

Volume 25

# History of Economic Thought

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

Compiled by Edward Tower, September 1995  
*Duke University & The University of Auckland*

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# HISTORY OF ECONOMIC THOUGHT

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## NOTE TO USERS AND POTENTIAL CONTRIBUTORS

These teaching materials are drawn from both undergraduate and graduate programs at 105 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 reading 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 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 Ph.D. exams. They may also serve as the focus for study groups.

From time to time, we will reprint updated and expanded versions. Therefore, we welcome new or updated teaching materials, particularly those which complement material in this collection or cover areas we missed. Potential contributors should contact Ed Tower, Economics Department, Box 90097, Duke University, Durham, North Carolina 27708-0097, U.S.A., tower@econ.duke.edu

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Dan Tower helped produce the volumes with creativity and energy. Nancy Hurtgen and Tom Hurtgen advised on many aspects of the project. Members of the Duke Economics Department have been helpful from the inception of the project, and belated thanks go to Allen C. Kelley, who suggested in 1980 the usefulness of collecting syllabi.

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U = Undergraduate, G = Graduate

RE = Reading List with Exams, Problems and/ or Term Paper Topics

## Types of Types of Economic Theory Courses

Michael S. Lawlor  
Duke University and Wake Forest University  
May, 1995

**Introduction.** What follows is an essay examining the state of the History of Economics sub-discipline viewed through the contents of Ed Tower's *History of Economic Thought: Reading Lists, Course Outlines, Exams, Puzzles and Problems*. I originally wrote this piece for discussion at Craufurd Goodwin's "History of Economics Brown Bag Discussion Group" at Duke, where I was visiting in 1994-95. That version was based on the 1990 edition of this volume. Ed Tower then invited me to update it for inclusion in the 1995 volume. Since I began with this focus, and since I am aiming this essay at fellow historians of economics, who should have no aversion to finding an "old" volume, I will take the liberty of referring to courses represented in both volumes (1990, 1995). The intent is to provoke some reflection on our subject by organizing the courses represented here into categories suggestive of issues related to teaching the history of economics.

**Overview.** These collections contain: syllabi, reading lists, and exam questions written by 35 different scholar/economists. They also contains collections of History of Economics Field Preliminary Exams from various graduate programs. It makes no pretense to exhaustiveness or representativeness and there are certain peculiarities of the collections that I will note at the end. Judging from the overall sample of courses, though, the one overriding characteristic that stands out is the wide degree of consensus in the field. If we exclude outliers (I will deal with them below), the definition of this agreement would be accurately conveyed by listing the elements of the standard canon that is being taught as the history of economics in the Anglo-American academy. It would without fail include the usual titles from Smith, Ricardo, Marx, Jevons, Menger, Marshall, Walras and Keynes. Most likely it would also contain some mention of Mercantilism, Physiocracy, Malthus, Bentham, J.S. Mill, and American Institutionalism. No one will be surprised by this, but the wide range of agreement on basic subject matter ("texts") does perhaps say something about the nature of the field in general and the approaches to teaching it. Do we mostly teach Whig history?

Further it is worthwhile considering the question of an orthodox canon. Is it legitimate, complete, sexist, eurocentric, etc., etc.? What vision of the discipline of economics does it imply? What vision of the sub-discipline of the history of economics does it imply? The reader will no doubt have other things to ask. Let me reveal my own view a bit, even at this early stage, and say that it appears to me that there is, and should be, a standard canon of classic economic texts, a familiarity with which is a requisite part of the education of a student of economics. This does imply that the history of economics is at least partly (but not exclusively) a service sub-discipline within an economics curriculum. Furthermore, this particular use of the history of economics, to be legitimate, must presume that there is a minimum degree of continuity of subject matter under investigation from Smith to Samuelson. Nevertheless, there are a wide range of more internal sub-discipline questions that this particular use of the history of economics does not bear on. These include, for example, the specific readings one can give to the larger historical record in which the canon is set. Along with this, of course, come all of the attendant problems of historiography and outlets for intellectual imagination that make history such a fascinating activity. But again, in our subject, there should be a presumption of familiarity with the canon of classic texts that is prior to this specialist work.



Most of the courses in these volumes are involved only in encouraging students to take the first baby steps toward fulfilling this now too rare presumptive proficiency. Thus the classification I am about to present should be recognized for what it covers and what it excludes. That is, it concerns the analysis of how basic courses, open to non-specialist in the field, are taught - often with little distinction being made between graduate and undergraduate work. Put in terms of the forgoing discussion, these are mostly service courses for those who lack the basic proficiency which entry into the sub-discipline requires. Given the low (and perhaps still falling?) importance attached to the sub-discipline of the history of economics by the economics profession, it is inevitable that this is the setting most historians of economics find themselves teaching in most of the time. Historically, the sub-discipline grew out of such a service environment, in an era when it was considered an essential element of an economist's education. Another result of this situation is the peculiarly amateur nature of much of the practice of the history of economics. I think it is fair to say that most scholars of the history of economics have not been *trained* at all. They were economists who happened for various reasons of temperament and situation to read books - even old books! It is worth considering, though, whether this might be a thing of the past. Has the sub-discipline now reached a stage of specialization that would benefit from some more specialized graduate training? I will return to this theme at the end.

**Categorizing the Courses.** As mentioned, there is a extreme degree of continuity in the core subject matter of these courses. A classification scheme must therefore emphasize the differences that do exist. I have grouped them into three *Types*, within which I then try to differentiate by some more or less obvious criteria. The three types are: 1) General Survey Courses, 2) Special Topics in History Courses, and 3) Other Courses: Not Necessarily Historical.

**1. The General Survey Course.** This category contains most of the entries. Surely it is the standard course taught today. It is an attempt to cover everything from the *Tableau Economique* to Sunspot Equilibria and everyone from Moses to Buchanan. Often (from this sample about half the time) it is split into two courses with 1870 as the favorite dividing line. It also appears to be common from these entries for the course to be taught to both undergraduates and graduates at the same time. Whether this is driven by low enrollments or scarce teaching resources in the area is not clear.

#### *Variations on the theme.*

**a) Texts or Textbooks?** Many of the strictly undergraduate courses rely heavily on textbooks or other secondary readings, while these are often supplemented with primary readings in graduate classes. Warren Samuels' (1990, 1995) classes are a good example. The topical coverage is almost identical in his undergraduate and graduate classes. The former uses a textbook, though, and the latter secondary journal articles and original texts. There is also the intermediate position, well represented here by Martin Spechler, of using (or in his case assembling and publishing) a reader of selected passages from historical texts. One suspects part of this has to do with class sizes and the quality of students. Large classes of less than motivated students surely inhibit a focus on original texts. Finally, Richard Gift (1990) is notable in this regard for using Adam Smith's *Wealth of Nations* as the textbook in the first half of his survey course. In fact he emphasizes reading it "in its entirety," thereby providing examples, among those who survive, of those mythical scholars Blaug quotes a Smith specialist as searching for, who have read the *Wealth of Nations* cover to cover. A question arises: to what extent is a textbook useful and/or reasonable in the history of economics?

**b) Coverage.** Within the standard canon there are always going to be differences in emphasis, but some of these entries, still advertising themselves as general surveys<sup>1</sup> take emphasis to an extreme. Mostly this seems to be tied up with grinding modern theoretical axes on the historical record - a time-honored tradition. Largely this involves acts of omission - simply ignoring those parts of the canon that are too difficult to fit into a particular reading. George Stigler (1990), for example, made no mention of Marx, the Institutionalists, or Keynes in his reading lists - thus admirably showing disdain for the temptation to focus on the parochial concerns of Chicagoans like Veblen and Mitchell.<sup>2</sup>

It should be noted, though, that these cases are a distinct minority, in these collections at least. Most survey courses, like most modern theory texts, seem to be trying to please everyone at once. Or, is this just more evidence of the wide agreement on the basic canon?

**c) Style.** It is difficult to convey this distinction, but one does see a distinct personality coming through in some of these course descriptions and syllabi that I would suggest is probably not so evident in courses in theoretical and applied economic topics. After all, one does have to be "crazy" in some professional sense, to be interested in these topics to any serious degree. Here are a few examples of what I mean (again within the category of purported "survey" courses). William Baumol's (1990) course conveys all the messages of a THEORIST: terse, well specified investigations of manageable problems. Thus his 1 page syllabus, complete lack of secondary literature, and exclusive focus on the interesting technical issues of modeling classical value and distribution theory. Peter Groenewegen (1990, 1995), for my money, is the scholar's scholar of the group. His survey course reading list and course outline are careful, highly organized and bulging with references. Roger Backhouse (1995) and D.P. O'Brien (1995) also offer extensive bibliographies. Duke's Craufurd Goodwin (1990, 1995), as befits his long tenure as editor of *HOPE*, displays a magisterial breadth of scope in his 1 semester course: "The History of Economic Thought: From Aristotle to the Present." Finally, Mark Perlman's (1990) course materials, one of the longest entries, indicates a complex and original view of the discipline in his interestingly different reading list and his highly detailed instructions to students.<sup>3</sup>

**d) Coverage of the recent period.** The material treated in the last part of this course (since 1936) is the most subject to variation in these entries.<sup>4</sup> Probably the most common point of division between economics' history and its present is Hick's *Value and Capital*. But there are alternatives. Perlman (1990) goes into great detail on the rise of empirical methods. He investigates both the rise of data collection and the evolution of econometric methods to analyze it. Bruce Caldwell (1990) revives the Austrians at the end. George Stigler (1990) finishes with Frank Knight. Geoff Harcourt (1990, 1995) with Joan Robinson, Kaldor and

<sup>1</sup>As opposed to the more specialized topics covered in category 2, below.

<sup>2</sup>Curiously, though, on the University of Chicago History of Economic Thought Prelim. Exam for 1987 (1990, p. 256), Keynes does appear as a possible topic in one of the questions. Evidently it is possible to distill the target of this question from the air, while it takes something more substantial, textually speaking, to shoot at it.

<sup>3</sup>See his directions to students on writing term papers (1990, p. 210) for a gem of professorial wit and wisdom.

<sup>4</sup>Too bad that we don't have an entry here from Todd Lowry who would surely have taken introduced more variation on the earliest periods of subject. For some attempt in this direction see Stein's (1995) survey course.

Sraffa. The most radical viewpoint with regard to this dividing line, though, has to be that implicit in Richard Gift's (1990) two courses. Eschewing the usual 'marginal revolution' approach, he divides the courses and discipline at the turn of the 19th century. The first course, "Foundations of Modern Economics" is exclusively focused on the political and literary treatments of economic questions in the 18th century." "A Technical History of Modern Economics," the second course, covers "Ricardo to Sraffa and Georgescu-Roegen." It is focused on value and distribution and the "significance of the neoclassical production function." Moreover, along the way "several philosophical systems will be used, and special importance is assigned to Whitehead, Sartre, and Jaspers (1990, p. 83)." In Gift's course we are clearly a long way from the textbook survey.

**2. Special Topics in History Courses.** There are a number of different courses represented here which, by explicit choice of focus, avoid the dilemma of breadth versus depth that is inherent in the survey course. It does not appear that any of these are restricted to students who already have taken the survey, and there seems no necessary reason that they should be. In many ways these look to be the most interesting courses. Certainly they would come much closer to specialist training than the previous set of surveys. As an example, Tony Aspromourgos (1990) teaches a course on "Post Keynesian Economics" that starts with the *General Theory*, but then covers the whole of what we might call post-war Cambridge Economic Theory. All of Sraffa's work, the major capital controversy papers, the historical work of Garegnani, Bharadwaj, etc..., are dealt with in detail. Geoff Harcourt (1990, 1995) has a set of similar courses at Cambridge that covers most of the same ground, in even greater detail. Aspromourgos and Groenewegen (1990, with White, 1995) team teach a two semester sequence exclusively devoted to Marshall and Keynes. Their course looks very close to the kind of thing one might find in a graduate course in a history department, with complete coverage of the texts, and the historical setting and the secondary scholarly literature. Robert Ekelund, Jr.'s (1990) course, "The Neoclassical Period through Marshall and Veblen," does much the same thing for a particular period as Aspromourgos and Groenewegen do for their particular authors. I, also, have recently taught a course like this exclusively devoted to Keynes, and can report it is was rewarding for both the instructor and student.

Another departure from the standard course is to vary the approach, rather than the topics. A prime example of this is Philip Mirowski's (1995) "The History of Economic Thought in the Context of Intellectual History." Mirowski's emphasis is on the critical and imaginative interpretation of the standard canon, rather than its formal content. "This is a course which intends to ask how it is that we have arrived at this curious configuration of doctrines called 'economics,' and more importantly, how differing modes of historical discourse tend to ratify us in our prejudices about our own involvement in this curious project."

One would hope for more examples of courses that take a riskier, innovative stance on our subject. In fact, a collection of materials from just this type of course might be a more valuable resource than the repetitive listing of surveys.

**3. Other Courses: Not Necessarily History.** Finally there are scattered about in these volumes a number of course that can only be described as "different." In many cases this seems to result from the common conflation of "methodology" with "history." But there are also some selections I can make no sense of at all as part of this collection.

*a) Methodology.* John Lodewijks' (1990) "Economic Methodology" and Roger Backhouse's (1995) "Economic Explanation" are both courses that briefly touch on some secondary literature in the history of economics, but in fact are almost exclusively concerned with the

amazing variety of modern methodological debate - most of it written since 1970, the era of "crises" in economic theory.

A more historically minded approach to the same topic is found in Louis Putterman's (1990, 1995) "The History and Philosophical Context of Economic Thought." Putterman relies heavily on original economic texts to highlight the philosophic and political presuppositions of various strands of economic writing. He also presents an interesting in-depth analysis of "ethics and economics."

Another angle on methodology is found in Thomas Borchering and Thomas Rochon's (1990) "The Nature of Social Science Inquiry." This course contains virtually no history whatsoever. Rather, it is a comparative study in the various "scientific" methods of modern policy analysis. Their major concern is the interplay between economic and political science viewpoints, with what appears to be special emphasis on public choice theory.

*b) Postmodernism.* The sole entry that unequivocally qualifies for this title is Jane Rossetti's (1990) "Economics as Literature," which wants to break new ground in the *analysis* of economic texts. It may or may not be a curiosity of this endeavor - it depends on your reading - that there are no economic texts actually evident in the course. Perhaps Mirowski's course, already mentioned, could also be classified here.

*c) Explicit Revivalism.* Traces of this approach probably show up in any history of thought, but without such exclusive emphasis. These are an open attempt to mine the historical record for modern theoretical insight, and then to stage a revival - if not a resurrection. As James Bonar once said, " 'Going back' may sometimes perhaps be a cautious way of going forwards....But it has its pitfalls." A prime example of this genre is Fred Glahe and Tracy Mott's (1990) "Alternative Economic Paradigms." Its focus is the old and new versions of Marxism, (Post) Keynesianism and Austrianism. "Institutionalist Economic Theory" by Philip Mirowski (1995), which looks like a fascinating cross-disciplinary treatment of the topic, can also be grouped as revivalism. But though Mirowski throws in the occasional article by Veblen and Mitchell, the majority of the readings are much more modern.

*d) Editorial/Clerical Oversights?* Finally, there are three entries in these volumes whose inclusion seems to make little sense. One is Thomas Mayer's (1990) course "Orientation to Economic Research." Maybe the fact that it starts off with a nod to methodology, Friedman, McCloskey, et al, misled someone. Nevertheless, the real aim of this course - signaled by such topics as "Facing Up to the Publication Gun" and "Writing and the Economic Researcher" - is to teach graduate students how to write a workmanlike journal article in an acceptable modern style. In the 1995 volume, Bill Kaempfer's "Research Methods in Economics" is essentially an undergraduate treatment of the material presented by Mayer. Perhaps these two are explainable as a confusion between "methodology" and "method." Even that cannot be said for the final oddity, Thomas Kniesner's (1990) "Kniesner's Guide to Doctoral Dissertations." While this undoubtedly provides a very competent account of such problems as "the introduction," "results," "typing details," etc..., one cannot help but wonder how even the encyclopedic Schumpeter would find a place for it in a book titled the History of Economics?<sup>5</sup>

<sup>5</sup>I should add that I have talked to Ed Tower about these entries, and about the paper included in the 1995 volume, "Quality Ranking of General and Specialty Journals" by Skeels and Laumas. In his defense, it should be noted that Ed is not a specialist in the History of Economics and his editorial reach must extend over all the 25 volumes of his series. But there

*Summary Remarks.* There is variety in the history of economics. There is also a large pool of scholarly talent and knowledge whose standards are most often very high. Nevertheless, the subject is certainly swimming against the professional tide and is likely to slip under if new directions are not found. It cannot be healthy for a discipline to be so exclusively devoted to a low priority service role as the usual history of thought course implies ours is. Taking a cue from our own discipline's history, radical change, if it comes, will have to be equal parts sociological/political (within the profession I mean), methodological and substantive. I do not see the way forward politically. I would suggest, though, that the growing cross-disciplinary nature of much modern history of economics may provide the strength of content and method that is needed. In particular, more emphasis on the method of history than has hitherto been the case would be welcome. It is notable that, except implicitly, this issue never surfaces in the courses surveyed here. Perhaps this is because historians of economics are still not reproducible commodities. They seem to just happen. Improvement along these lines is bound to mean some change at the level of graduate training.

is something informative about the status of the History of Economics within the profession, in his reply to me that they ended up here because he could think of no other place in the 25 volumes where they would fit.

## UNIVERSITY OF EXETER

### HISTORY OF ECONOMIC THOUGHT 1993/94

U

M. BLAUG

Staley, C.E., A History of Economic Thought: From Aristotle to Arrow (1989).

Heilbroner, R.L., The Worldly Philosophers 1980 pb.

plus selected excerpts of the great economists themselves. In addition, I recommend browsing through my Great Economists Before Keynes (1987, pb).

#### October 1, 8: Adam Smith

Staley, chap. 5: 41- 57; Heilbroner, chaps. 2- 3: 15- 57.

Smith, A., The Wealth of Nations, ed. A.S. Skinner (Penguin Books, 1970), Bk I, chaps. 1- 3, 10 (Pt. 1 only): 109- 26, 201- 22.

#### October 15, 22: Thomas Robert Malthus

Staley, chap. 6: 57- 66; Heilbroner, chap. 4: 58- 80.

Malthus, T.F., An Essay on the Principle of Population, ed. A. Flew (Penguin Books, 1970), chaps. 1- 2: 67- 80.

#### October 29, November 5: David Ricardo

Staley, chap. 8: 77- 94.

Richardo, D., Principles of Political Economy and Taxation, ed. R.M. Hartwell (Penguin Books, 1971), chap. 7: 147- 67.

#### November 12, 19: John Stuart Mill

Staley, chap. 7: 71- 74, chap. 10: 107- 20.

Mill, J.S., Principles of Political Economy, ed. D. Winch (Penguin Books, 1970), Bk IV chaps. 6, 7: 111- 43.

#### November 26, December 3: Karl Marx

Staley, chap. 11: 120- 33; Heilbroner, chaps. 5- 6: 81- 130.

Marx, K., Capital, vol. I (Penguin Books, 1976), Pt II, chaps. 4- 8: 247- 306.

#### January 14, 21: The Marginal Revolution

1

Staley, chap. 12: 133- 46; chap. 14: 160- 69.

Blaug, M., Economic History and the History of Economics (1986), chap. 11: 205- 18.

#### January 28, February 4: Walras and General Equilibrium

Staley, chap. 15: 169- 78.

#### February 11, 18: Marshall and Partial Equilibrium

Staley, chap. 16: 178- 98; Heilbroner, chap. 7: 131- 61.

Marshall, A., Principles of Economics, ed. C.W. Guillebaud (1961), Bk III, chaps. 3- 6, Bk VI, chaps. 3- 5: 92- 137, 546- 79.

#### February 25, March 4: Böhm-Bawerk on Capital and Interest

Staley, chap. 13: 146- 56.

#### March 11, 18: The Quantity Theory of Money from Hume to Friedman

Heilbroner, chaps. 9- 11: 188- 249.

#### Tutorial Topics

Every student is expected to write one paper to present to a tutorial and to hand it in for grading. The listed readings under each topic may be regarded as forming the basis for each paper, which should be about 700- 900 words long. All topics will be assigned by the third week. No more than two students may work on a single topic, which will be assigned on a first come first served basis.

##### 1. Division of Labour in Adam Smith

P. Groenewegen, "Division of Labour", The New Palgrave. A Dictionary of Economics, eds. J. Eatwell, M. Milgate and P. Newman (1987), Vol. I: 901- 5.

##### 2. Adam Smith's Theory of Value and Distribution: Why Labour Commanded?

P.H. Douglas, "Smith's Theory of Value and Distribution", in J.M. Clark, et al. Adam Smith 1776- 1926 (1978), Ch. 4: 77- 115.

H.M. Robertson and W.L. Taylor, "Adam Smith's Approach to the Theory of Value", The Economic Journal, June 1957.

##### 3. The Economics of Politics in Smith

E.G. West, Adam Smith and Modern Economics (1990), Ch. 7: 83- 104.

A.T. Peacock, "The Treatment of the Principles of Public Finance in The Wealth of Nations", Essays on Adam Smith, eds. A.S. Skinner and T. Wilson (1975), 553- 67.

T. Mayer, "David Hume and Monetarism" QE 95(1), Aug 1980: 89- 101. — also History of Economic Thought, ed. M. Blaug (1980): 372- 84.

##### 4. Relative Wages in Smith

E.H. Phelps Brown, "The Labour Market", The Market and the State, eds. T. Wilson and A.S. Skinner (1976), Ch. 8: 243- 59.

A. Rees, "Compensating Wage Differentials", Essays on Adam Smith, eds. A.S. Skinner and T. Wilson (1975), 336- 49.

##### 5. What was Smith's Theory of Growth?

P.A. Samuelson, "The Canonical Classical Model of Political Economy", Journal of Economic Literature, December 1978, 16 (4): 1415- 34 — also Collected Scientific

Papers of Paul A. Samuelson, ed. K. Crowley (1986), Vol. 5: 598- 617.

S. Hollander, "On Professor Samuelson's Canonical Model of Political Economy", Journal of Economic Literature, June, 1980, 18 (2): 559- 74.

P.A. Samuelson, "Noise and Signal in Debates Among Classical Economists: A Reply", Journal of Economic Literature, June, 1980, 18 (2): 575- 78 -- also Collected Scientific Papers of Paul A. Samuelson, ed. K. Crowley (1986), Vol. 5: 618- 22.

#### 6. Did Ricardo Hold a Labour Theory of Value?

G.J. Stigler, "Ricardo and the 93 per cent Labor Theory of Value", American Economic Review, June, 1958 -- also his Essays in the History of Economics (1965), Ch. 12: 326- 42.

D.F. Gordon, "What Was the Labor Theory of Value?" American Economic Review, 49(2), May, 1959, 462- 72, or "Value, Labor Theory of", International Encyclopedia of the Social Sciences, ed. D.L. Sills (Macmillan, 1968), Vol. 16: 279- 82 -- also The History of Economic Thought, ed. M. Blaug (1990): 3- 13.

#### 7. Is the Ricardian System Falsifiable?

M. Blaug, Economic History and the History of Economics (1986), Ch. 4: xiii- xv, 91- 114.

N.B. de Marchi, "The Empirical Content and Longevity of Ricardian Economics", Economica, August, 1970, 37(147): 187- 90 -- also David Ricardo, Critical Assessments, ed. V.C. Wood, I: 217- 34.

#### 8. What Was Ricardo's Theory of Wages?

D. Ricardo, Principles of Political Economy, Ch. 5.

J.R. Hicks, S. Hollander, "Mr Ricardo and the Moderns", Quarterly Journal of Economics, August 1977, 91 (3): 351- 69 -- also David Ricardo, Critical Assessments, 3: 576- 91.

#### 9. Say's Law of Markets : Sense or Nonsense?

G.S. Becker, W.J. Baumol, "The Classical Monetary Theory : The Outcome of the Discussion, Economica, 19 November 1952 : 355- 76 -- also Essays in Economic Thought : Aristotle to Marshall, eds. J.J. Spenler, W.R. Allen (1960): 753- 72.

W.J. Baumol, "Say's (at least) Eight ?? or What Say and James Mill May Really Have

Menat", Economica, 44(174) May, 1977: 145- 61 -- also The History of Economic Thought, ed. M. Blaug (1990): 87- 103.

#### 10. What is the Transformation Problem in Marx?

P.A. Samuelson, "Understanding the Marxian Notion of Exploitation, Journal of Economic Literature, June, 1971, 9(2) : 399- 431 -- also Collected Scientific Papers of Paul A. Samuelson, ed. R.C. Merton, Vol.3 (1972), 276- 308 -- also in Karl Marx's Economics Critical Assessments, ed. V.C. Wood (1988), 3: 217- 56.

W.J. Baumol, "The Transformation of Values: What Marx Really Menat (An Interpretation)", Journal of Economic Literature, March, 1974, 12(1):51- 62 -- also Karl Marx. Critical Assessments, 3:371- 87.

#### 11. What Kind of Competition in Marshall?

G.J. Stigler, "Competition" and P.J. McMulty, "Competition: Austrian Conception" The New Palgrave. A Dictionary of Economics, I: 531- 37.

R.E. Backhouse, "Competition", Foundations of Economic Thought, ed. J. Creedy, (1990): 58- 86.

#### 12. Marshall on the Bargaining Disadvantages of Labour : A Justification of Unions.

A. Petrides, "Alfred Marshall's Attitudes to Trade Unions;" History of Political Economy, Spring, 1973, 5(1): 165- 98.

R.C.O. Matthews, "Marshall and the Labour Market", Centenary Essays on Alfred Marshall, ed. J.K. Whitaker (1990): 14- 43.

#### 13. The Socialist Calculation Debate

P. Murrell, "Did the Theory of Market Socialism Answer the Challenge of Ludwig von Mises? A REinterpretation of the Socialist Controversy", History of Political Economy, Spring, 1983, 15 (1):92- 105 -- also The History of Economic Thought, ed. M. Blaug (1990): 291- 304.

K.I. Vaughn, "Economic Calculation Under Socialism: The Austrian Contribution", Economic Inquiry, 18 October, 1980, 535- 54 -- also Austrian Economics, ed. A.S. Littlechild (1990), 3:332- 51.

Duke University  
Economics 150.1  
The History of Economic Thought:  
From Aristotle to Keynes  
Fall, 1993  
Craufurd D. Goodwin  
229 Social Sciences

#### About the Course

##### Principal Readings

The available textbooks for this subject are not entirely satisfactory. The most comprehensive is Henry Spiegel, The Growth of Economic Thought (Duke Press, 3d ed., 1991). It is available at the bookstore. Spiegel's text contains an excellent bibliographical guide of more than 200 pages that is helpful in writing papers and deciding what else to read. Nor does a comprehensive collection of primary readings exist. My response has been to compile a set of readings for the course which includes material from primary sources as well as some current secondary comment. Items included this year are limited somewhat by the need to pay royalties to publishers for photocopying. These readings are bound in a volume entitled Collected Readings: History of Economic Thought. This too can be purchased in the bookstore. Some of you may wish to purchase, for use in this course and for your library thereafter, copies of some of the great classics in the history of economics. Many of these remain in print and can be purchased in inexpensive editions. Many also are available in a variety of editions in second-hand bookstores. Some of these classics that I would suggest you put at the head of your list are Smith's Wealth of Nations, Malthus' Essay on Population, Ricardo's Principles, Marx's Capital, Veblen's Theory of the Leisure Class, Marshall's Principles, and Keynes's General Theory.

To complement the text and the readings, I recommend the very popular and entertaining book by Robert Heilbroner, The Worldly Philosophers. For more than a million readers it has been the first introduction to the history of economic thought.

The reserve shelf contains a selection of frequently-used primary and secondary materials on 24 hour reserve.

Perkins Library. Because faculty and students at Duke have for many years had a deep interest in the history of economics the Library has an excellent collection of materials related to the subject. Students are urged to become acquainted with this treasure trove. In particular you should be aware of the Goldsmith-Kress Library of Economic Literature (printed books through 1800) which is available on microfilm in the newspaper room. A printed user's guide tells you how to take advantage of this collection. The Manuscript Department in Perkins has begun

to develop a special collection of economists' papers that could be used for preparing student papers. The collections of Carl Menger, Oskar Morgenstern, Sidney Weintraub, Lloyd Metzler, Earl Hamilton, and Calvin Hoover are especially noteworthy.

History of Political Economy (HOPE). This foremost journal in the field of the history of economic thought is edited and published at Duke. A complete set is in the stacks of Perkins Library. In addition, Vol. 15, No. 4 of HOPE contains author and subject indexes covering volumes 1-15 (1968-1983). Subscriptions are available at student rates.

##### Lectures and Discussion Sections

Lectures will be given during the first portions of class periods on Mondays and Wednesdays (roughly 2:20-3:10pm). In addition we will have discussion periods, 3:10-3:35pm. In the discussion periods class members will address specified questions and contribute to the discussion at every meeting. Attendance is required. Some suggested questions for discussion at the discussion sessions are attached. Certain articles from the readings should be read specifically for the discussion (they are denoted by an asterisk). These articles relate to the discussion questions. Designated class members will lead off with a few minutes of presentation at each of the discussion periods. These presentations should be provocative and incisive, not merely reports of reading. Discussion will be informal but it is an important part of the course and everyone is expected to be present and take part.

##### More about the Discussion Periods

Discussion will center on general questions related to the lectures. All class members should have thought and read about these questions and completed the relevant readings for the material covered beforehand. Designated students will be asked to lead off with a brief response to the question of the day from whatever perspective they deem appropriate. They should not simply read and summarize the text, the lecture, or any piece of reading. The focus should be on interpretation, not mere presentation of factual information. All students should be prepared to participate in all discussions at every meeting. They may prepare by exploring some aspects of the topic in depth or in breadth, as they prefer. I will expect to talk individually with those students responsible for leading the discussion, and others, about how they might prepare. I will feel free to call upon students who remain excessively silent during the discussion. The discussion periods are a device for keeping in continuing touch with a student's progress. Students should immediately select questions they wish to address during the course of the semester. First come first served.

### Paper

Each class member is required to prepare a paper on a topic in the history of economics. The paper should contain independent observations and conclusions after reading primary and secondary materials related to the topic. You may, if you wish, develop your paper from the response to a question you will address in the discussion periods. I can suggest other paper topics. A list of topics which students selected in past years appears in the coursepak. The paper should be approximately 10-15 pages, double-spaced, and typed. It is due on Wednesday, November 10. On Wednesday, October 5 a one-page summary of your topic and the nature of the research to date must be handed in. This is to insure that you are making adequate progress toward the completion of a satisfactory paper.

### Individual Consultations

I wish to talk with each class member about ideas for a paper for approximately 15 minutes during September. The sooner the better. Sign-up sheets for appointments will be distributed. You should be prepared during these meetings, if possible, to make firm decisions about topics. You should think carefully about this matter before the meeting.

### Examinations

If the class size is sufficiently small in lieu of a mid-term test class members will be asked to submit short papers (3-5 pages) with which they introduced the discussion periods--probably three each. If the class becomes large there will be a mid-term test covering material to that point. There is a take home final examination covering the entire course. Copies of previous exams are reprinted in the coursepak.

Fall Semester 1993  
Economics 150

### Course Outline

<u>Date</u>	<u>Topic</u>
Aug. 30	Introduction
Sept. 1	Application of the History and Philosophy of Science to the History of Economics
Sept. 6	Economics as rhetoric, etc.
Sept. 8	Greeks, Scholastics, Mercantilists
Sept. 13	Physiocrats
Sept. 15	Precursors of Classical Economics
Sept. 20	Adam Smith
Sept. 22	Smith cont.
Sept. 27	Malthus on Population and Effective Demand
Sept. 29	Malthus cont.
Oct. 4	Ricardo on Diminishing Returns
Oct. 6	Ricardo cont.
Oct. 11	J. S. Mill and The Classical Tradition
Oct. 13	Classical Tradition cont.
	Mid-term break
Oct. 20	Attacks on Classicism--Utopian Socialists, Henry George, The Historical School
Oct. 25	Marx
Oct. 27	Marx cont.
Nov. 1	Predecessors of Marginalism
Nov. 3	Marginal Revolution
Nov. 8	Thorstein Veblen
Nov. 10	American Institutionalism

Nov. 15	Marshallian Economics
Nov. 17	Origins of Macroeconomics
Nov. 22	John Maynard Keynes
Nov. 29	Keynes cont.
Dec. 1	Keynesian Economics
Dec. 6	Neo-Classical Synthesis
Dec. 8	Conclusion

# LIST OF ITEMS IN ECONOMICS 150 COURSEPAK

Kenneth E. Boulding	"After Samuelson, Who needs Adam Smith?"
Craufurd D. Goodwin	"Notes on Philosophy of Science/History of Economics"
Mark Blaug	"Kuhn vs. Lakatos"
Craufurd D. Goodwin	"Toward a Theory of the History of Economics"
Donald N. McCloskey	"The Rhetoric of Economics"
Jack L. Amariglio	"The Body, economic discourse, and power: an economist's introduction to Foucault"
Aristotle	"The Politics"
Aquinas	"Summa Theologica"
Thomas Mun	"England's Treasure By Forraign Trade"
William R. Allen	"Modern Defenders of Mercantilist Theory"
A.W. Coats	"Interpretation of Mercantilist Economics"
François Quesnay	"Explanation of the Economic Table"
Bernard de Mandeville	Selections from: "Fable of the Bees, or Private Vices, Public Benefits"
David Hume	"Of the Balance of Trade"
Adam Smith	"An Inquiry into the Nature and Causes of the Wealth of Nations 1776"
Robert E. Prasch	"The Ethics of Growth in Adam Smith's Wealth of Nations"
Thomas R. Malthus	"An Essay on the Principle of Population 1798"



D. Ricardo	"The Principles of Political Economy and Taxation"
F. Fetter	"The Rise and Decline of Ricardian Economics"
Karl Marx	Selections from "Das Kapital"
M. Bronfenbrenner	"The Vicissitudes of Marxian Economics"
Karl Marx	Selected quotations
William Jevons	Selections from "Theory of Political Economy"
T.W. Hutchison	"Marginal Revolution-Divide and Fall of English Classical Political Economy"
Mark Blaug	"Was There a Marginal Revolution?"
Donald Winch	"Marginalism and the Boundaries of Economic Science"
A.M. Endres	"Menger, Wieser, Böhm-Bawerk"
Karen I. Vaughn	"The Mengerian Roots of the Austrian Revival"
Jeff E. Biddle	"Purpose and Evolution in Commons's Institutionalism"
Mark Blaug	"Second Thoughts on the Keynesian Revolution"
Robert L. Heilbroner	"Modern Economics as a Chapter in the History of Economic Thought"

Economics 150  
Fall Semester, 1993  
Reading Assignments

Textbooks:

- Henry Spiegel, The Growth of Economic Thought, Duke University Press, Durham, 1991.  
R. H. Heilbroner, The Worldly Philosophers, Simon and Schuster, New York 1986 (sixth edition).

Selected Readings: History of Political Economy

Introduction - August 30

- H. Spiegel, Introduction  
K. Boulding, "After Samuelson, Who Needs Adam Smith?" HOPE 3:2 (1971), pp. 225-237.

Applications of the History and Philosophy of Science and Literary Theory to the History of Economics - Sept. 1-6

- C. Goodwin, "Some Notes on the Philosophy of Science and the History of Economics," Mimeo, pp. 1-13.  
M. Blaug, "Kuhn versus Lakatos or Paradigms versus Research Programmes in the history of economics," HOPE 7:4 (1975), pp. 399-433.  
\*C. Goodwin, "Toward a Theory of the History of Economics," HOPE 12:4 (1980), pp. 610-619.  
D. N. McCloskey, "The Rhetoric of Economics," Journal of Economic Literature, 21.2, June 1983.  
Jack Amariglio, "The Body, Economic Discourse, and Power," HOPE, 20.4 (1988), pp. 583-613.

Greeks, and Scholastics - Sept. 8

- Spiegel, chaps. 1-3  
Aristotle, "Politics and Ethics," in A. E. Monroe (ed.) Early Economic Thought, Harvard University Press, Cambridge, 1930, pp. 3-29.  
St. Thomas Aquinas, "Summa Theologica," in Monroe, ibid., pp. 53-77.

Mercantilists - Sept. 8

Spiegel, chaps. 4-7

T. Mun, "England's Treasure by Forraign Trade," in Monroe, op. cit., pp. 171-197.

\*W. R. Allen, "Modern Defenders of Mercantilist Theory," HOPE 2:2 (1970), pp. 381-397.

\*A. W. Coats, "The Interpretation of Mercantilist Economics," HOPE 5:2 (1973), pp. 485-495.

Physiocrats - Sept. 13

Spiegel, chap. 8

F. Quesnay, "Tableau Economique," in Monroe, op. cit., pp. 341-348.

Precursors of Classical Economics - Sept. 15

Spiegel, chap. 9

B. Mandeville, "The Fable of The Bees," in S. E. Patterson (ed.), Readings in the History of Economic Thought, McGraw-Hill, New York 1930, pp. 2-18.

D. Hume, "On the Balance of Trade," in Monroe, op. cit., pp. 323-338.

Smith - Sept. 20, 22

\*Heilbroner, chap. 3

Speigel, chaps. 10-11

A. Smith, "The Wealth of Nations," in R. D. Collison Black (ed.), Readings in the Development of Economic Analysis: 1776-1848, Charles & Abbot, Devon 1971, pp. 11-52.

R.E. Prasch, "The Ethics of Growth in Adam Smith's Wealth of Nations" HOPE 23:2 (1991), pp. 337-351.

Malthus on Population and Effective Demand - Sept. 27, 29

Spiegel, chaps. 12, 13

\*Heilbroner, chap. 4

T. R. Malthus, "An Essay on the Principle of Population," in Black, op. cit., pp. 77-90.

Ricardo on Diminishing Returns - Oct. 4, 6

Spiegel, chaps. 14-15

D. Ricardo, "The Principles of Political Economy and Taxation," in Black, op. cit., pp. 161-175.

\*F. Fetter, "The Rise and Decline of Ricardian Economics," HOPE 1:1 (1969), pp. 67-84.

J. S. Mill and the Classical Tradition - Oct. 11, 13

Spiegel, chap. 16

Attacks on Classical Economics - Oct. 20

Heilbroner, chaps. 5-7

Spiegel, chaps. 17-19

Marx - Oct. 25, 27

Spiegel, chaps. 20-21

K. Marx, "Das Kapital," in Patterson, op. cit., pp. 640-666

K. Marx, Various Quotations from Marx, Mimeo, pp. 1-6.

\*M. Bronfenbrenner, "The Vicissitudes of Marxian Economics," HOPE 2:2 (1970), pp. 205-224.

Predecessors of Marginalism - Nov. 1

Spiegel, chap. 22

Marginal Revolution - Nov. 3

Spiegel, chap. 23-25

W. S. Jevons, "Theory of Political Economy," in Patterson, op. cit., pp. 324-345.

T. W. Hutchison, "The 'Marginal Revolution' and the Decline and Fall of English Classical Political Economy," HOPE 4:2 (1972), pp. 442-468.

\*M. Blaug, "Was there a Marginal Revolution?" HOPE 4:2 (1972), pp. 269-80.

D. Winch, "Marginalism and the Boundaries of Economic Science," HOPE 4:2 (1972), pp. 325-327.

A. M. Endres, "Menger, Wieser, Böhm-Bawerk, and the Analysis of Economizing Behavior," HOPE 23.2 (1991), pp. 279-300.

K. I. Vaughn, "The Mengerian Roots of the Austrian Revival," HOPE 22 (1991) annual supplement, pp. 379-407.

Thorstein Veblen - Nov. 8

Spiegel, chap. 27

American Institutionalism - Nov. 10

Spiegel, chap. 27, cont.

Heilbroner, chap. 8

J. Biddle, "Purpose and Evolution in Commons's Institutionalism," HOPE 22.1 (1990), pp. 19-47.

Alfred Marshall - Nov. 15

Origins of Macroeconomics - Nov. 17

Spiegel, Chap. 26

Heilbroner, chap. 9

John Maynard Keynes - Nov. 22, 29, Dec. 1

M. Blaug, "Second Thoughts on the Keynesian Revolution," HOPE 23.2 (1991), pp. 171-192.

The Neo-Classical Synthesis - Dec. 6

R. L. Heilbroner, "Modern Economics as a Chapter in HET," HOPE 11:2 (1979), pp. 192-198.

ECONOMICS 321  
History of Economic Thought

U

University of Puget Sound

Instructor: D. Wade Hands  
Class Hrs: M W F 1:00-1:50  
Office: MC 013N  
Phone: X3592 (office), 952-9286 (home)  
Office Hrs: M W 2:00-3:00, T Th 4:00-5:00, or by appointment

Course Purpose:

To acquaint the student with the major theories and theorists in the history of economic thought. The course will focus on seven important figures who have been instrumental in the development of the major "schools" of economic thought (orthodox and heterodox). The ideas of these economists will be examined within their original historical/social/political context and they will also be related to the scientific and philosophical ideas of the time. The seven figures are: Smith, Ricardo, Mill, Marx, Marshall, Veblen and Keynes.

Course Requirements:

The student will be required to complete the reading assignments prior to the relevant lectures. There will be two essay exams (midterm + 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 (2-4 pages) on each of the major figures discussed during the semester. The specific topics of these seven papers will be chosen by the instructor.

Grades:

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

Midterm	25%	92-100%	A
Final	25%	90- 91%	A-
Papers	40%	88- 89%	B+
Participation	10%	82- 87%	B
		80- 81%	B-
		78- 79%	C+
		72- 77%	C
		70- 71%	C-
		60- 69%	D
		60% or below	F

Books To Be Purchased:

- Barber, William J., A History of Economic Thought (Penguin, 1967)
- Gordon, H. Scott, The History and Philosophy of Social Science (Routledge, 1991)
- Heilbroner, Robert L., The Worldly Philosophers, 3rd ed., (New York: Touchstone, 1980)
- Keynes, John M., The General Theory of Employment, Interest, and Money, (New York: Harcourt, Brace, Jovanovich, 1936)
- Marx, Karl, Wage, Labor, and Capital/Value, Price, and Profit (International)
- Smith, Adam, Selections from the Wealth of Nations, Stigler, G. (ed.), (Arlington Heights, IL: Harlan Davidson, 1957)
- Course Packet for History of Economic Thought

Course Outline

- (P) indicates paper in Course Packet  
(\*) indicates optional reading

I. Mercantilism and Physiocracy

Heilbroner: Introduction (Ch 1); The Economic Revolution (Ch 2)  
Gordon: Physiocracy (Ch 5)  
(\*)(P) Bell: English Mercantilism

II. Adam Smith

Heilbroner: The Wonderful World of Adam Smith (Ch 3)  
(P) Smith Chronology  
Gordon: Scottish Enlightenment (Ch 7, pp 111-20 and pp 130-47)  
Stigler: Smith WON: Book I (Ch 1-7, pp 1-47);  
Book IV (Chs 1 and 9, pp 62-88)  
(\*) Barber: Smith (Introduction and Ch 1, pp 17-54)

III. David Ricardo

Heilbroner: Malthus and Ricardo (Ch 4)  
(P) Ricardo Chronology  
(P) Malthus: Mathematics of Population and Good  
(P) Ricardo: Principles: Introduction (Winch); Chs 1, 2, 4, 5, 6  
(\*) Barber: Ricardo (Ch 3)  
(\*) Gordon: Classical Political Economy (Ch 9, pp 168-94)

IV. J. S. Mill

Heilbroner: Utopian Socialists (Ch 5)  
(P) Mill Chronology  
Gordon: Utilitarianism (Ch 9, pp 248-57)  
(P) Mill: Principles: Introduction (Winch); Book IV, Chs 1-6;  
Book II, Ch 1  
(\*) Barber: Mill (Ch 4)

MIDTERM EXAM

V. Karl Marx

Heilbroner: Marx (Ch 6)  
(P) Marx Chronology  
(P) Marx: Preface to the Critique of Political Economy  
Marx: Value, Price and Profit  
Gordon: Marx (Ch 13, pp 305-26, pp 338-54, and pp 364-69)  
(\*) Marx: Wage-Labour and Capital  
(\*)(P) Sweezy: The Theory of Capitalist Development  
(Chs 2, 4, 8, 9)

VI. Marshall and Neoclassical Economics

- (P) Marshall Chronology
- Barber: Marshall (Ch 6)
- (P) Breit and Ransom: Alfred Marshall
- (P) Marshall: Principles: Book III, Chs 3 and 6;  
Book V, Chs 2, 3, 13, Appendix I
- (\*) Gordon: Development of Economic Thought (pp 546-79)

VII. Thorstein Veblen and the American Heterodoxy

- Heilbroner: The Savage Society of Thorstein Veblen (Ch 8)
- (P) Veblen Chronology
- (P) Veblen: Theory of Business Enterprise: Introduction (Dowd),  
Chs 1-4 and 10
- (\*)(P) Ayres: The Legacy of Thorstein Veblen

VIII. Keynes and Macroeconomics

- Heilbroner: The Heresies of Keynes (Ch 9)
- (P) Keynes Chronology
- (P) Stewart: Chs 1-3
- Keynes: The General Theory: Ch 2, 3, 8, 10, 13, 14, 16, 18,  
22, 24
- (\*) Barber: Keynes (Introduction and Ch 8, pp 223-52)

FINAL EXAM

ECON 321  
HISTORY OF ECONOMIC THOUGHT

Paper #1

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. Can you give an example of a natural price? How do natural prices differ (if they do) from prices you already know about?

Paper #2

The following quote is contained in a letter from Ricardo to Malthus (December 1814):

"If with every accumulation of capital we could tack a piece of fresh fertile land onto our island, profits would never fall."

How would Ricardo defend this statement?

Paper #3

In Book IV, chapters 5-6, of the Principles (pp. 88-110), Mill discusses various "policies." What are some of these "policies" and how do they relate to his overall problem (i.e. what is the problem for Mill and how do these policies solve it)?

Paper #4

Marx, like Ricardo and Mill before him, argued that capitalism had a tendency toward a falling rate of profit. Explain this falling rate of profit; in particular, explain the mechanism that drives this tendency.

Paper #5

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).

#### Paper #6

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.

#### Paper #7

In the last few chapters of the General Theory, Keynes exposes his Political economics. Compare and contrast the general political economy of Keynes with others discussed during the semester (Smith, Mill and Marx in particular).

#### Course Outline for Economics 6209 Research Methods in Economics

G

Bill Kaempfer, Econ 115, x24486, email Kaempfer@raastro.colorado.edu  
University of Colorado

#### Materials:

- Bruce J. Caldwell, Beyond Positivism: Economic Methodology in the Twentieth Century, Revised Edition, Routledge, 1994.  
Donald McCloskey, The Rhetoric of Economics, University of Wisconsin Press, 1985.  
Thomas Wyrick, The Economist's Handbook: A Research and Writing Guide, West Publishing, 1994.  
Also of interest:  
Don Ethridge, Research Methodology in Applied Economics: Organizing, Planning, and Conducting Economic Research, Iowa State University Press, 1995.

