Long View and the Short*

11. **The Beginnings of the Modern Period**


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**Economics 325**

**History of Economic Thought to 1870**

George J. Stigler

Spring 1989

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**SUGGESTED TERM PAPERS**

1. Appraise the contribution (to general theory, or monetary or international trade theory, or wage theory, for example) of one of the minor economists of the period, e.g.

   Lauderdale
   Longfield
   West
   Illet (American)
   Torrens
   Say
   Whewell
   Wakefield
   Rae
   Jones

2. Analyze the main criticisms raised against a theory in the first few years after its appearance. (Examples: comparative costs, Ricardo's theory of value, Malthus' overproduction theory, measures of value, Mill's last proposition on capital.) Examine precisely how each criticism is handled by the theorist or his disciples.

3. Analyze the policy proposals of a classical economist or, alternatively, the proposals on a given policy by various such economists. In the former case, to what extent are the policies compatible with the man's general theoretical system? (Why were there any incompatibilities?) In the latter case, why do men of similar general theoretical position differ on a specific policy? Pinpoint the explanations, or at least the questions.
4. Examine the role of economic theory in the deliberations of Parliament and its committees on some important legislation (export of machinery, combination acts, 10-hour day, poor laws, slavery, etc.). Look not only for explicit references to economists but also at the implicit theorizing by political leaders and its relationship to the currently ruling theory.

5. Analyze the economic theory implicit in the writings of a major political figure (Pitt, Gladstone, Palmerston, Peel, Disraeli -- or even an American), and determine the extent to which it reflects (1) current or earlier economists' writings, (2) ordinary layman's prejudices, (3) the rationalization of political expediency, and (4) other types of sources.

6. Examine the structure of use of empirical evidence in the writings of some classical economist. Limit your analysis to a compact topic (wages, foreign trade, etc.). When are "facts" resorted to, when not, and why? Do not limit empirical evidence to statistical data. Do not treat assertions of fact ("wages tend to subsistence") as fact. When are facts illustrative and when are they presented as evidence? Are hostile facts recognized? As a special instance, did the Navigation Acts deserve the flattery of Smith's sustained criticism?

7. Why did the mathematical method not receive much use or approval before 1890? Alternatively, why were available statistical methods (least squares, for example) not used in economics by Jevons or Edgeworth, etc.?
3. JEVONS AND EMPIRICAL ECONOMICS
   W.S. Jevons, Papers and Correspondence (7 volumes)
   *W.S. Jevons, The Coal Question
   *W.S. Jevons, "A Serious Fall in the Value of Gold Ascertained," in Investigations in Currency and Finance

4. THE MARGINAL PRODUCTIVITY THEORY
   *F.H. Wicksteed, Coordination of the Laws of Distribution
   L. Walras, Elements, Appendix III

5. GENERAL EQUILIBRIUM THEORY
   L. Walras, Elements, Part IV
   V. Pareto, Manual, Ch. 6

6. AUSTRIAN CAPITAL THEORY
   *E. Böhm-Bawerk, Positive Theory of Capital, Books V, VI, VII -- or Capital and Interest, Vol. II, Book IV
   *I. Fisher, The Rate of Interest, Ch. 4
   R. Kuenne, Eugen v. Böhm-Bawerk

7. MARSHALL
   * A. Marshall, Principles of Economics

A.C. Pigou, ed., Memorials of Alfred Marshall

8. FISHER
   *I. Fisher, The Theory of Interest
   *F.H. Knight, "Professor Fisher's Interest Theory," Journal of Political Economy, 1931

9. FRANK H. KNIGHT
   F.H. Knight, The Ethics of Competition, Chs. 2, 8.
   F.H. Knight, Risk, Uncertainty, and Profit, Parts I and II.

REFERENCES ON THE SOCIOLOGY OF SCIENCE
   *R. Merton, The Sociology of Science (University of Chicago Press), esp. Parts III and IV
   *T.S. Kuhn, The Structure of Scientific Revolutions (2nd ed.; University of Chicago Press, paperback)
   G. Stigler, "The Literature of Economics: The Case of the Kinked Oligopoly Demand Curve," reprinted in The Economist as Preacher
Suggested Term Paper Topics

1. Appraise the contribution of a major economist (Jevons, Marshall, Edgeworth, Wicksell) to monetary or international trade theory.