#### Course Outline:

- I. Introduction to Concept and Objectives of Research Methods in Economics (8-24)
- II. Access to Existing Research Knowledge (8-29, 8-31, 9-7)
  - A. Locating Economic Data
  - B. Transforming Economic Data
  - C. Locating Published Data  
Wyrick, Chapters 1-3  
Library tour (9-7) meet at 1:30 in Norlin East Lobby
- III. Writing Economics (9-12, 9-14)
  - A. Writing Methods and Practices
  - B. Economic Content of Published Research  
Wyrick, Chapters 4-9  
McCloskey, The Rhetoric of Economics
- IV. Scientific Methods and Research Methodology in Economics
  - A. Scientific Methodology (9-19, 9-21)  
Caldwell, Beyond Positivism  
Hausman, "Economic Methodology in a Nutshell," Journal of Economic Perspectives, Spring 1989, pp. 115-127.

- B. Using Theory and Empirical Methods in Research (9-26, 9-28, 10-3) Wyrick, Chapter 10, 11, 12  
Morgan, "Theory versus Empiricism in Academic Economics: Update and Comparisons," *Journal of Economic Perspectives*, Fall 1988, pp. 159-164.

#### V. Critical Evaluations of Economic Research

- A. Characteristics and Examples of Effective Research (10-5, 10-10, 10-12, 10-17, 10-19)  
Members of the faculty will present research papers to the class that they feel are particularly good examples of economic research. These examples will focus on and critique methodology and uses of theory and empirical methods in economics.  
One or more papers will be assigned for each presentation.
- B. Critical Review of Economic Literature (10-24, 10-26, 10-31, 11-2)  
Students will write and present a brief critical review of the literature related to the topic of their research proposal.

#### VI. Problems and Strategies in Economic Research

- A. Conducting Research and Preparing a Proposal (11-7, 11-9)
- B. Presentation and Class Critique of Research Proposals (11-14, 11-17, 11-21, 11-28, 11-30, 12-5, 12-7, plus final exam period as necessary)  
Each student will present his or her research proposal to the class, following the format established by the faculty presentations in V.A. These presentations will build upon the earlier presentations of each student in V.B. The resulting discussion and peer critique will help each student progress toward a viable Master's thesis project for the following semester.

#### Graded Assignments:

- A. Research Proposal: Students will develop a research proposal that shows an understanding of economic methodology and develops an interesting research hypothesis and plan of investigation. This proposal will need to be thoroughly researched and differentiated from current literature. (@80%)
- B. Critical Reviews: Students will write three short critical review papers. One will be a literature review that later will be merged into their Proposal. The other two will be seminar summaries--write ups of two of the various seminars from the Department's seminar series this Fall. (@20%)

## Economics 320W

### The History of Economic Thought to 1890

G

Spring 1995  
R. N. Langlois

University of Connecticut

#### About the course.

This is the first half of a two-semester sequence in the history of economic thought. (The two halves may be taken independently.) It covers economic ideas from ancient times through the "marginalist revolution" of the late nineteenth century. The second course will begin again with the marginalist revolution — covering the topic in greater detail — and will proceed through present-day thought and methodology.

The course will attempt as much as possible to connect the history of economic thought with the broader history of ideas. Thus, it will not focus exclusively on (for example) the history of economic doctrines or of analytic techniques (although neither of these — particularly the latter — will be neglected).

#### Course requirements.

There will be a final exam and one long (20-30 pp.) research paper. The exam is intended to encourage breadth and synthesis; and the paper is intended to encourage depth in one area and to give you practice in professional scholarship.

I am asking that your paper be based largely on materials from the Goldsmith's-Kress microfilm collection in the library. The collection consists of writings by preclassical and early classical writers. Your paper might consist in an intellectual profile of one of the more obscure writers whom we skip over in class. Or, more interestingly, your paper might deal with an economic issue — some aspect of trade or monetary policy, for instance — as it is treated by a representative sample of writers during a particular period. The paper will be due on the last day of class, but I will expect you to have selected a topic in consultation with me fairly early in the term. I expect a written proposal of two pages plus references by February 16.

If you turn in a final draft by the end of the semester, you will receive a grade for the course immediately. If you do not, you will receive an incomplete. In accordance with new department policy, however, I will not be lenient about ongoing incompletes. If you do not turn in a final draft of the paper by the first day of classes of the Fall 1995 semester, I will begin subtracting from your grade in the paper. The rate of subtraction will be one-third of a grade point (e.g., from an A- to a B+) for every week after the first day of the spring semester that I do not receive your paper. Start thinking about the paper now, and plan your semester accordingly.

Since this is a "W" course, I intend to look at writing quality in commenting on the draft(s) — and in evaluating the final version — of the papers. (This will hold especially true for native speakers of English.) The bookstore has a few copies of Don McCloskey's little book *The Writing of Economics* (Macmillan, 1987).

#### Reading material.

The main required reading for the course will be from primary sources. I've asked the bookstore to order the following books.

- Mark Blaug, *Economic Theory in Retrospect*. Cambridge: Cambridge University Press, 4th edition, 1985.
- Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, ed., Campbell, Skinner, and Todd (Glasgow edition). Indianapolis: Liberty Classics, two volumes, paper. (Other editions acceptable.)
- David Ricardo, *The Principles of Political Economy and Taxation* (ed. Donald Winch). New York: Dutton Everyman.
- T. R. Malthus, *An Essay on the Principle of Population* (ed. Antony Flew). Penguin Books.
- Jon Elster, ed., *Karl Marx: A Reader*. Cambridge: Cambridge University Press, 1986.

The best comprehensive works in the history of economic thought are probably Joseph Schumpeter, *History of Economic Analysis* (Oxford, 1954), and Mark Blaug, *Economic Theory in Retrospect* (Cambridge, 4th edition, 1985). Schumpeter asserts that he's writing a book about the history of economic analysis — i.e., about the history of economic tools and techniques — but then proceeds to roam broadly and magisterially through the history of ideas. By contrast, Blaug delivers what Schumpeter promises. Karl Pribram's *A History of Economic Reasoning* (Johns Hopkins, 1983) is also excellent, though not as well known. I've asked the bookstore to order Blaug as a "required" book. It's the closest thing to a textbook we will have in this course. I've also placed on reserve a copy of *The Growth of Economic Thought* by Henry William Spiegel (third edition, Duke University Press, 1991). This is an undergraduate text that reads a bit like an encyclopedia; you may find it a useful guide if you get lost in the thicket of names and dates.

## 1. Introduction. Themes for the course.

### 1.1 General themes.

Schumpeter, *History of Economic Analysis*, Oxford, 1954, Part I, Chs. 1-4. (On reserve.)

Sir Karl Popper, *Conjectures and Refutations: The Growth of Scientific Knowledge*, New York: Harper, second edition, 1965, "Introduction: On the Sources of Knowledge and Ignorance."

F. A. Hayek, "The Theory of Complex Phenomena" and "The Results of Human Action not of Human Design," in *Studies in Philosophy, Politics, and Economics*, Chicago, 1967.

### 1.2 The philosophy of science and economic methodology.

#### 1.2.1 The philosophy of science.

Popper, *op. cit.*, ch 1, "Science: Conjectures and Refutations."

Thomas Kuhn, *The Structure of Scientific Revolutions*, Chicago, second edition, 1970.

Imre Lakatos and Alan Musgrave, eds., *Criticism and the Growth of Knowledge*, Cambridge, 1970.

#### 1.2.2 The methodology of economics.

Bruce Caldwell, *Beyond Positivism: Economic Methodology in the Twentieth Century*, second edition. London: Routledge, 1993.

F. A. Hayek, *The Counter-Revolution of Science*, Liberty Press, second edition, 1979. (On reserve.)

Spiro T. Latsis, ed., *Method and Appraisal in Economics*, Cambridge, 1976.

## 2. Early economic thought. Classical. Medieval. Renaissance.

### 2.1 Required reading.

Plato, *The Republic*, Cornford edition, especially chapters VI-VII, X-XI, and XVIII-XXII. (On reserve.)

Aristotle, selections from the *Politics* and the *Ethics* in A. E. Monroe, ed., *Early Economic Thought*. (On reserve.)

St. Thomas Aquinas, selections from the *Summa Theologica*, in Monroe, *op. cit.* (On reserve.)

### 2.2 Recommended readings.

Schumpeter, *History of Economic Analysis*, Part II, Chs. 1-2.

Sir Karl Popper, *The Open Society and Its Enemies*, vol. 1, generally but especially chapter 10. (On reserve.)

Karl Polanyi, "Aristotle Discovers the Economy," in Dalton, ed., *Primitive, Archaic, and Modern Economies: Essays of Karl Polanyi*, pp. 78-115.

S. Todd Lowry, *The Archaeology of Economic Ideas: the Classical Greek Tradition*. Durham: Duke University Press, 1987.

## 3. Mercantilism.

### 3.1 Required reading.

Thomas Mun, *England's Treasure by Forraign Trade*, excerpted in A. E. Monroe, *Early Economic Thought*, pp. 171-197. (On reserve.)

### 3.2 Recommended reading.

Adam Smith, *The Wealth of Nations*, Book IV, Chapters i-vii.

Eli Heckscher, *Mercantilism*, two volumes, London: Allen and Unwin, second edition, 1955. (On reserve for Econ 305.)

Jacob Viner, *Studies in the Theory of International Trade*. New York: Harper and Brothers, 1937, chapters 1 and 2.

John Maynard Keynes, *The General Theory* (various editions), chapter 23. (But Cf. Heckscher's response in the appendix to volume 2 above.)

Schumpeter, *History of Economic Analysis*, part II, chapters 3, 6, and 7.



#### 4. Refined Mercantilism and Physiocracy.

##### 4.1 Required reading.

Sir William Petty, "A Treatise of Taxes and Contributions," excerpted in A. E. Monroe, ed., *Early Economic Thought*. (On reserve.)

Richard Cantillon, "Essay on the Nature of Commerce in General," in Monroe, *op. cit.* (On reserve.)

Francois Quesnay, "Tableau Economique," *ibid.* (On reserve.)

A. R. J. Turgot, "Reflections on the Formation and Distribution of Wealth," *ibid.* (On reserve.)

##### 4.2 Recommended reading.

J. J. Spengler, "Richard Cantillon: First of the Moderns," in Spengler and Allen, eds., *Essays in Economic Thought*. (On reserve.)

Schumpeter, *History of Economic Analysis*, part II, chapters 4 and 6. (On reserve.)

Ronald Meek, *The Economics of Physiocracy*, London: Allen and Unwin, 1962.

Almarin Phillips, "The Tableau d'Economie as a Simple Leontief Model," *Quarterly Journal of Economics*, 1955.

Adam Smith, *The Wealth of Nations*, Book IV, chapter ix.

#### 5. Early liberalism and the Scottish Enlightenment.

##### 5.1 Required reading.

David Hume, *Political Discourses*, in A. E. Monroe, ed., *Early Economic Thought*. (On reserve.)

John Locke, *Second Treatise of Government* (various editions), esp. chapter V.

##### 5.2 Recommended reading.

John Gray, *Liberalism*, Minnesota, 1986. (On reserve.)

Karen Vaughn, *John Locke*, Chicago, 1980. (On reserve.)

E. Rotwein, "Introduction," to David Hume, *Writings on Economics*, Wisconsin, 1955.

F. A. Hayek, *Studies in Philosophy, Politics, and Economics*, Chicago, 1967, chapters 5, 6, and 7.

Ronald Hamowy, *The Scottish Enlightenment and the Theory of Spontaneous Order*, Carbondale, 1987. (On reserve.)

Jane Rendall, *The Origin of the Scottish Enlightenment, 1707-1776*, New York: St. Martin's Press.

William Letwin, *The Origins of Scientific Economics*, London: Methuen, 1963, chapter 6.

#### 6. Adam Smith.

##### 6.1 Required reading.

Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, Book I (all, though you can skip the lengthy "digression on silver" + pp. 195-260 in the Glasgow edition); Book II, especially chapters I, III, and V; and Book IV, especially chapters I, II, and IX.

##### 6.2 Recommended reading.

Adam Smith, *The Wealth of Nations*, Book III.

Adam Smith, *The Theory of Moral Sentiments*. Indianapolis: Liberty Classics, 1976, *ad lib.*

Mark Blaug, *Economic Theory in Retrospect*, chapter 2.

A. O. Hirschman, *The Passions and the Interests*, Princeton, 1977. (On reserve.)

Thomas Sowell, *Classical Economics Reconsidered*, Princeton, 1974. (On reserve.)

G. P. O'Driscoll, ed., *Adam Smith and Modern Political Economy*, Iowa State, 1979, esp. chapters 1 (Sowell), 2 (Rosenberg), and 8 (Buchanan). (On reserve.)

Nathan Rosenberg, "Some Institutional Aspects of the Wealth of Nations," *Journal of Political Economy*, December 1960, pp 557-70, and "Adam Smith on the Division of Labour: Two Views or One?" *Economica*, vol. 32, May, 1965.

Donald Winch, *Adam Smith's Politics*, Cambridge, 1978.

Richard F. Teichgraber, III, "Free Trade" and Moral Philosophy, Durham: Duke University Press, 1986.

Hla Myint, "Adam Smith's Theory of International Trade in the Perspective of International Development," *Economica*, August 1977, pp. 231-48.

P. J. McNulty, "A Note on the History of Perfect Competition," *Journal of Political Economy*, vol. 75, August 1967. See also McNulty, "Economic Theory and the Meaning of Competition," *Quarterly Journal of Economics*, volume 82, 1968.

G. B. Richardson, "Adam Smith on Competition and Increasing Returns," in Andrew S. Skinner and Thomas Wilson, eds., *Essays on Adam Smith*. Oxford: Clarendon Press, 1975.

#### 7. J.-B. Say and Classical monetary theory.

Schumpeter, *History of Economic Analysis*, pp. 615-625. (On reserve.)

Sowell, *Classical Economics Reconsidered*, chapter II. (On reserve.)

Blaug, *Economic Theory in Retrospect*, chapter 5.

W. J. Baumol, "Say's (At Least) Eight Laws, Or What Say and James Mill May Really Have Meant,"

*Economica*, vol. 44, no. 174, May 1977, pp. 145-62.

Axel Leijonhufvud and Robert Clower, "Say's Principle, What It Means and Doesn't Mean," in Leijonhufvud, *Information and Coordination*, Oxford, 1981, pp. 79-102 (On reserve.)

## 8. Thomas Malthus.

### 8.1 Required reading.

Malthus, *An Essay on the Principle of Population*. (First Essay.)

### 8.2 Recommended reading.

Malthus, *A Summary View*.

Malthus, *Principles of Political Economy* (Variorum edition, ed. by John Pullen. Cambridge: Cambridge University Press, 1989): Introduction; Book I, Chapter 1; Book II, chapter 1. (On reserve.)

Antony Flew, Editor's Introduction to Pelican Edition of Malthus, *An Essay on the Principle of Population*.

Donald Winch, *Malthus*. Oxford: Oxford University Press, 1987.

Mark Blaug, *Economic Theory in Retrospect*, chapter 3.

Thomas Sowell, *Classical Economics Reconsidered*, chapters II and III. (On reserve.)

J. M. Keynes, "Robert Malthus: First of the Cambridge Economists," in *Essays in Biography*, New York: Norton, 1951.

J. M. Keynes, *The General Theory*, Book I.

## 9. David Ricardo.

### 9.1 Required reading.

David Ricardo, *The Principles of Political Economy and Taxation*, esp. chapters 1-8, 19-21, 26, 30-31.

### 9.2 Recommended reading.

Mark Blaug, *Economic Theory in Retrospect*, chapter 4.

Robert Dorfman, "Thomas Robert Malthus and David Ricardo," *Journal of Economic Perspectives* 3(3): 153-164 (1989).

Thomas Sowell, *Classical Economics Reconsidered*, chapter III. (On reserve.)

George Stigler, "Ricardo and the 93% Labor Theory of Value," *American Economic Review*, 1958.

W. J. Baumol, *Economic Dynamics*, 3rd ed., New York: Macmillan, 1970, Chapter 2.

## 10. The reaction to capitalism -- conservatives, utopians, socialists.

John Stuart Mill, "Coleridge," in F. R. Leavis, ed., *Mill on Bentham and Coleridge*, Cambridge, 1980. (On reserve.)

Robert Heilbroner, *The Worldly Philosophers*, Touchstone Books, 6th ed., 1986, chapter 5. (On reserve.)

F. A. Hayek, *The Counter-Revolution of Science*, Chicago, 1952 (2nd ed., Liberty Press, 1979), parts II and III. (On reserve.)

## 11. John Stuart Mill and Classical Economics in perspective.

John Stuart Mill, "Bentham," in Leavis, ed., *op. cit.* (On reserve.)

John Stuart Mill, *Principles of Political Economy*, esp. Book I, chapter 5; Book III, chapters 1-6, 15-16; and Book IV, chapters 1-4.

John Stuart Mill, *Essays on Some Unsettled Questions of Political Economy*, essays II and V.

Mark Blaug, *Economic Theory in Retrospect*, chapter 6.

Pedro Schwartz, *The New Political Economy of J. S. Mill*, Duke University Press, 1972.

Samuel Hollander, *The Economics of John Stuart Mill*, Toronto, 1985, two volumes.

F. A. Hayek, *John Stuart Mill and Harriet Taylor*, London, 1951.

## 12. Karl Marx.

### 12.1 Primary sources.

Jon Elster, ed., *Karl Marx: A Reader*. Cambridge: Cambridge University Press, 1986, *ad. lib.* (At the bookstore.)

### 12.2 Recommended secondary sources.

P. C. Roberts and Matthew Stephenson, *Marx's Theory of Exchange, Alienation, and Crisis*, Stanford: Hoover, 1973. (On reserve.)

Joseph A. Schumpeter, *Capitalism, Socialism, and Democracy*, New York: Harper, 1942 (1976), Part I: "The Marxian Doctrine." (On reserve.)

Thomas Sowell, *Marxism: Philosophy and Economics*, New York: William Morrow, 1985.

Jon Elster, *Making Sense of Marx*, Cambridge, 1984.

Mark Blaug, *Economic Theory in Retrospect*, chapter 7.

### 12.3 Biographical and philosophical background.

Edmund Wilson, *To the Finland Station*, Macmillan, 1972, part II.

Robert Heilbroner, *The Worldly Philosophers*, Touchstone Books, 6th ed., 1986, chapter 6. (On reserve.)

Jacques Barzun, *Darwin, Marx, Wagner*, Doubleday, 1958, part II.

Karl Popper, *The Open Society and Its Enemies*, Volume 2: "The High Tide of Prophecy: Hegel, Marx, and the Aftermath." Princeton, 1966.

Thorstein Veblen, "The Socialist Economics of Karl Marx," in *The Place of Science in Modern Civilisation*. New York: Russell and Russell, 1961, reprinted in Spiegel, *The Development of Economic Thought*. New York: Wiley, 1952.

#### 12.4 The "transformation problem."

R. L. Meek, "Some Notes on the 'Transformation Problem,'" *Economic Journal*, LXVI (March 1956), pp. 94-107, reprinted in Spengler and Allen, chapter 19. (On reserve.)

William J. Baumol, "The Transformation of Values: What Marx 'Really' Meant (An Interpretation)," *Journal of Economic Literature*, March 1974, and references cited there.

#### 12.5 Alienation.

P. C. Roberts, *Alienation and the Soviet Economy*, Albuquerque: UNM Press, 1971. (On reserve.)

Bertil Ollman, *Alienation: Marx's Conception of Man in Capitalist Society*, Cambridge, 1971.

### 13. The Marginalist Revolution.

#### 13.1 Primary sources.

W. S. Jevons, *Theory of Political Economy*. New York: Kelley and Millman, 1951 [1871]. (On reserve.)

Carl Menger, *Principles of Economics*. New York: NYU Press, 1981 [1871]. (On reserve.)

Léon Walras, *Elements of Pure Economics*, trans. William Jaffé, Homewood, Ill.: Richard D. Irwin, 1954 [1874]. (On reserve.)

#### 13.2 Recommended secondary sources.

Joseph A. Schumpeter, *History of Economic Analysis*, part IV, chapters 5, 6, and 7.

Mark Blaug, *Economic Theory in Retrospect*, chapter 8.

R. D. C. Black, et al., eds., *The Marginal Revolution in Economics*. Durham: Duke University Press, 1973, reprint of Fall, 1972, issue of *HOPE*.

William Jaffé, "Menger, Jevons, and Walras De-homogenized," *Economic Inquiry*, vol. 14, December 1976, p. 511.

Phillip Mirowski, "Physics and the Marginalist Revolution," *Cambridge Journal of Economics* 8: 361-79 (1984).

J. Huston McCulloch, "The Austrian Theory of the Marginal Use and of Ordinal Marginal Utility," *Zeitschrift für Nationalökonomie*, vol. 37, no. 3-4, 1977, pp. 249-280.

J. M. Keynes, "William Stanley Jevons," in *idem., Essays in Biography*. New York: W. W. Norton, 1951.

### ECONOMICS 150 HISTORY OF ECONOMIC THEORY

DUKE UNIVERSITY  
FALL 1994

*The age of chivalry is dead, that of sophisters, economists and calculators has succeeded, and the glory of Europe is extinguished forever.* Edmund Burke

*A study of the history of opinion is a necessary preliminary to the emancipation of the mind.* J. M. Keynes

*The history of theory is particularly instructive in political economy.* F.Y. Edgeworth

*'Going back' may sometimes perhaps be a cautious way of going forwards -- reculer pour mieux sauter. But it has its pitfalls.* James Bonar

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OFFICE HRS.	: 2-3 MWF, and by appointment.

This is an upper level elective that will hopefully add both perspective and integration to the student's studies in economics. Though titled as "the history of economic theory" it will be something more and something less. The "theory" in the title was intentionally selected as a brief signal that there will be "theory." Discussions will often use, and occasionally turn upon, portions of the standard orthodox analytical apparatus (e.g., production functions, cost curves, macroeconomic models, and etc.). But the real interest of the course will not be with the "tools" per se, but rather with the emergence and evolution of the tools in a concrete historical context. Moreover, it will perhaps be enlightening to students to find that economists' tools (and games) are not limited to those of a mathematical character. We will see that as much, if not more, insight, clarity, and confusion have come with words and verbal arguments. We will also try to connect some of these verbal arguments to more modern methods and theory.

We will be interested in more than the abstract analytic apparatus. But we will not attempt an exhaustive survey of the history of economics - we will not try to cover everyone from Moses to Buchanan, nor everything from the *Tableau Economique* to *Sunspot Equilibria*. In that regard it is fair to say that it will not be a balanced survey. This coverage is governed by the desire to give students the opportunity to read closely, with my assistance and prodding, original works of some of the giants of Economics. This semester, we will concentrate on the great works of the English Political Economy tradition exemplified by Smith, Ricardo and Keynes.

Adam Smith (1723-1790), famous to the world as the originator of the metaphor of the "invisible hand," is commonly regarded as the founder of economics. He is also widely seen as the 'patron saint' of the market capitalist system. David Ricardo (1772-1823) took up many of Smith's themes, but with much greater analytical rigor. He provides a model of the scientific approach in economics, which paid dividends in, for instance, his precise theories of rent and of comparative advantage in trade. He also kept in view the big issue of the principles governing the distribution of the national income between workers, capitalists and landowners. Together with John Stuart Mill and Karl Marx, Smith and Ricardo were the leading lights of

economic thought from the Enlightenment to the turn of the 19th century<sup>1</sup>.

John Maynard Keynes (1883-1946) could justifiably be said to be the most famous and influential economist since Adam Smith. His main claim to fame, as the originator of modern macroeconomics, will be familiar to economics students. His own actual writings and life's work, though, reveal him to be much more interesting than the IS/LM model might lead one to believe. Importantly for the theme of our course, Keynes may have been the last of his kind, an influential Moral Philosopher in the mold of Adam Smith, with the analytical intuition of David Ricardo. He will thus nicely round out the grand sweep of our readings in English Political Economy from the start of the Industrial Revolution to the Great Depression.

These writers should be considered essential reading for serious students of intellectual history and, particularly, of economics. Each has had an incalculable impact on the way economics has developed, and on the way people in general have thought about the 'big questions' concerning the most desirable and efficient forms of economic and social organization. We shall discuss their works with reference to both their original historical context and their contemporary relevance.

#### Required Texts:

Adam Smith: *The Wealth of Nations* (1776)

David Ricardo: *Principles of Political Economy and Taxation* (1817)

John Maynard Keynes: *The General Theory of Employment, Interest and Money* (1936)

#### Supplemental Readings

I have also arranged for a limited number of supplementary reading to complement the texts, set their historical background and to focus on some of the analytical tools they introduce. First, the book store will have copies of a very popular and entertaining book by Robert Heilbroner, *The Worldly Philosophers*. This is highly recommended as a first introduction to each of our landmark authors for students who have not already read it. Secondly, the reserve shelf at Perkins Library will contain other materials to which we will refer as the course progresses.

In addition, it should be noted that the Perkins Library contains an unusually strong collection of materials related to our subject. This is due to a deep and long-standing interest in the history of economics at Duke. In particular, you should be aware of the Goldsmith-Kress Library of Economic Literature (printed books through 1800) which is available on microfilm in the newspaper room. A printed user's guide tells you how to take advantage of this collection. There is also a Manuscript Department in Perkins that has begun to develop a special collection of economists' papers that could be used for preparing student papers.

Other sources worth noting for research materials include:

<sup>1</sup>It was in some (very complex) sense, in reaction to this body thought that the defining tools of modern microeconomic theory were forged in what now is known as the Marginal Revolution (circa 1870). This is an extremely rich historical topic in itself, but one which we will largely ignore due to time constraints and to the fact that it's topics are more likely to be familiar to the modern economic student. (But a thorough reading of the original marginalists such as Alfred Marshall, Karl Menger and Leon Walras, reveals many deeper complexities than an ahistorical account of the development of economics would lead one to believe.)

*History of Political Economy (HOPE)* This foremost journal in the field of the history of economics is edited and published at Duke. A complete set is in the stacks of Perkins Library. In addition, vol. 15, no. 4 of *HOPE* contains author and subject indices covering volumes 1-15 (1968-1983). Subscriptions are available at student rates.

*The New Palgrave: A Dictionary of Economics*, edited by J. Eatwell, M. Milgate and J. Newman (New York: Macmillan, 1988) also contains numerous insightful entries on the subjects and figures we will be studying. These often contain essential bibliographies which could be useful when students begin researching paper topics. *The New Palgrave* is on the shelf in the Reference Dept. of Perkins.

Another classic source of bibliographic material is a textbook, *The Growth of Economic Thought* (Duke Press, 3rd. ed., 1991), by Henry Spiegel. Spiegel's text contains an excellent bibliographical guide of more than 200 pages that is helpful in writing papers and deciding what else to read. I have placed it on reserve at Perkins.

#### Course Mechanics

This course will be primarily a "reading and writing" course, with the lecturer providing direction and orientation through lectures, discussions and reading suggestions. We shall spend roughly a third of our time on each of our featured "great economists," with some flexibility in the light of your interests as they are revealed over the course of the semester.

The course will comprise lectures on the historical background to the readings (at the start of the course and to introduce each figure) and on technical aspects of the arguments presented (when needed), as well as seminar-type discussions based on short student papers. These short papers will be directed towards questions I will set in order to focus your reading of the texts from week to week. Since their main function is to provide a starting point for our discussions, this work will be graded more in terms of your participation in that discussion (both quantity and quality!) than in terms of the actual written word. The short papers do *not*, therefore have to be polished products (though I reserve the right to collect them from time to time). In essence I am asking students to keep a reading diary of the material they are exploring.

In addition there will be three other pieces of assessed work: an essay-style, take-home midterm, a final exam (also essay questions), and a term paper on a topic of your choice (within limits, and with my approval and assistance). The term paper (of approximately 3,000 words) will involve consulting the secondary literature on, as well as the original writings of one of, our authors or a closely related figure. You will begin work on the paper around the middle of the semester, in good time to give me a first draft for (constructive) criticism prior to producing a final version. More detailed ground rules on the paper! follow below.

#### Formal Requirements (The things of which grades are made)

Participation in class discussion, short papers	25 per cent
Midterm	25
Final Exam	25
Paper	25

#### More on short papers and class discussion

The excitement and joy of this course is derived from directly confronting the texts of the

Masters of Economics. Close textual reading, then, will form at least half of your efforts during the semester. The most useful role I can play in this context is to direct your attention to certain issues and, even more importantly, to stand ready to help the students form their own comprehension, analysis, and critique of the ideas raised by the readings. I can only do this if the student has first read and thought about the text before coming to class.

Thus the discussion sessions and short papers are designed to focus your readings and thoughts. All class members should read the material assigned, and should have thought and wrote about these questions before class. I will generally call on students randomly to lead off the discussion with a brief response from their work on the question. The focus should be as much on interpretation as on presentation of factual material. Sometimes I will collect the papers to look over for the next meeting, using my responses to guide the discussion. All students should be prepared to participate in all discussions at every meeting. I will feel free to call on students who remain excessively silent during discussion.

Should all of this contractual talk seem to indicate the need for legal counsel for both the students and the instructor, remember that the reading and discussion aspect of this course is a device for keeping in continual touch with a student's progress. If the class were smaller, or you were willing to sacrifice some small side-fees (just joking), we could do this in individual tutorials. As things are this is a good compromise.

#### More on the Term Paper

**TOPIC:** Any topic of your choice, dealing with a theme from the work of Adam Smith, David Ricardo and/or John Maynard Keynes. It may take a variety of forms depending on the student's interest. The following are some, non-inclusive, suggestions: 1) an examination of one specific aspect of Smith, Ricardo or Keynes; or, 2) a comparison/contrast of how more than one author treats some issue; or, 3) an account of the relationship of the ideas of Smith, Ricardo or Keynes to modern Economics; or 4) an account of the relationship between the ideas of one of these authors and some intellectual or social current of his time.

The length of the essay should be in the region of 2,500 - 3,000 words, or 10-12-double spaced typed pages.

**READINGS:** Aside from the original works in question, you will be expected in this paper to make use of the secondary literature on your chosen topic. I will be happy to point you towards some relevant readings depending on the particular topic you choose. As mentioned above, *The New Palgrave*, Speigel's, *Growth of Economic Thought and History of Political Economy* may be useful starting points for a literature search. Mark Blaug's *Economic Theory in Retrospect* (on reserve in Perkins) also has a good bibliography, arranged by topic.

#### Timetable:

Before November 4 -

Arrange to discuss with me, either after class, during my office hours, or by appointment, your choice of topic.

November 4 (Friday) -

Report, in writing, your proposed essay topic and readings.

November 30 (Wednesday, AM) -

Submit a first draft of the essay.

December 2 (Friday) -

First drafts returned with comments.

December 9 (Friday) -

Final (absolutely final) deadline for submission of final draft.

# Topics, Readings and a tentative Schedule

## DATE TOPIC (Readings)

Aug. 29	Introduction
Aug. 31-Sept. 2	Economics in Historical and Intellectual Context -Reserve Reading, E.K Hunt <i>Property and Prophets</i> , Chs 1,2,3.
Sept. 5	Adam Smith and his Times -Heilbroner, Chs. 1&2, Editorial intro. by Cannan, <i>Wealth of Nations (WON)</i> .
Sept. 7	"Of The Division of Labour" -WON, Bk. I, Intro, chs. 1,2,3.
Sept. 9	The Measure and Cause of Value -WON, Bk. I, chs. 4,5.
Sept. 12	Prices, Natural and Market -WON, Bk. I, chs. 6,7.
Sept. 14	Value and Distribution: Wages and Profits -WON, Bk. I, chs. 8,9.
Sept 16	Distribution: Relative Wages and Rent -WON, Bk. I, chs. 10, 11.
Sept. 19	Capital Accumulation and Growth -WON, Bk. II, ch. 1.
Sept. 21	Money and Banking -WON, Bk. II, ch. 2.
Sept. 23	Of Productive and Unproductive Labor -WON, Bk. II, chs. 3,4,5.
Sept. 26	On Political Policy and Economic Prosperity -WON, Bk. IV, chs. 1(skim), 2,9.
Sept. 28	Midterm Exam
Oct. 3	Ricardo and the Dismal Science of Political Economy -Heilbroner, Ch.2 - Reserve reading: "Corn Laws" - Piero Sraffa's Editorial "Introduction," sections I-III, to Ricardo, <i>Principles of Political Economy and Taxation (Principles)</i> , vol. 1, <i>The Works and Correspondence of David Ricardo</i>

Oct. 5.

Oct. 7.

Oct. 10

Oct. 12

Fall Break

Oct 19

Oct. 21

Oct. 24

Oct. 26

Oct. 28-31

Nov. 2

Nov. 4

Nov. 7

Nov. 9

Ricardo's "Corn Model"

- Reserve reading: "An Essay on the Influence of a Low Price of Corn on the Profits of Stock"
- Sraffa's "Introduction", sections IV-V.

*Principles*: "On Value"

- Principles*, Ch. 1.

"On Value,"continued.

Differential Rent Theory

- Principles*, Chs. 2, 3.

Wages, Profits and Prices

- Principles*, chs. 4, 30, 5, 6

Continued

Foreign Trade and Comparative Advantage

- Principles*, ch. 7.

The Dynamic Ricardian Theory

- Principles*, Chs. 19, 20, 21.

Ricardo in Modern Dress

- Reserve Reading: Luigi Passinetti, RES, 1960, "A Mathematical Formulation of the Ricardian System"
- Reserve Reading: Mark Blaug, *Economic Theory in Retrospect*, ch. 4.

The (many) Lives and Times of John Maynard Keynes

- Heilbroner, ch. 9.
- Reserve Reading: Robert Skidelsky, John Maynard Keynes: The Economist as Saviour, 1920-1937, Prologue and Ch. 1.

Early Premonitions on the Fate of Twentieth Century Capitalism

- Reserve Reading, *The Economic Consequences of the Peace* (1919), chs. 1,2.

Unemployment, Monetary Adjustment and 'Classical' economics

- Reserve Reading, "The Economic Consequences of Mr. Churchill," (1925), Part III, ch. 5 of J.M.Keynes, *Essays in Persuasion*.
- Reserve Reading: Richard Froyen, *Macroeconomics*, Ch. 3 "The Classical System"

Discuss Term Papers

Nov. 11	Unemployment and the Slump: "A Social Problem with an Intellectual Solution" -Reserve Reading, JMK, (1935) "A Self-Adjusting Economic System?" -Reserve Reading, JMK (1932) "A Monetary Theory of Production."
Nov. 14	The General Theory and Classical Theory -Keynes, <i>The General Theory of Employment, Interest and Money</i> (GT), Preface, chs. 1, 2, 14.
Nov. 16	The Principle of Effective Demand and Expectations -GT, chs. 3, 5.
Nov. 18	The Propensity to Consume -GT, chs. 8, 9, 10.
Nov. 21	The Inducement to Invest I: The MEC -GT, ch. 11
Nov. 23-27	Thanksgiving Recess (note, no class Nov. 23)
Nov. 28	The Inducement to Invest II: Long-Term Expectations -GT, ch. 12 -Reserve Reading, M. S. Lawlor, "Keynes and Financial Market Processes in Historical Context."
Nov. 28	The Inducement to Invest III: The Rate of Interest -GT, chs. 13, 15.
Nov. 30.	The General Theory Restated and Applied -GT, chs. 18, 19, 22.
Dec. 2	No Class (Reading First Drafts of Papers)
Dec. 5	The General Theory and Social Philosophy -GT, ch 24
Dec. 7	After: Unemployment and Inflation Since the War (WWII) -Reserve Reading: Michael Stewart, <i>Keynes and After</i> , Chapter 7.

First set of Focus Questions for Economics 150 Students  
Duke University, Sept. 2, 1994

A. Smith, *The Wealth of Nations*

### Introduction and Plan of Work

1. What are the two great causes of the wealth of a nation? How does this compare with what you perceive to be the current dominant views on this theme?

2. In what way does the definition Smith here gives of the Wealth of a Nation differ from the mercantilist view? What are the political implications of this change?

3. Consider Smith's view of the difference between "civilized and thriving" countries and "savage nations." How does his view fit with notion of economic surplus and economic development that we discussed in class and it's implications for distribution?

4. Briefly, why should the ratio of productive the unproductive labor be related to the capital stock.? Just think about it, don't read ahead at this point.

5. Notice, from the plan of the work, the equal status Smith will give to history and theory in the development of his topic. How does his justification of this compare to the methodological outlook of modern economic theory?

What do you think of 18th century prose so far?

### Chapter 1, "Of the Division of Labour"

1. How does Smith's conception and analysis of the division of labor compare to the modern neoclassical theory of the firm and industry (such as you have been exposed to in microeconomics)?

2. Discuss the details we have analyzed of the sources of the English Industrial Revolution in terms of Smith's views on "three different circumstances" governing the benefits of the division of labor.

3. When you have finished the chapter, go back to footnote #24 and read the pages from further in the book there referenced (pp. 839-41), which concern the "disadvantages of the division of labor." Consider these passages in terms of Smith's sometime reputation as the apologist of free market capitalism.

## Ch. 2 "Of The Principle Which Gives Occasion To The Division of Labour"

1. What do you make of Smith's attribution of his famous "propensity to..." to a fundamental principal of human nature? How would this view fare at the hands of what you think of as modern views in psychology?

2. Why might Smith have considered it crucial to emphasize the "naturalness" of the Division of Labor, as he does in this chapter?

3. Besides the "propensity to ..." argument, what is Smith's view on the role of nurture versus nature, as revealed in this chapter? In what way is it basic to the whole spirit of the Enlightenment (sometimes called the Age of Reason)? You may want to reflect in this (and future) connections on the coincidence of the publication of the *Wealth of Nations* and Jefferson's Declaration of Independence. "We hold these truths to be self-evident..."

## Chapter 3. "That the Division of Labor is Limited By the Extent of the Market"

1. The first paragraph of the chapter states its essential point, powerfully and eloquently. The rest of the chapter then attempts to illustrate this point with observations from contemporary and historical societies. What is the central factual question these anecdotes continually come back to concerning the question of why nations are, or have been, rich or poor?

2. How does this preoccupation reflect important events of the 16th and 17th century that would be on the minds of all educated persons of the time when considering the place of England and Europe in the World?

3. In what way would you account for the fact that Smith's major differentiation between rich and poor countries, in this chapter, the one referred to in the previous two questions, is no longer one we would place as great a stock in when considering the wealth of a nation? Does this alter the insight of the essential point about the extent of the market made in the first paragraph of the chapter? Why or why not.

## A. Smith, *The Wealth of Nations*

### Chapter IV "Of the Origin and Use of Money"

Consider this and the next chapter as deep background to Smith's sustained attack on Bullionism. In a sense they together form a philosophical-historical inquiry into the nature of fallacious popular views about money and money prices and the basis of an alternative, "real" explanation of these phenomena. Thus begins a long tradition in economics of debunking popularly held beliefs about the price system by purportedly delving more deeply into underlying causes.

In this chapter, Smith attempts two tasks simultaneously: 1) To discuss the phenomenal form in which prices appear to us in money terms; and 2) to suggest how and why prices came to assume this monetary character. The second question is more familiar to us in that it involves the development of monetary exchange as a social phenomena. The first is much more obscure to modern readers, but has to do with Smith's search for a "natural" theory of value in the next few chapters. By "natural" I mean to emphasize both his dismissal of the money illusion implicit in bullionism, as well as his search for "natural law" explanation of relative prices.

#### Focus Questions:

1. Consider Smith's description of the evolution of monetary exchange as a function of the division of labor. In what way does his argument turn on what we would today describe as the "public good" aspects of money? (A public good is one which it is impossible to exclude anyone from consuming as long as one individual consumes it. The paradigm case is the provision of national defence. Your nuclear umbrella is by definition my nuclear umbrella.)

2. Try to explain how the argument Smith marshals for the cost saving reasons for the evolution of metallic money and its regulation by central authority, extend (or not) to the evolution of monetary systems up to the present. In other words, has the evolution of monetary exchange since 1776 borne out or contradicted Smith's theory?

3. Note Smith's cynical attitude toward the inflationary propensities of centralized monetary authorities. As in the previous question, has his view been substantially undermined since 1776? What, if anything has changed in this regard since?

4. The chapter ends with Smith's famous discussion of the "diamond/water" paradox. It is often commented by modern micro theorists that Smith was deluded in supposing this a paradox by his lack of marginalist tools (i.e. as in "marginal utility"). Can you resolve this paradox in those modern terms? Having done so, do you still see any force or merit in Smith's distinction?



5. (More difficult, optional) Finally, notice that the chapter ends with Smith's plan for the next 3 chapters. Try to classify his three questions in terms of modern micro theory. Is there an exact analog in modern price theory to each of Smith's concerns?

**Ch. 5, "Of the real and nominal Price of Commodities, or of their Price in Labour and their Price in Money"**

This is a chapter infamous for obscurity. First, I suggest that you confine your reading to roughly the first half of the chapter, down to the beginning of his discussion of coins in history on p. 43. In this part of the chapter, Smith is again grappling with the notion of a fundamental grounding for prices - what became known as the theory of value. What is peculiar to modern economics readers in this discussion is that Smith, and from here all Classical writers, wanted to begin their discussion of prices with the fundamental **cause** of value. This is something we lose sight of in modern discussions of equilibrium prices, but that has exercised many great minds in the past. Again this is tied up with the notion that money, or nominal, prices are invalid as a measure of social welfare and of scientific accuracy. These money prices have just been shown, recall, to represent merely a social convenience, necessary due to the division of labor. Thus Smith is led to two further questions: What is the natural law that drives prices and how does market exchange "order" such nominal prices into a configuration that reflects their fundamental, natural, value? This last question will be the subject of chapter 6 and 7.

**Focus Questions**

1. Smith here introduces the main theoretical tool of interest for the rest of the classical economists - the labour theory of value. Two questions to ponder:

- a. On the face of it, is the labour theory of value a reasonable and/or persuasive proposition? Why or why not.
- b. What sorts of problems can you envision in working out the application of the labor theory of value as an explanation of the exchange value of commodities? Note that Smith already encounters at least one of these difficulties in this chapter.

2. Beyond this philosophical question of the fundamental source of value, Smith is also interested in finding a "measure" of value that is more or less immutable between times and places.

- a. Why would such a measure be of benefit?
- b. Why does this quest itself represent an anti-bullionist stance?
- c. Why is corn considered to be a superior proxy for this immutable real standard than the price of any other commodity.

Adam Smith, *The Wealth of Nations*

**Assignment #3, Bk. 1, Chs. 6 & 7.**

These chapters offer the basic outline of A. Smith's view of the competitive price system. They take up, in essence, the traditional problem of value theory: Why are relative prices what they are? What follows is a short overview, and then on to some specific focus questions.

For Smith the price system is a complex dynamic system that evolves according to natural forces. In his conception, this process operates on two levels. One, actual, daily, short-run, *market* prices fluctuate due to supply and demand. But this short run process is always gravitating toward a more fundamental value for prices, the normal or *natural* price. These natural values are such that the price is just sufficient to pay each of the factors that went into producing the commodity at its natural rate of return. Thus at the natural price, workers, capitalists and landlords earn their natural wage, natural profit and natural rent. This of course means that his price theory is ultimately dependent on his distribution theory. In fact, as we will see, the two issues, relative prices and relative factor shares in distribution are interdependent in the final analysis. (That is the subject of chs. 8-11.)

**Focus Questions**

**Ch. 6 "Of the Component Parts of Price"**

1. What distinguishes the early and rude state from the civilized advanced nations with regard to the factors of production, and the distribution of the produce of labour? How does this accord with your sense of the historical evolution of economic systems to Smith's time?

2. What service does Smith identify with the profit component of prices. How are profits like wages and how are they different? Notice his references to the time consumed in production in this regard. What about the technology of industrial production makes this factor relevant to the role of the capitalist?

3. Compare Smith's description of the landlord's return, rent, with that of the owner of capital. How does his description differ both factually and in tone?

4. After the accumulation of stock and the appropriation of land, the three factors' returns make up the component parts of prices in general. Are there any exceptions to this rule?

5. Notice in the last section (pp. 59-61) that Smith allows for complications on his basic three part scheme. What are they?

6. (More difficult, optional) In comparison with the standard treatment in modern microeconomics, notice how from the very start here Smith describes the phenomena of prices in terms of distribution; and, that this distribution is not necessarily just a special case of the theory of prices but a class phenomenon. What happens to "classes" in modern economics?

### Ch. 7 "Of the Natural and Market Price of Commodities"

1. Define the Smithian Natural Price of a commodity.
2. Define, as so far explained, the natural component parts of this natural price, i.e. the natural factor returns.
3. State what regulates the market price, and define the effectual demand.
4. By what "natural" force does the market price gravitate towards the natural price?
5. What "natural" and "police" reasons could prevent this gravitation from taking place, and how strong and durable does Smith think these are likely to be?
6. You should now be better able to see the complex interrelated dynamic process that Smith has in mind when he conceptualizes a system of relative prices driven by competition. How is this view different than the modern notion of "perfect competition"? How does this natural-law description compare to the Newtonian description of natural physical laws?

### Assignment

Adam Smith, *The Wealth of Nations*

### Bk. 1, Ch. VII, "Of The Wages of Labour"

This is Smith's discussion of the first and most important of the component parts of price. It consists, as his price theory does, of a simultaneous market supply and demand view of market wages, alongside a long-run, sociological view of "natural" wages. Notice his concern throughout with growth and the state of the working class as an index of the prosperity of nations. Also notice how much his discussion reflects the then still recognizable "traditional," non-market aspects of the recompense of labor.

### Focus questions

1. Consider the use here made of the now common Smithian theme of the stages of economic history, organized by his contrast of the early and rude state and after. Discuss how, on Smith's view as presented in this chapter, changes in the distribution of the surplus should correspond to each of the following historical evolutions of western societies:
  - a. Ancient slave society, in which land and most humans are constituted as property.
  - b. The feudal manorial system, in which land and protection services are exchanged for labor.
  - c. The brief flowering of handicraft production under the putting-out system.
  - d. The full-blown mercantile- and infant industrial-capitalism of Smith's day.
2. Notice Smith's concern with the bargaining and contractual elements of wage determination. Discuss his analysis in light of the changes that have taken place in the operation of labor markets since his day. Could Smith's analysis be more relevant today than the neoclassical view of an impersonal smoothly functioning auction market, whereby the supply and demand automatically determine wages consistent with marginal utility and marginal productivity?
3. What determines for Smith the lower limit that this bargaining process can push wages to? Consider the literal meaning his view ascribes to subsistence wages. How important are the factors he cites in this regard today and what would you consider the determinants of minimum wages now?
4. Explain Smith's dynamic view of the determinants of working class prosperity. In what circumstances are workers most miserable and in what most prosperous?

5. Notice what sets Smith particularly at odds with modern wage theories is his view of labor supply (although the founder of modern textbook economics, Alfred Marshall actually held a view very similar to Smith's). What has happened to this question in modern economics and how is it different than Smith's view?

6. What would you make of Smith's descriptive "symptoms" that show England to then (1776) be experiencing increasing wages, if it were suggested to you that these symptoms are currently to be found in U.S. society. Are they plausible distinctions between rich and poor nations today, and do they have any contemporary relevance to the state of wages?

#### WON, Bk. 1, ch. IX, "Of the Profits of Stock"

Smith is much less thorough on the determinants of profit than he is on the determinants of wages. Their existence and origin are not really considered here, as for instance they would be so extensively by Karl Marx in the first few chapters of *Capital* 90 years later. But Smith is acute in his observation and ordering of the evidence from his day and history with regard to profit.

A few analytical issues should be taken note of in this chapter. First, for Smith the rate of profit is an unobservable, highly fluctuating quantity - especially in the market sense. This is due to the many diverse risks of trade and to accidental influences on market price which uncontrollably alter the revenue of masters - while the costs they undertake remain much more stable (wages, interest and rent). Note for later use when we get to Ricardo, that this gives profit something of a "residual" quality. That is, it is what is left over after all the other component parts of price are deducted from revenue.

But, and this is the second point, once again this is merely the short-run view of profits, as they too have longer-run, "natural" value. The long-run tendency of profits is due to the state of "competition" amongst capitals for shares of particular lines of trade. When there are many capitals plying the same trade, the profit of them all is reduced, whereas monopoly or restraints of trade raise profit. Thus Smith sees the typical development scenario as one in which the rate of profit falls as the country's wealth and productivity increase. Eventually he assumes that outlets in general for the profitable employment of capital with be exhausted. In this stationary state of capital accumulation, profits will fall to a minimum. (For a fuller discussion of this long-run aspect of profits, you might look forward at the short discussion in Bk II, ch. IV.)

#### Focus Questions

1. Since profit is so hard to observe and find data on, what does Smith fall back on as an indicator of the rate of profit? What, later in the chapter, is shown to be the relationship between these two quantities, the rate of profit and its observable proxy?
2. What is Smith's attitude toward the social consequences and effectiveness of usury laws?
3. Why do high profits and low wages often go together for Smith? What is the exception to this rule and why?
4. Consider Smith's discussion of China and Rome on pp. 109-110. Note his view of the role of institutional structure in the determination of the rate of interest and profit. How would you compare modern day event in China with this account?

#### A. Smith, *The Wealth of Nations*

#### Assignment Bk. 1, Chs. 10 and 11.

First a textual note. My suggested reading approach to these chapters is as follows:

Chapter X: Read part I thoroughly, then skim part II. The latter part contains some good economic history but is something of a digression.

Chapter XI: This chapter is a monument to scholarly zeal. What must have begun as a footnote concerning the long-run price of silver, grows to a Digression on Silver that covers 75 pages! Read part I thoroughly, and skim part II (an interesting side discursion into non-agricultural rents, especially mines), and skip entirely part III (the Digression). Then read the conclusion to the chapter (pp. 284-288).

Chapter 10, "Of Wages and Profit in the Different Employments of Labour and Stock."

This chapter sets the standard by which all later discussions of what makes wages vary between occupations are compared. Notice it is something of a diversion from his main theme, in that it concerns the *structure* of wages, rather than the average level.

#### Focus questions

1. List the five "principle circumstances" which govern relative wages. How do you think they have changed since Smith's day as important elements of wage determination? Can you think of anything he left out? Where do baseball player's wages fall in this grouping?
2. Try to classify the five causes as mainly influencing the supply or the demand of labour, or both.
3. Notice Smith's discussion of chance and the lottery-like aspects of choosing an occupation. In what activities since Smith's day has the "absurd presumption in their own good fortune" been most in evidence? File away for later comparison that, in ch. 12 of the *General Theory*, Keynes will return to this theme in a discussion of the "long-term expectations of investment." Also notice Smith's view of speculators, frugality and "great fortunes" on pp. 130-131. (I think this relates to the discussion we had in class vis-a-vis Carlos's question about the role of skill in profits earlier this week.)

4. What is Smith's view of how these five categories explain differences in profit? Do you agree with him? Why or why not.

5. Notice in the second-to-last paragraph of page 31, Smith's view of the equality these counterbalancing forces represent. In what way, and in what units is he implying all wages are equal? What does he say might upset this tendency to equality? How durable do these sorts of causes seem to be, to you?

6. Given our earlier discussion of the technological changes in the textile trade over the course of the British Industrial Revolution, how would you evaluate Smith's view of current event in that industry as expressed on pages 134-135?

### Chapter XI, "Of the Rent of Land"

#### Focus Questions

1. Why is meat formerly cheaper and now dearer than bread?
2. For Smith, does price determine rent or does rent determine price?
3. Notice in the "Conclusion of the Chapter" how rent become integral to the general interest of society. What side does he see the landlord's interest on, and why?

### Assignment #6

Adam Smith, *The Wealth of Nations*

**Blk II, Introduction ("Of the Nature, Accumulation and Employment of Stock," Ch. 1, ("Of the Division of Stock") and Ch. 2, ("Of Money Considered As A..."))**

#### Introduction

Note that with this book, Smith is returning to the second cause of the wealth of nations identified in the plan of the book: The Capital Stock Which Regulates the Proportion of Productive to Unproductive Labor. The nature of capital as a stock of unfinished goods which bridge the gap between input and final outputs is stressed clearly in the introduction.

#### Chapter 1, "Of the Division of Stock"

##### Focus Questions

1. What are the types of capital? How are they distinguishable when looked at from the standpoint of the owner of capital and from the standpoint of society?
2. What is Smith's view of the "sole end and purpose of capital?"

#### Chapter 2, "Of Money Considered as a Particular Branch of..."

##### Focus Questions

1. At the beginning of the chapter (pp. 310-317), Smith is developing his concepts of Gross National Product and Net National Product, and considering the issue of depreciation (i.e. what must be subtracted from GNP to yield NNP. (See also in this connection the discussion of money as a "dead stock" on pp. 349-350.)

Write down the Smithian equations defining GNP (= "whole value of national produce"), NNP and depreciation. That is, put his verbal discussion of these ideas into a compact schematic form.

2. He then goes on to consider the social role of banks in terms of his capital theory, and the general state of banking systems in his day. According to Smith, in what precise way do the banks aid in the development of the economy? In particular, what is the mechanism whereby the banks aid in the growth of international trade?

4. What, according to Smith, were the advantages of the Scottish Banking System over that in England?

5. What are the advantages, for Smith, of broad competition in the sphere of banking? On the other hand, what general constraints does Smith reckon should be placed on such competition and why?

**Assignment #7, Bk. 2, Chs. 3,4<sup>1</sup>**

Both of these chapters continue Smith's focus in Book 2 on the central importance of the accumulation of capital to the wealth of nations. One way of looking at any topic he brings up in this discussion, is to imagine him considering it while repeating the mantric incantation Marx would later attribute to capitalists as a whole: "Accumulate, Accumulate, that is the Moses and the Prophets." In essence, he is arguing for anything that would aid in accumulation and against anything that would limit it.

In Chapter 3, the question of what type of activities are most conducive to capital accumulation is the basic theme. First he propounds his distinction of productive versus unproductive labor. This is a device for distinguishing social activities that tend to further, or maintain, the productive power of labor from those that do not. It is a distinction not often seen in modern economic theory with its timidity with respect to social generalizations. But at root it is an attempt to distinguish investment from consumption at the level of society as a whole. Those societies which invest more will have a greater surplus in the future as their productivity is increased. This notion is not lost at the level of political discussion today. Witness, for instance, the almost universal lament over the size of the Federal Deficit and the U.S. comparative international rate of investment. The difference is that Smith tries to situate this distinction at the "household" level by almost completely dismissing "services." Thus for instance, it would appear that on one of his definitions, all scientific research is "unproductive." Considering his time and place, though, and the endurance of the English aristocratic lifestyle from a feudal past, he was probably not so far off the mark as we might now think.

His discussion of savings behavior approaches the issue from another, in some ways more familiar, angle. Notice underlying his whole discussion in these sections is a presumption that capital once accumulated is almost automatically "maintained." Also note the emerging Say's Law view, whereby savings automatically become demand for some industry. Keynes will grapple with this notion later. Finally notice, that it is *domestic* saving that is most important for Smith as the determinant of national wealth. This reflects on the state of national integration of capital markets in his day. But it is also connected with his view that savings is basically a matter of national temperament, in combination with institutional structure. Thus the reason for Say's Law to hold for Smith, cannot be the equilibrating properties of the rate of interest - the subject of Keynes's attack.

<sup>1</sup>Note, in the interest of time we are skipping chapter 5.

**Focus Questions: Ch. 3, "Of The Accumulation of Capital, Or of Productive and Unproductive Labour"**

1. Describe the two senses in which Smith distinguishes productive from unproductive labor (hint: one involves the "values" involved and one the ultimate "product" that results). Can you think of examples that would fit one and not the other?
2. Read the passages from page 361 (starting with the last paragraph) through the very top of page 363. Here the issue of the chapter is treated in relation to the notion total product and surplus product. Can you reconcile this account with his discussion in the Bk. 2, Ch. 2, of: a) "gross and neat revenue", and b) the "sole end and purpose" of capital?
3. Why should the landlords be more likely to engage unproductive labor than capitalists? How has this changed through history?
4. What determines a nation's propensity to save? What are the ultimate psychological bases of the urge to save or not save? Which does Smith think predominates and why? How does English history support his case?
5. On page 368, Smith writes, "what is annually saved is as regularly consumed, and in nearly the same time too." Explain his point here.

**Focus Questions: Chapter 4, "Of Stock Lent at Interest"**

1. What is the relationship between profit and interest, according to Smith?
2. Why, given his views on what makes prudent lending, does he here cross the Smithian line in the sand - defense of liberty - and fail to condemn usury laws?

## Economics 506

## The History of Economic Thought in the Context of Intellectual History

Philip Mirowski

Fall 1994

The following texts, with luck, should be available in the Notre Dame Bookstore:

Philip Mirowski, ed., *Natural Images in Economics: Nature Read in Tooth and Claw* [NIE]

Jurg Niehans, *A History of Economic Theory* [HET]

Geoffrey Hodgson, *Economics and Evolution* [E&E]

Philip Mirowski, *More Heat than Light* [MHTL]

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Roy Weintraub, ed. *Towards a History of Game Theory* [THGT]

Peter Bernstein, *Capital Ideas*

This is a course which intends to ask how it is that we have arrived at this curious configuration of doctrines called "economics"; and more importantly, how differing modes of historical discourse tend to ratify us in our prejudices about our own involvement in this curious project. Such an inquiry requires a fair amount of reading, simply in order to have any serious ideas at all, much less to possess a critical faculty to accompany them. All readings above the stars are required. Readings listed below the stars (\*\*\*\*\*) are merely suggested. All required readings other than the textbooks will be found in a course packet available in the basement of Lafortune, and on reserve in the Hesburgh library.

The first thing you will notice about the required texts is that they seem to be referring to entirely different planets, even though they all claim to be histories of economic thought. Good. This means you are awake and alive. Another thing you will notice is the center of gravity of the course is biased more towards the relatively recent past. The next thing you will notice is that original sources are rarely explicitly required. This may seem curious, although it is a calculated move to make you think about the differing interpretations of "classic" texts without presuming there is some unmediated document which settles the issue once and for all. Of course, you can't be an historian of economic thought without studying the original sources; but I am not presuming that very many of you aspire to that lofty status.

Because I don't assume a background in the history of economics we shall treat this experience more like a lecture course and less like a research seminar. You will choose a single topic by Oct. 19 and write a 25 page research paper, due Dec. 12. [There will be no exemptions or extensions!] There will also be a take-home final exam.

## I. Natural Laws and Social Laws

{A} What kind of story are we trying to tell here?

Elias Kahlil, "Has Economics Progressed?" unpub. ms.

Joseph Schumpeter, *A History of Economic Analysis*, chaps. 1, 4

Keith Tribe, LLED, pp. 5-23.

Niehans, HET, chap. 1

Richard Rorty in Rorty, Schneewind & Skinner, eds. *Philosophy in History*.

{B} Desperately seeking the antecedents of economics

Niehans, HET, chaps. 2, 3

Mirowski, MHTL, pp. 139-163.

Tribe, LLED, chap. 4

Aristotle, from Book V, *Nicomachean Ethics*

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Karl Polanyi, "Aristotle Discovers the Economy", ch. 5 in K. Polanyi, C. Arensberg & H. Pearson, eds. *Trade and Market in Early Empires*

{C} Does "the economy" drive thought about "itself"?

Tribe, LLED, pp. 142-147.

Gerard Koot, "English Historical Economics and the Emergence of Economic History in England" *History of Political Economy*, 1980, (12): 174-205.

Philip Mirowski, "Adam Smith, Empiricism and the Rate of Profit in 18th Century England," *History of Political Economy*, 1982, (14): 178-198; also in *Against Mechanism*, chap. 11

David Cannadine, "Past and Present in the English Industrial Revolution," *Past and Present*, 1984, (103): 131-172.

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Alon Kadish, *Historians, Economists and Economic History*

{D} Defining the Natural and the Social: Let's Get Real

Schumpeter, *History of Economic Analysis*, pp. 14-20.

Philip Mirowski, "Doing What Comes Naturally" and "The Realms of the Natural", chaps. 1 & 17 in NIE; Klammer & Leonard, chap. 2 in NIE

Hodgson, E&E, chaps. 1, 2

Ted Porter, "Natural Science and Social Theory," in R. Olby et al., *Companion to the History of Modern Science*, pp. 1024-1043.

Gregory Claeys, "Individualism, Socialism and Social Science" *Journal of the History of Ideas*, 1986, (47): 81-93.

## II. Classical Economics and the Substance Theory of Value

{A} The Sweeping Narrative: Smith, Ricardo, Marx

Niehans, HET, chaps. 4-9

Mirowski, MHTL, chap. 4

Tribe, LLED, chaps. 5, 6

Andrew Skinner, "Adam Smith" entry in *New Palgrave*.

Articles by Cohen, Christensen, & Murphy in NIE, chaps. 3, 10, 19

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Smith, Wealth of Nations [there's no substitute for reading the whole thing; but I will be commenting upon bk. 1 chaps. 1-9, bk. 2 chaps. 1-3 and vol. ii pp.187-199.]

Marx, Capital, vol I [there really is no excuse for any 20th century economist not having at least read this.]

{B} Ricardian Orthodoxies

T. Peach on Ricardo (pp.103-131) and N.de Marchi on Mill (pp.137-162) in William Thweatt ed., Classical Political Economy  
Alan Ryan, "John Stuart Mill" and Ross Harrison, "Jeremy Bentham" in New Palgrave.

Catherine Gallagher, "The Body vs. the Social Body" in Laqueur and Gallagher, eds. The Making of the Modern Body  
Hodgson, E&E, chaps. 3-5  
Albourn in NIE, chap.7

### III. Economics as Social Physics: Neoclassical Economics

{A} What Is Value?

Samuel Bailey, A Critical Dissertation on Value, chaps. 1 & 6  
Jevons, Theory of Political Economy, chaps. 2, 3,4.

Niehans, HET, chaps. 11,13,16-18.

Philip Mirowski, "Learning the Meaning of a Dollar," Social Research, 1990, (57):689-717

{B} The Basic Physics Model

Niehans, HET, chs.22,23

Mirowski, MHTL, chaps.1-5

Porter, Grattan-Guinness, Henderson in NIE, chaps. 6,4,18

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Irving Fisher, Mathematical Investigations in the Theory of Value, pp. 11-31, 64-75, 85-89

P.M. Harman, Energy, Force and Matter

{C} Who was Originally Interested in Psychology, and What Happened?

Alan Kirman, "Whom or What Does the Representative Individual Represent?" Journal of Economic Perspectives, Spring 1992, (6): 117-136.

Philip Mirowski, "Marshalling the Unruly Atoms," in Mirowski, ed., Edgeworth on Chance, Economic Hazard and Statistics

Michael White in NIE, chap.8

Abu Rizvi, "Utility and Value in the Classical Economists", unpublished manuscript.

Albert Hirschman, "Interests" in New Palgrave.

\*\*\*\*\*

Graham Richards, Mental Machinery

Kurt Danziger, Constructing the Subject

{D} But What About Our Venerable Laws of Supply and Demand?

William Thornton, On Labour, Book II, chap.1

Niehans, HET, chaps.15,20.

Philip Mirowski, "Smooth Operator" ch.4 in Rita Tullberg, ed., Alfred Marshall in Retrospect

Michael White, "Why are there no Demand and Supply Curves in Jevons?" History of Political Economy, 1989 (21):425-456.

Articles by Schabas, Limoges & Menard, Niman in NIE, chaps.12-14  
Hodgson, E&E, chaps. 6,7

\*\*\*\*\*

Alfred Marshall, Principles of Economics, 8th ed., Books III,V

{E} The Role of Mathematics and the Significance of Equivalence

Philip Mirowski, "The How, the When and the Why of Mathematical Expression in the History of Economic analysis," Journal of Economic Perspectives, Winter 1991, (5):145-157.

Philip Mirowski, ch.8 of Biography of Tjalling Koopmans, unpub.  
Niehans, HET, ch.31

P. de Ville & C. Menard, "An Insolent Founding Father," European Economic Review, 1989, (33):494-502.

\*\*\*\*\*

Roy Weintraub and Mirowski, "The Pure and the Applied" Science in Context, forthcoming 1994.

### IV. Problems in Production and Exchange: An Irresistible Force Meets an Immoveable Object

{A} The Seven Different Neoclassical Theories of Production

Mirowski, MHTL, chap. 6

Niehans, HET, chaps.14, 21,28

\*\*\*\*\*

Vilfredo Pareto, Manual of Political Economy, pp. 118-162

George Stigler, Theories of Production and Distribution

{B} The History of Neoclassical General Equilibrium Theory as a History of Frustrated Searches for Unification

Niehans, HET, chaps. 24,35

Abu Rizvi, "The Microfoundations Project in General Equilibrium Theory" unpublished manuscript

Ingrao & Israel, Invisible Hand, chaps. 10-12

Mirowski, MHTL, chaps. 7-8

{C} Does Keynes Fit Comfortably Anywhere in these Narratives?

Philip Mirowski, The Birth of the Business Cycle, pp.46-61.

Niehans, HET, chap. 27,33, 34,36

\*\*\*\*\*

Robert Skidelsky, John Maynard Keynes

D. Moggridge, Maynard Keynes: An Economists' Biography

## V. Some Rather Different Ways of Carving Up The History

{A} Suppose it was all really about what empirical practice might look like if economists had gotten their act together...

Claude Menard, "Three Forms of Resistance to Statistics" History of Political Economy, 1980, (12):524-554.

Niehans, HET, chap.29

James Heckman, "Haavelmo and the Birth of Modern Econometrics" Journal of Economic Literature, June 1992, (30):876-886.

Vernon Smith in Weintraub, THGT

{B} Or suppose it was really about whether the social world were fundamentally deterministic or fundamentally stochastic...

Claude Menard, "Why was there No Probabilistic Revolution in Economic Thought?" in L. Kruger, ed. The Probabilistic Revolution v.2, pp.139-146.

Philip Mirowski, "The Probabilistic Counter-revolution," Oxford Economic Papers, 1989, (41):217-235.

Gerd Gigerenzer et al, Empire of Chance, chap.2

{C} Or suppose it was all really about how we thought about our brains? Von Neumann's Game Theory, Simon's Bounded Rationality, and Artificial Intelligence

Niehans, HET, chap.30

Philip Mirowski, "What Were von Neumann and Morgenstern Trying to Accomplish?" in E.R.Weintraub, THGT; also articles by Leonard, Shubik, Raiffa

Hodgson, E&E, chaps. 13-16

\*\*\*\*\*

Daniel Crevier, AI: The History of Artificial Intelligence

{D} Or perhaps we ought to concentrate more on the history of individual subfields: Case study--the Asset Pricing literature and the rise of the business school

Bernstein, Capital Ideas, entire book

## VI. Opponents of Social Physics

{A} German Historicism

Michael Hutter, in NIE, chap.11

W.C.Mitchell, Types of Economic Theory, v.II, pp.523-563

{B} Old Fashioned Austrians

Niehans, HET, chap.19

Erich Streissler, "To What Extent Was the Austrian School Marginalist?" in A.Coats, et al., eds., The Marginalist Revolution Geoff Hodgson, E&E, chaps.8,11,12

{C} American Institutionalists

Geoff Hodgson, E&E. ch.9

Philip Mirowski, Against Mechanism, chaps. 4-7

University of Notre Dame

Institutionalist Economic Theory

Economics 518

Fall 1994

G

Philip E. Mirowski

There are four primary texts available in the bookstore:

Malcolm Rutherford, Institutions in Economics [IE]

Geoffrey Hodgson, Economics and Evolution [E&E]

Mary Douglas, How Institutions Think [HIT]

John Koza, Genetic Programming, v.I [GP]

Although not required, there is also a text (not required) on the neoclassical approach to Institutional economics:

T. Eggertsson, Economic Behavior and Institutions

There is also a xerox packet of all the readings marked with a (\*) available from the copy center in LaFortune.

### I. What Is Institutional Economics, Anyway?

A) Some history

Rutherford, IE, chaps 1,6,7

Hodgson, E&E, chap. 9

Ronnie Phillips, "IE,Texas School"; D.Bromley, "IE, Wisconsin School"; and M.Sheehan, "Public Policy Contributions"; all in M.Tool et al, eds, The Elgar Companion to Institutional Economics.

Philip Mirowski\*, Against Mechanism, chap.7.

W.C. Mitchell\*, "Thorstein Veblen" "Commons on Institutional Economics" in his Backward Art of Spending Money.

B) Problems of Formalism and Empiricism in Institutionalism

Rutherford, IE, chap.2

Frederick Mills\* in R. Tugwell, ed, The Trend in Economics

C) Has the recent rise of "experimental economics" given Institutionalism a boost?

V.Smith\*, "Economics in the Laboratory," Journal of Economic Perspectives, 1994, (8):113-131.

D.Friedman & S.Sunder\*, Experimental Methods, pp.6-20, 121-140.

D.Davis & C.Holt\*, Experimental Economics, pp.10-17,37-62

### II. Individualism vs. Wholism

A) Some basic statements

Rutherford, IE, chap. 3

J.R.Commons\*, The Economics of Collective Action, pp. 120-145

Geoff Hodgson\*, Economics and Institutions, chap.3

Hodgson, E&E, chap. 15

B) The Sociological Background

Mary Douglas, HIT, whole book



C) Optimization and Adaptation  
 S.Gould & R.Lewontin\*, "The Spandrels of San Marco" and  
 G.Oster & E.O.Wilson, "A Critique of Optimization Theory" in E.  
 Sober, ed. Conceptual Issues in Evolutionary Biology  
 Ian Hacking\*, "What's Best" London Review of Books, 27  
 Jan 1994: 17-18.

D) The Neoclassical Riposte  
 T. Eggertsson, Economic Behavior and Institutions,  
 pp.3-58  
 Douglas North\*, Institutions, Institutional Change and  
 Economic Performance, chaps. 1&3  
 Philip Mirowski\*, Against Mechanism, chap.4

E) But What Exactly Are Markets?  
 Geoff Hodgson\*, Economics and Institutions, chap. 9  
 Karl Polanyi\*, Great Transformation, chap.6  
 William Reddy\*, The Rise of Market Culture, pp.1-15.  
 Herbert Simon\*, "Organizations and Markets" Journal of  
 Economic Perspectives, Spring 1991, (5):25-44  
 Alan Kirman & Louis Phelps\*, "Empirical Studies of  
 Product Markets" EUI Working Paper 93/4

### III. Rules and Rationality: Are Institutions Cognitive?

A) Many Neoclassicals think so  
 Douglas North\*, Institutions, Institutional Change and  
 Economic Performance, chaps. 4&10  
 Ronald Heiner\*, "The Origins of Predictable Behavior"  
American Economic Review, 1983, (73):560-595.

B) Problems of "following a rule"  
 Alex Field\*, "Microeconomics, Norms and Rationality"  
Economic development and Cultural change, 1984, (32):683-711.  
 David Bloor\*, Wittgenstein: A Social theory of  
 Knowledge chap.5

C) The uses of "habit"  
 William Waller\*, "Habit in Economic Analysis", Journal  
 of Economic Issues, 1988, (22):113-136.  
 Rutherford, IE, chap.4  
 James Murphy\*, The Moral Economy of Labor, pp.46-52,  
 62-73  
 Alan Kirman\*, "Ants, Rationality and Recruitment"  
Quarterly Journal of Economics, ( ) :137-155.

D) Laws and Legal Systems  
 Alex Field\*, "Do Legal Systems Matter?" Explorations in  
 Economic History, 1991, (28):1-35.  
 P.Atiyah "Common Law" and D.Friedman, "Law and  
 Economics" in The New Palgrave

### IV. Some Economic Institutions (under our definition)

A) Systems of Measurement and Accounting  
 Philip Mirowski\*, "A Visible Hand in the Marketplace of  
 Ideas," Science in Context, forthcoming.  
 M. Chatfield\*, A History of Accounting Thought, pp. 58-  
 75, 98-107

Witold Kula\*, Measures and Men, pp.1-32, 70-89  
 J. O'Connell\*, "Metrology" Social Studies of Science,  
 1993, (23):129-173.

B) Money  
 Hodgson, E&E, chap. 8  
 T.Eggertsson\*, Economic Behavior and Institutions,  
 pp.231-244.  
 W.C. Mitchell\*, "The Role of Money in Economic  
 History," Journal of Economic History, 1944, (4):61-67.  
 R.Marimon, E.McGratten, & T.Sargent\* "Money as a Medium"  
Journal of Economic Dynamics and Control, 1990, (14): 329-373.

C) Price system  
 Philip Mirowski\*, "Postmodernism and the Social Theory  
 of Value," Journal of Post Keynesian Economics, 1991, (13):565-82  
 Philip Mirowski\*, "Some Thoughts on Arbitrage,  
 Symmetries and the Social Theory of Value" in A.Dutt, ed, New  
 Directions in analytical Political Economy.  
 J.D.Farmer\*, "A Rosetta Stone for Connectionism" in S.  
 Forrest, ed. Emergent Computation.

D) Gifts  
 Alvin Gouldner\*, "The Norm of Reciprocity" and "The  
 Importance of Something for Nothing" in For Sociology  
 Philip Mirowski\*, "Tit for Tat" History of Political  
 Economy, 1994

E) Markets  
 Daniel Friedman & John Rust\*, Double Auction Market,  
 chaps. 1 & 2  
 D.Gode & S.Sunder\*, "Allocative Efficiency of Markets  
 with Zero-Intelligence Traders," Journal of Political Economy,  
 1993, (101):119-137.

### V. Evolution and Design

A) What's so neat about evolution?  
 Thorstein Veblen\*, "Why is Economics Not an Evolutionary  
 Science?" in his Place of Science in Modern Civilization.  
 Hodgson, E&E, entire book  
 Rutherford, IE, chaps. 5&6  
 Yngve Ramstaad\*, "On the Nature of Economic Evolution"  
 in L Magnusson, ed., Evolutionary and Neo-Schumpeterian Approaches  
 Alex Rosenberg in P. Mirowski, ed. Natural Images in  
 Economics

R. Levins & R. Lewontin\*, Dialectical Biologist, chap.1

B) Nelson & Winter  
R.Nelson & S.Winter\*, An Evolutionary Theory of Economic Change, chap  
Philip Mirowski\*, Against Mechanism, chap.9

C) The Nature of the Firm  
Geoff Hodgson, Economics and Evolution, chap. 9  
Mark Granovetter\*, "Economic Institutions as Social Constructions," Acta sociologica, 1992, (35):3-11.  
David Ellerman\*, "Myth and Metaphor", Journal of Post Keynesian Economics, 1991, (13):545-564.  
Louis Putterman\*, "The Firm as Association vs. Firm as Commodity" Economics and Philosophy, 1988, (4):243-266.  
Articles by Coase, Chandler, Marglin & Williamson\* in L. Putterman, ed., The Economic Nature of the Firm

D) Firm Studies  
G. Dosi et al\*, "Evolutionary Regimes and Industrial Dynamics," in Lars Magnusson, ed., Evolutionary and Neo-Schumpeterian Approaches.  
R.Edwards\*, "Stages in Corporate Stability" Journal of Economic History, 1975 (35)

E) Genetic Programming and Artificial Economies  
J. Koza, GP, chaps. 1-6, 8, 10, and pp.162-9  
Gerald Silverberg\*, "Evolution" in Elgar Companion  
David Lane\*, "Artificial Worlds II", Journal of Evolutionary Economics, 1993,  
Brian Arthur, "Designing Economic Agents that Act like Human Agents" American Economic Review, May 1991, (81):353-59.  
Brian Arthur, "Inductive Reasoning and Bounded Rationality" American Economic Review, May 1994, (84):406-411  
P.Mirowski\*, "Do You Know the Way to Santa Fe?" unpub.

F) Game theory  
Ken Binmore\*, Fun and Games, chap.9  
Philip Mirowski\*, Against Mechanism, chap.5  
Larry Samuelson\*, "Does Evolution Eliminate Dominated Strategies?" in K.Binmore, et al, Frontiers of Game Theory.  
Ken Binmore\*, "Modelling Rational Players,II" Economics and Philosophy, 1988, (4):9-55

#### VI. Science, Technology and the Organization of Work

A) The Social Construction of Technologies  
T.Pinck & W.Bijker\*, in Social Construction of Technological Systems, pp.17-50

B) Path dependence  
Paul David\*, "The Economics of QWERTY"  
Brian Arthur\*, "Competing Technologies, Increasing Returns and Lock-in", Economic Journal, 1989, (99):116-130.  
S. Liebowitz & S.Margolis, "Fable of the Keys" Journal of Law & Economics, 1990, (33):1-24.

C) The division of labor  
James Murphy\*, The Moral Economy of Labor, pp.19-33, 74-83  
David Ellerman\* Intellectual Trespassing, intro

D) Biology vs. Economics: Health Care  
M.Mulkay, T.Pinck & M.Ashmore\*, "Colonizing the Mind" Social Studies of Science, 1987, (17):231-257  
David Frankford\*, "Privatizing Health Care" Southern California Law Review, 1992, (66):1-98

### The Course

The course is divided into two parts. In the first, lectures are given. These cover economic thought from the Middle Ages through Mercantilism and Physiocracy to the last of the British Classical Economists, J.E. Cairnes. In the second, the course will involve lectures and/or seminars, depending on student preferences. As explained in the handbook, there is an element of 'continuous assessment' viz. one essay will count towards the final mark for the course.

The reading list is fairly long. But this is primarily designed to help with the problem of queues which build up, by providing alternative references. (To save embarrassment all round it is probably better that I indicate, here and now, that after some bad experiences I do not lend my books to any student - that way I do not have to make invidious distinctions.) I have placed a number of the key references in the Short Loan collection. Please let me know if there are other books which you think should be placed on Short Loan.

Some of the books are in the XX collection - and since economics books have been divided between Stockton Road and Palace Green libraries, XX sequence books are in Palace Green. This should not provide any problem for students fit enough to walk to Palace Green. But please let me know if there is any difficulty in obtaining a book.

Please do not feel intimidated by the length of the reading list - ask for guidance on the relevance and content of the various references. Past experience shows that the course is perfectly manageable. "Key" references are indicated by \*. References 'for the really keen only' are in brackets.

### Introductory Reading

These three references are useful if you want to get a start, but they are certainly not essential.

W.J. Barber, *A History of Economic Thought* (Pelican). Strongly recommended as an introduction.

J.A. Schumpeter, *Ten Great Economists*.

J.M. Keynes, *Essays in Biography*.

Four fairly good general texts are: Of these four the last two are probably the best.

R. Lekachman, *A History of Economic Ideas*.

or I.H. Rima, *Development of Economic Analysis* (3rd edition).

or R.B. Ekelund and R.F. Hébert, *A History of Economic Theory and Method* (2nd edition, 1983 or 3rd edition 1990).

or H. Landreth and D. Colander, *History of Economic Theory* (2nd ed. 1989).

In so far as there is a single book which can be strongly recommended for purchase it is M. Blaug, *Economic Theory in Retrospect* (4th edition, 1985 though earlier editions

will do). This is a major book in the field: but the student is recommended to have read something else from the list to avoid losing sight of the wood while climbing trees. Also strongly recommended is R. Backhouse *A History of Modern Economic Analysis*, 1985.

There are a number of general surveys. Pre-eminent is Schumpeter's great *History of Economic Analysis*. A recent and very comprehensive work is H. W. Spiegel *The Growth of Economic Thought* (3rd ed. 1991 though earlier ones will do). But books of this size are for browsing, though Spiegel's is very readable.

### Assessment

Assessment is by examination in May/June, and one assessed essay.

The assessed essay must be submitted to the Departmental Office by 5.00 p.m. on 21 April.

If a student, for whatever reason, believes that he or she is unable to submit the assessed essay by the due deadline, he or she should submit a written request for an extension to the Chairman of the Board of Examiners well in advance of the due deadline and explain the reasons. Where appropriate a student must provide supporting evidence for the reasons. The Chairman of the Board of Examiners will consider whether the grounds offered by the student are sufficient to warrant an extension to the original deadline. Normally the only grounds on which an extension will be granted are where circumstances beyond the control of the student prevent submission. It is not normally acceptable for a student to seek an extension after the deadline has passed.

If a student who has not been granted an extension fails to submit the assessed essay by the due deadline the work will not be marked and a mark of zero will be recorded.

Students must put a declaration on the front of their submitted work which must be signed and dated:

'This assessed essay is the result of my own work. Material from the published or unpublished work of others, which is referred to in the assessed essay, is credited to the author in question in the text. The assessed essay is approximately 3000 words in length.'

### PART I - LECTURES

#### 1. Introduction

Reasons for the study of the history of economic thought - its relevance to present day economic ideas. Methods of study. The 'relative' and 'absolute' approaches. An overall view of the development of economics.

**Reading: +**

\*Blaug, *Retrospect*, Introduction.

(Schumpeter, *History*, Part I, chapters 1-4.)

Donald Winch 'What Price the H.E.T.', *SJPE* 1962.

D.F. Gordon, 'Role of the History of Economic Thought', *AER* 1965\*.

+ Article titles are given in shortened form.

**2. Scholastic Teaching**

A brief survey of the key notions in scholastic economic thought; the Just Price; Usury. *Damnum Emergens* and *Lucrum Cessans*. Commutative justice.

**Reading**

\*B. Gordon, *Economic Analysis before Adam Smith*.

(B.W. Dempsey, *Interest and Usury*.)

(J. Noonan, *The Scholastic Analysis of Usury*.)

R. de Roover, 'Scholastic Economics', *QJE* 1951.

R. de Roover, 'Concept of the Just Price', *JEH* 1958.

(Schumpeter, *History*, Part II, chapter 2.)

D.D. Friedman 'In defence of Thomas Aquinas and the just price' *HOPE* 12 No. 2 (1980).

S.T. Worland 'Justum Pretium: one more round in an "endless series"', *HOPE* 9:4

(Winter 1977) pp. 504-521.

For an interesting comparison with Islamic teaching see T.W Taylor and F.W. Evans 'Islamic Banking and the Prohibition of Usury in Western Economic Thought' *Nat. West Bank Review*, Nov. 1987 pp. 15-27.

**3. Mercantilism**

The mercantilist view of international trade. The balance of trade. Mercantilist monetary theory. Emergence of the quantity theory. The East India Co. and the indirect balance. Seventeenth century value theory.

**Reading:**

J. Viner, *Studies*, chapters 1 and 2.

(Schumpeter, *History* ch. 7).

M.E.A. Bowley, *Studies in the History of Economic Theory*, Essays I and II.

(E.A.J. Johnson, *Predecessors of Adam Smith*.)

Blaug, *Retrospect*, chapter 1.

T.W. Hutchison *Before Adam Smith* (1988) Part I.

\*Ekelund & Hébert *A History of Economic Theory and Method*, chapter 3. (A valuable discussion of the idea of mercantilism as a process)

**4. Petty, Cantillon and Steuart - The Emergence of 'Scientific' Economics**

\*T.W. Hutchison *Before Adam Smith* chs. 3, 9, and 19.

(W.O. Letwin *The Origins of Scientific Economics* (1963) ch. 5.)

Ekelund & Hébert 2nd ed. ch. 4.

(Schumpeter *History of Economic Analysis* pp. 209-223.)

H. Higgs 'Cantillon's Place in Economics' *QJE* 6 (1892) pp. 436-456.

M. Bordo 'Some Aspects of the Monetary Economics of Richard Cantillon', *JME* 12

(1983) p. 235.

(D. Vickers *Studies in the Theory of Money 1690-1776* (1959).)

(A. Roncaglia Petty 1985.)

W. Eltis 'Sir James Steuart's Corporate State' in R.D.C. Black (ed.) *Ideas in Economics* 1986.

**5. The Physiocrats**

Quesnay and his disciples. The Tableau Economique. The Physiocrats and Natural Law. Turgot.

**Reading:**

(R.L. Meek, *The Economics of Physiocracy*.)

(Schumpeter, *History*, Part II, chapter IV.)

T.P. Neil, 'The Physiocrats' Concept of Economics' *QJE*, 1949.

W.J. Samuels, 'Physiocratic Theory of Property', *QJE*, 1961.

W.J. Samuels, 'Physiocratic Theory of Economic Policy', *QJE*, 1962.

A. Gray, *Development of Economic Doctrine*, chapter 4.

(W. Eltis 'Francois Quesnay: 2. The Theory of Economic Growth' *OEP* Nov. 1975.)

\*T.W. Hutchison *Before Adam Smith* chs. 16, 18.

\*W. Eltis *The Classical Theory of Economic Growth* (1984) chs. 1, 2.

(Despite the title of the book, these two chapters cover Physiocratic writings. It is somewhat simpler than the OEP article cited above.)

**6. The Classical Economists**

**General references, including background:**

(Donald Winch, *The Emergence of Economics as a Science, 1750-1850*.)

(Schumpeter, *History* pp. 379-750.)

M. Blaug, *Ricardian Economics*, chapter 3, *Retrospect*, chapter 3.

\*D.P. O'Brien, *The Classical Economists*. (Recommended as a general text for the whole of Section 6.)

(D.P. O'Brien, *J.R. McCulloch*.)

(M.E.A. Bowley, *Nassau Senior*.)

(Lord Robbins, *Robert Torrens*.)

(S. Hollander, *The Economics of Adam Smith*, chapter 3.)

(S. Hollander, *Economics of David Ricardo* (1979).)

D.P. O'Brien 'Ricardian Economics and the Economics of Ricardo' *OEP* 1980.

(A. Redford, *An Economic History of England, 1760-1860*.)

Extracts I and II in R.D.C. Black, *Readings in the Development of Economic Analysis* (Smith and Malthus).

D.P. O'Brien 'Classical Reassessments' pp. 179-220 in W.O. Thweatt (ed.) *Classical Political Economy* (1988).

**6. (i) Classical value theory. Ricardo's version of cost. The Say-Senior tradition**

**Reading:**

R.D.C. Black, Extract I.

Ricardo, *Principles*, chapter I. (and Sraffa's introduction).

(M.E.A. Bowley, *Nassau Senior*, chapter 2.)

M.E.A. Bowley, 'The Predecessors of Jevons', *Manchester School*, 1972.

\*Blaug, *Ricardian Economics*, chapter 2.

Blaug, *Retrospect*, chapters 2-4.

(O'Brien, *McCulloch*, chapter 8.)

(Schumpeter, *History* pp. 588-605.)

\*O'Brien *Classical Economists*, ch. 4.

\*G.J. Stigler 'Ricardo and the 93 per cent Labour Theory of Value' *AER* 48 (1958).

H. Barkai 'The empirical assumptions of Ricardo's 93 per cent labour theory of value' *Eca* 34 (1967).

G.W. Wilson & J.L. Pate 'Ricardo's 93 per cent labor theory of value: a final comment' *JPE* 76 (1968).

Students who wish to pursue exactly what the 'labour' element in Ricardo's value theory amounted to, will find the references by Stigler, Barkai, and Wilson and Pate, analytically valuable.

**6. (ii) Classical Distribution Theory. Smith's theories of income distribution. The Ricardian mechanisms. Senior and Longfield.**

**Reading:**

Smith, *Wealth of Nations*, books I (chapter 8, 9, 10, 11) and II.

\*Ricardo, *Essay on Profits* (Works Vol. III).

A. St. Clair, *A Key to Ricardo*, chapters 6-10.

E. Cannan, *Theories of Production and Distribution*.

(O'Brien, *McCulloch*, chapters 8, 14, 15.)

(Robbins, *Torrens*, chapter 3.)

(Bowley, *Senior*, chapters 4 and 5.)

(R.D.C. Black, *M. Longfield, Economic Writings*, Introduction.)

\*O'Brien, *Classical Economists*, ch. 5.

**6. (iii) Classical monetary and income theory. Classical monetary theory from Hume through to the debates following the Bank Act of 1844. The Bullionist, Anti-Bullionist, Currency and Banking Schools. Attwood and Inflationism. The Say's Law debate.**

**Reading:**

\*Viner, *Studies*, chapters 3-5.

(E. Wood, *English Theories of Central Banking Control*.)

(F.W. Fetter, *Development of British Monetary Orthodoxy*.)

(E.V. Morgan, *Theory and Practice of Central Banking*.)

D.P. O'Brien, Introduction to Vol. I of *The Correspondence of Lord Overstone*.

(T. Sowell, *Say's Law*.)

(J.R. McCulloch (ed.) *Select Collection of Tracts on Paper Currency and Banking*.)

\*O'Brien, *Classical Economists*, ch. 6.

(F.W. Fetter (ed.) *T. Attwood: Economics Writings*.)

D. Hume, 'Of the Balance of Trade', reprinted everywhere but originally from *Essays*, 1772.

J. Creedy and D.P. O'Brien, *Economic Analysis in Historical Perspective*, 1984, chapter 2.

T.M. Humphrey, *Essays in the History of Monetary Thought*, 1993.

**6. (iv) The Classical Theory of Growth.** Economic growth as viewed by Adam Smith. Formalisation of this by Lowe and others. The Ricardian model. Fusion of Smith and Ricardo by later Classical writers. Capital stock adjustment and the machinery problem.

**Reading:**

Blaug, *Retrospect*, chapters 2 and 4.

\*Blaug, *Ricardian Economics*, chapters 2, 5, 9.

B.F. Hoseltiz, *Theories of Economic Growth*. (especially the contribution by E. McKinley).

(A. Lowe, 'Classical Theory of Economic Growth', *Social Research*, 1954.)

W. Thweatt, 'Diagrammatic Presentation of Adam Smith's Growth Model', *Social Research*, 1957.

H. Barkai, 'Formal Outline of Smithian Growth Model', *QJE*, 1969.

(R.C.O. Mathews, 'Capital Stock Adjustment Theories' in K. Kurihara *Post-Keynesian Economics*.)

(J.J. Spengler, 'Adam Smith's Theory of Economic Growth', *SEJ* 1959 and 1960.)

\*W. Eltis *The Classical Theory of Economic Growth* (1984).

W. Eltis 'Adam Smith's Theory of Economic Growth' in A. Skinner and T. Wilson (eds.) *Essays on Adam Smith* (1975).

(O'Brien, *McCulloch*, chapter 12.)

E. McKinley, 'The Problem of Underdevelopment', *QJE* 1955.

\*O'Brien *Classical Economists* chs. 2 (parts iii, iv), 3 (part ii), 8.

**6. (v) The Classical Theory of International Trade.** Hume and the balance of trade. Smith's view of the nature of and gains from trade. Torrens, Mill, Ricardo, and the formulation of comparative costs. J.S. Mill and the theory of reciprocal demand. Torrens and the 'Cuba' case.

**Reading:**

Hume, 'Balance of Trade'.

Viner, *Studies*, chapters 6, 8, 9.

(J.S. Mill in R.D.C. Black (section 8).)

\*H. Myint, 'Classical Theory of International Trade', *EJ* 1958 and A.E.A. reprint.

(R. Heller, *International Trade*, chapters 2, 5.)

O'Brien, *McCulloch*, chapter 10.

\*O'Brien, *Classical Economists*, ch. 7.

W.R. Allen (ed.), *International Trade Theory: Hume to Ohlin*.

A.I. Bloomfield 'Adam Smith and the Theory of International Trade' in T. Wilson and A. Skinner (eds.) *Essays on Adam Smith* (1975).

A very thorough and scholarly survey which deals only with Smith's writings on trade. Since these have tended to be overshadowed by the glories of the later Classical analysis, this is particularly valuable.

(J.S. Chipman 'A Survey of the Theory of International Trade: Pt 1, The Classical Theory' *Eca* 33 (1965).

A classic in its own right this survey, though at times concentrating on particular technical issues, has much to offer the student with stamina. Chipman's analysis of one particular issue has been challenged. See the article by Appleyard and Ingram and the reply by Chipman in *HOPE* 11 No. 4 (1979).

6. (vi) *Government, Public Finance, and the Role of the State*. Classical Public Finance. Classical theory of taxation and public debt creation. Role of government.

#### Reading:

- Smith, *Wealth of Nations*, Book V.  
J.S. Mill, *Principles*, Book V.  
(C.S. Shoup, *Ricardo on Taxation*.)  
(F. Shehab, *Progressive Taxation*.)  
O'Brien, McCulloch, chapter 11.  
\*Lord Robbins, *Theory of Economic Policy in English Classical Political Economy*.  
W. Samuels, *Classical Theory of Economic Policy*.  
Bowley, *Senior*, Part II.  
Robbins, *Torrens*, chapter 6.  
D.P. O'Brien, *Introduction to J.R. McCulloch A Treatise on Taxation and the Funding System*.  
J. Creedy and D.P. O'Brien, *Economic Analysis in Historical Perspective*, 1984, ch. 4.  
\*O'Brien, *Classical Economists* chs. 9 and 10.

#### 7. Marx: Economics, Philosophy, and Economic Philosophy

#### Reading:

- (K. Marx *Capital* (3 vols.))

#### Philosophical Background

- G. Sabine, *History of Political Theory*.  
L. Kolakowski *Main Currents of Marxism* vol. 1.  
\*K. Popper *The Open Society and its Enemies* vol. 2.  
(J. Plamenatz *Karl Marx's Philosophy of Man*.)  
(M. Bober *Karl Marx's Interpretation of History*.)  
*Economics*  
(K. Marx, *Theories of Surplus Value*.)  
(J. Robinson *Essay on Marxian Economics*.)  
\*M. Blaug, *Economic Theory in Retrospect*, ch. 7.  
J.A. Schumpeter, *Ten Great Economists*.  
R. Freeman (ed.) *Marx on Economics*.  
E. Roll, *A History of Economic Thought*.  
(M. Desai, *Marxian Economic Theory*.)  
\*R.L. Meek, *Smith, Marx and After*.  
(Erlach, Bronfenbrenner, Samuelson 'Das Kapital: A Centenary Appreciation' *AER* 1967.)