2. Study the evolution of the measurement of: (a) price levels; (b) national income; (c) consumption function.

3. Did the appearance and development of prices indexes have an appreciable influence upon the development of monetary theory? Did national income accounting influence economic analysis before Keynes?

4. Examine the process and rate of adoption of a new scientific advance by the profession at large. What is the relationship between the accepted theory of leading theoretical innovators and that of the practitioners?

5. Examine the role of economic theory in the deliberations of Parliament or Congress for some important legislation (land tenure reform, trade union legislation, etc., in Britain; regulation of railroads, laws on silver purchase, etc., in America). Look for implicit theorizing as well as explicit references to economists’ writings.

6. Apply Kuhn’s theory of scientific revolutions to a major development (e.g., marginal utility theory; imperfect competition in the 1930s; Keynes’ General Theory). Does it fit?

7. Examine the influence of the shift of economics to the universities on the nature of economic analysis and writings.

8. Examine the barriers encountered in the introduction of mathematical methods or statistical methods in economics. Where did mathematicization come first, and last?

9. Analyze the economic theory implicit in the writings of a major political figure (Gladstone, Disraeli—here the novels are interesting, an American president). Does a politician’s theory reflect (a) current or earlier economists’ views, (b) ordinary layman’s views, (c) rationalizations of political expediency, or (d) other types of influences?

10. Trace the theory of price indexes to 1940.

11. Examine the influence of self-interest on the choice of work or viewpoint of economists.

12. Analyze the policy proposals of an economist such as Marshall, Walras, or Pigou. To what extent were they consistent with the economist’s general theoretical system? If there were inconsistencies, why did they arise? Pay special attention to taxation.

13. Study the impact of game theory on economics since the appearance of the von Neumann-Morgenstern book.

14. Write a suitable obituary essay on Chamberlin’s monopolistic competition.

Answer Question 1 or Question 2, not both:

1. Sam Hollander argues that David Ricardo’s Principles is really a neoclassical analysis (such as Marshall’s), although written in a different style and laying different amounts of emphasis upon various parts of the theory (for example, more emphasis on cost, less on demand).

(a) If this is true of Ricardo, why not also of Adam Smith? How do these two differ?

(b) What is neoclassical (Marshallian) or not neoclassical about Ricardo’s treatment of wages on average, or of wages in individual occupations?

2. In his recent review of Samuel Hollander’s study of J.S. Mill, Pedro Schwartz argued that Hollander failed to see that J.S. Mill had a very different view of the scope of economics than Smith or Ricardo. Mill “treated [economics] as a limited science whose rationale is irreconcilable to the guiding principles of ethics and politics.”

From your knowledge of Mill’s Principles, defend Schwartz or Hollander.
Answer all of the remaining questions:

3. Do people know what is good for them? Show how Smith and J. S. Mill draw their conclusions on this question.

4. Arguments have often persisted for long periods over what an economist really meant. Ricardo is a favorite example, but there is hardly an economist of note who has escaped this sort of dispute. Compare the roles of

   (a) a careful analysis of what the economist meant (relying on his writings, letters, etc.)

   (b) a careful analysis of what his contemporaries and immediate successors thought he meant

In resolving such disputes. Which is the more important basis of judgment, and why? Apply both techniques to Malthus' use of the arithmetic and geometric ratios.

5. Every individual is continually exerting himself to find out the most advantageous employment for whatever capital he can command...the study of his own advantage naturally, or rather necessarily leads him to prefer that employment which is most advantageous to the society.

   First, every individual endeavors to employ his capital as near home as he can, and consequently as much as he can in the support of domestic industry. ...

   Thus, upon equal or nearly equal profits, every wholesale merchant naturally prefers the home trade to the foreign trade. ... In the home trade his capital is never so long out of his sight as it frequently is in the foreign trade...yet for the sake of having some part of his capital always under his own view and command, he willingly submits to this extraordinary charge (double charge of loading and unloading as well as to the payment of some duties and customs).

In this passage, famous for arguing free trade, Smith seems to make a case (a) for preferring domestic industry to foreign trade, and (b) to define the advantage of "society" as that of one's own nation. Is Smith not an advocate of free trade?