#### PART II

#### 1. JEVONS: Marginal Utility and Marginalism

- \*D.P. O'Brien & J.R. Presley (eds.) *Pioneers of Modern Economics in Britain*, ch. 1. (by R.D.C. Black).  
R.D.C. Black 'W. S. Jevons and the Development of Marginal Utility Analysis in

- British Economics' in Dept. Lib. Xerox collection.  
W.S. Jevons *Theory of Political Economy* (Pelican ed. with an introduction by R.D.C. Black).  
\*T.W. Hutchison *A Review of Economic Doctrines*, ch. 2.  
\*G.J. Stigler *Production and Distribution Theories*, ch. 2.  
J.M. Keynes, *Essays in Biography*.  
N. de Marchi 'The "Noxious" influence of Authority' *JLE* 1973.  
(Try to dip into R.D.C. Black (ed.) *Papers and Correspondence of William Stanley Jevons*.)  
(S. Bostaph and Y.N. Shieh 'W.S. Jevons and Lardner's *Railways economy*' *HOPE* 18 No. 1 (1986).)  
This deals with rather a small point - whether Jevons really appreciated the implications of Lardner's maximisation analysis - but it helps to give some flavour of the intellectual environment in which Jevons wrote.

#### 2. Menger and Wieser: Austrian Economics

- (K. Menger *Principles*.)  
(F. Wieser *Natural Value*.)  
(F. Wieser *Social Economics*.)  
\*T.W. Hutchison *Review of Economic Doctrine*, chs. 9 and 10.  
\*G.J. Stigler *Production and Distribution Theories*, chs. 6 and 7.  
F. A. Hayek 'Carl Menger', *Economica*, 1934.  
See also the articles by Hayek in the *International Encyclopaedia of the Social Sciences* (1968) on Menger, Wieser, and the Austrian School (this last is within the article 'Economic Thought')  
(B. Caldwell (ed.) *Carl Menger and his Legacy in Economics*, suppl. to Vol 22 of *HOPE* 1990.)  
(J.R. Hicks & W. Weber (eds.) *Carl Menger and the Austrian School of Economics*.)  
G.J. Stigler 'The Economics of Carl Menger' *JPE* 45 (1937) pp. 229-250.  
T.W. Hutchison *The Politics and Philosophy of Economics* (1981).  
Hutchison's knowledge of the Austrian literature is probably unparalleled, and this book helps to raise questions about the precise meaning of 'Austrian'.

#### 3. BÖHM-BAWERK: Capital Theory

- E. Böhm-Bawerk *Positive Theory of Capital* Book II, chs. 2-5; Book IV chs. 1-3.  
J.A. Schumpeter *Ten Great Economists*.  
\*J.A. Schumpeter *History of Economic Analysis* pp. 844-8, 898-909, 924-32.  
\*G.J. Stigler *Production and Distribution Theories*, ch. 8.  
(K. Wicksell *Interest and Prices*.)  
\*R. Dorfman 'Böhm-Bawerk's Interest Theory' *RE Stud* 1959.  
\*R. Dorfman 'Waiting and the Period of Production' *QJE* 1959.  
(N. Kaldor 'Recent Controversies in the Theory of Capital' in *Essays on Value and Distribution*.)  
(G. Uhr *Economic Doctrines of Knut Wicksell*.)  
B. Sandelin 'The Wicksell Effect' *HOPE* 1975.  
\*M. Blaug *Economic Theory in Retrospect*, Ch. 12.  
\*T.W. Hutchison *Review of Economic Doctrines*, Ch. 11.

#### 4. WALRAS: General Equilibrium

- (L. Walras *Elements of Pure Economics* (trans. W. Jaffé, with commentary).)  
 \*G.J. Stigler *Production and Distribution Theories*, ch. 9.  
 \*T.W. Hutchison *Review of Economic Doctrines*, ch. 13.  
 \*J.A. Schumpeter *History of Economic Analysis* pp. 998-1026.  
 D. Collard 'Leon Walras and the Cambridge Caricature' *EJ* 1973.  
 J.R. Hicks 'L. Walras' in H.W. Spiegel *Development of Economic Thought*.  
 W. Jaffé, 'Walras's Economics as Others See It' *JEL* 1980.  
 (W. Jaffé, 'Another look at Leon Walras's theory of tatonnement' *HOPE* 13 No. 2 1981). (The greatest expert on Walras addressing the key question of market clearing.))

#### 5. MARSHALL: Demand, Supply, Value

- A. Marshall *Principles of Economics*, Books IV and V.  
 (A. Marshall *Industry and Trade*.)  
 \*D.P. O'Brien & J.R. Presley *Pioneers of Modern Economics in Britain*, ch. 2. (by D.P. O'Brien).  
 \*G. Stigler *Production and Distribution Theories*, chs. 4 & 5.  
 \*R. Frisch 'Alfred Marshall's Theory of Value' *QJE* 1950.  
 P. Newman 'The Erosion of Marshall's Theory of Value' *QJE* 1960.  
 D.C. Hague 'Alfred Marshall and the Competitive Firm' *EJ* 1958.  
 G.S. Peterson 'Anti-trust and the Classic Model' *AER* 1957.  
 H. Liebhafsky 'A Curious Case of Neglect' *CJE* 1955.  
 \*T.W. Hutchison *Review of Economic Doctrines* ch. 4.  
 P.G. Dooley 'Consumer's surplus: Marshall and his critics' *CJE* 16 No. 1 (1983).  
 (See also the Ekelund & Hébert reference below under Seminar 9.)  
 (P.L. Williams 'A Reconstruction of Marshall's temporary equilibrium pricing model' *HOPE* 18 No. 4 (1986).)  
 D.P. O'Brien 'Marshall's Industrial Analysis' *SJPE* 1990 pp. 61-84.

#### 6. MARSHALL: Economic Growth, Trade and Money

- (A. Marshall *Official Papers*.)  
 (A. Marshall *Industry and Trade*.)  
 (A. Marshall *Money Credit and Commerce*.)  
 A. Marshall *Early Economic Writings* ed. Whitaker.  
 \*J. Whitaker 'The Marshallian System in 1881' *EJ* 1974.  
 \*D.P. O'Brien & J.R. Presley *Pioneers of Modern Economics in Britain*, ch. 2.  
 (T. Parsons 'Economics and Sociology: Marshall in Relation to the Thought of his Time' *QJE* 1932.)  
 (R. Blandy 'Marshall on Human Capital' *JPE* 1967.)  
 \*E. Eshag *From Marshall to Keynes: An Essay on the Monetary Theory of the Cambridge School*.  
 (D. Patinkin *Money, Interest and Prices*.)  
 B.J. Loasby 'Marshall's Economics of Progress' *Journal of Economic Studies* 13.  
 (A useful corrective to 'Walrasian' interpretations of Marshall.)  
 T.W. Hutchison *Review of Economic Doctrines* ch. 4.

#### 7. THE MARGINAL REVOLUTION: Causes and Achievements

- (R.D.C. Black, C. Goodwin, A.W. Coats *The Marginal Revolution in Economics*.)  
 (G.J. Stigler *Production and Distribution Theories*.)  
 (R.S. Howey *The Rise of the Marginal Utility School*.)  
 M.E.A. Bowley 'The Predecessors of Jevons - the Revolution that Wasn't' *M.S.* 1972.  
 R.B. Ekelund & R.F. Hébert 'Dupuit and Marginal Utility' *HOPE* 1976.  
 \*T.W. Hutchison *Review of Economic Doctrines*.  
 \*M. Blaug *Economic Theory in Retrospect* ch. 8.  
 \*R.D.C. Black 'W. S. Jevons and the Development of Marginal Utility Analysis in British Economics' 1990 (offprint in Dept. Library).  
 (F.A. Hayek 'Hermann Heinrich Gossen' pp. 352-371 in *The Trend of Economic Thinking* 1991).

#### 7b. F.Y. Edgeworth

- J. Creedy, *Edgeworth and the Development of Neoclassical Economics*, 1986.  
 \*G. Stigler, *Production and Distribution Theories*, ch. 5.  
 \*T.W. Hutchison, *Review of Economic Doctrines*, ch. 6.  
 (J. Creedy, *Demand and Exchange in Economic Analysis*, chapters 9 and 10)  
 \*J. Creedy, "F.Y. Edgeworth, 1845-1926" in D.P. O'Brien and J.R. Presley, *Pioneers of Modern Economics in Britain*.  
 (F.Y. Edgeworth, *Mathematical Psychics*, 1881.)  
 (F.Y. Edgeworth, *Papers Relating to Political Economy*, 1925.)  
 J. Creedy, "Public Finance" in J. Creedy and D.P. O'Brien, *Economic Analysis in Historical Perspective*.  
 J. Creedy, "Edgeworth's Contribution to the Theory of Exchange", *SJPE*, 1979.  
 D. Collard, "Edgeworth's Propositions on Altruism", *EJ*, 1975.  
 J. Creedy, "The Early Use of Lagrange Multipliers in Economics", *EJ*, 1980.  
 J. Creedy "Marshall and Edgeworth" *SJPE* 1990 pp. 18-39.

#### 8. PIGOU: Welfare Economics

- (A.C. Pigou *Economics of Welfare*.)  
 K. Bharadwaj 'Marshall on Pigou's Wealth and Welfare' *Eca* 1972.  
 \*D.P. O'Brien & J.R. Presley *Pioneers of Modern Economics in Britain* ch. 4 (by D. Collard).  
 \*T.W. Hutchison *Review of Economic Doctrines* ch. 18.  
 (H. Myint *Theories of Welfare Economics*.)  
 (F.M. Bator 'Anatomy of Market Failure' *QJE* 1958.)  
 R.H. Coase 'The Problem of Social Cost' *JLE* 1960.  
 J. Creedy and D.P. O'Brien *Economic Analysis in Historical Perspective* ch. 3 (by Ekelund and Hébert).  
 (R.L. Bishop 'Consumer's Surplus and Cardinal Utility' *QJE* 1943.)  
 (E.J. Mishan 'Rent as a Measure of Welfare Change' *AER* 1959.)  
 S.M. Cheung 'The Fable of the Bees' *JLE* 1973.  
 (G.K. Fry 'The Marshallian School and the Role of the State' *BER* 1976.)  
 (I.M.D. Little *Welfare Economics*.)  
 (N. Ruggles 'Welfare Basis of Marginal Cost Pricing' and 'Recent Developments in the Theory of Marginal Cost Pricing' *RE Stud* 1949-50.)  
 \*H.S. Ellis and W. Fellner 'External Economies and Diseconomies' *AER* 1943.  
 (L. Robbins *An Essay on the Nature and Significance of Economic Science* 1932, 1935, 1984.)

This great classic of methodology paved the way for the abandonment of Pigovian

welfare economics.

M.G. O'Donnell 'Pigou: an extension of Sidgwickian thought' *HOPE* 11 No. 4 (1979). (This is a useful discussion which shows how the Cambridge welfare economics of Pigou can be traced back to Sidgwick.)

R.B. Ekelund and R.F. Hébert 'Consumer Surplus: the First Hundred Years' *HOPE* 17 No. 3 (1985). (An exemplary survey which covers the field from Dupuit, whose work Marshall knew, to recent discussion of this 'Krakatoa' of economics as the authors refer to consumer surplus.)

## 9. IMPERFECT COMPETITION

G.J. Stigler & K.E. Bouldings (eds.) *Readings in Price Theory*. The critical contributions are those by Clapham\*, Sraffa\*, Viner, Robertson and Joan Robinson.

J. Robinson *Economics of Imperfect Competition*.

\*G. Shackle *The Years of High Theory*.

D.H. Robertson 'Increasing Returns and the Representative Firm', *EJ* 1930.

G.F. Shove 'Increasing Returns and the Representative Firm'. *EJ* 1930. (See also comments in the same issue by Sraffa.)

D.P. O'Brien 'The Evolution of the Theory of the Firm' in F.H. Stephen (ed.) *Firms, Organisation and Labour* (1984).

D.P. O'Brien 'Research Programmes in Competitive Structure' *Journal of Economic Studies* 10 No. 4 (1983).

(These two references may help to show the relationship between the two rather different contributions of Chamberlin and Robinson, and also to place them in the more general context of the literatures to which they were contributing. They are both reprinted in D.P. O'Brien *Methodology, Money and the Firm*, 1994.)

## 10. MONOPOLISTIC COMPETITION

E.H. Chamberlin *The Theory of Monopolistic Competition*.

R. Robinson *Edward Chamberlin*.

\*E.H. Chamberlin 'The Origin of Monopolistic Competition Theory' *QJE* 1961.

(J.S. Bain, R.L. Bishop, W.J. Baumol: 'Theory of Monopolistic Competition after Thirty Years' *AER* 1964.)

(R.E. Kuenne (ed.) *Monopolistic Competition Theory*.)

T.P. Reinwald 'The genesis of Chamberlinian monopolistic competition theory' *HOPE* 9 No. 4 (1977).

C.P. Blitch 'The genesis of Chamberlinian monopolistic competition theory' *HOPE* 17 No. 3 (1985).

(These two accounts should be read in conjunction with Chamberlin's own account. Chamberlin's *Monopolistic Competition* was an extremely scholarly work, drawing on a wide range of sources and the original Ph.D. was supervised by a great economist Allyn Young. This has led to some considerable speculation about the origins of the work.)

E.H. Chamberlin *Towards a More General Theory of Value* 1957.

(Despite its intimidating title this is actually a useful collection of Chamberlin's later thoughts, particularly about his critics.)

## 11. MACROECONOMICS I: Wicksell and Inflation

K. Wicksell *Interest and Prices*.

(K. Wicksell *Lectures on Political Economy*.)

\*K. Wicksell 'Influence of the Rate of Interest on Prices' *EJ* 1907.

J.R. Hicks *Value and Capital* chs. 20 and 21 (especially pp. 251-4) and Appendix B.

\*T.M. Humphrey, *Money, Banking and Inflation*, 1993.

C.G. Uhr 'Knut Wicksell' *AER* 1951.

(D. Patinkin *Money, Interest and Prices* especially Note E.)

\*M. Blaug *Economic Theory in Retrospect* ch. 14.

Symposium on Wicksell in *SJE* 1978.

D. Laidler 'On Wicksell's Theory of Price Level Dynamics' *M.S.* 1972.

L. Jonung 'Knut Wicksell and Gustav Cassel on secular movements in prices' *J.M.C.B.* 11 No. 2 (1979).

(A test of Wicksell's monetary theory against the data.)

L. Jonung 'Knut Wicksell's norm of price stabilisation and Swedish monetary policy in the 1930s' *JME* 5 No. 4 (1979).

(A study of the way in which Wicksell's monetary theory was applied in practise.)

## 12. MACROECONOMICS II: Hawtrey, Robertson, Robbins, Hayek

(R. Hawtrey *Currency and Credit*.)

(F. v. Hayek *Prices and Production*.)

(D.H. Robertson *Money*.)

(D.H. Robertson *Banking and the Price Level*.)

\*D.P. O'Brien & J.R. Presley *Pioneers of Modern Economics in Britain* chs. 6 (by J. Presley), 7 (by E. Davis), and 8 (by G. Shackle).

J.R. Presley *Robertsonian Economics* 1978.

J.R. Presley 'J. M. Keynes and D. H. Robertson: Three Phases of Collaboration'. *RHETM* 6, pp. 31-46 (1989).

D.P. O'Brien *Lionel Robbins* (1988) ch. 8.

M. Bleaney 'Macroeconomic Theory and the Great Depression Revisited' *SJPE* 34 (1987 May).

(A useful corrective to the standard caricature of pre-General Theory macroeconomics.)

\*T.M. Humphrey, *Money, Banking and Inflation*, 1993.

\*D.P. O'Brien 'Lionel Charles Robbins, 1898-1984' *EJ* 1988 pp. 104-125.

(L. Moss and K. Vaughn, 'Hayek's Ricardo Effect: A Second Look' *HOPE* 1986)

## 13. MACROECONOMICS III: Keynes's Tract and Treatise

(J.M. Keynes *A Tract on Monetary Reform*.)

(J.M. Keynes *A Treatise on Money* (especially Ch. 10).)

(R.G. Hawtrey *A Century of Bank Rate*.)

\*E. Eshag *From Marshall to Keynes: An Essay on the Monetary Theory of the Cambridge School*.

S. Howson & D. Winch 'Keynes on Monetary Policy' *OEP* 1974.

\*D. Patinkin 'Keynes' Monetary Thought' *HOPE* 1976.

\*D.P. O'Brien & J.R. Presley *Pioneers of Modern Economics in Britain* ch. 7 (by E.G. Davis).



- R. Backhouse *History of Modern Economic Analysis*, ch. 16.  
 R.S. Sayers 'The Young Keynes' *EJ* 1972.  
 (J. Pekkariinen 'Early Hicks and Keynesian Monetary Theory: different views on liquidity preference' *HOPE* 18 No. 2 (1986).  
 (By noting the change in Hicks's own thought this helps to clarify one of the key concepts in the General Theory.)

#### 14. MACROECONOMICS IV: Keynes; *The General Theory*

- J.M. Keynes *The General Theory of Employment, Interest and Money* excl. chs. 4, 6, 14, 16, 22, 23).  
 M. Blaug *Economic Theory in Retrospect* ch. 15.  
 \*G. Shackle *The Years of High Theory* chs. 11-15.  
 J.A. Schumpeter *Ten Great Economists*.  
 (A. Leijonhufvud *On Keynesian Economics and the Economics of Keynes*.)  
 (R. Clower 'Keynes and the Classics' *QJE* 1960.)  
 (R. Lekachman (ed.) *Keynes's General Theory: Reports of Three Decades*.)  
 R. Jackman 'Keynes and Leijonhufvud' *OEP* 1974.  
 J. Brothwell 'A Simple Keynesian's Response to Leijonhufvud' *BER* 1975.  
 \*D.E. Moggridge *Keynes*.  
 \*D. Patinkin 'Keynes' Monetary Thought' *HOPE* 1976.  
 \*J. Burton (ed.) *Keynes's General Theory: Fifty Years On* Hobart Paperback 24 (1986).  
 R. Backhouse *History of Modern Economic Analysis* ch. 16.  
 A.H. Meltzer, 'Keynes on Monetary Reform and International Economic Order', pp 101-150 in F. Capie and G. Wood (eds.), *Monetary Economics in the 1980s*.  
 A.H. Meltzer, *Keynes's Monetary Theory: A Different Interpretation* 1989.  
 P.F. Asso *The Economist behind the Model: the Keynesian Revolution in Historical Perspective* 1991. [Copy in Dept. Library]  
 (R. Dimand, *The Development of Keynes's Theory of Employment and Output*, 1988)

#### CONCLUDING LECTURE - THEORIES OF THE HISTORY OF SCIENCE

- (K.R. Popper *Logic of Scientific Discovery*.)  
 (K.R. Popper *Conjectures and Refutations*.)  
 \*B. Magee *Popper*.  
 I. Lakatos & A. Musgrave *Criticism and the Growth of Knowledge*.  
 T.S. Kuhn *The Structure of Scientific Revolutions* 2nd ed. 1970.  
 S. Latsis 'Situational Determinism in Economics' *BJPS* 1972.  
 S. Latsis (ed.) *Method and Appraisal in Economics* especially the essay by Blaug\*.  
 \*I.M.T. Stewart *Reasoning and Method in Economics*.  
 \*M. Blaug *The Methodology of Economics: or How Economists Explain*.  
 (C.G. Goodwin 'Towards a theory of the history of economics' *HOPE* 12 No. 4 (1980).  
 Goodwin has a key position as founder and editor of *HOPE*.)  
 \*D.P. O'Brien 'Theories of the History of Science: A Test Case' in A.W. Coats (ed.)  
*Methodological Controversy in Economics* (1983).  
 (A shorter version of this is in *SJPE* 1976).

#### Journal Abbreviations

(in order of occurrence)

AER	American Economic Review
BER	Bulletin of Economic Research
BJPS	British Journal for the Philosophy of Science
CJE	Canadian Journal of Economics
Eca	Economica
EJ	Economic Journal
HOPE	History of Political Economy
JEH	Journal of Economic History
JEL	Journal of Economic Literature
JLE	Journal of Law and Economics
JME	Journal of Monetary Economics
JPE	Journal of Political Economy
OEP	Oxford Economic Papers
QJE	Quarterly Journal of Economics
RE Stud	Review of Economic Studies
RHETM	Research in the History of Economic Thought and Methodology
SJE	Scandinavian Journal of Economics
SJPE	Scottish Journal of Political Economy

The History and Philosophical Context  
 of Economic Thought

Office: 206, Robinson Hall Fall, 1994  
 Phone: 863-3837  
 Office Hours: T and Th 1:15-2:15, 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 themes after each three units of the course, totalling four papers, each 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 midterm 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.

1. Classical Economics: Smith, Malthus, and Richardo.

Readings:

1. Adam Smith, The Wealth of Nations [1776], Book 1, 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.
3. David Ricardo, Essay on Profits [1815], pp. 10-31.
4. William Barber, History of Economic Thought (1967), Chapters on Smith, Malthus, and Ricardo (pp. 23-93).
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. 1, Sec. 1 (pp. 35-41); Chs. IV, V, VI, and VII (pp. 146-7, 167-73, 175-6, and 190-5; Ch. XIV, Sec. 4, 5 (pp. 350-363); Ch. XXXII (pp. 761-764). Volume III: [1894], Ch. X (pp. 173-199) but especially pp. 188-191; Chs. XXI-XXIV (pp. 338-399), skim except for pp. 338-9, 391-3.
2. Maurice Dobb, Theories of Value and Distribution Since Adam Smith (1973), Ch. 6: "Karl Marx."
3. Robert Hielbroner, Marxism for and Against (1980), Ch. "The Socioanalysis of Capitalism."
4. (Optional) Frederick Engels, Prefaces to Volumes II and III of Capital (pp. 5-19 and 8-21, only), and Appendix to Vol. III, "Law of Value and Rate of Profit" (891-907).
5. (Optional) Mark Blaug, Economic Theory in Retrospect (1968), Chapter 7, "Marxian Economics."
6. (Optional) Paul Sweezy, The Theory of Capitalist Development, especially first chapters.
7. (Optional) Joseph Schumpeter, Ten Great Economists, Chapter 1, "Karl Marx."

3. The Marginalists

Readings:

1. Alfred Marshall, Principles of Economics [1890], Preface to 1st Edition (pp. v-xi); Book 1, 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. 754-769.
2. Barber, Chapter 6, "Alfred Marshall and the Framework of Neo-Classical Economics."
3. William Jaffe, "Menger, Jevons and Walras Dehomogenized," Economic Inquiry, 1976.
4. Mark Blaug, "Was There a Marginal Revolution?" and G.L.S. Shackle, "Marginalism: The Harvest," in Black, Coats, and Goodwin, eds., The Marginal Revolution in Economics (1973).
5. (Optional) Emil Kauder, A History of Marginal Utility Theory (1965).
6. (Optional) Encyclopedia of the Social Sciences, "Economic Thought": subsections on the Historical School, The Austrian School, and the Institutional School. NOR.

4. Political-Economy versus Economics

Readings:

1. Phyllis Deane, The Evolution of Economic Ideas (1978), Chapters 6, 7, and 9 ("Scope and Methodology of Classical Political Economy," "The Marginal Revolution and the Neoclassical Triumph," and "The Marxian Alternative").
2. Philip Mirowski, "Physics and the Marginalist Revolution."
3. Dobb, Ch. 7, "The Jevonian Revolution," Section I (pp. 166-183), in Theories of Value...
4. Paul Sweezy, "Editor's Introduction," Karl Marx and the Close of His System (1949).
5. Rudolf Hilferding [1904], "Bohm-Bawerk's Criticism of Marx," in Sweezy, ed., ibid.: pp. 130-134, 137-140, and 184-189.
6. Assar Lindbeck, The Political Economy of the New Left: An Outsider's View (1977), Part One, and "Comment" by Stephen Hymer and Frank Roosevelt.
7. (Optional) Frank Hahn, "General Equilibrium Theory," pp. 123-138 in Daniel Bell and Irving Kristol, eds., The Crisis in Economic Theory, 1981.
8. Ronald Meek, "Marginalism and Marxism," in The Marginal Revolution in Economics (cited above).
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:

1. F.M. Scherer, "General Equilibrium and Economic Efficiency," The American Economist, 1966.
2. F.M. Bator, "The Simple Analytics of Welfare Maximization," originally in American Economic Review, March 1957.

## 6. The Shift to Ordinal Utility

Readings:

1. Vincent Tarascio, "Paretian Welfare Theory: Some Neglected Aspects," Journal of Political Economy, 1969.
2. Robert Cooter and Peter Rappaport, "Were the Ordinalists Wrong About Welfare Economics?" Journal of Economic Literature, 1984.
3. Amartya Sen, "Personal Utilities and Public Judgments: or What's Wrong with Welfare Economics?" Economic Journal, 1979.

## 7. Background on Method and Epistemology

Readings:

1. Blaug, 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").
2. (Optional) Karl Popper, "Three Views Concerning Human Knowledge," pp. 97-119 in Conjectures and Refutations, 1963.
3. (Optional) Bruce Caldwell, "Clarifying Popper," Journal of Economic Literature, Vol. 29, No. 1, March 1991.

## 8. Contending Views on Methodology; The Making of an Economist

Readings:

1. (Optional) John Neville Keynes, The Scope and Method of Political Economy (1980), pp. 9-30.
2. Daniel Hausman, "Economic Methodology in a Nutshell," Journal of Economic Perspectives, 2(3) 1989.
3. Ludwig von Mises, "Epistemological Problems of Economics," pp. 17-22, and "The Scope and Meaning of the System of a Priori Theorems," pp. 23-30, in Epistemological Problems of Economics [1933].
4. Milton Friedman, "Methodology of Positive Economics," pp. 3-43 in Essays in Positive Economics, 1953.
5. (Optional) Amartya Sen, "Description as Choice," Oxford Economic Papers, 1980.

6. (Optional) Axel Leijonhufvud, "Life Among the Econ.," Western Economic Journal, 1973.
7. Benjamin Ward, "Economics as a Science," in What's Wrong with Economics? (1972), pp. 5-13.
8. David Colander and Arjo Klamer, "The Making of an Economist," Journal of Economic Perspectives, 1987.

Some additional, strictly optional, material of interest for this topic and topic 10 is:

- E.K. Hunt and Howard J. Sherman, excerpts from Economics: An Introduction to Traditional and Radical Views, 1972.
- Oscar Lange, "The Scope and Method of Economics," 1945.
- Karl Polanyi, "The Economy as Instituted Process," (ca.) 1957.
- Alfred Marshall, "The Scope and Method of Economics," 1890.
- Ronald Meek, "Economics and Ideology."
- Lionel Robbins, "The Subject Matter of Economics," in The Nature and Significance of Economic Science, 1932.
- Hugh Stretton, "Paul Streeten: An Appreciation," in Theory and Reality in Development, 1986, especially pp. 4-13 and 26-27.

## 9. Examples of Economic Controversy

We will study either the controversy over the effect of "separating" ownership and control in the corporation, or that over the effect of team- versus family-based farming in China, using both theoretical and empirical readings. Readings will be announced after the topic is selected.

## 10. Political Philosophy and Economics

Readings:

1. John Locke, Treatise of Civil Government [1688], Chapter V, "Of Property."
2. Selections from Thomas Hobbes, Leviathan [1651], Chapters 13 and 17.
3. S.H. Peterson, ed., Readings in the History of Economic Thought: Bernard de Mandeville, "Fable of the Bees," [1714], pp. 2-18; Jeremy Bentham, "An Introduction to the Principles of Morals and Legislation," [1789], pp. 178-182; John Stuart Mill, "On Liberty" [1859] and "Utilitarianism," [1863], pp. 270-290 (all listed under Mandeville).
4. Gunnar Myrdal, The Political Element in the Development of Economic Thought, 1953 [1929] Chapters 1, 2, 3, and 4 (further reading guidelines to be announced).

## 11. Economics and Values

Readings:

1. Frank Knight, "The Ethics of Competition," (1935).
2. Herbert Gintis, "A Radical Analysis of Welfare Economics and Individual Development," Quarterly Journal of Economics, 1978.
3. Dan Usher, "The Value of Life for Decision Making in the Public Sector," in E.F. Paul et al., eds., Ethics and Economics, 1985.
4. Richard Thaler and Sherwin Rosen, "The Value of Saving a Life: Evidence from the Labor Market," in Terleckyj, ed., Household Production and Consumption, National Bureau of Economic Research, 1976 (read for general idea).
5. (Optional) J.A. Mirrlees, "The Economic Uses of Utilitarianism," and Frank Hahn, "On Some Difficulties of the Utilitarian Economist," in Amartya Sen and Bernard Williams, eds., Utilitarianism and Beyond (1982).

## 12. Utilitarianism and Other Views of Justice

Readings:

1. R.M. Hare, "Ethical Theory and Utilitarianism," and John C. Harsanyi, "Morality and the Theory of Rational Behavior," in Sen and Williams, Utilitarianism and Beyond.
2. John Rawls, "Justice as Fairness" [1958] in Laslett and Runciman, Philosophy, Politics and Society.
3. John Roemer, "An Historical Materialist Alternative to Welfarism," 1981 reprinted with revisions in Jon Elster, ed., Foundations of Social Choice Theory.
4. James Buchanan, "A Hobbesian Interpretation of the Rawlsian Difference Principle," (1979) in Karl Brunner, ed., Economics and Social Institutions.

## Optional Readings on The Best of All Possible Worlds

5. Murray Rothbard, "Property and Exchange," from For a New Liberty (1973) (optional).
6. Shlomo Avineri, "The Stages of Socialism," from The Social and Political Thought of Karl Marx (1968) (optional).

Economics 403  
History of Economic Thought

Warren J. Samuels  
Paper Assignment and  
Grading

The final grade will reflect

1. a midterm examination, weighted one-third
2. a comprehensive final examination, weighted two-thirds, comprised as follows:
  - a. a ten-page paper, typed double-spaced, plus any notes and references, examining one of the following topics:

"Economics is a Relativist/Nihilist Discipline"

or

"Economics is, or can be, a Postmodernist Discipline"

The paper should interpret the chosen topic on the basis of materials covered in this course and other materials. You need not take a final position on the question but in any case you must present both sides of the matter, being especially careful to identify the principal issues involved in the matter under discussion. In the case of the first alternative, you may consider either relativism or nihilism or both. Evaluation will be on the basis of depth and sophistication of insight, independent of any perspective taken. The paper will be one-third of the final exam grade.

- b. The examination, comprehensive but with somewhat greater weight given to material covered since the midterm, taken during the regularly scheduled final examination period, weighted two-thirds.

Thus the final grade will be based on the midterm, weighted one-third, and the final examination, weighted two-thirds, the final examination comprised of the ten-page paper, weighted one-third, and the regular examination itself, weighted two-thirds. The paper is therefore 22% of the final grade. Please have the paper completed by the final class period prior to the final.

Texts: Henry W. Spiegel, THE GROWTH OF ECONOMIC THOUGHT,  
3rd edition, 1991

E. K. Hunt, HISTORY OF ECONOMIC THOUGHT, 2nd ed.,  
1992

PART ONE: INTRODUCTION

1. Hunt, ch. 1

PART TWO: ECONOMIC THOUGHT PRIOR TO ADAM SMITH

A. Pre-Scholastic

1. Spiegel, chs. 1-2

B. Scholastic

1. Spiegel, chs. 3-4

C. Mercantilism

1. Spiegel, chs. 5-7
2. Hunt, ch. 2

D. Physiocracy

1. Spiegel, ch. 8
2. Hunt, ch. 2

E. Other Precursors of Adam Smith

1. Spiegel, chs. 6, 7, 9, 10

PART THREE: ADAM SMITH AND CLASSICAL POLITICAL ECONOMY

A. Adam Smith

1. Spiegel, chs. 10-11
2. Hunt, ch. 3

B. English Classical Political Economy

1. Spiegel, chs. 12-16
2. Hunt, chs. 4-8

PART FOUR: ANARCHISM, SOCIALISM, MARXISM

1. Spiegel, chs. 17-21
2. Hunt, ch. 9
3. Marx and Engels, "Communist Manifesto," any edition

ATTENTION is called to the Bibliographical Notes in Spiegel,  
beginning on page 684

Answer all of the following questions clearly and directly to the point and in such manner as to indicate your mastery of the materials covered therein. Answers are graded for both accuracy and degree of sophistication. Avoid duplication of answers. Avoid elaboration which merely repeats the already-stated point. All questions are weighted equally, except that number 2 is weighted double.

1. Answer both of the following:

- a. Hunt seems to argue that rent and profits are distinct categories of income that accrue to two classes of owners because of their respective control of land and the employment of labor. How does this idea comport with the idea of an economy controlled by natural laws? What is involved here?
- b. Define and otherwise identify the following:
  - i. specie flow
  - ii. bon prix
  - iii. just price
  - iv. impot unique
  - v. value relative to price

2. Summarize the economic doctrines of the following:

- a. Mercantilism
- b. Physiocracy
- c. Christianity
- d. one of the following:
  - i. John Locke
  - ii. James Steuart
  - iii. Richard Cantillon
  - iv. William Petty

3. Answer both of the following:

- a. Identify three (3) philosophical or conceptual issues or problems that have arisen in our study of the history of economic thought.
- b. Identify the fundamental questions which have arisen with regard to the economic role of government in our study of the history of economic thought.

4. Answer one of the following:

- a. To what social variables does the development of economic thought seem related; or, if the development of economic thought is autonomous and independent, how can that be?
- b. Summarize (list) the main principles of economics as they existed by the time of Adam Smith's *Wealth of Nations*.

Answer all of the following questions clearly and directly to the point and in such manner as to indicate your mastery of the materials covered therein. Your answer will be evaluated for both accuracy and degree of sophistication. Avoid duplication of answers and reiteration of points. All questions count equally except that question no. 1 is weighted double.

1. Identify the principal doctrines/theories constituting each of the following: (weighted double)
  - a. Mercantilism
  - b. Adam Smith's total system
  - c. Physiocracy
  - d. Ricardian/classical economics
  - e. Marx's total system
2. Answer one of the following:
  - a. Summarize carefully the contents of the *Communist Manifesto*.
  - b. Hunt argues that classical economics represented the class-based perceptions of the bourgeoisie/property interests; his chapter 7 on William Thompson and Thomas Hodgskin, "The Political Economy of the Poor," is intended to present a different set of perceptions. What are those perceptions and how do they differ from those of the classical economists?
3. Discuss one of the following:
  - a. Economics as science and as metaphysics
  - b. How and why different theories can mean/signify different things to different schools or perspectives
  - c. The factors and forces that have governed the development of economic thought
4. Identify and explain all of the following terms, also indicating the individual or school in whose theories etc. they arose in this course:
  - a. specie flow mechanism
  - b. bon prix
  - c. invisible hand
  - d. surplus value
  - e. circulating capital
  - f. wages fund
  - g. diminishing returns
  - h. value of labor power
  - i. socialism
  - j. individualism
5. Answer one of the following:
  - a. Contrast the economics of Frederic Bastiat and John Stuart Mill
  - b. Contrast the systems of thought of anarchism and socialism

The final grade will reflect

1. a midterm examination, weighted *one-third*
2. a comprehensive final examination, weighted *two-thirds*, comprised as follows:
  - a. a ten-page paper, typed double-spaced, plus any notes and references, examining *one of the following topics*:
    - i. the fundamental questions which separate schools of economic thought
    - ii. economics: science or metaphysics?
  - b. The examination, comprehensive but with somewhat greater weight given to material covered since the midterm, taken during the regularly scheduled final examination period, weighted *two-thirds*.

The paper should interpret the chosen topic on the basis of materials covered in this course and other materials. You need not take a final position on the question but on any relevant matter you must present all principal sides, being especially careful to identify the principal issues involved in the matter under discussion. Evaluation will be on the basis of depth and sophistication of insight, independent of any perspective taken. The paper will be *one-third* of the final exam grade.

Thus the final grade will be based on the midterm, weighted *one-third*, and the final examination, weighted *two-thirds*, the final examination comprised of the ten-page paper, weighted *one-third*, and the regular examination itself, weighted *two-thirds*. The paper is therefore 22% of the final grade. Please have the paper completed by the final class period prior to the final.

Texts: Henry W. Spiegel, THE GROWTH OF ECONOMIC THOUGHT, 3rd ed., 1991

E. K. Hunt, HISTORY OF ECONOMIC THOUGHT: A CRITICAL PERSPECTIVE, 2nd ed., 1992

PART ONE: THE CLASSICAL AND SOCIALIST HERITAGE

Skim Spiegel, chs. 10-20, and Hunt, chs. 3-9, reading carefully to become familiar with the ideas of Smith, Malthus, Ricardo, Bentham, J. S. Mill, and Marx.

PART TWO: MARGINAL UTILITY (AUSTRIAN) ECONOMICS

1. Spiegel, chs. 22-24
2. Hunt, ch. 10

PART THREE: HISTORICAL ECONOMICS

1. Spiegel, chs. 17-18

PART FOUR: NEOCLASSICAL ECONOMICS: THE DEVELOPMENT OF MICRO-ECONOMICS

1. Spiegel, chs. 25, 27, 28
2. Hunt, chs. 11, 14

PART FIVE: THEORIES OF IMPERIALISM

1. Hunt, ch. 13

PART SIX: INSTITUTIONAL ECONOMICS

1. Spiegel, ch. 27
2. Hunt, chs. 12, 18 to p. 596

PART SEVEN: KEYNES AND THE DEVELOPMENT OF MACROECONOMICS

1. Spiegel, ch. 26
2. Hunt, chs. 15, 18 (p. 596 to end)

PART EIGHT: FURTHER DEVELOPMENTS

1. Spiegel, ch. 29
2. Hunt, chs. 16, 17, 19

ATTENTION is called to the Bibliographical Notes in Spiegel, beginning on page 684.

**Instructions:** Answer four (4) of the following questions clearly and directly to the point and in such manner as to indicate your mastery of the materials covered therein. Your answer will be evaluated for both correctness and degree of sophistication. Avoid duplication of answers. Note that the first question is REQUIRED. All questions count equally except that question number one counts double.

1. REQUIRED (counts double): Compare and contrast the different views of what the economy is all about that were held by the following:
  - a. the historical schools
  - b. marginal utility (Austrian) economics
  - c. Alfred Marshall
  - d. Vilfredo Pareto
2. Two tensions within Austrian economics were identified in the lectures. What were they and how do they impact the consideration of the relationship of Austrian economics to other schools of economic thought?
3. In what specific ways does Hunt, in his chapters on neoclassical micro and welfare economics, differ from the comparable presentation in Spiegel and in lectures?
4. According to Spiegel, (a) what are the different variants of historical economics and (b) what are the results of their work?
5. Identify and indicate the significance of five of Marshall's conceptual tools.
6. Both Spiegel and the lectures make a great deal of the relevance of philosophical questions and tensions within economics throughout its history. Identify and indicate the significance of four of these philosophical questions and tensions.

Economics 404  
History of Economic Thought

Warren J. Samuels  
Spring 1994 Midterm Exam

Answer all of the following questions clearly and directly to the point, and in such manner as to indicate your mastery of the materials involved therein. Answers will be evaluated in part with regard to their degree of sophistication.

1. Answer one of the following:

- a. Compare and contrast the presentations of neoclassical economics given in Hunt and in the lectures.
- b. Compare and contrast the presentations of marginal utility economics given in Hunt and in the lectures.
- c. Compare and contrast Spiegel's presentation of the origins and subsequent development of neoclassical economics with that given in the lectures.

2. Identify/list without elaboration the principal doctrines of each of the following schools of thought:

- a. marginal utility economics
- b. historical economics
- c. neoclassical economics

3. Economics is a social science as well as having historical and conceptual foundations in philosophy. Identify three fundamental problems of social science/philosophy which arise in economics and indicate their significance for economics.

4. Identify and explain each of the following terms, also indicating the school of economic thought, or work of which economist, in which each arises:

- |                           |                         |
|---------------------------|-------------------------|
| a. political capitalism   | d. subjectivism         |
| b. marginal productivity  | e. invisible hand       |
| c. long run and short run | f. equilibrium analysis |

5. We have studied several schools of economic thought. How would typical representatives of each of them interpret or respond to the comic strip reproduced below?

Economics 404  
History of Economic Thought

Warren J. Samuels  
Spring 1994 Final Exam

Answer all of the following questions clearly and directly to the point, and in such manner as to indicate your mastery of the materials involved therein. Answers will be evaluated in part with regard to their degree of sophistication. Avoid duplication of answers; you may, if necessary, cross-reference. Question no. 1 is weighted 2; each of the others is weighted 1.

1-2. Identify -- list -- without elaboration the principal doctrines of the following schools of thought:

- a. marginal utility economics
- b. historical economics
- c. neoclassical economics
- d. institutional economics
- e. Keynesian economics

3. Economics is a social science as well as having historical and conceptual foundations in philosophy. Identify three fundamental problems of social science/philosophy which arise in economics and indicate their significance for economics.

4. Identify and explain each of the following terms, also indicating the school of economic thought, or work of which economist, in which each arises:

- a. political capitalism
- b. marginal productivity
- c. long run and short run
- d. subjectivism
- e. creative destruction
- f. marginal efficiency of capital
- g. working rules
- h. institution

5. Compare and contrast the treatment of "further developments" given in Spiegel, Hunt and the lectures.

6. A principal objective of the course was identified thus: to throw light on the meaningfulness of the perennial conflict between interventionism and noninterventionism. What light do you find was in fact drawn? State a conflicting or contradictory view.

7. Identify -- list -- the principal *technical issues* in the history of economic thought studied in this course?



Economics 815  
History of Economic Thought

Warren J. Samuels  
Syllabus Supplement F1994

1. This semester the course will focus on both Adam Smith and on the problem of the (re)interpretation of Mercantilist, pre-Classical and Classical economic thought, the latter in part using the books edited by Lowry, Magnusson and Thweatt.

2. Each student will prepare a paper which identifies and employs the insights -- as to interpretive problems and issues -- acquired from the Lowry, Magnusson and Thweatt books in one of the following: (A) applies those insights to the phenomena of conflicts of interpretation found in present-day economics (presumably on the basis of your work in other courses), or (B) considers those insights in light of the theory of rhetoric/discourse analysis as the latter is found in present-day writings or (C) considers and applies those insights to the problem of the historical meaning of pre-Classical, Mercantilist, and Classical economic thought. Each paper should be specific in its identification of interpretive problems and issues and should reach and ground specific conclusions on the problem chosen. There is no single particular conceptual or structural design to which the paper need conform.

3. The paper should have a level of sophistication appropriate to the level of this course. Each paper should be in the range of 18 to 20 pages, typed double-spaced, plus notes and references (which should be complete, including page numbers, etc.).

4. The objective of the paper is to give the student an opportunity to undertake research, analysis and writing at a high level of performance, especially to enable careful thinking about certain problems.

5. The student should consult with me about the design of the paper and for possible suggestions concerning additional sources.

6. The paper will be weighted 1/3 and a comprehensive final exam (covering all course materials, including lectures and readings) will be weighted 2/3. The paper is due the final class period before the final examination, please!

7. You are encouraged to read the entirety to the *Wealth of Nations*, particularly inasmuch as the course dwells more on Smith than on any other single individual. But the following may be deleted or read casually:

Book I, chs. XI: pp. 174-258

Book IV, chs. 3-7 (but do note some important passages)

Book V, chs 2-3: pp. 769-903

Specialists in international trade should read the material from Book IV; those in public finance should read the material from Book V.

Economics 815  
History of Economic Thought

Warren J. Samuels  
Syllabus

Texts: Mark Blaug, *ECONOMIC THEORY IN RETROSPECT*, 4th ed., 1985  
S. Todd Lowry, ed., *PRE-CLASSICAL ECONOMIC THOUGHT*, 1987  
Lars Magnusson, ed., *MERCANTILIST ECONOMICS*, 1993  
William O. Thweatt, ed. *CLASSICAL POLITICAL ECONOMY*, 1988  
Adam Smith, *WEALTH OF NATIONS*, Modern Library ed., 1937

PART ONE: INTRODUCTION

1. Blaug, Introduction; chapter 17
2. E. Whittaker, *A HISTORY OF ECONOMIC IDEAS*, chs. 3, 9, 16
3. G. L. S. Shackle, *THE NATURE OF ECONOMIC THOUGHT*, ch. 1
4. W. J. Samuels, "The History of Economic Thought as Intellectual History," *HISTORY OF POLITICAL ECONOMY*, vol. 6 (Fall 1974), pp. 305-323
5. W. J. Samuels, "Ideology in Economics," in Sidney Weintraub, ed., *MODERN ECONOMIC THOUGHT*, 1977, pp. 467-484
6. W. J. Samuels, "The Scope of Economics Historically Considered," *LAND ECONOMICS*, vol. 48 (August 1972), pp. 248-268
7. W. J. Samuels, "The State, Law, and Economic Organization," *RESEARCH IN LAW AND SOCIOLOGY*, vol. 2 (1979), pp. 65-99

PART TWO: ECONOMIC THOUGHT PRIOR TO ADAM SMITH

1. Blaug, ch. 1
2. Henry Spiegel, *THE GROWTH OF ECONOMIC THOUGHT*, Revised and expanded edition, 1983, chs. 1-8
3. Lowry, chs. 1-8
4. Magnusson, chs. 1-11

PART THREE: ADAM SMITH AND ENGLISH CLASSICAL POLITICAL ECONOMY

1. Blaug, chs. 2-6
2. Adam Smith, *WEALTH OF NATIONS*

3. W. C. Mitchell, TYPES OF ECONOMIC THEORY, 1967, vol. 1, chs. 2-8
4. P. Sraffa, ed., THE WORKS AND CORRESPONDENCE OF DAVID RICARDO, vol. 1, pp. xxx-xlix
5. David Ricardo, ON THE PRINCIPLES OF POLITICAL ECONOMY AND TAXATION, 3rd ed., chs. 1-7, 20, 30, 31
6. W. J. Samuels, "Adam Smith and the Economy as a System of Power," INDIAN ECONOMIC JOURNAL, vol. 20 (January-March 1973), pp. 363-381
7. W. J. Samuels, "The Political Economy of Adam Smith," ETHICS, vol. 87 (April 1977), pp. 189-207
8. Thweatt, chs. 1-7

#### PART FOUR: ANARCHISM, SOCIALISM AND MARXISM

##### A. ANARCHISM

1. G. D. H. Cole, SOCIALIST THOUGHT, vol. 2, chs. 9, 12

##### B. SOCIALISM: GENERAL

1. G. D. H. Cole, SOCIALIST THOUGHT, vol. 1, chs. 1, 4, 5, 8, 10, 12, 13, 19, 20, 25, 26  
vol. 2, chs. 1, 2, 5, 10, 15  
vol. 3, Part 1, ch. 4  
vol. 5, pp. 319-337

##### C. MARXISM

1. Blaug, ch. 7
2. G. D. H. Cole, SOCIALIST THOUGHT, vol. 1, chs. 22, 23  
vol. 2, ch. 11  
vol. 3, Part 1, ch. 5  
vol. 3, Part 2, ch. 28
2. Marx and Engels, THE COMMUNIST MANIFESTO
3. J. A. Schumpeter, TEN GREAT ECONOMISTS, chapter on Marx
4. J. A. Schumpeter, "The Communist Manifesto in Sociology and Economics," JOURNAL OF POLITICAL ECONOMY, vol. 57 (1949), pp. 199-212; reprinted in Schumpeter, ESSAYS

#### Economics 815 History of Economic Thought

Warren J. Samuels  
Final Exam Fall 1944

Answer all of the following questions clearly and directly to the point and in such manner as to indicate your mastery of the materials covered therein. Your answer will be evaluated for both accuracy and degree of sophistication. Avoid duplication of answers and reiteration of points. The exam is open-book. All questions count equally except that question no. 5 is weighted double.

1. Very much has been made in the lectures of the "matrix approach" to intellectual history. What is that approach? Of what use is it? What are its limitations?
2. Various writers have argued that Classical Economics represented the class-based perceptions of the bourgeoisie/propertied interests and that other writers, such as William Thompson, Thomas Hodgskin, Karl Marx, etc. represented a different set of perceptions. What do you think of the argument? What accounts for the difference(s) in perception? Are the two sides talking about the same "reality"? -- and whatever your answer, of what significance is your answer?
3. Identify principal interpretive issues arising in one of the following:
  - a. Lowry, ed., *Pre-Classical Economic Thought*
  - b. Magnusson, ed., *Mercantilist Economics*
  - c. Thweatt, ed., *Classical Political Economy*
  - d. Sraffa's "Introduction" to *The Works and Correspondence of David Ricardo*
4. Answer one of the following questions:
  - a. What have your studies in this course contributed to your understanding of *capitalism*.
  - b. What have your studies in this course contributed to your understanding of *economic theory*.
4. Identify and explain all of the following terms, also indicating the individual or school in whose theories etc. they arose in this course:
  - a. specie flow mechanism
  - b. bon prix
  - c. invisible hand
  - d. surplus value
  - e. circulating capital
  - f. wages fund
  - g. diminishing returns
  - h. value of labor power
  - i. socialism
  - j. individualism

5. Identify the principal doctrines/theories constituting each of the following: (weighted double)
  - a. Mercantilism
  - b. Adam Smith's total system
  - c. Physiocracy
  - d. Ricardian/classical economics
  - e. Marx's total system
6. Identify and explain all of the following terms, also indicating the individual or school in whose theories etc. they arose in this course:
  - a. specie flow mechanism
  - b. bon prix
  - c. invisible hand
  - d. surplus value
  - e. circulating capital
  - f. wages fund
  - g. diminishing returns
  - h. value of labor power
  - i. socialism
  - j. individualism

**Economics 816  
History of Economic Thought**

**Warren J. Samuels  
Syllabus**

The course concentrates on (1) the diversity of post-classical/-Marxian economics, represented by covering historical, Austrian, Marshallian, neoclassical, institutional and Keynesian economics; (2) the late-19th century identity crisis in economics; (3) the professionalization of economics, with Marshall critical to the development of neoclassical economics; (4) the conflict of epistemology and discourse analysis concerning the meaning of economics; and (5) the continuing critique of mainstream economics. The student should read selectively, on the basis of both the foregoing and personal interest. The final examination will be comprehensive and open book. One-fifth of the final examination grade (and therefore of the course grade) will be based on a ten-page paper (typed double-spaced) which explores the problem of interpreting Keynes, relying heavily but not solely on the second volume of Skidelsky's biography, more or less in the same manner as Marshall and others are treated in the Hennings and Samuels collection, due the last regularly scheduled class period before the final examination.

**Texts:** Phyllis Deane, THE EVOLUTION OF ECONOMIC IDEAS, 1978

John Maloney, MARSHALL, ORTHODOXY AND THE PROFESSIONALIZATION OF ECONOMICS, (1985) 1991

Klaus Hennings and Warren J. Samuels, eds. NEOCLASSICAL ECONOMIC THEORY, 1870-1930, 1990

Robert Skidelsky, JOHN MAYNARD KEYNES: THE ECONOMIST AS SAVIOR, 1920-1937, 1992

**PART ONE: THE CLASSICAL AND MARXIAN HERITAGE**

1. Deane, chs. 1-6, 8-10

**PART TWO: THE HISTORICAL SCHOOLS**

1. J. A. Gherity, ECONOMIC THOUGHT, pp. 246-63
2. Wesley C. Mitchell, TYPES OF ECONOMIC THEORY, vol. 2, ch. 19
3. J. A. Schumpeter, HISTORY OF ECONOMIC ANALYSIS, Part 4, ch. 4
4. B. B. Seligman, MAIN CURRENTS IN MODERN ECONOMICS, ch. 1
5. H. W. Spiegel, ed., THE DEVELOPMENT OF ECONOMIC THOUGHT, pp. 363-77
6. H. W. Spiegel, THE GROWTH OF ECONOMIC THOUGHT, chs. 17-18
7. A. W. Coats, "The Historicist Reaction in English Political Economy, 1870-1890," ECONOMICA, vol. 21 (1954), pp. 143-53

### PART THREE: AUSTRIAN AND GENERAL EQUILIBRIUM ECONOMICS

1. Deane, ch. 7
2. Maurice Dobb, THEORIES OF VALUE AND DISTRIBUTION SINCE ADAM SMITH, chs. 7, 8
3. Mark Blaug, ECONOMIC THEORY IN RETROSPECT, 3rd or 4th eds., chs. 8, 12, 13
4. J. A. Gherity, ECONOMIC THOUGHT, pp. 264-429
5. T. W. Hutchison, A REVIEW OF ECONOMIC DOCTRINES, chs. 2, 5, 6, 9-11, 13
6. W. C. Mitchell, TYPES OF ECONOMIC THEORY, vol. 2, chs. 9, 11, 14-15
7. J. J. Spengler and W. R. Allen, eds., ESSAYS IN ECONOMIC THOUGHT, pp. 534-552
8. H. W. Spiegel, ed., THE DEVELOPMENT OF ECONOMIC THOUGHT, pp. 489-612, 628-651
9. G. J. Stigler, PRODUCTION AND DISTRIBUTION THEORIES, chs. 1, 6-8

### PART FOUR: THE HERITAGE OF DISSONANCE

1. Mark Blaug, ECONOMIC THEORY IN RETROSPECT, 3rd or 4th eds., Introduction and ch. 8
2. Deane, chs. 6-7, 9
3. A. W. Coats, "Sociological Aspects of British Economic Thought," JOURNAL OF POLITICAL ECONOMY, vol. 75 (1967), pp. 706-729
5. S. G. Checkland, "The Advent of Academic Economics in England," MANCHESTER SCHOOL, vol. 19 (1951), pp. 43-70
6. S. G. Checkland, "Economic Opinion in England as Jevons Found It," MANCHESTER SCHOOL, vol. 19 (1951), pp. 143-169

### PART FIVE: NEOCLASSICAL ECONOMICS: THE DEVELOPMENT OF MICRO-ECONOMICS

#### A. Marshallian Economics

1. Blaug, 3d or 4th eds., chs. 9-10
2. Deane, chs. 7-8
3. Alfred Marshall, PRINCIPLES OF ECONOMICS, 8th ed.: Prefaces of 1st and 8th eds; Book 1, chs. 1-4; Book 3, chs. 1-6; Book 4, chs. 1, 9, 11-13; Book 5, chs. 1-15; Book 6, chs. 1, 2, 6-8, 11; Appendices B, C, D, J
4. Joseph A. Schumpeter, HISTORY OF ECONOMIC ANALYSIS, Part 4, chs. 5, 6, 7 (including appendix)
5. T. W. Hutchison, A REVIEW OF ECONOMIC DOCTRINES, ch. 4
6. G. J. Stigler, PRODUCTION AND DISTRIBUTION THEORIES, ch. 4
7. William Breit and Roger L. Ransom, THE ACADEMIC SCRIBBLERS, chs. 2, 3
8. Leo Rogin, THE MEANING AND VALIDITY OF ECONOMIC THEORY, ch. 14
9. Maloney

10. Warren J. Samuels and Thomas W. Patchak-Schuster, "Aspects of the Discursive and Interpretative Structure of Marshall's *Principles*" -- distributed

#### B. Further Development of Neoclassical Economics

1. Deane, chs. 10, 11
2. H. W. Spiegel, THE GROWTH OF ECONOMIC THOUGHT (1971), ch. 25
3. Blaug, 3rd or 4th eds., chs. 11, 13
4. Ben B. Seligman, MAIN CURRENTS IN MODERN ECONOMICS, chs. 4 (v, vi, vii); 5 (iii, iv, v); 6 (iii, vi, vii), 8 (i-v, vii, viii); 9 (i, ii, iii, vi)
5. Wesley C. Mitchell, TYPES OF ECONOMIC THEORY, vol. 2, chs. 11, 12, 13, 16, 17, 18
6. Breit and Ransom, chs. 5, 6, 7, 9, 12, 13, 14
7. O. H. Taylor, A HISTORY OF ECONOMIC THOUGHT, ch. 16

### PART SIX: INSTITUTIONAL ECONOMICS

1. W. C. Mitchell, TYPES OF ECONOMIC THEORY, vol. 2, chs. 20-22
2. John R. Commons, LEGAL FOUNDATIONS OF CAPITALISM, pp. 134-142, 313-359
3. J. J. Spengler and W. R. Allen, eds., ESSAYS IN ECONOMIC THOUGHT, pp. 485-499
4. Robert L. Heilbroner, THE WORLDLY PHILOSOPHERS, chapter on Veblen
5. Warren J. Samuels, "Institutional Economics," in David Greenaway, Michael Bleaney and Ian M. Stewart, eds., COMPANION TO CONTEMPORARY ECONOMIC THOUGHT, pp. 105-118

### PART SEVEN: KEYNES AND THE DEVELOPMENT OF MACROECONOMICS

1. Blaug, 3rd ed., ch. 14 or 4th ed., ch. 15; and 4th ed., ch. 16
2. Deane, chs. 12, 13
3. Seligman, chs. 6 (iv); 7 (i, ii); 8 (iv, vii); 9 (v)
4. Shackle, chs. 9-16
5. Warren J. Samuels, "What Aspects of Keynes's Economic Theories Merit Continued or Renewed Interest? One Interpretation," JOURNAL OF POST KEYNESIAN ECONOMICS, vol. 9 (Fall 1986), pp. 3-16
6. Skidelsky

### PART EIGHT: THE HISTORY OF ECONOMIC THOUGHT IN RETROSPECT: FACTORS AND FORCES IN THE DEVELOPMENT OF ECONOMIC THOUGHT

1. George L. S. Shackle, THE YEARS OF HIGH THEORY, chs. 1, 2, 18
2. Deane, Introduction and ch. 14
3. Blaug, 3rd ed., Introduction and ch. 16, or 4th ed., Introduction and ch. 17 (preferable)

4. Warren J. Samuels, "The History of Economic Thought as Intellectual History," *HISTORY OF POLITICAL ECONOMY*, vol. 6 (Fall 1974), pp. 305-323
5. Warren J. Samuels, "An Essay on the Nature and Significance of the Normative Nature of Economics," *JOURNAL OF POST KEYNESIAN ECONOMICS*, vol. 10 (Spring 1988), pp. 347-354.
6. Warren J. Samuels, "Determinate Solutions and Valuation-al Processes: Overcoming the Foreclosure of Process," *JOURNAL OF POST KEYNESIAN ECONOMICS*, vol. 11 (Summer 1989), pp. 531-546.
7. Warren J. Samuels, "John R. Hicks and the History of Economics" -- distributed
8. "'Truth' and 'Discourse' in the Social Construction of Economic Reality: An Essay on the Relation of Knowledge to Socioeconomic Policy," *JOURNAL OF POST KEYNESIAN ECONOMICS*, vol. 13 (Summer 1991), pp. 511-524.

Economics 816  
History of Economic Thought

Warren J. Samuels  
Final Exam, F1993

Answer six questions, two from Group One and four from Group Two, clearly and directly to the point, and in such manner as will indicate your mastery of the materials covered therein. All questions count equally. Avoid duplication of answers.

GROUP ONE: ANSWER TWO (2) QUESTIONS

1. Economic knowledge produced within a particular school of economic thought is limited by the constraints built in to its paradigm, program, design, practice, etc. Thus G. L. S. Shackle writes in *The Years of High Theory* of each grand theory able to answer on its own terms all the questions which that theory and those terms permit. What, precisely, does all this mean? What is its significance? How in particular does it apply to Neoclassical Economics?
2. A great deal of attention was paid in class, and some in the readings, to the epistemological/philosophy of science aspects and limits of economic knowledge. Identify the principal themes which seem important to you. Why are they important?
3. Identify both
  - a. the sociology of economics, its elements or facets, and its/-their significance
  - b. The rhetoric of economics, its elements or facets, and its/-their significance.
4. Is there as late 20th century identity crisis in economics paralleling that in the late 19th century? Both support/defend and criticize your answer.

GROUP TWO: ANSWER FOUR (4) QUESTIONS

5. Identify and explain the significance of each of the following:
  - a. subjectivism
  - b. historicism
  - c. equimarginal principle
  - d. *Natura non facit saltum*
  - e. full employment
6. It was argued in class that there was/is a tension between the positive political economy of the Austrian school and its normative doctrines. Explain and critique.
7. Summarize Maloney's argument and the bases on which it rests.
8. Consider the statement: "markets allocate resources." What significantly different positive (in contrast to normative) views are found in the history of economic thought covered in this course?
9. How have each of the following been treated in the history of economic thought in this course:
  - a. uncertainty
  - b. power
  - c. value and price
  - d. income distribution
10. Assume you are either Vilfredo Pareto or Joseph Schumpeter and have accepted the task of writing an introduction to the collected works of the U.S. institutionalists (Veblen, Commons, et al). What would you say?

Course Syllabus  
History of Economic Ideas  
Economics 4059.03AF  
WF 10-11:30 Vari Hall 1016

UG

Professor Margaret Schabas  
Ross S440 736-5113  
Office Hours: T 2:30-3:30; W 1:00-2:00

**Course Description:** We will trace the development of economic thought from Antiquity up until around 1800, with a prolonged visit with the writings of Adam Smith. Our focus will be primarily on the conceptual foundations of economics, particularly the problems of value, distribution, and economic growth. Reference will also be made to key events in economic and political history. The course is designated as writing intensive.

**Texts:** Albert O. Hirschman, The Passions and the Interests  
Henry W. Spiegel, The Growth of Economic Thought  
Robert L. Heilbroner, ed., The Essential Adam Smith  
Course Pack (available at Kinko's, York Lanes)

<b>Grading:</b>	Midterm Test (in class)	October 30	30
	12-page Essay	Due December 9	40
	Take-home examination		30
			100%

**Remarks:** Instructions on the essay will be distributed separately. You will receive a preview of the midterm test essay questions in the class preceding. The take-home exam will have some choice, and consist of two short essays. If any problems arise that might potentially jeopardize your performance in the course, you must try to inform me of the problem at the next available office hour, or by leaving a message with the philosophy department secretary. Only if notified in advance of a due date will it be possible to accommodate tardy submissions or absentees.

Class Schedule

September 16-18	Preliminaries: Spiegel Ch. 1
September 23-25	Aristotle and Aquinas: Spiegel Chs. 2-3
September 30-October 2	Emergence of Capitalism: Spiegel Ch. 4 Hirschman, Part One
October 9	Mercantilism: Spiegel Chs. 5-6 Hirschman, Part Two
October 14-16	Liberalism: Spiegel Ch. 7 Hirschman, Part Three
October 21-23	The Enlightenment: Spiegel Ch. 9 Hume (Course Pack)
October 28-30	Physiocracy: Spiegel Ch. 8 Quesnay (Course Pack) Midterm Test (Friday October 30)
November 4-6	Adam Smith, his life and times: Spiegel Ch. 10; Smith, pp. 1-11 Paper Topic Due (November 6)
November 11-13	Theory of Moral Sentiments: Smith, pp. 57-88, 133-172
November 18-20	Wealth of Nations: Smith, pp. 172-247; Spiegel Ch. 11
November 25-27	Rich Country, Poor Country: Smith, pp. 248-320
December 2-4	Scarcity: Spiegel Ch. 12, Malthus (Course Pack)
December 9	Classical Political Economy: Spiegel Ch. 13 Essay Due
December 16	Take-home Examination Due

History of Economic Ideas (Econ4059)  
Midterm Test  
October 30, 1992  
Professor M. Schabas

This is a closed book test. Please use a pen rather than a pencil. Write on every other line, but on both sides of the page. You will be graded as much on form as on content, so proofread your work.

Part A (40%) recommended time: 30 minutes

Identify the historical significance of four of the following terms. Each answer should be approximately two pages in length.

1. mercantilism
2. the just price
3. Aristotle's writings on economics
4. political arithmetic
5. Hume on interest rates
6. Locke's analysis of property

Part B (60%) recommended time: 45 minutes

Write a cogent essay on one of the following. Try to develop a specific interpretation that weighs and qualifies the various factors relevant to the argument. Support your more general claims with well-chosen examples.

1. It is fair to say that virtually all economists analyze the properties and functions of money in the economy, but for some money plays a more significant role than for others. Compare and contrast the extent to which "money matters" in the work of two of the following: Mun, Locke, or Hume.
2. Hirschman's The Passions and the Interests begins with the following question: "How did commercial, banking, and similar money-making pursuits become honorable at some point in the modern age after having stood condemned or despised as greed, love of lucre, and avarice for centuries past?" What is his answer and to what extent is it convincing?

Course Syllabus  
History of Economic Ideas  
Economics 4059.03BW  
WF 10-11:30 Vari Hall 1016

UG

Professor Margaret Schabas  
Ross S440 736-5113  
Office Hours: W 1:00-3:00

**Course Description:** We will trace the development of economic thought from David Ricardo (early 19th century) up until the time of John Maynard Keynes. Our focus will be primarily on the conceptual foundations of economics, particularly the problems of value, distribution, and economic growth. Reference will also be made to key events in economic and political history. The course is designated as writing intensive.

**Texts:** Henry W. Spiegel, The Growth of Economic Thought  
David Ricardo, The Principles of Political Economy and Taxation  
William Stanley Jevons, The Theory of Political Economy  
Thorstein Veblen, The Theory of the Leisure Class  
Course Pack (available at Kinko's, York Lanes)

<b>Grading:</b> Midterm Test (in class)	February 12	25
Revised First Essay	Due January 29	15
12-page Essay	Due April 7	35
Take-home examination	Due April 12	25
		100%

**Remarks:** Instructions on the essay will be distributed separately. You will receive a preview of the midterm test essay questions in the class preceding. If any problems arise that might potentially jeopardize your performance in the course, you must try to inform me of the problem at the next available office hour, or by leaving a message with the philosophy department secretary. Only if notified in advance of a due date will it be possible to accommodate tardy submissions or absentees.

### Class Schedule

January 8: Ricardo, Ch. 1; Spiegel Ch. 14

January 13-15: Ricardo, Chs. 2-8

January 20-22: Ricardo, Chs. 18, 28, 30-31

January 27-29: Mill (Course Pack), Spiegel Ch. 16  
Revised First Essay Due

February 3-5: Pre-Marxist Socialism, Spiegel Ch. 19  
Marx (Course Pack), pp. 19-33

February 10-12: Marx (Course Pack), pp. 33-45  
Midterm Test (Friday February 12)

February 17-19: Reading Week

February 24-26: Marx (Course Pack), pp. 46-59  
Spiegel Ch. 20

March 3-5: The Marginal Revolution, Spiegel Ch. 22  
(No class on March 5)  
Paper Topic Due (March 8)

March 10-12: Veblen, Chs. 1-4, Spiegel Ch. 27

March 17-19: Veblen, Chs. 5, 8, 14

March 24-26: Keynes (Course Pack), pp. 61-83, Spiegel Ch. 26  
(No class on March 26)

March 31-April 2: Keynes (Course Pack), pp. 84-101

April 7: Economics as a Profession, Spiegel Ch. 29  
Essay Due

April 12: Take-home Examination Due

### Economics 4069.03BW

#### Midterm Test

Professor Margaret Schabas

February 12 1993

This is a closed book test. Please use a pen and write on every other line. You will be graded as much on form as on content, so leave time to proofread your work.

Part A (30%) recommended time: 20 minutes

Identify the historical significance of three of the following terms. Each answer should be approximately two pages in length.

1. Mill's stationary state
2. Ricardo on machinery
3. Ricardo's principle of comparative advantage
4. Socialism before Marx
5. Marx on surplus value

Part B (70%) recommended time: 55 minutes

You are to write a cogent essay on one of the following.

1. One of Ricardo's most celebrated corrections of Smith's theory is that wage increases are in fact non-inflationary (i.e. commodity prices do not rise across the board). Explain, noting the strengths and weaknesses of Ricardo's analysis (hint: to what extent does this depend on his commitment to gold as the yardstick of value?)
2. According to George Stigler, "Ricardo, with his great powers of abstraction and synthesis, was a master-analyst. Population, natural resources, capital accumulation, and the distribution of income--these were woven into a sweeping theoretical system. . . . He fashioned what is probably the most impressive of all models in economic analysis." Identify and evaluate some of the more salient features of the Ricardian theoretical system, noting in particular how they may or may not fit together into an integrated whole.



History of Economic Ideas  
Professor Margaret Schabas  
Take-home Examination  
Due April 13, 4PM  
Philosophy Department Drop Box  
Ross S428  
(No late exams will be accepted)

From the list of three topics given below, you are to write two essays of about five pages each (typed, double-spaced). If you use a quotation, simply insert the author's last name and page number in parentheses after the quote. There is no need to do any additional research for these essays. In fact, please limit yourself to the assigned texts.

1. Compare and contrast Karl Marx and Thorstein Veblen as critics of capitalism. Develop an interpretation that argues for either similarities or differences in their respective views. Avoid mere description.

2. The historian Maurice Dobb has remarked of the Jevonian Revolution and advent of mathematical methods that "the cutting knives of economic discussion became sharper--whether they were used to cut so deeply is another matter." To what extent did the new approach taken by W. S. Jevons and his neoclassical followers leave behind certain fundamental categories and questions addressed by the classical economists? Is there a sense in which Dobb is correct, that there are reasons to maintain that marginal analysis does not cut so deeply into the entire subject matter? Discuss.

3. At the end of his General Theory, J. M. Keynes remarks of economists and political philosophers that their ideas are so powerful that "indeed the world is ruled by little else" (Keynes, 383). To what extent is this conviction borne out in his treatment of macroeconomic problems and in particular of his policy prescriptions for stabilizing the trade cycle? In other words, to what extent does Keynes perceive that the power to control the economy is in the hands of those who set public policy, precisely because people's habits are slow to change.

Econ4059 Final Examination  
Professor Margaret Schabas  
December 20 7:45 AM  
Education 228

This is a closed book exam. Please use a pen and write on every other line. You will be graded as much on form as on content, so leave time to proofread your work.

The examination lasts for two hours. Answer all three parts.

Part A (25%) recommended time: 30 minutes

Identify the historical significance of five of the following. Each answer should be approximately two pages in length.

1. Marshall's Principles of Economics
2. Marx's labor theory of value
3. Jevons on labor
4. Ricardo on rent
5. Marx's concept of alienation
6. Ricardo on machinery
7. principle of the final degree of utility
8. Mill's stationary state

Part B (35%) recommended time: 40 minutes

Write a cogent essay on one of the following.

1. Discuss some of Ricardo's criticisms of, and solutions to, problems of value and distribution put forth by Smith's Wealth of Nations.
2. What is Marx's theory of surplus value and to what extent is the germ of the idea already present in Ricardo's Principles of Political Economy and Taxation?

Please turn over

Part C (40%) recommended time: 50 minutes

Write a cogent essay on one of the following. Use a new blue book.

1. Maurice Dobb has remarked of the Jevonian Revolution and the advent of mathematical methods that "the cutting knives of economic discussion became sharper--whether they were used to cut so deeply is another matter." To what extent does the new approach taken by Jevons and his neoclassical followers leave behind certain fundamental categories and questions addressed by the classical economists? Is there a sense in which Dobb is correct, that marginal analysis does not cut so deeply into the entire subject matter? Discuss.
2. In order to understand the differences between the classical and neoclassical economists, one must come to terms, more than anything else, with their respective set of assumptions on human nature. Discuss.
3. One of the most remarkable things about the history of economic thought is its immunity to developments in the actual economy. Of far greater importance is the internal consistency of the theories presented in the great texts, and the overall resilience of the ideas themselves, quite apart from any empirical considerations. Discuss, with a particular emphasis on economic thought in the eighteenth and nineteenth centuries.

Development of Economic Thought  
Professor Margaret Schabas  
Take-home Examination for Graduate Students  
Due December 18, 1990 4:00 PM  
(No late exams will be accepted)

Please answers both parts in essay form (typed, double-spaced). If you use a quotation, simply insert the author's last name and page number in parentheses after the quote. There is no need to do any additional research for these essays. In fact, please limit yourself to the assigned texts.

Part A (4 to 6 pages)

Many scholars set Marx apart from the classical economists, particularly Ricardo and Mill, but there are nonetheless many ideas they share in common. To what extent is it fair to regard Marx as the last of the classical economists?

Part B (4 to 6 pages)

Maurice Dobb has remarked of the Jevonian Revolution and advent of mathematical methods that "the cutting knives of economic discussion became sharper--whether they were used to cut so deeply is another matter." To what extent does the new approach taken by Jevons and his neoclassical followers leave behind certain fundamental categories and questions addressed by the classical economists? Is there a sense in which Dobb is correct, that marginal analysis does not cut so deeply into the entire subject matter? Discuss.

## ECO 372

### HISTORY OF ECONOMIC THOUGHT

UG

Fall 1994 Section 01	MWF 10:00 STV 228
INSTRUCTOR: Dr. Neil T. Skaggs	OFFICE: STV 423B
OFFICE HOURS: M 2:00-4:00; W 8:45-9:45; 2:00-4:00; and by appointment	PHONE 438-7204

#### TEXTS:

*A History of Economic Theory and Method*, Robert B. Ekelund, Jr. and Robert F. Hébert, 3rd ed. (McGraw-Hill, 1990).

*The Essential Adam Smith*, edited and with introductory readings by Robert L. Heilbroner (Norton, 1986).

*Readings Packet*, PIP Copy Center in Bone Student Center.

#### COURSE OVERVIEW

Attempting to survey over three centuries of economic thinking in one semester is an impossible task. The greatest problem facing a teacher of the history of economic thought is what to include and what to omit. In this course we will focus on the English classical economists and the early neoclassical economists. Special attention will be devoted to Adam Smith, who is often called the "father of modern economics." His magnum opus, *The Wealth of Nations*, changed the course of thinking about political economy. 1986 Nobel laureate James Buchanan recently asked, "How much more do we know about markets today than Adam Smith knew?" His implied response was, "Not much." Smith was a genius at discerning the interconnections which are so important in an economy. He understood that the market substitutes for, and indeed is superior to, any central planning agency. Although lacking in some respects, Smith's work provided the basis for much of the modern theory we have today. Smith's economic system was but part of a larger social system he worked on throughout his life. We will spend most of the first segment of the course integrating Smith's economics with his analysis of society, although we will consider the ideas of the English mercantilists and the French physiocrats before we encounter Mr. Smith.

The second segment of the course will be devoted to the development of "microeconomics." We will consider price theory, the theory of markets, and the theory of international trade. After briefly examining the writings of ancient Greek philosophers and medieval churchmen, we will move to the British classical theories, then to the forerunners of modern neoclassical theory, and finally to the neoclassicals themselves. Our object will be to trace the continuities and note the discontinuities in the development of microeconomic thinking. In particular, we shall note that most classical theory was based on a wholly different set of principles than is neoclassical theory.

The third and final segment of the course will be given over to the evolution of "macroeconomics" - growth theory and monetary theory. Having already noted the theories of the mercantilists and physiocrats in the first segment, we will begin our discussion of growth theory with Adam Smith and follow its development through the work of Karl Marx. Our treatment of monetary theory will trace the quantity theory and anti-quantity theory traditions from John Locke and David Hume through the classical economists to Friedrich Hayek and John Maynard Keynes in our century.

We will meet some outstanding thinkers along the way, including Thomas Robert Malthus, David Ricardo, John Stuart Mill, Karl Marx, Alfred Marshall, and John Maynard Keynes. Malthus is best known for his *Essay on Population*, but he went beyond thinking about population issues to develop a theory of macroeconomics that emphasized the importance of demand. In that respect, Malthus's system differed dramatically from the dominant Ricardian system developed by David Ricardo. Ricardo focused on distribution and growth and paid little attention to demand issues. Although he is often characterized as the last great Ricardian - with some justification - John Stuart Mill saw Malthus's side of the argument too. Mill's *Principles of Political Economy* was a much more eclectic and philosophical work than Ricardo's *Principles of Political Economy and Taxation*.

Karl Marx, in his massive *Das Kapital* and other works, provided the framework for "scientific socialism." Although Marx's system is not scientific in the way he supposed, his thought nevertheless has influenced generations of socialists and communists and for a long time fostered the myth of the inevitability of communism. Interestingly, Marx had almost nothing to say about socialism; he spent his time and energies criticizing capitalism. We will study his analysis of capitalist economics, as well as the philosophy which underlies his assessment of the world.

Although not heralded as one of the founders of marginalist economics, Alfred Marshall was the dominant figure in English economics for four decades. He virtually developed modern partial equilibrium analysis, bringing demand and supply together to explain how markets behave. One of Marshall's students was John Maynard Keynes. An arrogant aristocrat who flaunted social conventions, Keynes was a brilliant monetary economist whose masterpiece, *The General Theory of Employment, Interest and Money* changed the course of monetary analysis. Virtually all of monetary theory since Keynes has been a reaction to his work in one way or another.

A number of lesser lights will also get their day in class: the French engineers Cournot and Dupuit, who developed the marginalist approach to microeconomics decades before it was "invented"; Henry Thornton, whose monetary theory was unequalled for nearly a century after he wrote; Friedrich Hayek, who might still come to be regarded as one of the masters of all time. The variety of thinkers and systems makes for an interesting (and sometimes even entertaining) story.

To fully appreciate the flow of ideas we will cover, you must actively participate in the class. Read your assigned readings carefully. Come to class prepared to ask questions and volunteer answers. Prepare answers to any questions handed out in class before the next class period. If you only come to class and take notes, you're sure to minimize what you learn in this course.

## Course Objectives

### Section I: Background, Natural Law, Mercantilism, Physiocracy, and Adam Smith

Students should complete this section of the course understanding

- 1) how social attitudes toward unregulated trade and toward the proper role of government changed in the 17th century, as agricultural production and merchandise trade both increased tremendously.
- 2) the natural law background of most social and economic theorizing in the 17th and 18th centuries.
- 3) how systematic economic thought, separate from social theorizing in general, arose in the 17th century.
- 4) the central role of sympathy in Adam Smith's *Theory of Moral Sentiments* and how sympathy worked (in his system) to create social stability.
- 5) the central role of self-interest in Adam Smith's *Wealth of Nations* and the benefits and costs (according to Smith) of organizing economic activity on the basis of self-interest.

### Section II: The Development of "Microeconomics": Theory of Price and Markets and International Trade Theory

Students should complete this section of the course understanding

- 1) the basic concepts underlying ancient and medieval theories of price and of the market.
- 2) the basic principles of classical price theory and how it differed from preclassical theories.
- 3) the importance of the concept of utility in the development of neoclassical microeconomics.
- 4) how neoclassical microeconomics differs from classical microeconomics.
- 5) what the major elements of the theory of international trade are and when and by whom they were developed.
- 6) the strengths and shortcomings of Alfred Marshall's version of neoclassical microeconomics.

### Section III: The Development of "Macroeconomics": Growth, Distribution, and Monetary Theory

Students should complete this section of the course understanding

- 1) the basic elements of the growth theories of Adam Smith, Thomas Robert Malthus, David Ricardo, and Karl Marx.
- 2) the factors determining how income is distributed in the Ricardian model.
- 3) what Say's Law means and what it implies for the study of economic fluctuations.
- 4) how the quantity theory of money developed from Hume to Wicksell.
- 5) the importance of the bullion controversy and the Banking School/Currency School controversy in the development of monetary theory.
- 6) what was truly novel about the macroeconomics of John Maynard Keynes.

## Grading

Course grades will be based on student performance on three essay exams and three writing assignments. Total points will be distributed as follows:

Exams	100 x 3 = 300
Memo/legal brief	90
Article summary	50
Short essay or paper	<u>100</u>
<b>TOTAL</b>	<b>540</b>

## Important Dates

September 23	Exam 1
September 28	Memo due
October 3	Legal briefs due
October 24	Article summary due
October 24	Rough draft of essay due
November 4	Exam 2
November 9	Microeconomics essay due
November 21	Rough draft of paper due
November 28	Article summary due
December 2	Macroeconomics paper due
December 14	Exam 3

## Course Writing Assignments

### Section I: Background, Natural Law, Mercantilism, Physiocracy, and Adam Smith

#### Writing Assignment

- 1) The basic assignment is to research, write, and orally present a legal brief on one of the following propositions:
  - Adam Smith deserves to be regarded as the father of economics because of the originality of his contributions to economic thought.
  - Adam Smith does not deserve to be regarded as the father of economics because his contributions to economic thought lack originality.

You will (voluntarily or otherwise) divide into two groups of approximately equal size. Each group member will prepare a memo summarizing at least two articles presenting support for one of the positions. The memos should be directed toward winning the case in court. Thus the article summaries will be graded on the basis of how much they contribute to your legal team's case. I will look for clarity and purpose. Memos should be useful to the team leaders assembling the legal brief.

After the memos have been written, an argument will be constructed and a legal brief written by a smaller group of lead attorneys. The briefs should be written in the persona of a defense attorney or of a prosecuting attorney. Your case is to be made in terms that an educated jury of noneconomists could understand. You should understand that argument by assertion is unlikely to carry weight with a jury of your peers. Also, an overly broad but superficial argument is likely to carry less weight than a narrower but better documented argument.

*Lawyers argue from precedent. In forming your case you need not be very creative, but you should be logical and well-organized.*

The case will be argued orally before a jury of Economic Student Association members. I will serve as the judge. This is a civil case, rather than a criminal case; a majority vote of the jury determines who wins.

**Background:** A bibliography of literature assessing Smith's role in the history of economics will be provided. You are to select from among the bibliographical entries readings to enable you to make your case. You may also draw on lectures and class discussions. *Team leaders should take a role in making sure the relevant literature is surveyed. If all group members summarize the same two articles, you won't have much of a case.*

**Grading criteria:** The most important criterion in assigning a grade to this project will be the contribution to the team's argument. Capable economists have argued both positions, so you need not fear that adopting the "wrong" position will harm your grade. Secondary criteria (accounting for no more than 20 percent of the grade) will include correct grammar and punctuation and the clarity and brevity of your writing style. **Individual memos are worth a maximum of 75 points.** Additionally, each team member can earn up to 10 points for the contribution individual memos make to the team's legal brief. The team leaders assembling and writing the briefs can earn yet another 10 points. Finally, each member of the team that wins the court battle will receive another 5 points. Whew! I will grade the whole project on a basis of 90 points, although it is possible to earn up to 100 points.

Your brief should be brief – no longer than necessary to make the arguments you will present in court.

**Due:** Memos are due Wednesday, September 28. Written briefs are due Monday, October 3. The case will be argued later that week or the following week.

## Section II: The Development of "Microeconomics": Theory of Price and Markets and International Trade Theory

### Writing Assignments

In Sections II and III you will write an article summary and a short paper. You will write one of them on the material in Section II, the other on the material in Section III. Which you choose to write in each section is up to you.

- 2) Write a two- to three-page article summary on a paper covering a microeconomic topic. The paper will be chosen from the bibliographies made available to you and should be chosen in consultation with me.

**Grading criteria:** Your grade will be based on how well you address the following issues:

- 1) What is the major question (or questions) being asked or proposition being defended?
- 2) Why is this an important issue?
- 3) What is the author's proposed solution?
- 4) What are the strengths and weaknesses of the author's argument?
- 5) Is the author's conclusion persuasive?

Grammar, punctuation, and writing style will also be taken into account.

**Due:** Monday, October 24. Assignment 4 can be substituted for this assignment.

**Value:** 50 points

- 3) Write a five- to seven-page essay on the contribution of a preclassical, classical, or neoclassical economist to the theory of microeconomics. I will help you choose an economist appropriate for such a paper. The paper should be primarily about the economist's ideas, rather than being biographical. The paper should make clear what were the writer's original contributions, how they differed from earlier thought on the subject, and their consequences for the future development of microeconomics.

Rough drafts of the essays are due Monday, October 24. I will provide feedback on the essays by Monday, October 31. Responding to my suggestions can only improve your score.

**Due:** Revised essays are due Wednesday, November 9. Assignment 5 may be substituted for this essay.

**Value:** 100 points

## Section III: The Development of "Macroeconomics": Growth, Distribution, and Monetary Theory

### Writing Assignments

- 4) Write a two- to three-page article summary on a paper covering a macroeconomic topic. The paper will be chosen from the bibliographies made available to you and should be chosen in consultation with me.

**Grading criteria:** See the criteria for assignment 2 above.

**Due:** Monday, November 28. Assignment 2 can be substituted for this assignment.

**Value:** 50 points

- 5) Write a five- to seven-page **critical assessment** of one of the following:
- i) Adam Smith's theory of economic growth
  - ii) Malthus's theory of population
  - iii) Ricardo's theory of distribution
  - iv) Hume's version of the quantity theory
  - v) Henry Thornton's version of the quantity theory
  - vi) The Currency School position
  - vii) The Banking School position
  - viii) Irving Fisher's version of the quantity theory
  - ix) Knut Wicksell's cumulative process model
  - x) An aspect of J.M. Keynes's macroeconomic model

Your paper should i) briefly summarize the theory or model under discussion, ii) point out the original or important features of the theory or model, iii) explain how the theory or model has contributed to our understanding of economic reality or to the types of questions economists ask, and iv) discuss the most important shortcomings or weaknesses of the theory or model.

**Background:** A bibliography of literature pertaining to each of these topics will be provided. You should also read from the primary works themselves in preparing your assessment.

**Grading criteria:** Your grade will depend upon the clarity and accuracy of your summary of the theory or model in question and the logical quality of your supportive and critical assessments of the theory or model. As always, grammar, punctuation, and style will count, but for no more than 20 percent of your grade.

Rough drafts of the papers are due Monday, November 21. I will provide feedback on the essays by Monday, November 28. Responding to my suggestions can only improve your score.

**Due:** Friday, December 2. Assignment 3 may be substituted for this paper.

**Value:** 100 points

Early in the semester, I will conduct a writing workshop during the evening. The workshop will cover major topics relevant to technical writing, including how to find and use sources, how to assemble information, and the appropriate style of technical papers. Attendance at this workshop is voluntary but encouraged.

## Course Calendar

*Assignments are in boldface type. The assignments should be read before the class period to which they correspond.*

EH refers to the text by Ekelund and Hébert; the number following refers to the chapter and, if relevant, pages. EAS refers to the *Essential Adam Smith*. The numbers that follow are page numbers. P refers to the PIP packet. The authors of readings follow.

### Week 1: August 22, 24, 26

M	Introduction to course, writing assignments, exams.	
W	Overview: Development of economic thought.	EH 1; Schumpeter handout.
F	Mercantilism	EH 3; P: Mun, Misselden.

### Week 2: August 29, 31, September 2

M	Mercantilism.	
W	Toward Liberalism: Physiocracy.	EH 4; P: Chalk.
F	Physiocracy.	

### Week 3: September 7, 9

M	Labor Day	EH 5: 99-106;
W	Adam Smith: Background - Scottish Enlightenment.	EAS: 1-20, 57-63; P: Spiegel.
F	Adam Smith: TMS.	EAS: 65-100.

### Week 4: September 12, 14, 16

M	Adam Smith: TMS.	EAS: 100-147.
W	Adam Smith: WN.	EAS: (149-57), 159-94; EH 5: 106-13.
F	Adam Smith: WN.	EAS: 194-227; EH 5: 113-19; P: Young.

### Week 5: September 19, 21, 23

M	Adam Smith: WN.	EAS: 227-47; EH 5: 119-23.
W	Adam Smith: WN.	EAS: 248-69.
F	Exam 1, September 23.	

### Week 6: September 26, 28, 30

M	Ancient and Medieval Economic Thought: Just Price.	EH 2.
W	Adam Smith.	EH 5: 106-19.
F	Bentham and Say: Utility Theory.	EH 6: 127-32.

### Week 7: October 3, 5, 7

M	Ricardo, Malthus, and Senior.	EH 7: 145-51, 154-56, 158-63.
W	Ricardo, Malthus, and Senior. [Also Bailey]	P: Fetter.
F	John Stuart Mill: Price Theory.	EH 8: 171-79, 186-97.

### Week 8: October 10, 12, 14

M	Ricardo and Mill on International Trade.	EH 8: 179-86.
W	Classical Economic Policy.	EH 9.
F	Karl Marx: Value Theory.	EH 11: 261-75.

Week 9: October 17, 19, 21

M Cournot and Dupuit: Forerunners of Neoclassical Economics.  
W Menger and Austrian Economics.  
F Austrian Economics.

EH 12.  
EH 13: 317-29.  
EH 13: 329-48.

Week 10: October 24, 26, 28

M William Stanley Jevons.  
W Alfred Marshall.  
F Alfred Marshall.

EH 14.  
EH 15: 374-92.  
EH 15: 392-414.

Week 11: October 31, November 2, 4

M Léon Walras.  
W Imperfect Competition: Chamberlin and Robinson.  
F Exam 2, November 4.

EH 16.  
EH 18.

Week 12: November 7, 9, 11

M Adam Smith's Theory of Growth.  
W Thomas Robert Malthus on Population and Growth.  
F David Ricardo: Growth and the Stationary State.

EH 5: 119-23.  
EH 6: 132-35; P: Malthus  
EH 7: 149-53, 164-66.

Week 13: November 14, 16, 18

M Effective Demand and Say's Law.  
W Karl Marx: Dynamics of the Capitalist System.  
F John Locke and David Hume on the Quantity Theory of Money.

EH 7: 156-58; P: Mill.  
EH 11: 275-81.  
EH 6: 135-38.

Week 14: November 21

M Adam Smith, the Anti-Bullionists, and the Real Bills Doctrine.  
W Thanksgiving Break  
F Thanksgiving Break

P: Skaggs.

Week 15: November 28, 30, December 2

M H. Thornton and D. Ricardo: Sophisticated and Simple Quantity Theories.  
W Thomas Tooke and the Endogeneity of Money.  
F Irving Fisher and Knut Wicksell: Apex of Quantity Theory.

P: Skaggs.

Week 16: December 5, 7, 9

M John Maynard Keynes: Competing Interpretations of the General Theory  
W Keynes: Competing Interpretations of the General Theory.  
F Friedrich Hayek and Keynes on Depression.

EH 19.

Finals Week

W Exam 3, December 14, 8:00 a.m.

## ECO 372 READINGS PACKET

1. Thomas Mun, *England's Treasure by Forraign Trade* (1664; selections).
2. Edward Misselden, "Of Exchanges in Generall," in *The Circle of Commerce* (London, 1623).
3. Alfred F. Chalk, "Natural Law and the Rise of Economic Liberalism in England," *Journal of Political Economy* 59, August 1951, pp. 330-47.
4. Henry Spiegel, "Adam Smith's Heavenly City," *History of Political Economy* 8, Winter 1976, pp. 478-93.
5. Jeffrey T. Young, "The Impartial Spectator and Natural Jurisprudence: An Interpretation of Adam Smith's Theory of Natural Price," *History of Political Economy* 18, Fall 1986, pp. 365-82.
6. Thomas Robert Malthus, *An Essay on the Principle of Population*, 1798, Book I, Chapter II.
7. Frank W. Fetter, "The Rise and Decline of Ricardian Economics," *History of Political Economy* 1, Spring 1969, pp. 67-84.
8. John Stuart Mill, "Of the Influence of Consumption on Production," in *Essays on Some Unsettled Questions of Political Economy* (1844). Reprinted London: London School of Economics, 1948, pp. 47-74.
9. David Hume, "Of Money," in *Essays: Moral, Political, and Literary*, Eugene F. Miller, ed. (Indianapolis: Liberty Fund, 1985, 1987), pp. 281-94.
10. Neil T. Skaggs, "The Bullionist Controversy," unpublished paper.
11. Neil T. Skaggs, "Henry Thornton's Monetary System," from "Henry Thornton and the Development of Classical Monetary Economics," *Canadian Journal of Economics*, forthcoming.

## ECO 372

### Bibliography for Smith Trial

- Moos, S. "Is Adam Smith Out of Date?" *Oxford Economic Papers* 3, June 1951: 187-201.
- Boulding, Kenneth E. "After Samuelson, Who Needs Adam Smith?" *HOPE* 3, Fall 1971: 225-37.
- Coase, Ronald H. "The Wealth of Nations," *Economic Inquiry* 15, July 1977: 309-25.
- Stigler, George J. "The Successes and Failures of Professor Smith," *JPE* 84, December 1976: 1199-1214.
- Schumpeter, Joseph A. *History of Economic Analysis*: 181-94.
- Rashid, Salim. "Adam Smith's Rise to Fame: A Re-examination of the Evidence," *The Eighteenth Century* 23 (1), 1982: 64-85.
- Rashid, Salim. "The Scottish Enlightenment: Evaluation of Origins," in S. Todd Lowry, ed., *Pre-Classical Economic Thought* (Kluwer Academic Publishers, 1987): 256-63.
- Evensky, Jerry. "Adam Smith on the Human Foundation of a Successful Liberal Society," *HOPE* 25, Fall 1993: 395-412.
- Henderson, James P. "The Macro and Micro Aspects of *The Wealth of Nations*," *SEJ* 21, July 1954: 25-35.
- Douglas, Paul H. "Smith's Theory of Value and Distribution," in J. M. Clark, ed., *Adam Smith, 1776-1926*.
- Rashid, Salim. "Adam Smith and the Market Mechanism," *HOPE* 24, Spring 1992: 129-53.
- Robertson, H. M. and W. L. Taylor, "Adam Smith's Approach to the Theory of Value," *FJ* 67, June 1957.
- Young, Jeffrey T. "The Impartial Spectator and Natural Jurisprudence: An Interpretation of Adam Smith's Theory of the Natural Price," *HOPE* 18, Fall 1986: 365-382.
- Stephenson, Matthew A. "The Paradox of Value: A Suggested Interpretation," *HOPE* 4, Spring 1972: 127-39.
- Winfrey, John C. "Derailing Value Theory: Adam Smith and the Aristotelian Tradition," *Journal of the History of Economic Thought* 15, Fall 1993: 301-19.
- Brewer, Anthony. "Economic Growth and Technical Change: John Rae's Critique of Adam Smith," *HOPE* 23, Spring 1991: 1-12.
- Reid, Gavin C. "Disequilibrium and Increasing Returns in Adam Smith's Analysis of Growth and Accumulation," *HOPE* 19, Spring 1987: 87-106.