6. Read all the way through this question before beginning your answers.

   (a) In explaining the advance of knowledge in a science, one must choose between:

   (1) The Kuhnian view of revolutions, which says that wholly new paradigms (incommensurable with earlier paradigms) work major revolutions such as that of Marginal Utility, and

   (2) All science is basically cumulative (which Kuhn believes is true only of "normal" science within a paradigm).

   Appraise these alternatives.
(b) Again, in explaining progress in a science one must choose between:

1. A "great man" theory, in which a genius (he's one by definition) makes a fundamental contribution and lesser scholars fill in the details, and

2. The science has a main direction that is the product of the whole community of scholars. If a theory needs to be invented or discovered, one or more scholars will do so (Robert Merton).

Again, appraise these alternatives.

(c) In both parts above, try to illustrate your argument by an episode in economics -- preferably from this century. Thus, the theory of the firm, statistical study of economic functions, oligopoly theory, Keynes' *General Theory*, monetarism, etc., are examples.

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UNIVERSITY OF CHICAGO
Preliminary Examination  
SUMMER 1987
HISTORY OF ECONOMIC THOUGHT

1. Appraise Mill's proposition that the laws of production are beyond social control but the laws of distribution are not. Why do you think that he emphasized this distinction?

2. What would you name as Ricardo's most important contribution to economics:
   a. From the viewpoint of his contemporaries?
   b. From our viewpoint today?

3. William Grampp has recently challenged the view that Adam Smith favored "laissez faire" citing not only his many instances of favoring some sort of intervention, but his advocacy of tariffs to offset foreign excise taxes and tariffs to retaliate for foreign protection, and the arguments he brings to the critique of state policy on religion and university education. How do Smith's arguments about tariffs and state intervention in religion and education relate to his seeming support of "laissez faire"?

4. There was considerable mutual ill-will between members of the Marshallian school and those of the Walrasian school, especially over the comparative merits of the theories of partial vs. general equilibrium.
   a. How "general" was Walras' theory?
   b. Did Marshall have also a general equilibrium theory?
   c. How differently would the two schools handle a problem such as analyzing output under monopoly vs. competition?

5. When Ricardo considered how the use of machinery would affect the wages of labor, did he misapply his own theory or did he find an area where his theory didn't work?

6. Answer one of the following:
   a. Smith made the cost of training one factor in the determination of wage rates in specific occupations. Should we credit him with having the central element of modern human capital theory? Why didn't he introduce the concept of human capital?
   b. In a course in the history of economic thought, one necessarily concentrates on the leading economists of each period. There were some non-leading economists in early times, and innumerable competent non-leaders today. What is their role in the economic profession and in the advancement of economic science?
1. Compare the statements of the marginal utility theory by two of the
discoverers of the theory in the 1870s (Jevons, Menger, Walras). Which
formulation was most influential at the time?

2. The classical economists explained the structure of wages across
occupations by cost factors. The marginal productivity theory
explained the demand for labor (and other productive services).
(Thus the situation is symmetrical with the classical and marginal
utility theories of value.) What elements of observable wage behavior, if any,
were there that the classical theory could not explain but the
marginal productivity theory (as used, say, by Marshall) could explain?

3. "The classical economists made policy choices on the basis of
efficiency and ignored equity." Consider the validity of this
statement with respect to Adam Smith, D. Ricardo, and J.S. Mill.
(Omit the national defense case.)

4. It is common nowadays for economists to distinguish positive and
normative economic analysis. What do you understand by the
distinction, and do you think the distinction is important? Is there
evidence of the recognition of such a distinction in the
writings of Ricardo, Mill, and Marshall?

5. "Perhaps the most important, and...most heretical, remark to be
made about [the Wage-Fund theory] was that it was correct...it
yielded correct predictions of the effects of changes in wage
rates, capital, and population" (G. Stigler). -- Would this
assessment also apply to the Ricardian theory of value and distribu-
tion?

6. How do you explain the fact that economists did not begin to use
statistical analysis until nearly the end of the nineteenth
century and did not attempt to estimate economic functions
empirically until the beginning of the twentieth century?

Answer any five of the following six questions:

1. Ricardo argued that the primary determinant of the rate of profits
was the cost of growing corn.
   a. How did he fashion this theory?
   b. Why did it fail to explain the rate of profits throughout the
      19th century?