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Spengler, J. J. "Adam Smith's Theory of Growth," *SEJ* 25, April 1959.

Bladen, V. W. "Adam Smith on Productive and Unproductive Labor: A Theory of Full Development," *CJEPS* 24, 1960: 625-30.

Bowles, P. "Adam Smith and the Natural Progress of Opulence," *Economica* 53, February 1986: 109-18.

Bladen, V. W. "Command Over Labor: A Study in Misinterpretation," *CJE* 8, November 1975.

Groenewegen, P. D. "Adam Smith and the Division of Labour: A Bi-centenary Estimate," *Australian Economic Papers* 16, December 1977.

West, E. G. "Adam Smith's Two Views on the Division of Labor," *Economica* 31, February 1964: 23-32.

Rosenberg, Nathan. "Adam Smith on the Division of Labor: Two Views or One?" *Economica* 32, May 1965: 127-40.

Rashid, Salim. "Adam Smith and the Division of Labor: A Historical View," *SJPE* 33, August 1986: 292-97.

West, E. G. "Adam Smith's Public Economics," *CJE* 10, February 1977.

West, E. G. "Adam Smith's Economics of Politics," *HOPE* 8, Winter 1976: 515-39.

Anderson, Gary M. "The Butcher, the Baker, and the Policy-Maker: Adam Smith on Public Choice," with a reply by George Stigler, *HOPE* 21, Winter 1989: 641-660.

Freeman, R. D. "Adam Smith, Education and Laissez-Faire," *HOPE* 1, Spring 1969: 173-86.

Tullio, Giuseppe. "Smith and Ricardo on the Long-Run Effects of the Growth of Government Expenditure, Taxation, and Debt: Is Their Theory Relevant Today?" *HOPE* 21, Winter 1989: 723-36.

Levy, David. "Adam Smith's Case for Usury Laws," *HOPE* 19, Fall 1987: 387-400.

Perlman, Morris. "Adam Smith and the Paternity of the Real Bills Doctrine," *HOPE* 21, Spring 1989: 77-90.

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## Possible Articles for Micro Summaries

From *History of Political Economy*

Wilson, George W. "The Economics of the Just Price," 7, Spring 1975: 56-74.

Groenewegen, P. D. "A Reappraisal of Turgot's Theory of Value, Exchange, and Price Determination," 2, Spring 1970: 177-196.

Lee, F. S. and J. Irving-Lessman. "The Fate of an Errant Hypothesis: The Doctrine of Normal-Cost Prices," 24, Summer 1992: 273-310.

West, Edwin G. "Joint Supply Theory before Mill," 26, Summer 1994: 267-78.

Bowman, Rhead S. "Smith, Mill, and Marshall on Human Capital Formation," Summer 1990: 239-259.

Pesciarelli, Enzo. "Smith, Bentham, and the Development of Contrasting Ideas on Entrepreneurship," 21, Fall 1989: 521-536.

Burgstaller, Andre'. "Demand and Relative Price in Ricardo: An Examination of Outstanding Issues," 19, Summer 1987: 207-215.

Moss, Laurence S. "Mountifort Longfield's Supply-and-Demand Theory and Its Place in the Development of British Economic Theory," 6, Winter 1974: 405-434.

Bradley, Michael E. "John Stuart Mill's Demand Curves," 21, Spring 1989: 43-56.

De Marchi, Neil B. "Mill and Cairnes and the Emergence of Marginalism in England," 4.2, 1972: 344-363.

Forget, Evelyn L. "J.S. Mill and J.E. Cairnes on Natural Value: The Role of Expectations in Late-Classical Thought," 21, Spring 1989: 103-121.

Ekelund, Robert B., Jr. and Sven Thommesen, "Disequilibrium Theory and Thornton's Assault on the Laws of Supply and Demand," 21, Winter 1989: 567-592.

Indart, Gustavo. "The Formation and Transformation of Market Value: A Note on Marx's Method," 22, Winter 1990: 721-44.

Birken, Lawrence. "From Macroeconomics to Microeconomics: The Marginalist Revolution in Sociocultural Perspective," Summer 1988: 251-264.

Hutchison, T. W. "The 'Marginal Revolution' and the Decline and Fall of English Classical Political Economy," 4, 1972.2: 442-468.

Ekelund, Robert B., Jr. and Mark Thornton. "Geometric Analogies and Market Demand Estimation: Dupuit and the French Connection," 23, Fall 1991: 397-418.

Bostaph, Samuel and Yeung-Nan Shieh. "Jevons's Demand Curve," 19, Spring 1987: 107-26.

Schlee, Edward E. "Marshall, Jevons, and the Development of the Expected Utility Hypothesis," 24, Fall 1992: 729-44.

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Stigler, George J. "The Adoption of the Marginal Utility Theory," 4.2, 1972: 571-586.

White, Michael V. "Why Are There No Supply and Demand Curves in Jevons?" 21, Fall 1989: 425-456.

Endres, A. M. "Menger, Wieser, Boehm-Bawerk, and the Analysis of Economizing Behavior," 23, Summer 1991: 279-300.

Santarelli, Enrico and Enzo Pesciarelli. "The Emergence of a Vision: The Development of Schumpeter's Theory of Entrepreneurship," 22, Winter 1990: 677-96.

Syll, Lars Pålsson. "Cassel and Revealed Preference Theory," 25, Fall 1993: 499-514.

Gee, J. M. A. "Marshall's Views on 'Short-Period' Value Formation," 15, Summer 1983: 181-205.

Williams, Philip L. "A Reconstruction of Marshall's Temporary Equilibrium Pricing Model," 18, Winter 1986: 639-653.

Morgan, Mary S. "Competing Notions of 'Competition' in Late Nineteenth-Century American Economics," 25, Winter 1994: 563-604.

McNulty, Paul J. "On the Nature and Theory of Economic Organization: The Role of the Firm Reconsidered," 16, Summer 1984: 233-253.

Brems, Hans. "Price Theory: A Stylized History," 23, Winter 1991: 675-86.

Ekelund, Robert B., Jr. and Robert F. Hébert. "Consumer Surplus: The First Hundred Years," 17, Fall 1985: 419-454.

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Stigler, George J. "Perfect Competition, Historically Contemplated," reprinted in his *Essays in the History of Economics*: 234-267.

Ekelund, Robert B. "Jules Dupuit and the Early Theory of Marginal Cost Pricing," *Journal of Political Economy* 76, May-June 1968: 462-471.

Ekelund, Robert B. "Price Discrimination and Product Differentiation in Economic Theory: An Early Analysis," *Quarterly Journal of Economics* 84, May 1970: 268-278.

Leigh, A. H. "Von Thünen's Theory of Distribution and the Advent of Marginal Analysis," *Journal of Political Economy* 54, December 1946: 481-502.

*The Manchester School of Economics and Social Studies* 40, March 1972: an entire volume of papers on W. Stanley Jevons.

*Atlantic Economic Journal* 16, September 1978: an entire volume devoted to the economics of Carl Menger and the Austrians.

Dooley, P. C. "Consumer's Surplus: Marshall and His Critics," *Canadian Journal of Economics* 16, February 1982: 26-38.

1. Three, not necessarily inconsistent, views of mercantilism were discussed in class: mercantilism as *Staatsbildung*, as rent-seeking behavior, and as emerging liberalism. Describe each of these views, explaining how each might help us to understand the writings and behavior of the mercantilists.
2. Proponents of the rent-seeking explanation of mercantilism argue that their theory can explain both the emergence and the collapse of mercantilism. Use the theory to explain the emergence and collapse of English mercantilism. As part of your answer, explain why mercantilism collapsed in England so much earlier than in France.
3. Perhaps the most famous element of the economics of *les économistes* was François Quesnay's *Tableau Économique*.
  - i) What was the *Tableau* designed to demonstrate?
  - ii) What assumptions about the nature of production in different sectors underlay the *Tableau*?
  - iii) Why did Quesnay argue that a single tax on landlords was the optimal tax policy?
  - iv) What was Quesnay's attitude toward saving by landlords? Explain how such an attitude made sense in the context of his model.
4. In *The TMS* Adam Smith reveals a complex attitude toward the acquisition of wealth and "trinkets of frivolous utility." He argues that the material goods acquired from a lifetime of rigorous labor are not worth the effort. Yet the social consequences of the pursuit of fortune are quite different.
  - i) What are the social consequences of the pursuit of wealth by individuals.
  - ii) Are these consequences merely accidental? Explain.
  - iii) What does Smith reveal about his basic view of the world in his treatment of this issue?
5. Smith listed three aspects of virtue in *The TMS*: prudence, justice, and benevolence. (He also discusses a fourth aspect, self-command, but we will ignore it here.) Define each of these aspects and explain how each contributes to the social order. Also, be sure to explain the basis of prudence in Smith's theory. I.e., why does prudence prevail in a commercial society?
6. Trace out the basics of Smith's theory of moral sentiments.
  - i) What is sympathy? What role does it play in Smith's theory?
  - ii) What is the role of the spectator? How does observation by a spectator affect the behavior of the person observed and the sentiments of the spectator himself?
  - iii) How do individuals form judgments of their own sentiments?
  - iv) Why does Smith push beyond the concept of the impartial spectator to the formation of general rules of morality? How do such rules develop? What role does religious belief play with regard to these rules?
7. Smith's price theory includes two distinct concepts: natural price and market price.
  - i) What determines natural price?
  - ii) How does natural price differ (in concept) from market price?
  - iii) What is the possible link between natural price and Smith's theory of moral sentiments? (This was the subject of Jeffrey Young's article in your reading packet.)
  - iv) What is effectual demand? How does quantity supplied interact with effectual demand to determine market price?
  - v) Explain the theory of resource allocation that accompanies Smith's price theory.
8. Smith's theory of wage determination was tied to the state of the economy - increasing, stationary, or declining.
  - i) Upon what does the natural wage depend in Smith's theory?
  - ii) Why did Smith believe wages to be high in an increasing (growing) economy?
  - iii) What was Smith's theory of long-run labor supply?
  - iv) Use Smith's labor demand and labor supply theories to explain why he argued that workers do better in an increasing economy than in a stationary, but perhaps wealthy, economy.
  - v) Did Smith believe that a stationary economy was inevitable? Comment on his views.

1. What two traditions in value theory came out of medieval scholastic economic thought? Who were the major thinkers in each tradition?
2. What analytical deficiencies are evident in Adam Smith's theory of the market?
3. What was Jeremy Bentham's theory of the felicific calculus? What are its major shortcomings?
4. George Stigler has said that David Ricardo held a "93 percent labor theory of value." What did he mean? Why is a pure labor theory of value untenable in a real economy?
5. What was the central point made by Samuel Bailey in his criticism of Ricardo's search for an invariable measure of value?
6. Explain Ricardo's theory of rent. Use it to explain why Ricardo adamantly opposed the Corn Law.
7. What is the central idea of Ricardo's theory of comparative advantage? In what way was this theory an advance over the ideas of Adam Smith? Explain what the theory did and did not demonstrate.
8. How did John Stuart Mill's theory of reciprocal demand improve on Ricardo's theory of comparative advantage. Explain how Mill's theory worked.
9. What was Karl Marx's transformation problem? How is it linked to the relationship between surplus value and profits? Why are the prices of individual commodities typically unequal to the value of those commodities?
10. Explain in basic terms Cournot's theory of duopolistic behavior, including the assumptions underlying the theory and the manner in which equilibrium is achieved. Is Cournot's theory a realistic way to analyze duopoly behavior? Why is the theory important?
11. How did Jules Dupuit use the concept of consumers' surplus?
12. In what ways did Carl Menger's theory of value differ from the value theories of Jevons, Marshall, and Walras? What was Menger's basic approach to value theory?
13. What did W. S. Jevons mean when he said that the final degree of utility determines value. (Be precise.)
14. How did Alfred Marshall's method of economic analysis differ from the methods used by earlier British economists?
15. In Marshall's economics, how do short-run cost conditions differ from long-run cost conditions? I.e., how does one get from short-run cost to long-run cost?
16. Why do Marshallian quasi-rents exist only in the short run? (By the way, what are quasi-rents?)
17. Marshall's theory of long-run cost conditions was not without problems. What difficulties arise in defining a long-run supply curve in an industry in which the long run is actually long in calendar time? What problems arise in discussing decreasing costs in a competitive industry?
18. What is Walras' Law? Why is it important?
19. Explain the difference between the market adjustment mechanisms devised by Marshall and by Walras.
20. Léon Walras was the first economist to construct a general equilibrium model of the economy. Walras attempted to demonstrate that it was possible to attain equilibrium in all markets simultaneously. Although he failed in this attempt, Walras nevertheless is regarded as one of the greatest economists in history. Why?

1. What was Adam Smith's purpose in distinguishing between "productive" and "unproductive" labor when discussing economic growth?
2. T. R. Malthus made a name for himself by writing on the issue of population.
  - (a) What prompted Malthus to write?
  - (b) What were the key assumptions underlying Malthus's population model?
  - (c) What determined the long-run equilibrium level of population in Malthus's model? What forces moved the economy toward equilibrium if population was below or above the equilibrium level?
  - (d) Evaluate the strengths and weaknesses of Malthus's population model.
3. Whereas Ricardo adopted Malthus's population model and made it part of his model of value and distribution, he argued with Malthus for years over Malthus's views on effective demand and gluts.
  - (a) What is effective demand?
  - (b) Describe Malthus's model of effective demand.
  - (c) Explain why the distribution of income is important in Malthus's model.
4. David Hume was the first writer to clearly state the price-specie-flow mechanism (PSFM).
  - (a) What was the PSFM?
  - (b) How is the PSFM related to the Quantity Theory of money?
5. The Bullionist Controversy of 1801-1811 was the first great English monetary controversy. Hard-core bullionists, such as David Ricardo, insisted that the high price of bullion (and low exchange rates) that emerged after the convertibility of bank notes into gold ended was proof that bank money had been over-issued. Henry Thornton, a moderate bullionist, disagreed.
  - (a) Compare Thornton's theory of bullion price (and exchange rate) determination with Ricardo's. Be sure to examine the cause-and-effect linkages between the factors alleged to have caused the high price of bullion and the high price itself.
  - (b) How could Thornton and Ricardo end up on the same side of the political debate in 1810? (Both favored a quick return to convertibility.)
6. The major argument used by anti-bullionists against those who charged that the Bank of England had over-issued its currency was the Real Bills Doctrine.
  - (a) What was the Real Bills Doctrine?
  - (b) What arguments did Henry Thornton lodge against the doctrine?
7. Ricardo based his arguments on a tight logical model. Use the Ricardian model of value and distribution to answer the following questions:
  - (a) What is the relationship of the wage rate to the rate of profit? Why does the relationship exist?
  - (b) What effect on the rate of profit does population growth have? How does population growth affect the profit rate?
  - (c) Can anything offset the effect of growing population on the rate of profit? Explain.
8. John Stuart Mill's essay "Of the Influence of Consumption upon Production" is important for several reasons.
  - (a) How does this essay illustrate Mill's basic methodological approach?
  - (b) What conclusion does Mill reach about the benefits to an individual merchant of an additional customer? What are the benefits to a city or a country of additional consumers with incomes earned in another country?
  - (c) Does Mill uphold Say's Law in the essay? If so, in what precise form? If not, what did he believe?
9. In one sentence, what is the quantity theory of money? (Don't explain it, just tell me what it is.)
10. In Wicksell's model of a pure credit economy, three conditions must be met in order for the economy to be in *monetary equilibrium*. What are these three conditions? What happens if, say, the market rate of interest is higher than the natural rate of interest?
11. John Maynard Keynes's *General Theory* represented a major break with the neoclassical monetary theory.
  - a. Why was Keynes dissatisfied with neoclassical monetary theory?
  - b. Why did Keynes attack the "classical theorists," especially Pigou, rather than the neoclassical monetary theorists?
  - c. How did Keynes attempt to overcome the problems he saw in neoclassical monetary theory?
  - d. What was the main point Keynes wished to make in the *General Theory*?
12. How did Keynes's theory of the aggregate labor market differ from the "classical" theory of the aggregate labor market?
13. In the *General Theory*, what is the ultimate source of underemployment equilibrium? Why does the economy not correct this problem without government intervention?
14. Both Keynes and Friedrich Hayek believed that the interest rate and investment spending were at the core of economic depressions. Yet their views of the process by which the interest rate affects investment and investment affects the economy differed greatly. Describe the basic differences between Keynes's and Hayek's views on the subject.

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The ranking of academic journals has been given increased attention by economists over the past two decades. However, most earlier work has not taken into account some fundamental changes that have taken place in the economics profession during that time period. Two changes are especially noteworthy. First, there has been a remarkable increase in the number of college students in the United States resulting in a tremendous increase in the demand for academic economists and forcing rapid expansion of the economics departments of established universities as well as newly emerging universities. The last two decades have also witnessed an enormous expansion of the economics profession in the rest of the world, particularly in the less developed countries. Second, the level of specialization within economics has increased sharply. No longer is one just a specialist in labor or development economics but one has further specialization in human capital or cost-benefit analysis for development projects. Today's academic economist with his highly specialized knowledge and analytical techniques is a far different individual from his counterpart of two or three decades ago. These changes have had an impact on the process of knowledge creation, its dissemination and the changing usefulness of professional journals in Economics.

The rapid increase in the number of economists and increased specialization has accelerated the rate of knowledge creation in Economics. According to Lovell (1973) economics literature consisting of journal articles has grown exponentially at the rate of 5 percent per annum, thus doubling approximately every 14 years! The creation of new journals has been the major means of accommodating the increase in the supply of manuscripts. In the past three decades over 50 academic journals, with mainly economic content, have been established. Some new journals such as the *Journal of Econometrics* and the *Journal of Mathematical Economics* reflect the need for increased level of quantification in Economics. But most new journals are field specific and publish articles which provide a stream of highly specialized knowledge. The rapid growth of several very high quality field journals in the 1970's is a particularly noteworthy phenomenon. These journals are edited by economists who have made major contributions in their fields during the last two decades. The earlier model of a highly reputed university sponsoring a general journal with an outstanding economist from its faculty as editor has changed with the entry of commercial publishers like North Holland and Basil Blackwell into the journal field. North Holland has sponsored mainly field specific journals such as *Journal of International Economics* (1972), *Journal of Public Economics* (1972), *Journal of Development Economics* (1974), *Journal of Monetary Economics* (1975). Other examples of unusual sources of quality journals been a telecommunications company, Bell (now Rand) *Journal of Economics* (1970), a research organization, *Brookings Papers on Economic Activity* (1970) and a group of dissident economists, *Review of Radical Political Economy* (1969). These changes in the world of economists and their publication outlets form the basis on which we develop our technique for ranking journals.

The purpose of this paper is two fold. First, to develop a ranking of all journals general as well as specialty journals. Second, to examine the ranking of general as well as field specific journals in each of the major specialties. In order to reflect the increased specialization of economists, our journal ranking is developed from the reading lists of graduate economics courses. Data from this source has the advantage that it represents the crucial transfer point for the intergenerational movement of human capital accumulated by economists.<sup>2</sup> Data from these lists allow us to determine the contribution that any individual journal makes to knowledge creation. In addition, it enables us to determine the relative importance of the contributions of general and field specific journals both to a specific field such as economic development and to the discipline as a whole. Thus, our research extends the 1972 work done by Skeels and Taylor (ST) in several ways. First, our data is more current. We use the data for the 1980s as opposed to the 1970s data used in the ST study. This helps to determine whether the earlier rankings of journals have changed over time and the extent to which specialized journals have become more important. Second, our data set is much richer, the ST article included 2018 articles, ours 16,730, which permits much greater

confidence in our findings with regard to various specialties. Finally, our analysis of the fundamental changes in the economics as a discipline enables us to develop a much richer set of implications for our findings.

The graduate economics readings lists used in this study were taken from the 50 volume collection edited by Edward Tower and bearing the title *Economics Reading Lists, Course Outlines, Exams, Puzzles and Problems* (1981 and 1985). Over 18,000 articles were initially listed from 16 fields. In general, the lists were generated from courses at major universities and colleges and quite often taught by professors of considerable standing in the profession. Obviously books and non-journal entries were not included in our count. We did include journals that were essentially non-economic, such as law reviews and journals from cognate fields such as political science. Several of them appear in our list of the top 75 journals. (See Table 1.) The highest ranked journal from a cognate field is the *Journal of the American Statistical Association*, in the 20th position. This journal was ranked as number 10 by the Hawkins, Ritter and Walter (1973) poll of economists. More unexpected are the listing of the *Harvard Law Review* (57), *University of Pennsylvania Law Review* (50), *University of Chicago Law Review* (59) and *Yale Law Journal* (66). However, the ranking study based on citations (Leibowitz and Palmer (1984)) ranks the *Yale Law Review*, for example, as number 7, 72, 2, and 54 depending on the degree of adjustment made to their citation data set.

In ranking journals across fields we have used Tower's various field categories, except where the number of articles listed was too small to be representative of the journals in that field or where courses were too heterogeneous to produce a good sample for that field. For example, we excluded the comparative economics field because of the heterogeneity of courses listed. The same problem existed for environmental and public choice economics. Mathematical economics listings produced too few articles to be included. When we compared the relative rankings in all fields (18,517 items) with our more limited set of fields (16,730) we found the Spearman coefficient of correlation to be well over .9.

As a final adjustment, the differences in total number of articles listed in each field were eliminated by standardizing each field to have the same weight. More formally,  $R_k = \sum_{i=1}^{10} w_i J_{ki}$ , where each journal's ( $J_k$ ) appearance in a field's reading lists was weighted by a specific field weight factor ( $w_i$ ) and finally summed over all fields to give its final standing ( $R_k$ ). This offered each field journal the same opportunity to rank high in the overall journal listings.

Our methodology produced the relative rankings found in Table 1. The appearance of the *American Economic Review*, *Journal of Political Economy* and *Econometrica* as the top three journals in terms of contributions to economic knowledge is no surprise. Several other earlier studies have found the same.<sup>3</sup> There are other more interesting results, however. The top 7 journals are general ones by practically any definition. In the next 20 journals we find a strong mix of general journals like the *International Economic Review*, *Southern Economic Journal*, and *Economica* as well as field specific ones like *Journal of Public Economics*, *National Tax Journal*, and *Journal of Human Resources*. Based on our ranking, it appears that some foreign journals may be under-utilized by U.S. economists. It is possible that the *Scandinavian Journal of Economics* (at 39), *Kyklos* (45), and *Oxford Economic Papers* (29) may have produced more contributions to economics than American economists give them credit for.<sup>4</sup>

Table 1 also contains the percentage of total listings represented by each journal. It is clear that the *American Economic Review* and *Journal of Political Economy* are most often listed by economists to reflect the state of economic knowledge, followed by seven more standout journals. After these top nine, the percentages fall more gradually. In fact, the top 9 journals produced a majority of the articles listed in economists' readings lists.

We can also examine how well the general journals perform compared to field-specific ones by examining the journal rankings for specific fields. Table 2 contains journal rankings by field. For example, for the macro field, the top journals are both general ones like the AER and IPE as well as field specific ones, such as Journal of Money, Credit and Banking, Journal of Monetary Economics, and Journal of Finance. For micro, the general type journals predominate among the top ones. Most fields follow the macro pattern of having a mix of general and field specific journals.<sup>5</sup> A common pattern is for the AER and IPE to occupy the top 2 positions. This occurred in about half of the fields. Only in the case of the history of economic thought was a field journal the dominant one. This may be due to two factors, (a) the more extensive use of books in course reading requirements, and (b) the lack of interest in major general journals in covering this field. A reason for the latter situation might be the basically non-mathematical and non-quantitative tradition of the history of economic thought field.

Except for micro economics, each field had one or more journals specializing in that field. Four fields had a heavy dependence upon field journals for landmark articles. These were the economic development, econometrics, industrial organization and urban and regional fields. These specialties had 5 or more field specific journals in their top 15 listings. Another way of measuring the importance of field specific journals is to determine their contribution in the graduate economics courses they represent. Table 3 shows the percentages for general and field specific journals published in each field. While econometrics and development economics continue to show the importance of field specific journals, industrial organization and urban and regional economics clearly do not. A similar but more modest turnaround occurs for the history of thought field where the number of field specific journals is low but they represent a high proportion of total listings.

Now that the pattern of journal ranking in fields has been presented, we can examine the question of how general are general journals in terms of producing benchmark economics articles. In other words, do the general journals tend to do better in serving the needs of some fields than others. Table 4 shows how well the top ranked journals performed in terms of appearing among the top 15 journals in each field.<sup>6</sup> Table 4 indicates that only seven journals were ranked among the various fields eight or more times. These were the AER, IPE, Econometrica, QJE, REStat, ReStud, and JEL. Those ranking in 3 to 7 fields might also be considered general journals in terms of landmark output, namely, EJ (7), Economica (6), BellJE (4), BPEA (4), JETHEORY (4), IER (3), and Oxford EP (3).

It is important to note that even though a journal may be general in terms of its content, this fact alone does not ensure that it produces benchmark articles in all fields. For example, the Southern Economic Journal, a good quality general journal, was ranked in the top 15 journals for only two fields, the history of economic thought and industrial organization. Because of the intense competition between field and second line general journals for quality articles, it may be a wise strategy for these general journals to determine in what fields they can compete most effectively for articles and economists' attention and in effect become "partly specialized" general journals.

Another measure of how specialized any journal is in producing landmark articles can be obtained through the use of concentration ratios. For our purposes, concentration ratio means the percentage that any field or fields represent of the total articles listed for that journal. Table 1 includes in columns 3 and 4 the concentration ratio for the top one and two fields. For example, the Journal of Political Economy, (JPE), has labor as its most frequently listed field, but only 17 percent of its total landmark articles appeared there. Its top two field concentration accounted for 33 percent of all articles. In contrast Econometrica, also a general journal based on subject matter of articles, had almost half of its listings represented in one field - not unexpectedly, econometrics. Highly specialized journals like History of Political Economy (ranked 12), Journal of Econometrics (22) and World Development (27) stand out with their concentration ratios of 90 or more. Clearly there is no sharp break-off of general and field specific journals based on the concentration ratios. In line with our comments about some general journals ranked just below the top general journals, we note that the landmark articles from Kyklos, Oxford Economic Papers, Southern Economic Journal and Economic Inquiry have been concentrated in the history of thought, development and urban and

regional fields. The comparative economic systems field which we were not able to include in our study is probably another field where these near top general journals would compete most effectively. This finding again points up the dramatic change that has occurred in the world of economics journals in the last two decades.

In contrast to the change occurring in the ranks of journals just below the top journals, stability in standing has continued among the top 5 or 6 journals. These general journals have produced a continuous stream of quality articles, perhaps, because of a feedback effect that persists over time. In other words, because high quality articles have appeared in certain journals in the past, authors with quality papers will favor these journals as the preferred outlet. These successful journals are also able to attract professionally more visible editors and reviewers. This hypothesis is consistent with the high rank correlation of top journals over time and the similarity of rankings based on different methods.<sup>7</sup>

Persistence of high ranking over time would seem to suggest that newer journals may have difficulty breaking into the established line-up of quality journals. This, however, is not true. A bare majority of the top 30 economics journals have been in existence for more than 30 years. But, old journals predominate the top 10. Even there the Bell (now Rand) Journal is included in our list, as it has been in several other studies. The young specialized field journals predominated in the bottom half of the 30 journals considered. It would appear that the emerging field journals have been competing most successfully with the second tier of general journals like the Southern Economic Journal, Economic Inquiry, and Canadian Journal of Economics, all quality journals in their own right.<sup>8</sup> This factor may be forcing this second tier of general journals towards becoming specialized in fields not as well served by top general journals.

#### Conclusions and Implications

A review of the literature on journal ranking reveals that today's top general journals like the American Economic Review, Econometrica, Journal of Political Economy, Quarterly Journal of Economics, Review of Economic Studies, and the Review of Economics and Statistics were also top journals in the studies of the early 1970's. This continuity of intellectual leadership is based on the reinforcing feedback of quality journals attracting quality articles, editors and reviewers which in turn produces tomorrow's quality journals. The Bell (now Rand) Journal of Economics, Journal of Economic Literature, and Brookings Papers on Economic Activity each with its own special sources of initial support have come closest to breaking into the elite circle of top general journals.

At a level below the top 7-9 journals comes the level of new and often field specific quality journals. The phenomenal growth of specialization reflects the expansion of the economics profession and the explosive growth of economic knowledge in the last 30 years. Journals like the Journal of Public Economics, Journal of International Economics, Journal of Econometrics, and Journal of Human Resources have become increasingly important in attracting articles that in earlier years may have gone to such quality near top journals as Economic Inquiry, Southern Economic Journal, Canadian Journal of Economics or Kyklos. Some other specialty field journals such as EDCC, NTJ and JASA retained their high rankings despite all the changes that took place in the last 30 years.

The implications of our results are important for future research and personnel policies. Past studies of economics department rankings have often depended upon faculty publication records of top economic journals - 40 has been a common number.<sup>9</sup> Many of these studies have used the rankings of the early 1970's rather than those of the 1980's. As our study has shown, the rise of the new and specialized journals needs to be incorporated into whatever ranking-by-publication method is used to evaluate the standing of economics departments. The same can be said for evaluating faculty. Faculty publishing in the 1980's and 1990's needs to be judged by the journal quality standards of the 1980's and 1990's. This is true for recruitment as well as promotion and tenure purposes. Finally, new academic economists need to know where they are most likely to find the quality articles when they seek to update and expand their economic knowledge.

Table 1  
Overall Journal Rankings and Field Characteristics

	Year Founded	% of Total	1 Field CR	2 Fields CR	Field 1	Field 2
1. AER	1911	13.90	1.46	.290	Macro	Micro
2. JPE	1892	12.76	.173	.331	Labor	Macro
3. Econometrica	1933	6.49	.490	.674	Econometrics	Macro
4. QJE	1886	5.19	.170	.292	Micro	Ind Econ
5. Rev Econ Stat	1918	3.02	.216	.399	Urban Reg E	Econometrics
6. EI	1891	2.89	.240	.472	E Deve	Ind Econ
7. Rev Econ Stud	1933	2.63	.276	.436	Micro	Ind Econ
8. Bell J Econ (Now Rand J Econ)	1970	2.50	.788	.788	Indl Orgn	Micro
9. J Law & Econ	1957	2.36	.602	.777	Indl Orgn	Pub Fin
10. J Econ Lit	1969	1.88	.242	.418	Hist Econ Th	Urban Reg
11. J Pub Econ	1972	1.87	.731	.855	Pub Fin	Urban Reg
12. Hist Pol Econ	1969	1.78	.998	1.000	Hist Econ Th	Indl Orgn
13. Economica	1921	1.77	.275	.461	Hist Econ Th	Ind Econ
14. Brookings Pap E. & A.	1970	1.65	.479	.692	Macro	Labor
15. J. Ind Econ	1971	1.58	.809	.949	Ind Econ	E Deve
16. Ind Econ Rev	1959	1.55	.483	.657	Econometrics	Micro
17. J Monet. Econ	1975	1.47	.832	.913	Macro	Ind Econ
18. Nat. Tax J	1947	1.27	.537	.96	Urban Reg	Pub Fin
19. EDC	1952	1.16	.817	.887	E Deve	Urban
20. J Am St Assn	1888	1.14	.870	.920	Econometrics	Urban Reg
21. J Econ Th	1969	1.11	.343	.512	Micro	Urban Reg
22. J Econometrics	1973	1.09	.900	.951	Econometrics	Labor
23. Southern EJ	1934	.90	.188	.376	Hist Econ Th	Ind Econ
24. J Human Res	1966	.85	.751	.919	Labor	Pub Fin
25. J Money C. B.	1969	.81	.724	.867	Macro	Econometrics
26. J Urban Econ	1974	.811	.880	.928	Urban Reg	E Deve
27. World Deve	1973	.79	1.000	1.000	E Deve	
28. E Inquiry	1962	.78	.228	.373	Micro	Hist Econ Th
29. Oxford Econ Pap	1938	.77	.403	.642	E Deve	Hist Econ Th
30. IMF Staff Pap	1950	.75	.503	.908	Ind Econ	E. Deve
31. Canadian J Econ	1935	.74	.393	.701	Ind Econ	Hist Econ Th
32. J Deve Econ	1974	.60	.658	.806	E Deve	Ind Econ
33. J Reg Sc	1958	.55	1.00	1.000	Urban	
34. Ind & Lab Rel Rev	1947	.54	.759	.865	Labor	Pub Fin
35. Land Econ	1925	.42	.731	.898	Urban Reg	Hist Econ Th

36. AER Proceedings	1911	.39	.370	.670	Hist Econ Th	Urban Reg
37. Pap Reg Sc Assn	1955	.46	1.000	1.000	Urban	Urban Reg
38. Public Choice	1966	.355	.674	.793	Pub Fin	Urban Reg
39. Scandinavian JE	1899	.347	.520	.827	Ind Econ	Urban Reg
40. J of Business	1929	.34	.432	.648	Indl Orgn	Micro
41. J of Finance	1946	.34	.371	.551	Macro	Micro
42. J Econ Issues	1967	.33	.591	.818	Hist Econ Th	Pub Fin
43. J Econ Hist	1941	.328	.517	.741	Hist Econ Th	E Deve
44. So & Society	1936	.328	1.000	1.000	Hist Econ Th	
45. Kyklos	1947	.29	.342	.526	Hist Econ Th	E Deve
46. Rev Radical Pol Econ	1947	.27	.314	.600	Hist Econ Th	Pub Fin
47. Annals Econ Social M	1969	.27	.829	.986	Econometrics	Labor
48. Manchester School	1930	.254	.561	.818	Hist Econ Th	
49. Weltwirtschaftliches	1914	.25	.462	.815	Ind Econ	E Deve
50. Univ Pennsylv. Law Rev	1852	.247	1.000	1.000	Hist Econ Th	E Deve
51. Am J Agr Econ	1919	.243	.413	.825	E Deve	Econometrics
52. J Deve St	1964	.24	1.000	1.000	E Deve	
53. Cambridge J Econ	1977	.23	.695	.814	Hist Econ Th	Pub Fin
54. Monthly Lab Rev	1915	.23	.559	1.000	Labor	Urban Reg
55. J Ind Econ	1952	.216	.842	.912	Indl Orgn	Urban Reg
56. Urban Stud	1964	.216	1.000	1.000	Urban Reg	
57. Harvard Law Rev	1887	.21	.560	.780	Indl Orgn	Pub Fin
58. European Econ Rev	1972	.204	.440	.648	Ind Econ	Micro
59. Univ. Chicago Law R	1933	.2	.959	1.000	Hist Econ Th	Labor
60. Australian Econ Pap	1962	.19	.898	1.000	Hist Econ Th	Ind Econ
61. Regulation	1977	.18	.617	.936	Indl Orgn	Pub Fin
62. Econ Record	1925	.18	.851	.936	Ind Econ	Hist Econ Th
63. J Lab Econ	1983	.166	.698	.860	Labor	Pub Fin
64. J Royal Stat Soc	1952	.166	.814	.907	Econometrics	Urban Reg
65. Pop and Deve Rev	1975	.16	.634	.927	Labor	E Deve
66. Yale Law J	1891	.15	.85	.975	Indl Orgn	Pub Fin
67. Oxford Bulle. E. Stat	1939	.147	.947	1.000	Ind Econ	Urban Reg
68. Econ Letters	1978	.147	.737	.816	Econometrics	Ind Econ
69. Regional Studies	1966	.147	1.000	1.000	Urban	
70. Pub. Finance	1946	.139	.472	.778	Pub Fin	Urban Reg
71. Scottish J Pol Econ	1954	.135	.857	.971	Hist Econ Th	Urban Reg
72. J Financial Econ	1974	.13	.303	.545	Indl Orgn	Macro
73. American Statistician	1947	.13	.909	1.000	Econometrics	Labor
74. J Legal Studies	1972	.12	.379	.655	Micro	Indl Orgn
75. Finance & Deve	1964	.12	.867	1.000	E Deve	Urban Reg
76. Econ Rev (US)	1919	.12	.633	1.000	Econometrics	Micro
77. New England Econ Rev	1920	.11	.321	.607	Econometrics	Urban Reg

79.	Pop Studies	1948	.11	1,000	Labor	E Deve
80.	World Bank Staff W. Pap.	1967	.1	1,000	E Deve	
81.	Public Policy		.096	1,000	Urban Reg	
82.	Intl Lab Rev	1921	.085	1,000	E Deve	
83.	Rev Income & Wealth	1966	.085	1,000	Urban Reg	
84.	J Math Econ	1976	.085	.818	Micro	
85.	Science (US)	1880	.08	.478	Labor	
86.	Princeton ELF		.08	1,000	Intl Econ	
87.	Anti Trust Bulletin	1955	.077	1,000	Pub Fin	
88.	FRUS		.077	1,000	E Deve	
89.	J Intl Money Finance	1982	.07	1,000	Intl Econ	
90.	Harvard Bus Rev	1922	.065	.625	Pub Fin	

Table 2  
Top 15 Journals in Specific Economics Fields

Macro			Micro			Econ. Deve			Econometrics			Hist. Econ. Th.		
1.	AER		AER			AER			Econometrica			Hist. Pol. Econ.*		
2.	JPE		JPE			J. Deve. Econ.*			J. Am. St. Assn.*			AER		
3.	J. Monet. Econ.*		Econometrica			Econ. Deve. C.C.*			J. Econometrics*			IPE		
4.	Brookings Pap. E. Act.		QJE			World Deve*			Intl Econ Rev			QJE		
5.	J. Money Credit B.*		Rev Econ. Stud.			Econ. Jour.			Rev. of Econ & Stat			Econ. Jour		
6.	QJE		Intl Econ			JPE			AER			Econometrica		
7.	Econometrica		J. Law Econ.**			QJE			IPE			J. Econ. Lit.		
8.	Rev Econ. Stud.		J. Econ. Th.			Oxford Econ. Pap.			Amer. Statistician*			Science & Soc.**		
9.	Rev Econ. Stat.		Econ. Jour.			IMF Staff Pap.*			Annals Econ. S.M.*			Can. J. Econ.		
10.	Econ. Jour.		Intl Econ. Rev.			Brookings Pap. E. Act.			Brookings Pap. E. Act.			Rev. Econ. Stud.		
11.	J. Econ. Lit.		Rev. Econ. Stat.			J. Deve. Stud.*			J. Royal Stat. Soc.*			J. Econ. Issues		
12.	J. Finance**		Econometrica			J. Intl Econ.			J. Money, Credit B.			Econometrica		
13.	J. Econ. Th.		Econ. Inquiry			J. Econ. Lit.			Economic Letters			Oxford Econ Pap		
14.	Econometrica		J. Econ. Lit.			Oxford Bulle. St.			Am. J. Agri. Econ.*			Southern Econ. J.		
15.	Econ. Inquiry		J. Pub. Econ.**			Rev. Econ. Stud.			J. Monet. Econ.*			Australian Econ. Pap		
Intl. Org.			Intl Econ.			Labor			Pub. Finance			Urban & Regional		
1.	AER		JPE			JPE			AER			JPE		
2.	Bell J. Econ		AER			AER			J. Pub. Econ.*			AER		
3.	J. Law Econ.*		J. Intl Econ*			J. Human Res.*			JPE			J. Urban Econ.*		
4.	JPE		Econ. Jour.			Econometrica			QJE			Rev. Econ. Stat.		
5.	QJE		QJE			QJE			Nat. Tax. J.*			Nat. Tax. J.*		
6.	Rev. Econ. Stat.		Rev. Econ. Stud.			Intl Lab. Rel. Rev.*			J. Law Econ			J. Regional Sc.*		
7.	J. Intl Econ.*		IMF Staff Pap.*			Brookings Pap. E. Act.			Econometrica			Pap. Reg. Sc. Assn*		
8.	Econometrica		Econometrica			Rev. Econ. Stud.			J. Econ. Lit.			J. Econ. Lit.		
9.	Southern Econ. J.		Canadian Econ. J.			Rev. Econ. Stat.			Rev. Econ. Stud.			QJE		
10.	Rev. Econ. Stud.		Brookings Pap. E. Act			Intl Econ. Rev.			Public Choice*			Land Econ.		
11.	Econometrica		Oxford Econ. Pap.			J. Econ. Lit.			Rev. Econ. Stat.			Pub. Interest*		
12.	J. Econ. Lit.		Econometrica			Econ. Inquiry			Econ. Jour.			J. Pub. Econ.*		
13.	Yale Law J.**		Econ. Record			Econ. Jour.			Econometrica			Urban Stud.*		
14.	Harvard Law Rev.**		Intl Econ. Rev.			Bell J. Econ.			Pub. Interest*			Econometrica		
15.	Regulation*		Scandinavian J Econ.			Monthly Lab. Rev.*			J. Econ. Theory			J. Econ. Th.		

\*Denotes Journal Specific to Field Under Consideration

\*\*Denotes Journal Specific to Another Field or a Non-general Journal



Table 3  
Proportion of General and Field Specific Journal Representation  
in Top 15 Journals in Each Field

Field	General Journals	Percentage Of: Field Specific Journals	Other Field Specific Journals
Macro	77.73	20.81	1.46
Micro	94.04	0.00	5.96
Economic Development	54.15	43.10	2.75
Econometrics	64.44	31.76	3.80
History of Economic Thought	69.07	26.46	4.47
Industrial Organization	76.52	20.54	2.94
International Economics	80.22	19.78	0.00
Labor	85.15	14.85	0.00
Public Finance	64.10	30.47	5.43
Urban and Regional	58.93	26.08	14.99
AVERAGE	72.44	23.38	4.18

Table 4  
Relative Field Standing of 30 Top Ranked Economic Journals

Indl.	Type of Journal	Number of Rank-	ings	Macro	Micro	Econ. Deve.	Economet.	Hist. E.Th.	Intl. Econ.	Labor	Pub. Fin.
Urban Organ.											
1. AER	G	10	1	1	1	1	6	2	2	2	1
2. JPE	G	10	1	1	2	6	7	3	1	1	4
3. Econometrica	G	10	8	3	3	-	1	11	12	4	18
4. QJE	G	9	6	4	4	7	-	4	5	5	6
5. Rev. Econ. Stat.	G	8	10	11	10	10	5	-	-	9	16
6. E.J.	G	7	11	9	9	5	-	5	4	14	12
7. Rev Econ Stud.	G	8	9	5	5	15	-	10	6	8	9
8. Bell J. Econ.		4	-	6	6	-	-	-	15	2	2
9. J. Law & Econ.		3	-	7	7	-	-	-	-	-	6
10. J Econ. Lit	G	8	12	14	14	13	-	7	-	12	18
11. J. Pub. Econ		3	-	14	14	-	-	-	-	-	12
12. Hist. Pol. Economy		1	-	-	-	-	-	1	-	-	-
13. Economics	G	6	15	12	12	-	-	6	8	-	13
14. Brookings Pap.E.A.	G	4	4	-	-	-	11	-	10	7	-
15. J. Ind Econ.	G	2	-	-	-	12	-	-	3	-	-
16. Intl Econ. Rev.	G	4	-	10	10	-	4	-	4	10	-
17. J. Monet. Econ		2	3	-	-	-	15	-	-	-	-
18. National Tax J.		2	-	-	-	-	-	-	-	-	5
19. Econ. Dev. C. C.		1	-	-	-	3	-	-	-	-	-
20. J.Am Stat.Assn.		1	-	-	-	-	2	-	-	-	-
21. J. Econ. Th.	G	4	14	8	8	-	-	-	-	-	15
22. J. Econometrics		1	-	-	-	-	2	-	-	-	-
23. Southern Econ. J.	G	2	-	-	-	-	-	14	-	-	9
24. J. Human Res.		2	-	-	-	-	-	-	-	3	15
25. J. Money Credit B		2	5	-	-	-	13	-	-	-	-
26. J. Urban Econ.		1	-	-	-	-	-	-	-	-	3
27. World Deve		1	-	-	-	4	-	-	-	-	-
28. E. Inquiry	G	2	-	13	13	8	-	-	11	13	-
29. Oxford Econ. Pap.	G	3	-	-	-	-	-	13	-	-	-
30. IMF Staff Pap.		2	-	-	-	9	-	-	7	-	-

1. See Lovell (1973), Quandt (1976) and Holt and Shrank (1968) for additional measures of the growth phenomenon mentioned.
2. Tucker and Leahey (1975) show that articles rather than books provide the best payoff in terms of salary, even without taking account of the larger production period for books.
3. There is considerable stability in the ranks of the top ten journals. The American Economic Review, Econometrica, Journal of Political Economy and the Review of Economic Studies appear in the top rankings of five major studies of the 1970's and 1980's (Hawkins, Ritter and Walter; Moore; Skeels and Taylor; Leibowitz and Palmer; and Laband and Sophocles.) Journals like Economica, Economic Journal, Quarterly Journal of Economics, and Review of Economics and Statistics appear in the top ten of a majority of these studies.
4. Button and Pearce (1977) find that British economists rank British journals higher while recognizing the contribution of American journals.
5. It should be noted that a few field specific journals like Journal of Finance in the macro listing and the Journal of Public Economics in micro have crossed over from their main specialty area because of the overlap of methodologies and foci in different fields.
6. The top 15 journals in each field commonly comprised 75 percent of total listings.
7. The overall rankings from the main studies of the 1970's resembled those of the 1980's as revealed by relatively higher Spearman coefficients of rank correlation. Our study had a Spearman coefficient of .504, .800 and .793 with three early 1970's studies - Moore; Hawkins, Ritter and Walter; and Skeels and Taylor, respectively. The significant but lower correlation with the Moore study may be due to his having only general journals in his top 16 - clearly a vestige of rankings before the big changes wrought by the advent of the highly sophisticated field journals.
8. The potential for turnover in journal ranking is based upon the expansion of economic knowledge which limits the usefulness of many older articles. In other words, articles tend to become dated in light of new concepts, data, and methods. Quandt (1976) found the citation half-life of articles to be 6 years. Our sample of articles finds roughly the same general level of journal age distribution except that the half-life varies sharply from field-to-field.

## Articles in Field Ranked by Half-Life

History of Economic Thought	20 years
Microeconomics	10
International	10
Comparative	7
Econometrics	6
Development	6
Macro	5
Labor	5
Industrial Organization	5
Public Finance	5

As might be expected, the History of Economic Thought was the field with the greatest half-life value for the articles used - double that of the micro and international economics and over 3 times that for most other fields.

9. The often cited works of Graves, Marchand, and Thompson (1982 and 1984) in the AER on department of rankings uses Niemi's (1975) listing of journals which in turn is based on the rankings of the early 1970's. In short, several strong field journals tend to be underrepresented.

In fact, six of Niemi's 10 field journals are not included in our top 24. In their place are such journals of the 1970's as Journal of Econometrics (1973), Journal of Monetary Economics (1975), Journal of International Economics (1971), Brookings Papers on Economics Activity (1970) and other equally strong publications.

# References:

- Baumann, Michael G., Werden, Gregory J., and Williams, Michael A. "Rankings of Economics Departments by Field," American Economist, Spring 1987, 31 (1), pp. 56-61.
- Billings, B.B. and Viksnins, G.J., "The Relative Quality of Economics Journals: An Alternative Rating System," Western Economic Journal, December 1972, 10 (4), pp. 467-69.
- Button, K.J. and D.W. Pearce, "What British Economists Think of Their Journals," International Journal of Social Economics, 4 1977, pp. 150-8.
- Bush, W.C. and Hamelman, Paul W. and Staaf, Robert J., "A Quality Index For Economic Journals," Rev. Econ. Stat., February 1974, 56 (1), pp. 123-5.
- Coats, A.W., "The American Economic Association's Publications: An Historical Perspective," Journal of Economic Literature, March 1969, 7 (1), pp. 57-68.
- Graves, Philipe., Marchand, James R., and Thompson, Randall, "Economics Departmental Rankings: Research Incentives, Constraints and Efficiency," American Economic Review, December 1982, 72 (5), pp. 1131-1141.
- Hawkins, Robert G., Lawrence S. Ritter, and Ingo Walter, "What Economists Think of Their Journals," Journal of Political Economy, July/August 1973, 81 (4), pp. 1017-1032.
- Holt, Charles C. and William E. Shranis, "Growth of the Professional Literature in Economics and Other Fields, and Some Implications," American Documentation, January 1968, 19, pp. 17-26.
- Kagann, Stephen and Leeson, Kenneth W., "Major Journals in Economics: A User Study," Journal of Economic Literature, Volume 16, September 1978, pp. 979-1003.
- Laband, David N., "Article Popularity," Economic Inquiry, January 1986, Volume XXIV (1), pp. 173-180.
- Laband, David N. and Sophocleus, John P., "The Determinants of Article Popularity: Preliminary Results," Atlantic Economic Journal, December 1985, 13 (4), pp. 80.
- Laband, D.N. and Sophocleus, J.P., "Revealed Preference for Economic Journals: Citations as Dollar Votes," Public Choice, 1985, 46 (3), pp. 317-24.
- Liebowitz, S.J. and Palmer, J.P., "Assessing the Relative Impacts of Economic Journals," Journal of Economic Literature, March 1984, 22 (1), pp. 77-88.
- Lovell, Michael C., "The Production of Economic Literature: An Interpretation," Journal of Economic Literature, March 1973, 11 (1), pp. 27-55.
- McDonough, Carol C., "The Relative Quality of Economics Journals Revisited," Quarterly Journal of Economics and Business, Spring 1975, 15 (1), pp. 91-7.
- Moore, W.J., "The Relative Quality of Economics Journals: A Suggested Rating System," Western Economic Journal, June 1972, 10 (2), pp. 156-169.
- Niemi, Albert W., "Journal Publication Performance During 1970-74: The Relative Output of Southern Economics Departments," Southern Economic Journal, 42 (1), July 1975, pp. 97-106.

- Quandt, Richard E. "Some Quantitative Aspects of Economics Journal Literature," Journal of Political Economy, August 1976, 84 (4-1), pp. 741-55.
- Rock, James M., "A Reason for Ranking Recent Articles: The Case of Macromonetary Articles," American Economist, Spring 1984, 28 (1), pp. 80-85.
- Rock, James M., "Readings Books and Rankings of Macromonetary Articles, Authors and Journals," Journal of Macroeconomics, Winter 1982, 4 (1), pp. 71-87.
- Rosenbluth, G., "Publishing Economics," Canadian Journal of Economics, November 1979, 12 (4), pp. 551-74.
- Skeels, J.W. and Taylor, R.A., "The Relative Quality of Economics Journals: An Alternative Rating System," Western Economic Journal, December 1972, 10 (4), pp. 470-73.
- Tower, Edward, Economics Reading Lists, Course Outlines, Exams, Puzzles and Problems, Enro River Press, July 1981, Volume 1-25 and August 1985, Volume 1-25.

Indiana University-Purdue University at Indianapolis  
Department of Economics

E 420

History of Economic Thought

U.

B 001, 3 credits

TR 11:30-12:45

Prerequisite: E201-202

Fall Semester, 1990

BS 3012

Assoc. Prof. Martin C. Spechler

Office: Cavanaugh 519

Office hours: Tuesdays, 2:00-4:00 or

after class or by appointment

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%) to integrate all material of the course will be due Tuesday, December 13, at 1p.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

TUESDAY

TOPIC

READINGS

Introduction	O&B, chapter 1 (pp. 1-10) and 2 (pp. 15-29)	1. Aug.23
	<u>Mercantilism</u>	T. Mun, "England's Treasure by Foreign Trade," [R]

2. Aug.30	Neo-mercantilism and trade policy	H.O. Schmitt, "Mercantilism: a Modern Argument," <u>Manchester School</u> , June, 1979, pp. 93-111. [R]
3. Sept.6	<u>Classical School:</u> Smith's System of Natural Liberty	O&B, ch. 4 (pp. 45-58) and ch. 5 (pp. 61-82); Adam Smith, <u>Wealth of Nations</u> , Book I, chs. I-VII, [R]
4. Sept.13	Film on <u>Wealth of Nations</u> S m i t h ' s Economics	Smith, <u>Wealth of Nations</u> , Book I, chs. VIII-X (pt.1); Book III, ch. 1; Book IV, chs. I, VIII, and IX, all in [R]
5. Sept.20	Malthus and the population bomb	O&B, ch. 6 (pp. 85-96); Thomas Malthus, <u>Essays on the Principle of Population</u> , Books I and II, in [R] Dennis Meadows and others, "The Limits to Growth," (1972) in [R] and Robert M. Solow, "Is the End of the World at Hand?" <u>Challenge</u> (1972), reprinted in Edwin Mansfield, <u>Principles of Macroeconomics: Readings Issues and Cases</u> , 4th ed., pp. 172-83.
6. Sept.27	Ricardo	O&B, ch. 7 (pp. 99-118) plus pp. 265-67; David Ricardo, <u>Principles of Political Economy and Taxation</u> chs. I, III-IV, XXI, in [R]
	R i c a r d o ' s A m e r i c a n follower, Henry George	<u>Progress and Poverty</u> , Part III, in [R]
7. Oct.4	THURSDAY EXAM	TUESDAY IN CLASS
	Thursday	<u>M a r x i s m : S o c i a l i s t Antecedents</u> O&B, chs. 9 & 10 (pp. 149-67, 171-76)
8. Oct. 11	Marx's Economics	O&B, ch. 10 (176-189); Karl Marx, <u>Capital</u> , vol. I, selected in [R]
9. Oct. 18	Marx's Economics Applied to History	Karl Marx, <u>Capital</u> , [R]
10. Oct. 25	M a r x i a n Economics	Applied to the USA

O&B, pp. 467-69.  
Paul Baran  
and Paul  
Sweezy,  
Monopoly  
Capital  
(1966), chs.  
2-4, 7 in [R]

11. Nov. 1 Austrian Neo-Classical Economics: Capitalist Dynamics O&B, ch. 12 (pp. 211-16), ch. 13 (pp. 229-49), plus pp. 463-67; Joseph A. Schumpeter, Theory of Economic Development, ch. II, pp. 57-94 [R], and Capitalism Socialism and Democracy, chs. VII-VIII, pp. 82-106. [R] Friedrich A. Hayek, Individualism and Economic Order (1948), ch. IV [R]
12. Nov. 8 Neo-Classical Monetary Theory O&B, pp. 127-30 (on Say's Law), ch. 16 (pp. 295-309).  
Keynesianism: Departures from Classical School John Maynard Keynes, The General Theory of Employment, Interest and Money (1936), selections in [R].
13. Nov. 15 Keynes' Theory of Instability J.M. Keynes, "Economic Possibilities for Our Grandchildren," (1930) in Essays in Persuasion [R]. J.M. Keynes, General Theory, chs. 11-12, 18, 22 [R] James Tobin, "Inflation and Unemployment," American Economic Review, 1972, no. 1, pp. 1-18. [R] Franco Modigliani, "The Monetarist Controversy, or Should We Forsake Stabilization Policies?" American Econ. [R]
- Nov. 21-26 **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]
15. Dec. 6 Galbraith and the Attack on Big Business John Kenneth Galbraith, Economics and the Public Purpose, chs. I, II, IX-XIX. [R]
16. Dec. 13 **FINAL EXAM DUE** TUESDAY, DEC. 13, AT 1:00 p.m.

G31.2401  
Evolution of Economic Thought  
New York University  
TENTATIVE OUTLINE

Prof. Stein  
Fall 1994

G

Sept. 14 Introductory comments. Is this a useful study, or is it the history of scientific errors; pros (Mitchell) and cons (Stigler, but was he really against it?).

Sept. 21 The biblical writers: adaptation from a patriarchal/tribal society based on agriculture to a more urbanized society with a commercial capitalist component. Economic ethics, and influence on Christian and Muslim thought.

Sept. 28 The classical Greeks, with emphasis on Aristotle's normative and analytical approaches to economic questions. Influence of Aristotle on the scholastics of the Middle Ages. Roman law (jus gentium) and its later influence, especially with regard to notions of a "natural" law encompassing all human behavior.

Oct. 5 The scholastics (schoolmen), with emphasis on St. Thomas Aquinas. Again, change in the economic and social structure of medieval society, with strains that raised ethical and policy questions. Later scholastics, and their analytical contributions.

Oct. 12, 19 Mercantilism. The rise of the nation state with strong central government, and the concurrent rise of mercantile capitalism. Mercantilist thought seen as a not-too-coherent system of policy proposals, many made by self-interested writers. Questions of underlying analytics, industrial policy, foreign trade policy, monetary policy, export-led growth, and social welfare. In short, the advent of modern policy questions.

Oct. 26 Pre-liberal thought in response to interests that were opposed to regulation in behalf of vested mercantile interests. More analytics to explain the functioning of markets. Petty and the gropings for a theory of value. Physiocratic thought: Quesnay and the three sector model (Tableau Economique), Turgot; influence on Adam Smith.

Nov. 2 Smith as founder (or, more properly) synthesizer of early classical thought before the industrial revolution. Smith as a system builder: theor(ies) of value and distribution, economic growth; Smith as policy analyst, with more tolerance for regulation than is commonly supposed. Entrenchment of the labor theory of value (or the cost of production theory) in Anglophone economics.

Nov. 9, 16 The classical system in the industrial revolution. Ricardo as dominating intellectual influence: revision of the theory of value, emphasis on distribution of income by factors and social classes; economic growth; trade. Malthus and revival of the theory of population. Political economy as the dismal science. Senior and the explanation of interest, as distinct from profits. Say and the fully self-adjusting macroeconomy that tends to equilibrium at full employment. Malthus as dissenter and precursor of Keynes. J.S. Mill as systematizer, with policy conclusions at variance with the analytics.

Nov. 23 Some critics of the classical system: Steuart, Lauderdale, Rae as critics of Smith. Sismondi's disillusionment with laissez-faire and Say's law. The beginnings of the historical school. Socialism: utopian and Ricardian (yes). Stirrings of marginalism and marginal utility: Thünen, Gossen, Cournot, Dupuit.

Nov. 30 German romantics, leading to nationalists. Emphasis will be on List and the government policies for economic growth, with some reference back to Alexander Hamilton and Carey. Link between mercantilism, nationalism, (possibly corporate state) and modern policy issues both in LCDs and developed economies like the US and the European Union.

Dec. 7 Marx as classical economist and revolutionary. An overly brief summary of the Marxist analysis of capitalism. Value, surplus value and the transformation problem.

Dec 15 The advent of modern economics: marginalism (and some critics), Marshall as systematizer and closet subjectivist). From Mitchell to serious empirical analysis. Macroagony: from Keynes to Friedman to Rational Expectations. Whither now?

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Evolution of Economic Thought

Prof. Stein  
Fall 1994

TEXT: Roll, Eric. A history of Economic Thought. 5th ed. Faber & Faber, 1992. Earlier editions are satisfactory, and give a better account of Biblical, Greek and Roman thought. The work is intended less as a text than as a guide. The take-home exams will require reading beyond the text.

#### SOME SOURCES

I have tried to select some sources worth reading, both primary and secondary. Where possible, I have included the call number and library location. Interesting references can be found in the New Palgrave's Dictionary of Political Economy, available in C.V. Starr Center Library, 3rd Floor.

The leading U.S. journals in the field are History of Political Economy and Journal of the History of Economic Thought.

#### A SMALL SAMPLING OF OTHER GENERAL HISTORIES:

AUTHOR Blaug, Mark.  
TITLE Economic theory in retrospect / Mark Blaug.  
EDITION 4th ed.  
IMPRINT Cambridge ; New York : Cambridge University Press, 1985.

AUTHOR Gide, Charles, 1847-1932.  
TITLE A history of economic doctrines from the time of the physiocrats to the  
EDITION 2d English ed., with additional matter from the latest French editions  
IMPRINT Boston, D. C. Heath [1948]

AUTHOR Ekelund, Robert B. (Robert Burton), 1940-

TITLE A history of economic theory and method / Robert B. Ekelund, Jr., Robert  
EDITION 2nd ed.  
IMPRINT New York : McGraw-Hill, c1983.

AUTHOR Gray, Alexander, Sir, 1882-  
TITLE The development of economic doctrine ; an introductory survey, by Alexan  
IMPRINT London, New York [etc.] Longmans, Green and co., 1931.

Mitchell, Wesley C. Types of Economic Theory, 1967 (lecture notes from his course). HB75.M552. 2 vols.

AUTHOR Myrdal, Gunnar, 1898-  
TITLE The political element in the development of economic theory;  
IMPRINT London, Routledge & Paul [1953]

AUTHOR Marshall, Alfred 1842-1924  
TITLE Principles of Economics (8th ed.)  
IMPRINT Phila. Porcupine press, 1982  
See Appendix B, "Growth of Economic Science," for Marshall's view of the development of economic thought.

Niehans, Jurg. A History of Economic Theory. 1990. HB75.N54

AUTHOR Robbins, Lionel Charles Robbins, Baron, 1898-  
TITLE The theory of economic development in the history of economic thought;  
IMPRINT London, Melbourne [etc.] Macmillan, New York, St. Martin's P., 1968.

AUTHOR Routh, Guy.  
TITLE The origin of economic ideas / Guy Routh.  
EDITION 1st U.S. ed.  
IMPRINT White Plains : International Arts and Sciences Press, 1975.

AUTHOR Schumpeter, Joseph Alois, 1883-1950.  
TITLE History of economic analysis / by Joseph A. Schumpeter ;  
IMPRINT New York : Oxford University Press, 1986, c1954.

AUTHOR Stigler, George Joseph, 1911-  
TITLE Essays in the history of economics [by] George J. Stigler.  
IMPRINT Chicago, University of Chicago Press [1965]

#### OLD TESTAMENT

This is best sampled by looking at examples, such as:  
1) sabbatical and jubilee, &c. Leviticus, chap 25.  
2) trade and labor conscription under Solomon: I Kings, chap. 5  
3) oppression: Amos, chap. 8  
Also see Ginzberg, Eli, " Studies in the Economics of the Bible." Jewish Quarterly Review, NS vo. 22, No. 4, (April 1932) pp. 343-408. If you can find it.

#### POSTBIBLICAL JEWISH THOUGHT

Neusner, Jacob. The Economics of the Mishna. Chicago: University of Chicago Press, 1990.  
LOCATION: Bobst/Bstack BM509.E27N47 1990

#### CLASSICAL GREEK THOUGHT

The best survey is Laistner, M.L.W., Greek Economics, 1923, Bobst B Stack HB77.L3. Bobst has plenty of copies of Plato, Republic, JC71.P35 and Aristotle, Politics, JC71.A4 and the Nicomachean Ethics, PA3612.A8E6.

#### ROMAN LEGAL THOUGHT

Jolowitz, H.F., Roman Foundations of Modern Law, 1957.

MacKendrick, Paul, The Roman Mind at Work (see sections on Roman law).

Pollock, Sir Frederick, "The History of the Law of Nature," in his Jurisprudence and Legal Essays, 1961

de Zulueta, "The Science of Law," in Bailey, C., ed., The Legacy of Rome, 1923.

#### MEDIEVAL THOUGHT

deRoover, Raymond, "The Concept of the Just Price: Theory and Economic Policy." Journal of Economic History 18 (December 1958) 418-34.

A.E. Monroe, Early Economic Thought, 1924 contains selections from pre-Smithian writing, including medieval. Bobst/BStack HB31.M6. Also in New School NStack.

Noonan, John Thomas. The Scholastic Analysis of Usury, 1957. HB531.N6.

AUTHOR Tawney, Richard Henry, 1880-  
TITLE Religion and the rise of capitalism; a historical study  
IMPRINT London, J. Murray, 1926. See Chap. 1

The scholastics are discussed at great length in Schumpeter's History and in Spiegel, Growth of Economic Thought, 3rd ed., chap. 2.

For medieval Jewish and Muslim thought, see

Baron, Salo W., "The Economic Views of Maimonides," in his Essays on Maimonides, 1941

Boulakia, J.D.C., "Ibn Khaldun: A Fourteenth Century Economist," JPE, vol. 79, no.5 (Sept/Oct 71).

For a relatively modern analysis of "fairness," i.e., just prices and wages in the 20th century U.S. economy, see Daniel Kahneman, Jack L. Knetsch and Richard Thaler, "Fairness as a Constraint on Profit Seeking." American Economic Review, 76 (September 1986), 728-40.

#### MERCANTILISM

AUTHOR Furniss, Edgar S., 1890  
TITLE The Position of the Laborer in a System of Nationalism,  
IMPRINTS Boston and New York, Houghton Mifflin, 1920

AUTHOR Heckscher, Eli Filip, 1879-

TITLE Mercantilism,  
IMPRINT London, G. Allen & Unwin Ltd. [1935]

also Heckscher, "Mercantilism," Encyclopedia of the Social Sciences, vol. 10, 1933.

AUTHOR Johnson, Edgar Augustus Jerome, 1966-  
TITLE Predecessors of Adam Smith: the growth of British economic thought,  
IMPRINT New York, Prentice-Hall, inc., 1937.

AUTHOR Keynes, John Maynard, 1883-1946.  
TITLE The general theory of employment, interest, and money. For his views on mercantilism, see chap. 23.  
EDITION 1st Harbinger ed.  
IMPRINT New York : Harcourt, Brace & World, 1964.

AUTHOR Viner, Jacob, 1892-  
TITLE Studies in the theory of international trade, by Jacob Viner.  
IMPRINT New York, London, Harper & Brothers, 1937.

#### PRE-LIBERAL WRITINGS

The subject is adequately covered in Roll. Students may wish to look at the contribution of Cantillon, who is much praised by Schumpeter. See Spengler, Joseph J., "Richard Cantillon: First of the Moderns," JPE, vol. 62, (Aug/Oct 1954).

For an example of Chinese thinking along these lines see Maverick, Lewis A., "Chinese Influences upon the Physiocrats," Economic History, vol. 3, no. 13, (Feb. 1938).

#### SMITH AND THE CLASSICAL SYSTEM

Students should read from at least two original contributors: Smith and Ricardo. For Smith, I recommend Book I.

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

Ricardo is difficult to read, but you should have some minimal acquaintance with so influential a writer. I suggest chaps. 1-7. Ricardo, David, Principles of Political Economy and Taxation.

Malthus, T.R., Essay on the Principle of Population. 2nd edition or later. Read it and weep.

Mill, J.S. Principles of Political Economy with some of their Applications to Social Philosophy. last edition.

Some secondary sources include:

AUTHOR Bonar, James, 1852-  
TITLE Malthus and his work,  
IMPRINT New York, The Macmillan company, 1924.

AUTHOR Cannan, Edwin, 1861-1935.  
TITLE A history of the theories of production & distribution in English political economy,  
IMPRINT New York, A. M. Kelley, 1967.

AUTHOR Ginzberg, Eli, 1911-  
TITLE The house of Adam Smith, by Eli Ginzberg.  
IMPRINT New York, Columbia university press, 1934.

AUTHOR Halevy, Elie, 1870-1937.  
TITLE The growth of philosophic radicalism; translated [from the French]  
EDITION [New ed.] with a new preface by John Plamenatz.  
IMPRINT London, Faber, 1972.

Marshall, Alfred, Principles of Economics (see general histories, above), App. I. Marshall makes a valiant effort to rescue Ricardo by arguing that he really understood utility.

AUTHOR Mill, John Stuart, 1806-1873.  
TITLE Autobiography and literary essays / by John Stuart Mill ;  
IMPRINT Toronto ; Buffalo : University of Toronto Press ; London : Routledge & Kegan Paul, c1981.

AUTHOR Packe, Michael St. John.  
TITLE The life of John Stuart Mill. With a preface by F. A. Hayek.  
IMPRINT Hayek, New York, Macmillan, 1954.

AUTHOR Robbins, Lionel Charles Robbins, baron, 1898-  
TITLE The theory of economic policy in English classical political economy.  
IMPRINT London, Macmillan, 1952.

#### CRITICS

Steuart, Lauderdale and Rae are well covered in Schumpeter, who gives Sismondi a surprisingly sympathetic treatment. Roll's coverage is more than adequate. Also see Sowell, Thomas P., "Sismondi: A Neglected Pioneer," History of Political Economy, vol. 4, no. 1 (Nov. 1972).

Chao, Nai-Tuan, Richard Jones: An Early English Institutional. 1930.

Baghot, Walter. Collected Works, ed. by St. John Stevas, 1965 ff. Baghot was editor of the Economist. Students may find his Lombard Street especially interesting.

For a thorough, 'if unsympathetic summary of pre-Marxian socialists, see Alexander Gray, Socialist Tradition, 1946.

Thünen, Gossen, Cournot and Dupuit are covered in Blaug (see general histories, above) and (except for Dupuit) in Niehans, History of Economic Theory, 1990.

#### ROMANTICS AND NATIONALISTS

A sympathetic treatment of Müller can be found in Spann, Othmar, History of Economics transl. 1930. The book also covers List. Spann was a Nazi, thus displaying the link between German romanticism and totalitarian nationalism. Marshall is surprisingly receptive to List's ideas; see Appendix B in Marshall (general histories, above).

Hirst, Margaret. Life of Friedrich List and Selections from his

#### Writings. 1909.

List, Friedrich, The National System of Political Economy. Fairfield, NJ, Augustus M. Kelley, 1977.

#### MARX

The serious student of Marx must read Capital, vols. 1-3. A somewhat immature version of the Marxian system can be found in Marx & Engels, Communist Manifesto, part 1. Blaug gives a thorough reader's guide to Marx; Schumpeter's love/hate attitude is found in his History.

#### Other selected readings:

AUTHOR Wilson, Edmund, 1895-1972.  
TITLE To the Finland station; a study in the writing and acting of history.  
IMPRINT New York, Farrar, Straus and Giroux [1972]

AUTHOR von Böhm-Bawerk, Eugen, Ritter, 1851-1914.  
TITLE Karl Marx and the close of his system.  
IMPRINT Clifton [N.J.] A. M. Kelley, 1973 [c1949]

AUTHOR Hardach, Gerd, 1941-  
TITLE A short history of socialist economic thought / Gerd Hardach and Dieter  
IMPRINT New York : St. Martin's Press, 1979, c1978.

AUTHOR Hilferding, Rudolf, 1877-1941.  
TITLE Boehm-Bawerk's criticism of Marx. Translated from the German by Eden  
IMPRINT Glasgow, Socialist Labour Press [1919?]

AUTHOR Hook, Sidney  
TITLE Towards the Understanding of Karl Marx, 1933

AUTHOR Lippincott, Benjamin Evans, 1902  
TITLE On the economic theory of socialism, by Oskar Lange and Fred M. Taylor;  
IMPRINT Minneapolis, Minn., University of Minnesota Press, 1938

Robinson, Joan. Essay on Marxian Economics.  
Imprint: London: Macmillan & Co., New York: St. Martin's Press, 1964

AUTHOR Shaw, Bernard, 1856-1950  
TITLE The intelligent woman's guide to socialism, capitalism, sovietism and fascism.  
IMPRINT London, Constable [1957]

AUTHOR Sweezy, Paul Marlor, 1910-  
TITLE The theory of capitalist development; principles of Marxian political economy.  
IMPRINT New York, Modern Reader Paperbacks [1970]



## ECONOMIC EXPLANATION

## Course outline and reading list

1994-95

Lecturer: Roger Backhouse  
Office: Ashley 414

## ORGANISATION OF THE COURSE

1. Lectures/classes. Tuesdays 12 noon in Autumn and Spring Terms. Because the group will be small there will be opportunity for discussion in 'lectures'. You are expected to attend regularly. Most classes will involve reading something and thinking about certain questions beforehand. You will be expected to have done this.
2. Essays. These do not form part of the course assessment, but you are expected to write at least two essays during the year. These will be marked and graded to give you an idea of how you are getting on.
3. Examination. A 2 hour unseen written examination in the May/June exam period. You will be asked to attempt 3 questions from a list of about 8.

## TIMETABLE

Week	Lecture/Class	Topic/Assigned reading
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## Autumn Term

1	Introduction	What are we doing and why?
2	Lecture 1	Induction, deduction and testing
3	Lecture 2	(continued)
4	Class 1	Friedman's essay
5	Lecture 3	Falsificationism
6	Class 2	Blaug, Boland and Caldwell on Popper
7	Lecture 4	Kuhn and the structure of science
8	Class 3	Telescopes and microscopes
9	Lecture 5	Lakatos and research programmes
10	Lecture 6	(continued)
11	Lecture 7	Peirce and pragmatism

## Spring Term

1	Lecture 8	Sociology of scientific knowledge
2	Lecture 9	Rhetoric and literary criticism
3	Lecture 10	Metaphor
4	Lecture 11	Rationality
5	Lecture 12	Game theory
6	Class 4	The cognitive status of economic theory
7	Lecture 13	Econometrics and empirical economics

Lecture 14	(continued)
Class 5	Formalism and empirical economics
Lecture 15	Over-run!

## er Term

Revision class(es) if required.

## HOW MUCH ARE YOU EXPECTED TO READ?

- (1) I shall expect you all to read and think carefully about the material that I assign for discussion in class.
- (2) You should read something further on most topics. The reading list gives items which in many cases are alternatives, to ease the pressure on the library. On some topics you will have to read material that is not covered in the textbooks listed. In the lectures I will give further guidance on things that I think you all ought to read.
- (3) You should read much more on the topics for which you are writing essays.
- (4) This list is not comprehensive. Especially when writing essays, follow up references you find useful, and read things not on this list.

## Reading List

## GENERAL READING

The book to which most frequent reference will be made is:

Roger E. Backhouse (ed) *New Directions in Economic Methodology* (Routledge 1994, paperback). This is not a textbook, but a collection of essays by some of the leading writers on economic methodology. Because it is not a textbook you are likely to wish to refer to more conventional topics on some topics. Some of the material may be difficult, but all the essays in the book contain something worth thinking about. The advantage of a book like this is that you see the subject from a variety of points of view.

More conventional textbooks include:

Mark Blaug *The Methodology of Economics*. Second edition, 1992. This is the best textbook for the course. The first edition (1980) is still usable, but there is a small amount of valuable new material in the second.

Bruce Caldwell *Beyond Positivism* (1982). Slightly more difficult than Blaug, but well worth consulting on some topics.

J. C. Glass and W. Johnson *Economics: Progression, Stagnation or Degeneration*, 1989. A textbook which contains a lot on falsification and MSRP.

A. F. Chalmers *What is this Thing Called Science?* (1982) This is a very good textbook on the philosophy of science, not aimed at economics. Chapters 1-8 are virtually the same as in the first edition. For later chapters you need the second edition.

Two books of readings you may find useful are:

Daniel M. Hausman *The Philosophy of Economics* (1985).

Bruce Caldwell *Appraisal and Criticism in Economics: A Book of Readings* (1984).

Finally, as short introductions to the subject, you could try:

Daniel M. Hausman "Economic methodology in a nutshell", *Journal of Economic Perspectives* 3(2), 1989, pp. 115-27.

Mark Blaug "Economic methodology in one easy lesson", in *Economic History and the History of Economics*, 1986.

## AUTUMN TERM

### Lectures 1-2. Assumptions, models and testing

- Mark Blaug *Methodology of Economics*, ch. 1, pp. 1-10; ch. 3.  
 D. P. O'Brien "Theory and empirical observation" in D. Greenaway, M. Bleaney and I. Stewart *Companion to Contemporary Economic Thought*, 1991.  
 J. S. Mill "On the definition and method of political economy", in *Essays on Some Unsettled Questions of Political Economy* (1844); reprinted in Hausman *The Philosophy of Economics*.  
 A. F. Chalmers *What is this Thing Called Science?*, chs. 1-3.  
 Daniel Hausman *The Inexact and Separate Science of Economics*, chs. 5 and 8-9.  
 Bruce Caldwell *Beyond Positivism*, ch. 7.

### Class 1: Friedman's essay

- \*\* Milton Friedman "The methodology of positive economics", in *Essays in Positive Economics*, 1953. Reprinted in Breit and Hochman *Readings in Microeconomics*; in Hausman *The Philosophy of Economics*; in Caldwell *Appraisal and Criticism in Economics*; and probably in other places.  
 E. Nagel "Assumptions in economic theory" *American Economic Review* 53 (Papers and Proceedings) May 1963, pp. 231-6. In Caldwell *Appraisal and Criticism in Economics*.  
 A. Musgrave "'Unreal assumptions' in economic theory: the F-twist revisited", *Kyklos* 34, pp. 377-87.  
 D. Hausman "Why look under the hood?" in *Essays on Philosophy and Economic Methodology*, 1992.  
 \* U. Mäki "Reorienting the assumptions issue" in *New Directions*.

### Lecture 3. Falsificationism

- Mark Blaug *Methodology of Economics*, ch. 1, pp. 10-28.  
 A. F. Chalmers *What is this Thing Called Science?*, chs. 4-6.  
 Bruce Caldwell *Beyond Positivism*, ch. 4.  
 J. C. Glass and W. Johnson *Economics: Progression, Stagnation or Degeneration*, chs. 4-5.  
 Daniel Hausman *The Inexact and Separate Science of Economics*, ch. 10.  
 K. R. Popper *The Logic of Scientific Discovery*.

### Class 2. Interpretations of Popper

- \* M. Blaug "Why I am not a constructivist: confessions of an unrepentant Popperian", in *New Directions*.  
 \* L. Boland "Scientific thinking without scientific method: two views of Popper", in *New Directions*.  
 \* B. Caldwell "Two proposals for the recovery of economic practice", in *New Directions*.

### Lecture 4. Kuhn and the structure of science

- Mark Blaug *Methodology of Economics*, ch. 2.  
 A. F. Chalmers *What is this Thing Called Science*, ch. 8.  
 J. C. Glass and W. Johnson *Economics: Progression, Stagnation or Degeneration*, chs. 9-10.  
 Bruce Caldwell *Beyond Positivism*, ch. 5, pp. 68-85.  
 T. S. Kuhn *The Structure of Scientific Revolutions*, 1962/1970.  
 Paul Feyerabend "Consolations for the specialist" in I. Lakatos and A. Musgrave (eds) *Criticism and the Growth of Knowledge*, 1970; reprinted in Feyerabend *Problems of Empiricism: Philosophical Papers*, volume 2, 1981.  
 \* D. Hausman 'Kuhn, Lakatos and the character of economics', in *New Directions*. (may be easier after the Lakatos lecture).

### Class 3. Telescopes and microscopes

- \*\* Paul Feyerabend *Against Method*, second edition, chs. 8-11.  
 \*\* Ian Hacking *Representing and Intervening*, ch. 11.

A. F. Chalmers *What is this Thing Called Science*, ch. 12 (on Feyerabend).

### Lecture 5-6. Lakatos

- Mark Blaug *Methodology of Economics*, ch. 2, pp. 34-40.  
 A. F. Chalmers *What is this Thing Called Science*, ch. 7.  
 Ian Hacking *Representing and Intervening*, ch. 8.  
 Neil de Marchi and Mark Blaug (eds) *Appraising Economic Theories*, 1991: read the Introduction by de Marchi, and the Afterword by Blaug.  
 J. C. Glass and W. Johnson *Economics: Progression, Stagnation or Degeneration*, chs. 6-8.  
 Daniel Hausman *The Inexact and Separate Science of Economics*, ch. 11.  
 Bruce Caldwell *Beyond Positivism*, ch. 5, pp. 85-89.  
 I. Lakatos "Falsification and the methodology of scientific research programmes" in I. Lakatos and A. Musgrave (eds) *Criticism and the Growth of Knowledge*, 1970; reprinted in *The Methodology of Scientific Research Programmes: Philosophical Papers*, volume 1, 1976.  
 \* R. E. Backhouse "The Lakatosian legacy in economic methodology", in *New Directions*.  
 R. E. Backhouse "The neo-Walrasian research programme in macroeconomics", in N. de Marchi and M. Blaug (eds) *Appraising Economic Theories*, 1991.  
 K. Hoover "The new classical macroeconomics: research programme or tribe?" in de Marchi and Blaug, *op. cit.*

### Lecture 7. Peirce and Pragmatism

- \* K. Hoover "Pragmatism, pragmatism and economic method", in *New Directions*.

## SPRING TERM

### Lecture 8. Sociology of science

- Alan Chalmers, *Science and its Fabrication*, 1990, chs. 4-7.  
 H. M. Collins "History and sociology of science and history and methodology of economics" in N. de Marchi and M. Blaug (Eds) *Appraising Economic Theories*, 1991.  
 \* D. Wade Hands "The sociology of scientific knowledge: some thoughts on the possibilities" in *New Directions*.  
 T. Mayer *Truth versus Precision in Economics* (1993), chapter 2.  
 A. W. Coats "Economics as a profession", in D. Greenaway, M. Bleaney and I. Stewart *Companion to Contemporary Economic Thought*, 1991.  
 Arjo Klamer and David Colander *The Making of an Economist*, 1990. An important part of this book was published as an article of the same title in *Journal of Economic Perspectives*, 1987, pp. 95-111.  
 P. Earl chapter on the economics profession in A. S. Eichner (ed) *Why Economics is Not Yet a Science*.

### Lecture 9. Rhetoric and literary criticism

- \* Donald N. McCloskey "How to do a rhetorical analysis and why", in *New Directions*.  
 Donald N. McCloskey *The Rhetoric of Economics*, 1985/6.  
 Donald N. McCloskey "The rhetoric of economics", *Journal of Economic Literature*, 1983.  
 Donald N. McCloskey "Storytelling in economics", in Don Lavoie (ed) *Economics and Hermeneutics*, 1990.  
 Arjo Klamer, Donald N. McCloskey and Robert M. Solow (eds) *The Consequences of Economic Rhetoric*, 1988. Read what is interesting, but you could try chapters 1, 2, 3, 6, 17 and 18.

### Lecture 10. Metaphor

- \* Willie Henderson "Metaphor and economics", in *New Directions*.

Willie Henderson "Metaphor in economics" *Economics*, Winter 1982; in M. Coulthard (ed.) *Talking about Text*.

#### Lecture 11. Rationality

- M. Blaug *The Methodology of Economics*, chapters 6, 14 and 15.  
 D. Hausman *The Inexact and Separate Science of Economics*, 1992, chapter 13.  
 K. J. Arrow "Economic theory and the hypothesis of rationality," *The New Palgrave*.  
 L. Boland "On the futility of criticizing the neoclassical maximization hypothesis;" B. J. Caldwell "The neoclassical maximization hypothesis: comment;" L. Boland "The neoclassical maximization hypothesis: reply," *American Economic Review* 71(5), pp. 1031-6 and 73(4), pp. 824-30; reprinted in Caldwell (ed.) *Appraisal and Criticism in Economics*.  
 A. Rosenberg *Economics—Mathematical Politics or Science of Diminishing Returns*, 1992, chapter 5.

#### Lecture 12. Game theory

- M. Blaug *The Methodology of Economics*, chapter 7.  
 F. M. Fisher "Games economists play: a noncooperative view," *Rand Journal of Economics*, 20(1), 1989, pp. 113-24.  
 D. C. Mueller "The corporation and the economist," *International Journal of Industrial Organization* 10, 1992, pp. 147-170.  
 Brian J. Loasby *Equilibrium and Evolution*, 1991.

#### Class 4. The cognitive status of economic theory

- \* Alexander Rosenberg "The cognitive status of economic theory" in R. Backhouse (Ed) *New Directions in Economic Methodology*, forthcoming 1994.

#### Lecture 13-14. Econometrics

- Nancy Cartwright "Replicability, reproducibility and robustness: comments on Harry Collins", *History of Political Economy* 23(1), 1991, pp. 143-55.  
 Harry M. Collins "The meaning of replication and the science of economics", *History of Political Economy* 23(1), 1991, pp. 123-42.  
 William G. Dewald, Thursby, Jerry G., and Anderson, Richard G. "Replication of empirical economics: the *Journal of Money, Credit and Banking* project", *American Economic Review* 76, 1986, pp. 587-603.  
 T. Mayer *Truth versus Precision in Economics* (1992), chapter 10 ('Driving a Mercedes down a cow track')  
 Roger E. Backhouse "The significance of replication in econometrics", University of Birmingham, Discussion Papers in Economics, No 92-23.  
 Roger E. Backhouse "Realism and the prediction of novel facts", University of Birmingham, Discussion Papers in Economics, No 93-01.  
 L. Summers "The scientific illusion in empirical macroeconomics," *Scandinavian Journal of Economics* 93(2), pp. 129-48.  
 M. Friedman and A. Schwartz "Alternative approaches to analyzing economic data", *American Economic Review* 81(1), pp. 39-49.  
 D. Hendry and N. Ericsson "An econometric analysis of UK money demand in *Monetary Trends in the United States and the United Kingdom* by Milton Friedman and Anna J. Schwartz", *American Economic Review* 81(1), pp. 8-38.

#### Class 5. Abstraction and formalism

- T. W. Hutchison "'Crisis' in the seventies: the crisis of abstraction," in *Knowledge and Ignorance in Economics*, 1977, chapter 4.

- D. N. McCloskey "Economic science: a search through the hyperspace of assumptions," D. W. Katzner "In defence of formalization in economics;" and comments by E. Leamer, B. J. Caldwell and R. M. Solow, *Methodus* June 1991, pp. 6-31.  
 F. H. Hahn *In Praise of Economic Theory*, 1984.  
 G. Debreu "The mathematization of economic theory," *American Economic Review* 81(1), 1991.  
 Symposium in *Economic Journal* 101(1), 1991, especially articles by W. J. Baumol, M. Friedman, F. H. Hahn and E. Malinvaud. This issue is reprinted as *The Next Hundred Years*, edited by J. Hey, 1992.  
 T. W. Hutchison *Changing Aims in Economics*, 1992.  
 T. Mayer *Truth Versus Precision in Economics*, 1993.

#### QUESTIONS FOR CLASS DISCUSSION

Although one reading has been specified for each class, you are encouraged to raise issues which arise from other reading you have been doing on the relevant topics.

##### Class 1: Friedman's essay.

- How does Friedman suggest that we should evaluate economic theories?
- Explain Friedman's reasons for believing that assumptions *should be* unrealistic. Is he right?
- What reasons does Friedman give for accepting the assumption of profit maximization?
- What does Friedman say about testing theories indirectly? Does this make sense?
- Friedman has been criticised for not distinguishing between different types of assumption. List three types of assumption. Does unrealisticness matter for each of them?
- Does it make any difference to Friedman where assumptions come from?

##### Class 2: Three views of Popper

Summarise and provide a brief defence of the arguments of Blaug, Boland or Caldwell. Focus on the value of the arguments, not on whether they are good or bad as interpretations of what Popper wrote. You will be divided into three groups, each of which will consider one of the three.

##### Class 3: Telescopes and microscopes.

- Why did people initially refuse to accept astronomical evidence obtained by using telescopes?
- If we do not understand how telescopes work, how can we trust evidence obtained from them?
- How does this case study support Feyerabend's claim that scientists sometimes have to be irrational?
- Why is empirical evidence obtained using microscopes problematic?
- Why do we believe observations made using microscopes?

##### Class 4: The cognitive status of economic theory.

- What does Rosenberg mean when he argues that microeconomic theory is best understood as a branch of "contractarian political philosophy"?
- Should microeconomic theory be appraised simply as applied mathematics?

##### Class 5: Formalism

Read the various perspectives contained in the symposium and work out the strong and weak points in each.

#### ESSAYS

You are expected to write and hand in answers to **AT LEAST TWO** of the following questions, of which at least one must be from Group A or B and handed in by the relevant date. The essays will be marked and returned, but do not count towards the final assessment on the course. The list contains questions on most of the topics covered in the course, which means means that questions listed here, or similar

ones, could appear on the examination paper. You are strongly recommended to hand in three (or more essays): you will learn a lot from trying to get your ideas written down.

In answering these questions you should focus on the important points, making the points as succinctly and as clearly as possible. Credit will be given to students who (a) show that they have read and thought about material on the reading list; (b) bring together ideas from different parts of the course (eg applying ideas from the first term to material covered this term). Answers should be no longer than about 1000 words (ie a similar length to answers written in an exam—about 3–4 A4 pages). In all cases you are expected to justify your answer.

#### Group A

- A1 Does the realism of a theory's assumptions matter?
- A2 What is meant by "indirect testing" of a theory? How persuasive is Machlup's defence of the hypothesis of profit-maximization as indirectly testable (and tested)?
- A3 What are the main objections to Popperian falsificationism? How far does Lakatos's methodology of scientific research programmes provide an acceptable response to such objections?
- A4 Hausman argues that economics must be understood as an "inexact" science. Examine the arguments for an against his methodology.

#### Group B

- B1 "Mob rule." How far is this an adequate characterization of Kuhn's view of theory appraisal in science?
- B2 What does Kuhn mean by "normal science"? If science is predominantly normal science, how do major changes ever take place?
- B3 Explain Lakatos's distinction between progressive and degenerating research programmes. Is this an adequate criterion to use when choosing between scientific theories?
- B4 Is Lakatos's methodology of scientific research programmes any less permissive than Feyerabend's rule of "anything goes"?

#### Group C

- C1 "The only valid test of whether an experiment is being performed correctly is whether or not it produces the expected results." Discuss the implications of this for experimental tests of scientific theories.
- C2 Economics are persuaders. What follows from this?
- C3 Explain and comment on McCloskey's distinction between the "official" and "unofficial" rhetoric of economics.
- C4 Explain what Brown means when she talks about "The economy as text". What are the advantages and disadvantages of viewing the economy in this way?
- C5 Why is understanding metaphor useful in understanding how economists explain?
- C6 How can the assumption of rationality be defended? Are such arguments persuasive?
- C7 Outline and comment on Hausman's account of the way economists reacted when experimental evidence appeared to contradict the hypothesis of expected utility maximization.

#### Group D

- D1 Outline and comment on Fisher's critique of recent developments in the theory of industrial organization.
- D2 "Stone age theory." Discuss Hahn's summary of the theory of industrial organisation prior to its transformation by game theory.
- D3 What are the main problems which arise in attempting to use econometrics to settle disputes in macroeconomics?
- D4 Why have econometric results not have a greater impact on macroeconomics?
- D5 Outline and evaluate the arguments of *either* Friedman and Schwartz *or* Summers on the type of empirical evidence that is persuasive in macroeconomics.

- D6 Any essay from group C.

#### Group E

- E1 "A search through the hyperspace of assumptions." Discuss McCloskey's characterization of contemporary economic theory.
- E2 Outline the main strengths and limitations of formal economic theory.
- E3 Can economists afford to abandon the requirement of logical consistency (cf Debreu, 1991)?
- E4 Any essay from groups C or D.

ECONOMICS 13

THE HISTORY OF ECONOMIC THOUGHT

Course outline and reading list

Spring Term 1995

Roger E. Backhouse

TEXTBOOKS

- R. B. Ekelund and R. F. Hebert *A History of Economic Theory and Method*.  
M. Blaug *Economic Theory in Retrospect*, 4th edition, 1985.  
R. Backhouse *A History of Modern Economic Analysis*, 1985.  
C. Staley *The History of Economic Thought*, 1989.

You are also encouraged to consult other textbooks listed on the Autumn Term's reading list, especially Schumpeter (strongly recommended), Seligman and Spiegel.

READING LIST

1. The marginal revolution

Ekelund and Hebert, chapter 14; Blaug, chapter 8; Backhouse, chapters 7 and 13; Staley, chapters 12 and 14.

(a) *Economics in 1970*

- M. Blaug "Classical economics," *The New Palgrave*.  
T. W. Hutchison *A Review of Economic Doctrines, 1870-1929*, 1953, chapter 1.

(b) *Interpretations*

- M. Blaug "Was there a marginal revolution?" *History of Political Economy*, 1972; in R. D. C. Black, A. W. Coats and C. D. W. Goodwin *The Marginal Revolution in Economics*, 1973; and in M. Blaug *Economic History and the History of Economics*, 1986.  
T. W. Hutchison *On: Revolutions and Progress in Economic Knowledge*, 1978, chapters 3, 4, 9. An earlier version can be found in *History of Political Economy*, 1972; and Black, Coats and Goodwin, *op. cit.*  
W. Jaffé "Menger, Jevons and Walras dehomogenized," *Economic Inquiry* 14, 1976, 511-24.  
M. Bowley "The predecessors of Jevons: the revolution that wasn't," *Manchester School* 40, 1972, 9-29.  
R. S. Howey *The Rise of the Marginal Utility School, 1870-1889*, 1960.  
P. Mirowski "Physics and the marginalist revolution," *Cambridge Journal of Economics*, 1982; in *Against Mechanism*, chapter 1.  
S. Hollander *Classical Economics*, 1987, chapter 17.  
J. Robinson *Economic Philosophy*, 1962, chapter 3.  
M. Dobb *Political Economy and Capitalism*, 1937; *Theories of Value and Distribution since Adam Smith*, 1973.  
P. Deane *The Evolution of Economic Ideas*, chapters 7, 8; *The State and the Economic System*, 1989, chapter 7.

(c) *Jevons*

- W. S. Jevons *The Theory of Political Economy*, 1871/1877. The Penguin edition contains an introduction by R. D. C. Black. The Higgs edition contains a reprint of Jevons's 1862 paper to the British Association.

R. D. C. Black "Jevons," *The New Palgrave*.

T. Peach "Jevons as an economic theorist," *The New Palgrave*.

M. Schabas *A World Ruled by Number: William Stanley Jevons and the Rise of Mathematical Economics*, 1990.

T. W. Hutchison *A Review of Economic Doctrines*, 1953, chapter 2.

2. Walras and general equilibrium theory

Ekelund and Hebert, chapter 16; Blaug, chapter 13; Backhouse, chapters 8; Staley, chapter 15.