2. How well can the criteria of public good, transactions cost and allo-
cative efficiency be applied to the agenda J.S. Mill set out for
government intervention and laissez faire?

3. What were the major theories of monopoly and oligopoly that emerged
   in the 19th century? Identify their authors.

4. Ricardian economics was tested in its practical application to
   social questions of the mid-19th century in the Ten Hours Bill and
   in the "Machinery Question" -- both of them affecting the welfare
   of laborers. How did economists apply their theories to analyze
   the effects of these two questions?

5. Comment on the following elements of Mill's work:
   a. His distinction between the laws of production and the laws
      of distribution.
   b. His recantation of the wages-fund doctrine.
   c. His fundamental propositions on capital.

6. How did economists demonstrate the correctness of their theories
   before 1900? What use was made of empirical evidence? Illustrate
   your answer with the methods of an early economist (before 1825) and
   a later economist (after 1870).
History of Economic Thought
Preliminary Examination, Part I

Winter 1987

This examination comprises ten study questions. Four will be selected by the
examination committee for the actual examination, of which the student will be
expected to write on two.

Part II of the examination is a take-home examination and is to be written
separately.

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. Compare the theories of distribution of income and wealth of the chief
Classical economists (Smith, Ricardo, Malthus, J.S. Mill) with those of
the neo-Classical school (Clark, Marshall).

5. In what sense did Keynes' General Theory constitute a "revolution" in
economic thought?

6. Discuss: "Both Classical and neo-Classical economics were conservative
political theories masquerading as scientific economic analysis."

7. Compare the method of economic analysis used by Marx with the method
used by the neo-classical economists.

8. What insights into contemporary economic thought are derived from study
of the history of economics? Explain.

9. How does contemporary mainstream economics deal with the problems of
uncertainty raised by Knight and Keynes?

10. Any system of economic thought (i.e., classical, neoclassical, Keynesian)
embraces a unified combination of world view, theory, method
and policy. Explain and illustrate with a specific example.

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. 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 (2 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.
History of Economic Thought
Preliminary Examination

January 7, 1987

INSTRUCTIONS: Answer two of the following four questions.

1. Discuss the role played by the heterodox ideas of Marx and Veblen in the historical development of mainstream or orthodox economic thought.

2. Compare the theories of distribution of income and wealth of the chief Classical economists (Smith, Ricardo, Malthus, J.S. Mill) with those of the neo-Classical school (Clark, Marshall).

3. What insights into contemporary economic thought are derived from study of the history of economics? Explain.

4. Any system of economic thought (i.e., classical, neoclassical, keynesian) embodies a unified combination of worldview, theory, method and policy. Explain and illustrate with a specific example.

September 4, 1986

INSTRUCTIONS: Answer two of the following four questions.

1. Compare and contrast the value theory of Classical economics with the price theory of neo-Classical economics.

2. Compare the theories of distribution of income and wealth of the chief Classical economists (Smith, Ricardo, Malthus, J.S. Mill) with those of the neo-Classical school (Clark, Marshall).

3. Discuss: "Both Classical and neo-Classical economics were conservative political theories masquerading as scientific economic analysis."

4. What insights into contemporary economic thought are derived from study of the history of economics? Explain.
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. 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.

Part II of the examination is to be turned in no later than one week after the written examination.
1. Distinguish the roles of the labor command and the labor content discussions of value in Adam Smith. What was Smith's general model of the determination of long run exchange value under competition?

2. In terms of the formal Ricardian model, explain the consequences of elimination of a tariff on grain (corn) (a) in the short run; (b) in the long run.

3. (a) Explain why, in Marx's view, profits under capitalism can be expected to decline with the passage of time. (b) Why did he reject Ricardo's model leading to the same conclusion? (c) On what grounds has Marx's model of the declining profit rate been criticized?

4. In one sentence each, characterize some of the main work of the following:
   a. Jeremy Bentham
   b. Frederick Bastiat
   c. J. B. Clark
   d. J. R. McCulloch
   e. Enrico Barone

5. (for Arthur Moretti) Describe the logic of the Hayek business cycle model. What role is played by technological elements? by monetary elements? What is the pertinence of the "Ricardo effect"?

6. (for Kin Yip Louie) Explain the source of Marshall's error in using consumers' surplus to argue that increasing returns industries should be subsidized. Would the Hicksian analysis of the four consumers' surpluses have helped to avoid the error? Why or why not?

7. (for Susan Skeath) Explain the role played by utility in J. S. Mill's value theory. Does his utility concept lead him to particular policy conclusions? How do Mill's views on the appropriate role of government differ from those of his classical predecessors?

8. (for Teow-Hock Koh) To what extent does Malthus' analysis (in contradistinction to his conclusions) anticipate the structure of the Keynesian model? In answering this, provide a summary of the workings of the pertinent parts of the Keynesian analysis. What features of Marxian theory overlap with the Keynesian model?

9. (for Vicente Morales) a) Describe any of the mathematical solutions to the transformation problem showing how prices and the rate of profit are related to values and the rate of surplus value. b) Explain Samuelson's criticism of the entire analysis and Morishima's reply.
1. (for Peter Rathjens) Earlier writings on rent focused on rent payments as a reward to units of superior quality that was attributable to the heterogeneity of the resource. Thus, land was alone among inputs in the focus upon its heterogeneity. Discuss the role of this issue in later writings and the degree to which they did or did not treat land as essentially different from all other inputs. Which of them, if any, concluded that there is such a thing as an "absolute" rent (in contradistinction to differential rent)?

2. (for Jai-June Kim) Validity of the infant industry argument for tariffs as a benefit to the general public required that when the industry grows up it not merely yield net benefits, but that they be more than sufficient to offset the welfare lost during the period of protection. Was this point recognized by those who wrote on the subject? If so, by whom? Discuss what other qualifications some of the writers raised in relation to the argument and how they treated the way in which the issue had been analyzed by others.

3. Discuss the role of alienation in Marx. In which of his writings was it discussed? Does the term always refer to the same phenomenon? How might it relate to accumulation and, consequently, to the "laws of motion of capitalism?"

4. Ricardo's test of the labor theory of value was whether a rise in wages will change the relative prices of commodities. Explain the logic of this test. What does Ricardo conclude from the test about the validity of the labor "theory of reality"? Why was this way of looking at the matter of importance to Ricardo?

5. Describe the tasks that Adam Smith considers to constitute the proper roles of government. Was he an extreme or a moderate advocate of laissez-faire? What is the logic of his arguments for governmental economic activity? How do they compare with modern analysis of the subject?

6. In one sentence each characterize some of the work of the following:  
   1) Cantillon  
   2) Quesnay  
   3) Menzler  
   4) Wesley Mitchell  
   5) Kondratieff

7. (Joehwan Rhee) Summarize some of Malthus' arguments on the issue of general overproduction. To what extent do they constitute a logically unified position? Indicate (giving specific examples) to what extent Malthus' arguments anticipate those of Keynes.

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1. Have you completed the course readings for Economics 506? Yes ___ No ___

2. In the Wealth of Nations what is the invisible hand said to achieve? How do the achievements differ from those that modern welfare theory attribute to perfect competition?

3. Chapter 1 in Ricardo's Principles is framed in terms of the effect of a change in wages on the relative values of commodities.  
   a) How does this orientation affect Ricardo's conclusions relating to a labor theory of value?  
   b) What fundamental role does this view of the matter play in Ricardo's Theory of Distribution?

4. a) What is the transformation problem?  
   b) What was its significance to Marx?  
   c) What is your view of its significance?  

5a. (for Paul Brewer) Give three examples of non-cooperative equilibrium concepts which have counterparts in 19th century literature. Discuss in detail the relation between the earlier and the later work.

5b. (for Dahai Yu) Discuss two of the following: Mill's views on the Wages Fund; Mill on Say's Law; Mill on the role of government; Mill on utilitarianism.  
   Contrast Mill's views on these subjects with some of his predecessors.

5c. (for Daniel Vincent) Does the development of the utilitarian concept over the course of the nineteenth century constitute a process of increasing approximation to the foundations of either modern welfare economics or modern theories of fairness? Illustrate your discussion with descriptions of the pertinent views of the nineteenth century writers.

5. In one sentence each suggest one of the main contributions to economics of each of the following:  
   a) David Hume  
   b) J. H. von Thunen  
   c) Auguste Walras
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Compiled by Edward Tower, Duke University, August 1990

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