Leon Walras *Elements of Pure Economics*, 1874, translated by W. Jaffé, 1954.

D. A. Walker "Leon Walras," *The New Palgrave*.

T. W. Hutchison *A Review of Economic Doctrines*, chapter 13.

M. Friedman "Leon Walras and his economic system," *American Economic Review* 45, 1955, pp. 900-9.

A. Jolink and J. van Daal *The Equilibrium Economics of Leon Walras*, 1993.

B. Ingrao and G. Israel *The Invisible Hand: Economic Equilibrium in the History of Science*, 1990.

A. Jolink "Economic equilibrium in the history of science: Reviewing *The Invisible Hand*" *Economic Journal* 103, September 1993.

R. E. Backhouse "Mathematics and the axiomatization of general equilibrium theory", University of Birmingham, Department of Economics, Discussion Paper No. 91-09.

3. Alfred Marshall

Ekelund and Hebert, chapter 15; Blaug, chapters 9-10; Backhouse, chapters 10; Staley, chapter 16.

A. Marshall *Principles of Economics*, 1890/1920. The most widely available edition is the 8th.

A. C. Pigou (ed) *Memorials of Alfred Marshall*, 1925. This contains a biographical essay by Keynes, selected correspondence and a selection of Marshall's important articles.

J. K. Whitaker (ed) *Early Economic Writings of Alfred Marshall*.

J. K. Whitaker "Alfred Marshall," *The New Palgrave*.

D. P. O'Brien "A. Marshall, 1842-1924," in O'Brien and J. R. Presley (eds) *Pioneers of Modern Economics in Britain*.

B. J. Loasby *The Mind and Method of the Economist*, chapter 4.

M. Perlman "Orthodoxy and heterodoxy in economics: a retrospective view of experience in Britain and the USA," *Zeitschrift für Nationalökonomie* 37, 1980, pp. 153-64.

A. W. Coats "The role of authority in the development of British economics," *Journal of Law and Economics* 7, 1964, pp. 85-106. This and the following two papers are reprinted in Coats's collected papers (recent).

A. W. Coats "Sociological aspects of British economic thought (ca 1880-1930)," *Journal of Political Economy* 75, 1967, pp. 706-29.

A. W. Coats "The culture and the economists: some reflections on Anglo-American differences," *History of Political Economy* 12, 1980, pp. 588-609.

J. Maloney *Alfred Marshall and the Professionalization of Economics*, 1985.

J. K. Whitaker (ed) *Centenary Essays on Alfred Marshall*, 1990; especially essays by Stigler, Laidler, Loasby and O'Brien.

R. McWilliams *Tullberg Alfred Marshall in Retrospect*, 1990; especially essay by Whitaker.

4. Austrian economics and the socialist calculation debate

Ekelund and Hebert, chapter 13; Backhouse, chapters 9; Staley, chapter 13.

(a) *Menger and Austrian economics*

C. Menger *Principles of Economics*, 1871; translated 1954.

T. W. Hutchison *A Review of Economic Doctrines*, chapters 9-11.

M. Alter "Carl Menger and homo economicus: some thoughts on Austrian theory and method," *Journal of Economic Issues* 16, 1982, pp. 149-60.

(b) *The socialist calculation debate*

D. Lavoie *Rivalry and Central Planning: the Socialist Calculation Debate Reconsidered*, 1984.

K. Vaughn "Economic calculation under socialism: the Austrian contribution", *Economic Inquiry*, 1980.

P. Murrell "Did the theory of market socialism answer the challenge of Ludwig von Mises? A reinterpretation of the socialist controversy", *History of Political Economy*, 1983.

5. Competition and the theory of games

Ekelund and Hebert, chapter 20; Backhouse, chapter 14.3; Staley, chapter 18.

R. E. Backhouse "Competition", in J. Creedy (ed) *Foundations of Economic Thought*, 1990.

G. J. Stigler "Competition" in *The New Palgrave*.

P. J. McNulty "Competition: Austrian conception", in *The New Palgrave*.

P. Sraffa "The laws of returns under competitive conditions," *Economic Journal* 36, 1926.

G. L. S. Shackle *The Years of High Theory*, 1967.

D. P. O'Brien "Research programmes in competitive structure," *Journal of Economic Studies* 10, 1983, pp. 29-51.

E. R. Weintraub (ed) *Toward a History of Game Theory*. Annual Supplement to *History of Political Economy*, 1993.

6. Macroeconomics before Keynes

(a) *The business cycle*

Backhouse, chapter 16.3-16.4.

R. Backhouse *Economists and the Economy*, 1988, chapter 5.

T. W. Hutchison *A Review of Economic Doctrines, 1870-1929*, 1953, chapters .

(b) *The quantity theory*

Blaug, chapter 15.

T. Humphrey "The quantity theory of money: its historical evolution and role in policy debates", *Federal Reserve Bank of Richmond Quarterly Review* May/June 1974; reprinted in T. Humphrey *Money, Banking and Inflation: Essays in the History of Monetary Thought*, 1993, pp. 77-94.

Irving Fisher *The Purchasing Power of Money*, 1911.

Knut Wicksell *Interest and Prices*, 1898; *Lectures on Political Economy*, volume II, translated 1934.

D. Laidler *The Golden Age of the Quantity Theory*, 1990.

R. Backhouse *Economists and the Economy*, 1988, chapter 4.

D. Laidler "Alfred Marshall and the development of monetary economics," in J. K. Whitaker (ed) *Centenary Essays on Alfred Marshall*, 1990.

7. Keynes, I: Before the General Theory

Ekelund and Hebert, chapter 18; Blaug, chapter 16; Backhouse, chapters 16.5 and 19.4; Staley, chapter 19.

J. M. Keynes *A Tract on Monetary Reform*, 1923; reprinted in *Collected Works of John Maynard Keynes*.

D. Patinkin "John Maynard Keynes," *The New Palgrave*.

M. Blaug *John Maynard Keynes*, 1990.

R. Dimand *The Origins of the Keynesian Revolution*, 1988.

R. J. Bigg *Cambridge and the Monetary Theory of Production*, 1990.

R. Skidelsky *John Maynard Keynes*, 2 volumes. (Volume 1 is available; volume 2 was published in November and will not be in the library yet.)

R. Harrod *The Life of John Maynard Keynes*, 1952.

D. Moggridge *Keynes* (Fontana Modern Masters Series.)

D. Moggridge *John Maynard Keynes: an Economist's Biography*, 1992. (Just published.)

8. Keynes, II: *The General Theory*

Textbooks as for previous topic. All HET textbooks cover Keynes.

J. M. Keynes *The General Theory of Employment, Interest and Money*, 1936.

D. Patinkin *Anticipations of the General Theory?* 1982

D. Patinkin "On different interpretations of the General Theory," *Journal of Monetary Economics* 26, 1990, pp. 205-43.

T. W. Hutchison *On Revolutions and Progress in Economic Knowledge*, chapters 5-7.

W. Young *Interpreting Mr Keynes: the IS-LM Enigma*, 1987.

The literature on Keynes is immense, and this is but a small selection.

9. Econometrics

NB This will NOT be technical. Don't avoid this topic just because you find maths or econometrics difficult.

M. Morgan *A History of Econometric Ideas*, 1990.

H. Landreth and D. Colander *The History of Economic Thought*, 3rd edition, chapter on econometrics. Not yet in library, but on order.

R. J. Epstein *A History of Econometrics*, 1987.

A. C. Darrell "Economic statistics and econometrics", in J. Creedy and D. P. O'Brien (eds) *Economic Analysis in Historical Perspective*, 1984.

10. Milton Friedman and Chicago economics

Ekelund and Hebert, chapter 19; Blaug, chapter 16; Backhouse, chapters 26, 28.6.

(a) *Friedman*

M. Friedman "The methodology of positive economics," in *Essays on Positive Economics*, 1953; reprinted in D. Hausman *The Philosophy of Economics*, 1985, and in B. Caldwell *Appraisal and Criticism in Economics*, 1984.

M. Friedman "The role of monetary policy," *American Economic Review* 58, 1968, pp. 1-11; reprinted in *The Optimum Quantity of Money and Other Essays*, 1969.

A. Hirsch and N. de Marchi *Milton Friedman: Economics in Theory and Practice*, 1990.

R. E. Backhouse "Friedman's theoretical framework: an economist's view" in Henderson et al, *Economics and Language*, 1993.

(b) *Chicago economics*

M. W. Reder "Chicago economics: permanence and change," *Journal of Economic Literature*, 1982, pp. 1-38; reprinted in Caldwell *Appraisal and Criticism in Economics*, 1984.

D. Patinkin "The Chicago tradition, the quantity theory, and Friedman," *Journal of Money, Credit and Banking* 1(1), 1969, pp. 46-70. Reprinted in *Studies in Monetary Economics*, 1972.

H. Miller, G. J. Stigler and M. Bronfenbrenner, Symposium on Chicago economics, *Journal of Political Economy*, 70, 1962, pp. 64-75.

A. W. Coats "The origins of the Chicago school(s)?", *Journal of Political Economy* 71, 1963, pp. 487-93. Reprinted in Coats's collected papers.

W. J. Samuels (ed) *The Chicago School of Political Economy*, 1976.

## Second Assessed Essay

An answer to ONE of the following should be handed in to the Departmental Office by the end of the Spring Term. You should fill in a plagiarism form and obtain a receipt. Only ONE COPY of the essay need be handed in, but this **WILL NOT BE RETURNED**, so if you wish to have a copy to refer to, please make one before handing in your essay. Comments on the essay and a grade will be returned, on a separate sheet, to the Ashley pigeonholes by the beginning of the Summer term. The essay should be no longer than 1500 words.

1. How did Walras regard his general equilibrium system? Outline and comment on the changes that have taken place in the way theorists have conceived of general equilibrium models. [Hint: this essay will not appeal to everyone! Ingrao and Israel, and the commentaries by Jolink and Backhouse are important.]
2. What are the distinctive features of 'Austrian' economics? Comment on the relative merits of 'Austrian' economics and conventional neoclassical economics.
3. It has been claimed that Marshall should be regarded as a co-discoverer of marginal utility. Examine the evidence for and against this view.
4. What were Marshall's grounds for believing that his economics exhibited substantial continuity with Ricardo's? How far was he justified in this belief?

University of Birmingham  
History of Economic Thought I (3rd year) U  
Peter Cain

This course will run on the basis of two lectures per week supplemented by a fortnightly class in which extracts from original texts will be discussed.

### Reading List, 1994-5

There are three textbooks which are particularly recommended. None of them covers everything, and which one you use will depend on your own preferences. Whichever one you use, you will need to refer to other textbooks and other reading as well. All should be available in paperback at Dillons.

R. B. Ekelund & R. F. Hebert A History of Economic Thought and Method (2nd ed.) McGraw Hill, 1983.  
M. Blaug Economic Theory in Retrospect, 4th ed. Cambridge University Press, 1985.  
R. Backhouse A History of Modern Economic Analysis. Basil Blackwell, 1985.

Other books you may find useful are the following:

R. Backhouse Economists and the Economy (1988). This discusses economic theories against their historical background. Useful if you have forgotten the contents of Economic History II  
I. Rima Development of Economic Analysis (4th ed. 1986).  
W. J. Barber A History of Economic Thought A brief account centred on a few major economists.  
D. P. O'Brien The Classical Economists (1975) One of the best and most thorough accounts of classical economics.  
J. A. Schumpeter A History of Economic Analysis (1954): in many way the classical work on the subject which has something valuable to say on every topic.  
J. A. Schumpeter's Ten Great Economists (1951)  
P. Deane The Evolution of Economic Ideas (1978)  
H. W. Spiegel The Growth of Economic Thought (1983): has wide coverage and extensive bibliographies.  
E. Roll, A History of Economic Thought (Revised. 1973) is helpful especially on the Classical economists.  
I. I. Rubin A History of Economic Thought (1977) is a thorough study of pre-classical and classical economics from a Marxist standpoint.  
W. Bladen From Adam Smith to Maynard Keynes (1974).  
S. Hollander, Classical Economics (1987). An idiosyncratic view of classical economics. Read this book in preference to his long studies of Ricardo and Mill.

H. Landreth and D. C. Colander, History of Economic Theory (3rd ed. 1994) is a useful introduction to the main characters and themes, but it needs to be supplemented by deeper and more detailed treatments.

Finally, there are two important reference works, both in the reference section of the social science reading room, which provide material on every important topic and author.

#### International Encyclopaedia of Social Science

The New Palgrave Dictionary of Economics (4 volumes). This is a volume that should be used with great care. It contains many invaluable articles, some of which are cited on the reading list below. It does not, however, present a balanced viewpoint. You may wish to read Mark Blaug's review, Economics Through the Looking Glass, Institute of Economic Affairs, 1988.

### 1. ECONOMICS BEFORE ADAM SMITH

#### 1.1. MEDIEVAL ECONOMICS

##### Textbooks

Ekelund and Hebert HETM, Ch.2

Spiegel, Ch.

Schumpeter HEA, Ch. 2.

Landreth and Colander, Ch. 2

See also K. Pribram, A History of Economic Reasoning (1983), Chs. 1 & 2 A. E. Monroe, Early Economic Thought, (Selections from Economic Literature Prior to Adam Smith) (1965) esp. Ch.

III. C. B. MacPherson, The Economic Theory of Possessive Individualism (1962), pp. 46-60, will be useful to those who have difficulty in understanding the fundamental differences between pre-capitalist and capitalist societies.

#### 1.2 MERCANTILISM

##### Textbooks

Blaug, ETR, pp. 10-24

Schumpeter HQ, Ch. 7

Ekelund and Hebert HETM, Chs. 3 and 4.

Spiegel Chs. 5-7.

Landreth and Colander, Ch. 3.

See also

L. Gomes, National Economy and Foreign Trade (1987), Chs 1-3.

T. W. Hutchinson, Before Adam Smith pp 149-55

T. Mun, 'England's Treasure by Foreign Trade' printed in J. R. McCulloch, Early Tracts on English Commerce (1952)

J. D. Gould, 'The Trade Crisis of the 1620's and English Economic Thought' Journal of Economic History, XV (1955)

B. Supple Commercial Crisis and Change in England, 1600-1620 (1959) Chs 9 and 10.

R.B. Ekelund and R. D. Tollinson, Mercantilism as a Rent-Seeking Society (1981).

W. R. Allen 'Mercantilism' in New Palgrave.

### 1.3 CANTILLON AND TURGOT

##### Textbooks

Blaug ETR pp. 20-2.

Spiegel GET ch. 8.

##### Other references

R. Cantillon An Essay on the Nature of Commerce in General (1755) Translated from French by Henry Higgs. Part reprinted in Monroe Early Economic Thought

R.L. Meek Precursors of Adam Smith, 1750-1775 (1973)

T. W. Hutchinson, Before Adam Smith, chapter 9.

A. Murphy, Richard Cantillon (1986)

A. A. Brewer 'Cantillon and mercantilism' Economica (1989).

A. A. Brewer 'Turgot: founder of classical economics', Economica 54, 1987, 417-28.

V. Walsh 'Cantillon, Richard' in New Palgrave.

P. Groenewegen 'Turgot' in New Palgrave.

Meek, Precursors of Adam Smith has extracts from Turgot's writings

### 1.4 PHYSIOCRACY

Blaug, ETR, pp. 24-35

Schumpeter, ETA, pp. 223-49

Ekelund and Hebert HETM, pp. 71ff

Spiegel Ch. 8.

T. W. Hutchison Before Adam Smith, 1988, chapter 16.

C. Gide and C. Rist, A History of Economic Doctrines (1917), Ch. 1 contains a simple account, as does the relevant chapter of Roll.

See also

R. L. Meek, The Economics of Physiocracy (1962)



- W. A. Eltis, 'Francois Quesnay A Reinterpretation', in two parts in Oxford Economic Papers, NS 27, (1975), reprinted in the same author's The Classical Theory of Economic Growth (1984), Chs. 1 and 2.
- G. Vaggi, 'Physiocrats' in New Palgrave.

## 2. CLASSICAL ECONOMICS

### 2.1 ADAM SMITH (3 Lectures)

#### General

- R. H. Campbell and A. S. Skinner, Adam Smith (1982, paperback 1985) The best background study.
- A. Skinner 'Smith, Adam' in New Palgrave.
- D. D. Raphael, Adam Smith (1985) A shorter account in the OUP Past Masters series. This and Campbell and Skinner both have useful introductory sections on The Wealth Of Nations.

#### Textbooks

- Schumpeter HEA pp. 181-94, 307-11
- Roll, pp. 142-72
- Blaug, ETR ch. 2
- Barber, ch. 1
- O'Brien, chs. 1, 2i-iii, 4i, 80
- Spiegel chs 10-11
- Backhouse, HMEA ch 2
- T. W. Hutchison Before Adam Smith (1988) ch. 20. This contains a slightly revised version of material from Hutchison On Revolutions and Progress in Economic Knowledge (1978) ch 2.
- S. Hollander The Economics of Adam Smith (1973). A distinctive interpretation of Smith. Treat with care.
- M. Brown, Adam Smith's Economics (1988) looks at the economic theory in the context of Smith's intellectual development.

#### Specialised themes.

Any study of Smith's thought beyond the superficial level must be accompanied by reference to his great work, An Inquiry into the Nature and Causes of the Wealth of Nations (1776). There are numerous editions: the best are probably the Cannan edition of 1904, reprinted many times, and the Glasgow bicentenary edition of 1976. There is also a Penguin edition, containing

part of the book, with a good introduction by A. S. Skinner.

#### (a) Value and Distribution

- Wealth of Nations book 1, chs. 6-9.
- P. H. Douglas, "Smith's theory of value and distribution" in Adam Smith 1776-1926 (1928).
- H. M. Robertson and W. L. Taylor "Adam Smith's approach to the theory of value" Economic Journal 1957.
- M. A. Stephenson, "The paradox of value: a suggested interpretation" History of Political Economy 4 (1972).
- S. Hollander "The role of utility and demand in the Wealth of Nations" in A. Skinner and T. Wilson (eds) Essays on Adam Smith (1975).
- T. W. Hutchinson, Before Adam Smith, pp. 255-70.

#### (b) Division of Labour and Growth

- Wealth of Nations Book I, chs. 13.
- A. Lowe "Adam Smith's system of economic growth" in Skinner and Wilson Essays on Adam Smith.
- W. A. Eltis "Adam Smith's theory of economic growth" in Skinner and Wilson Essays on Adam Smith. This is reprinted in Eltis's The Classical Theory of Economic Growth (1984) ch. 3.

#### (c) Unproductive Labour and Growth

- Wealth of Nations, Book III, chs. 3, 5
- V. W. Bladen "Adam Smith on productive and unproductive labour: a theory of full development" Canadian Journal of Economics and Political Science (1980).
- R. Anspach "Smith's growth paradigm" History of Political Economy (1976).

#### (d) Laissez-faire and the role of government

- Wealth of Nations Book IV, ch. 2, and Book V.
- A. S. Skinner, A System of Social Science (1979) ch. 9.
- N. Rosenberg, "Adam Smith and Laissez-faire revisited" in G. P. O'Driscoll (ed.) Adam Smith and Modern Political Economy (1976).
- J. Viner, "Adam Smith and laissez faire" Journal of Political Economy (1927). Reprinted in Adam Smith, 1776-1926 (1928) and in J. Viner The Long View and the Short (1958).
- G. Stigler, The Economist as Preacher, (1982), Ch. 12.
- A. Skinner Adam Smith and the State (1974).

### 2.2. MALTHUS AND POPULATION

- Barber, Ch. 2. Probably the best short introduction to Malthus. Dlaug, ETR Ch. 3 and Ch. 5, pt. 2

O'Brien Ch. 3 (ii) and pp. 214-215 and 229-32.  
Spiegel, Ch. 12.

See also

T. R. Malthus, Essay on Population (1st ed.) esp. Chs. 1, 2, 4, 5, 16 and 17. For some insight into the shift in his opinions over time see also the 6th edition of the Essay, Book III, Chs. 8 and 10.

J. M. Pullen Malthus, Thomas R.' in New Palgrave.

D. Winch Malthus, 1988.

Detailed accounts of particular aspects of Malthus' work include:

B. A. Corry, Money, Saving and Investment in English Economics 1800-50 (1962), esp. pp. 125-32, 159-62.

T. Sowell, Says Law, An Historical Analysis (1972), pp. 89-108 W. Eltis, Classical Theory of Economic Growth Chs. 4 and 5

### 2.3 RICARDO (2 lectures)

Textbooks.

Schumpeter HEA, pp. 588-604; Backhouse, HMEA Ch 3-4; Blaug, ETR ch. 3; Ekelund and Hebert HETM Ch. 7; O'Brien Ch. 2(iv), 4(ii), 5; Roll Chs. IV, V and VII; Barber, Ch. 3; Spiegel Ch. 14.

Key texts.

D. Ricardo, 'An Essay on the Influence of the Low Price of corn on the Profits of Stock in P. Sraffa (ed.) Works and Correspondence of David Ricardo (1952) Vol. III

Ricardo, Principles of Political Economy in Work's Vol. I.

See also

M. Blaug 'Classical economics' in New Palgrave.

T. W. Hutchison, 'On Revolutions and Progress in Economic Knowledge', op.cit., Ch.2.

St. Clair A Key to Ricardo (1956), probably the clearest general guide to Ricardo's work.

W. A. Eltis, The Classical Theory of Economic Growth Ch.6.

M. Blaug, Ricardian Economics (1958).

T. Peach, 'David Ricardo: a review of some interpretative issues,' in Classical Political Economy, ed. W. O. Thwett, 1988.

### The Machinery Question in Classical Political Economy

D. Ricardo Principles of Political Economy Ch.31.

J.S. Mill Principles of Political Economy (1865 ed.) Bk.1. Ch. VI and Bk. IV. Ch.V

M. Blaug, Ricardian Economics (1957), Ch.4

O'Brien, Classical Political Economy, pp. 224-8 J.R.Hicks, A Theory of Economic History (1969) Ch. 9 M. Berg The Machinery Question and the Making of Political Economy, 1815-1848 (1980).

### 2.4 SAY'S LAW

Key texts

James Mill Selected Economic Writings (ed. Winch 1965), pp. 135, 138, 318-9

James Mill, Elements of Political Economy (1826), pp. 227-35

J. S. Mill, Essays on Some Unsettled Questions in Political Economy, pp. 67-74

Textbooks

Blaug, ETR, Ch. 5; Schumpeter HEA, p. 615-25, 738-53; O'Brien, 159-62; Blaug, ETR ch. 5; R.

Backhouse, HMEA, pp. 50-5;

Commentaries

D. P. O'Brien "Say's Law" Economic Review, 1984.

G. S. Becker and W. J. Baumol, 'The Classical Monetary Theory: Outcome of the Discussion' Economica NS 19 (1952)

A. Skinner, 'Say's Law : Origin and Content' Economica NS 34 (1967)

T. Sowell Says Law, An Historical Analysis (1972).

T. Sowell 'Say's Law' in New Palgrave.

### 2.5 CLASSICAL MONETARY THEORY

Key texts

D. Hume "On money", "On interest", and "On the balance of trade" in Political Discourses (1752), reprinted in Monroe Early Economic Thought, and in D. Hume Writings on Economics, ed.

E. Rotwein (1970).

H. Thornton An Enquiry into the Nature of the Paper Credit of Great Britain (1802). Edited by F.

A. Hayek, 1939. Part reprinted in R. D. C. Black (ed) Reading — in the History of Economic Thought.

D. Ricardo The High Price of Bullion a Proof of the Depreciation of Bank Notes (1810). Reprinted in Sraffa's ed of Works and Correspondence of David Ricardo

Bullion Committee Report (1810), edited by E. Cannan as The Paper Pound of 1797.

Textbooks

Blaug, ETR, pp. 130-2.

Schumpeter HEA, pp. 688-738.

Backhouse, HMEA, pp. 45-50.

#### Commentaries

- R. Backhouse, Economists and the Economy ch. 4.  
 D. P. O'Brien The Classical Economists (1975), ch 6.  
 J. Viner Studies in the Theory of International Trade (1937).  
 F. W. Fetter The Development of British Monetary Orthodoxy, 1797-1815 (1965).  
 D. P. O'Brien "Monetary economics", in Economic Analysis in Historical Perspective, ed. J. Creedy and D. P. O'Brien, 1984.  
 S. Hollander Classical Economics, 1987 [The chapters on money are less controversial than the rest of this book.]

## 2.6 CLASSICAL TRADE THEORY

#### Textbooks

- O'Brien, Ch. 7  
 Blaug, ETR, pp. 126-133, 213-21  
 Schumpeter HEA, pp. 605-15.

#### Key texts

- D. Ricardo, Principles, Ch. VII  
 J. S. Mill, Principles, Bk III, Ch. XVIII.

#### Commentaries

- L. Robbins Robert Torrens and the Evolution of Classical Economics (1958), ch. 6.  
 C. E. Stapley 'A Note of Adam Smith's Version of the "Vent for Surplus" Model', History of Political Economy 5 (1973)  
 J. H. Williams, 'The Theory of International Trade Reconsidered' Economic Journal (1929)  
 I.A. Bloomfield, 'British Thought on the Influence of Foreign Trade on Investment and Growth' History of Political Economy 13 (1981)  
 L.Gomes, National Economy and Foreign Trade

## 3 CLASSICAL ECONOMICS AND POLICY

### 3.1 J.S. MILL

#### Key text

- J.S. Mill, Principles Book V, Ch. XI

#### Textbooks

- Backhouse, HMEA pp. 64-8.  
 Ekelund and Hebert HETM ch. 9.  
 O'Brien The Classical Economists 1975, ch. 10.

#### Commentaries

- R. B. Ekelund Jr and R. D. Tollison, 'The New Political Economy of J. S. Mill: The Means of Social Justice' Canadian Journal of Economics, 9 (1976)  
 E. G. West, 'J. S. Mill's Redistribution Policy: New Political Economic Inquiry' 16 (1978) with Ekelund and Tollinson's reply.  
 R.B. Ekelund and E. O. Price, 'Sir Edwin Chadwick on Competition and the Social Control of Industry: Railroads' History of Political Economy  
 P. Schwarz, 'J.S. Mill on London water' Economica (1966)  
 E.G. West 'Private versus Public Education. A Classical Economic Dispute' and H. Scott Gordon 'The Ideology of Laissez Faire' both in A.W. Coats (ed.) The Classical Economists and Economic Policy (1971).

- Backhouse, Economists and the Economy, Ch.3.  
 L. Robbins, The Theory of Economic Policy, (1952).

## 3.2 WAKEFIELD AND COLONISATION

- 'A Letter from Sydney' and 'England and America' in E. Lloyd Prichard, ed. Collected Works of E.G. Wakefield

- B. Semmel, 'The Philosophic Radicals and Colonialism', Journal of Economic History (1961). reprinted in A.G. Shaw, Great Britain and the Colonies, 1815-65 (1971)

- B. Semmel, The Rise of Free Trade Imperialism (1971), Chs 4 and 5.

- D. Winch, Classical Political Economy and the Colonies (1965), Chs 8 and 9

- D. Winch, 'Classical Economics and the Case for Colonisation', Economica (1963)

## 4 CRITICS OF CLASSICAL AND NEOCLASSICAL ECONOMICS

### 4.1 JOHN RUSKIN

- John Ruskin, Unto This Last (1861), The Crown of Wild Olive (1867) and Time and Tide (1871).

[Any of these will give a good idea of Ruskin's approach to economics and there are numerous editions.]

J. A. Hobson, 'Ruskin as Political Economist', in J. Howard Whitehouse, Ruskin the Prophet, (1920)

A.J. Lee 'Ruskin as Political Economist: Unto This Last', in R. Hewison, ed. New Approaches to Ruskin (1979)

P.D. Antony, John Ruskin's Labour: A Study in Ruskin's Social Theory (1893)

W.D. Grampp, 'Classical Economics and its Moral Critics', History of Political Economy 5 (1973).

C. C. Ryan, 'The Fiends of Commerce: Romantic and Marxist Criticisms of Classical Political Economy', History of Political Economy 13 (1981).

#### 4.2 HISTORICAL ECONOMICS

Schumpeter HEA P- 800-24; Spiegel, Chs. 17 AND 18, Backhouse, HMEA, pp. 212-221.

##### GERMANY

T. W. Hutchison, Review of Economic Doctrines, pp. 131-2, 145-52, 180-6

B. 13. Seligman, Main Currents in Modern Economics (1962), Ch. 1.

##### ENGLAND

G. M. Koot, 'English Historical Economics and the Emergence of Economic History in England', History of Political Economy 12 (1980)

A. W. Coats, 'The Historicist Reaction in English Political Economy 1870-90', Economica 21 (1954)

T. W. Hutchison, *op.cit.*, pp. 18-22

G.M. Koot 'T. Cliffe Leslie Irish Social Reform and the Origin of the English Historical School of Economics' History of Political Economy 7, (1975)

G. M Koot, English Historical Economics, 1870-1926: The Rise of Economic History and Neo-mercantilism. 1987.

#### 4.3 MARX (2 lecture)

##### Textbooks

Backhouse, HMEA, ch. 11 (very concise).

Blaug, ETB, Ch. 7, (very good).

Ekelund and Hebert HETM, ch. 11.

Spiegel, ch. 20.

Also most other texts on the history of economic thought.

#### Other References

R. Freedman Marx on Economics (1961). (This contains extracts from Marx's many writings on economics, including Capital.)

A.A. Brewer, A Guide to Marx's Capital (1984). (This does what its title says - very clear, though little on interpretation).

A. A. Brewer 'Marx's Capital Today,' in Ideas in Economics, edited by R. D. C. Black, 1986.

J. Robinson, An Essay on Marxian Economic (2nd edn, 1967). (Rather old, but still worth reading).

M. Morishima, Marx's Economics (1967). (lots of maths in this, but the book is well worth consulting despite this).

M. Morishima and G. Catephores, Value, Exploitation and Growth (1983). (Chapter 1 contains a good account - with no maths - of how Marx reached the position he took in Capital).

W. A. Eltis, The Classical Theory of Economic Growth (1985), chs. 7, 8. J. Elster, Introduction to Karl Marx (1986), chapter on economics.

#### 4.4 HOBSON

J.A Hobson, The Science of Wealth (1911).

T.W Hutchison, A Review of Economic Doctrines, (1953), pp. 118-29.

J. W. Allatt The New Liberalism: the Political Economy of J. A. Hobson (1981) [Now the standard work on Hobson]

P. Clarke, 'Hobson and Keynes as Economic Heretics' in M. Freedman (ed.) Re-appraising J. A. Hobson, (1990)

R. Backhouse, 'J. A. Hobson as a Macro- Economic Theorist' in Freedman, Reappraising

J.E. King, 'J.A. Hobson' in his Economic Exiles (1988)

John Maloney, Marshall, Orthodoxy and the Professionalisation of Economics (1985).

#### 4.5 VEBLEN (2 Lectures)

##### Textbooks

Ekelund and Hebert HETM ch. 17.

Roll pp. 439-54.

Spiegel pp. 628-41.

Backhouse, HMEA pp. 221-8.

Hutchison Review of Economic Doctrines, pp. 262-8.

##### Other

T. Veblen, The Vested Interests and the Common Man, (1919)[The best introduction to his ideas]

- T. Veblen The Theory of Business Enterprise (1904 edition)  
 T. Veblen, 'Why is Economics not an Evolutionary Science' and 'The Limitations of Marginal Utility' in The Place of Science in Modern Civilization (1932).  
 A. W. Coats "The influence of Veblen's methodology" Journal of Political Economy 62 (1954).  
 K. J. Arrow, Thorstein Veblen's economic system" The Economist 19 (1975)  
 D. A. Walker "Thorstein Veblen's economic system" Economic Inquiry 15 (1977)  
 M. Rutherford "Thorstein Veblen and the process of institutional change" History of Political Economy 16 (1984) pp. 331-48.  
 R. Heilbroner The Worldly Philosophers A well-written, general introduction to Veblen's ideas.  
 P. J. Cain, 'Introduction' to Veblen's Collected Works (available on request)

#### Assessed Essays

Students on this course must write an essay of not more than 2000 words on one of the following topics.

- 1 Outline Quesnay's model of the economy in the Tableau Economique. How did he demonstrate that the economy could grow?
- 2 What role was there for government in Adam Smith's system of political economy?
- 3 What were the major differences between James Mill and his son on the question of Say's Law?

Essays must be completed and handed into the Economic History office on the 4th floor of the Ashley building, together with a signed plagiarism form, by 4 pm on the last Wednesday of the first term. Credit will be given for essays which show familiarity with the original texts. There will be penalties for late submission unless accompanied by a doctor's note or similar document.

PJC/Sept 1994.

#### History of Economic Thought

U

This course of 4 lectures, which follows Ms Rothschild's four lectures, is designed as an introduction to the history of ideas in the discipline. While reading the works of the 'Greats' is a 'must', the following books may also be found useful and stimulating:

- |                    |   |
|--------------------|---|
| Roger Backhouse,   | <u>A History of Modern Economic Analysis</u> (Blackwell, 1985).           |
| A.K. Dasgupta,     | <u>Epochs of Economic Theory</u> (Blackwell, 1985).                       |
| Phyllis Deane,     | <u>The Evolution of Economic Ideas</u> (CUP, 1978).                       |
| Robert Heilbroner, | <u>The Worldly Philosophers</u> , (New York, 1978).                       |
| M.H. Dobb,         | <u>Theories of Value and Distribution Since Adam Smith</u> , (CUP, 1973). |
| Samuel Hollander,  | <u>Classical Economics</u> (Blackwell, 1987)                              |

#### 2. Marx

##### Reading

- |                             |  |
|-----------------------------|--|
|                             | <u>Capital</u> , 3 Vols.   |
| Anthony Brewer,             | <u>A Guide to Marx's Capital</u> , (CUP, 1984).  |
| M.C. Howard and J.E. King,  | <u>The Political Economy of Marx</u> , (Longman, 2nd ed., 1985).                                     |
| David Levine,               | "Marx's Theory of Income Distribution", in Asimakopulos (ed.) <u>Theories of Income distribution</u> |
| G.C. Harcourt and P.M. Kerr | "Karl Marx", Mimeo, Marshall Library.  |

#### 3. Neoclassical Economics:

##### 1) Walras.

- |              |  |
|--------------|--|
| Leon Walras, | <u>Elements of Pure Economics</u> , Trans. William Jaffe. London, Allen and Unwin, 1954. |
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Donald Walker's entry on Walras in the The New Palgrave, Vol. IV.

Ugo Pagano's Chapter on Walras in Work and Welfare in Economic Theory (Blackwell, 1985).

##### 2) Marshall

##### Reading

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| Alfred Marshall, | <u>Principles of Economics</u> , Vol. I Macmillan 9th ed. (Variorum) 1961. |
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- J.M. Keynes, "Alfred Marshall", Essays in Biography, Vol. X of the Keynes Volumes.
- J.K. Whitaker, "The Distribution Theory of Marshall's Principles" in Asimakopulos (ed.) Theories of Income Distribution.

Three books from the celebrations of the Centenary of the Principles:-

- J.K. Whitaker (ed), Centenary Essays on Alfred Marshall, Cambridge, Cambridge University Press, 1990.
- Rita McWilliams Tulberg (ed), Alfred Marshall in Retrospect, (Edward Elgar, 199).
- M. Dardi, M. Gallgati and E. Pescarelli (eds), Alfred Marshall's Principles of Economics, 1899-1990, Quaderni di Storia dell'economica politica, rivista quadrimestrale, 1991/2-3, 1992/1.

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

#### Reading

- J.M.. Keynes, "Alfred Marshall", Essays in Biography, (Vol. X of Keynes Volumes).
- G.C. Harcourt, 'John Maynard Keynes 1883-1946' in R.V. Maron (ed). Cambridge Minds, (Cambridge University Press, 1994).
- R.F. Harrod, "Mr. Keynes and Traditional Theory" in Seymour Harris (ed.), The New Economics, (1947).
- P. Sraffa, "Dr Hayek on Money and Capital", Economic Journal, 1932.
- J.M. Keynes, A Tract on Monetary Reform, 1923, C.W., Vol. IV.
- J.M. Keynes, Treatise on Money, 2 Vols, 1930, C.W., Vol. V, VI.
- J.M. Keynes, The General Theory of Employment, Interest and Money 1936, C.W., Vol. VII.
- Donald Moggeridge, Maynard Keynes:- An Economist's Biography, (London, Routledge 1992).
- Joan Robinson, Introduction to the Theory of Employment (1937).
- G.L.S. Shackle. The Years of High Theory, Chs. 11,12.
- Robert Skidelsky, John Maynard Keynes, Vol. 1 (1983) (Vol. 2, (1992), Macmillan).
- Richard Kahn, The Making of Keynes' General Theory, (CUP 1984).
- Peter Clarke, The Keynesian Revolution in the Making 1924-1936, (OUP, 1988).

#### University of Cambridge

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Part I Economic Tripos  
Papers, 1, 2 and 3

G.C. Harcourt

Eight lectures on J.M. Keynes The General Theory of Employment, Interest and Money

The aim of this course is to exposit the system of thought and to derive the principal propositions of The General Theory. The main reading is, of course, The General Theory itself, supplemented by Vols 13, 14 and 29 of the collected writings of J.M. Keynes. As background and for additional reading, may I suggest:

Richard Kahn, The Making of Keynes's General Theory (Cambridge University Press, 1984).

J.F. Brothwell, "The General Theory after Fifty Years: why are we not all Keynesians now?" J. Post Keynesian Economics 1986, 531-47.

Peter Clarke, The Keynesian Revolution in The Making 1924-36 (Oxford U.P. 1988) Quite the best account of the many-sided nature of Keynes's contributions and his role in the intellectual and political history of the period.

G.C. Harcourt, "Theoretical Methods and Unfinished Business", in David A. Reese (ed) The legacy of Keynes (Harper and Row, 1987), 1-22.

Victoria Chick, Macroeconomics after Keynes (Philip Allan, 1983) - a hard but brilliant and definitive book on the G.T.

N. Kaldor, "Keynesian Economics after Fifty Years" in David Worswick and James Trevithick (eds), Keynes and the Modern World (Cambridge University Press, 1983).

University of Cambridge

Prelims to Part II, Papers 1 & 2  
Ms Emma Rothschild

Michaelmas Term 1994  
Fridays 11.am  
(First 4 weeks)

History of Economic Thought, 1750-1830

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October 7

Adam Smith and the economic role of the state

- \*Adam Smith, An Inquiry into the Nature and Causes of the Wealth of Nations (1776) (Oxford: 1976), Book I, Chapter VIII, pp.82-104
- Emma Rothschild, 'Adam Smith and Conservative Economics', Economic History Review, XLV (1992), I, pp.74-96

October 14

Turgot, Condorcet and the origins of mathematical economics

- \*Turgot, 'Fairs and Markets' (1757), in The Economics of A.R.J. Turgot, ed. P.D. Groenewegen (The Hague: 1977), pp.14-19
- \*Condorcet, The Life of M. Turgot (London: 1787), p.320-336
- K.M. Baker, Condorcet (Chicago: 1975), pp.330-342

October 21

Wollstonecraft, women, and economic development

- \*Mary Wollstonecraft, Vindication of the Rights of Women (1792) (London: 1975), Chapter 9, pp.252-263.
- Condorcet, 'The Citizenship of Women' (1790), Fortnightly Review, 1870, VII, pp.719-724

October 28

Malthus and Ricardo on economic fluctuations

- \*T.R. Malthus, Principles of Political Economy (1820), in David Ricardo, Notes on Malthus, ed. Piero Sraffa (Cambridge: 1951), pp.421-436
- \*David Ricardo, Principles of Political Economy (1817), ed. Piero Sraffa (Cambridge: 1951), pp. 263-272

\*Readings marked with an asterisk are available on reserve in the Marshall  
Emma Rothschild: Office Hours Wednesdays 3-5.00pm, King's H-3, 331197

DEPARTMENT OF ECONOMICS

ECONOMICS III - First Semester 1995

HISTORY OF ECONOMICS - CLASSICAL ECONOMICS

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University of Sydney  
Peter Groenewegen & Graham White

**Prerequisites:**  
Economics II/III

**Classes:**  
2 lectures per week (voluntary tutorials by arrangement)  
Monday and Wednesday: 11.00 a.m., Lecture Room 3.

The lecturers in the course are Peter Groenewegen and Graham White. The person in charge of the course is Graham White.

This course deals with the classical economics system as it emerged during the seventeenth and eighteenth centuries to come to fruition in England in the contents of Smith's *Wealth of Nations* (1776), Ricardo's *Principles of Political Economy* (1817) and ultimately, Marx's *Capital* (1867). Two weeks of lectures each are devoted to these major authors. The remaining fourteen lectures are devoted to the foundations of classical economics in mercantilism and in moral/political philosophy, to some specific forerunners (Petty, Boisguilbert, Cantillon, Hume, Quesnay, Turgot and Steuart) and some major writers between Smith and Ricardo (namely, Malthus and James Mill). Emphasis in lectures is on contributions to the theories of value, distribution and growth. This course provides a useful introduction to History of Economics (Modern Developments 1860-1960) and supplements work done by students in European and English Economic History.

**Assessment:**

1 essay of 2,500 words worth 30% of the total assessment for the course.  
1 examination paper of 90 minutes worth 70% of the total assessment.  
Further details of the essay and exam are provided on pp. 9-10 of this handout.

**Textbook:**

There is no suitable text for this course. A detailed reading guide for each topic is provided below. Students intending to take the two History of Economics courses could usefully purchase William J. Barber, *A History of Economic Thought*, Penguin Books, 1967 (still in print). Unless otherwise indicated in lectures, all readings have been placed on special reserve in Fisher Library. Starred references should be given priority in your reading for each topic.

## Course Outline

### Topic 1: Introduction (three lectures)

#### *The Meaning of Classical Political Economy and the Roots of its Development.*

Since this course is devoted to classical political economy, it is useful to commence by defining it. The first lecture also provides a rationale for the course. This is far from easy since there are a number of definitions current in the literature of economics which overlap chronologically but which are not identical, particularly with respect to the essential qualities assigned to classical political economy. Definitional considerations feature therefore in the first two lectures of the introduction, while the roots of classical political economy are analysed in the third introductory lecture in terms of impact from two strands of literature. These are writings from the philosophers (political and moral) and from the practical pamphleteers drawn from statesmen, public administrators and merchants and sometimes identified as the producers of mercantilist literature.

#### Lecture 1:

#### Three Meanings of Classical Political Economy: Marx, Keynes and a Conventional Meaning.

#### Reading:

K. Marx, *Contribution to the Critique of Political Economy*, Chicago, Charles H. Kerr, 'Notes on the History of the Theory of Commodities', pp. 56-73, esp. p. 56 n.1.

P. Groenewegen, 'Marx's Conception of Classical Political Economy: an Evaluation', *Political Economy: Studies in the Surplus Approach* 3(1) 1987, pp. 19-35.

J.M. Keynes, *General Theory of Employment, Interest and Money*, London, Macmillan, 1936, Chapter 1.

D.P.O'Brien, *The Classical Economists*, Oxford, Clarendon Press, 1978, Chapters 1-3.

#### Lecture 2:

#### Classical Political Economy and the Surplus Approach

#### Reading:

P. Garegnani, 'Value and Distribution in the Classical Economists and Marx', *Oxford Economic Papers*, (36) 1984, pp. 291-325.

Mark Blaug, 'Classical Economics' in *The New Palgrave Dictionary of Economics*, London, Macmillan, 1987, I pp. 434-445.

Roy Green, *Classical Theories of Output, Money and Inflation*, London, Macmillan, 1992, Chapter 2.

P. Garegnani, 'Surplus Approach to Value and Distribution', in *The New Palgrave Dictionary of Economics*, 1987, Vol. 4, Part I, Section I, Part II, Section IV.

#### Lecture 3:

#### The roots of classical political economy: the mercantilist literature and the philosophical contributions.

#### Reading:

J.A. Schumpeter: *Economic Doctrine and Method*, London, Allen and Unwin 1954, Chapter 1.

Phyllis Deane, *The Evolution of Economic Ideas*, Cambridge University Press, 1970, Chapter 1.

Peter Groenewegen, 'New Light on the Origins of Modern Economics', *Economic Record*, 65(189), 1989, pp. 136-49.

### TOPIC 2:

#### *Some Early Developments in Classical Political Economy*

Marx's view of classical political economy traced it back to the end of the 17th century in England and in France, hence giving it a history which started well before the Physiocrats and Adam Smith. The next five lectures look at the two founders of classical political economy as identified by Marx (Petty and Boisguilbert), and at three other major pioneers of the classical school of the eighteenth century (Cantillon, Hume and Steuart). These authors made important contributions to the theory of value, production, distribution and growth before its systematisation first by the Physiocrats and then by Adam Smith.

#### Lecture 4:

#### Sir William Petty (1623-1687)

#### Reading

C.H. Hull (ed.), *The Economic Writings of Sir William Petty*, Vol. I, Introduction and from Petty's works read *Treatise of Taxes and Contributions* (1662).

A Roncaglia, *Petty, the Origins of Political Economy* (Cardiff, University College Press 1985).

- A. Aspromourgos, 'Political Economy and the Social Division of Labour; the Economics of Sir William Petty', *Scottish Journal of Political Economy*, 33, February 1986, pp.28-45.
- A. Aspromourgos, 'The Life of William Petty in Relation to his Economics', *History of Political Economy*, 20(3), Fall 1988.



**Lecture 5:**Pierre le Pesant, Sieur de Boisguilbert (1645-1715)**Reading:**

At this stage, no works of Boisguilbert has been translated and even the major commentaries are in French. The following references are recommended:

H. van Dyke Roberts, *Boisguilbert, Economist of the Reign of Louis XIV*, New York, Columbia University Press, 1937.

J. J. Spengler, 'Boisguilbert's Economic Views vis-à-vis those of Contemporary Reformateurs', *History of Political Economy* 16(1), Spring 1984, pp. 69-88.

Terence Hutchison, *Before Adam Smith*, Oxford, Blackwell, 1988, Chapter 7, esp. pp. 107-115.

**Lecture 6:**Richard Cantillon (1790-1734)**Reading:**

Richard Cantillon, *Essay on the Nature of Commerce in General* (1730), edited by H. Higgs for Royal Economic Society, London, 1931. This edition reprints two interpretative essays on Cantillon, one by W.S. Jevons and one by H. Higgs which are well worth reading.

- *Essay*, Part I, Part II, Chapters 1-3.
- A. Murphy, *Richard Cantillon, Economist and Entrepreneur*, Oxford, Clarendon Press, 1986, esp. Chapter 13.
- A. Aspromourgos, 'The Theory of Production and Distribution in Cantillon's *Essai*', *Oxford Economic Papers* (41) 1989, pp. 356-73.

**Lecture 7:**David Hume (1711-1776)**Reading:**

- David Hume, *Writings on Economics*, edited with an introduction by Eugene Rotwein (London, 1955) esp. 'Of Money', 'Of Interest', 'Of the Balance of Trade', 'Of the Jealousy of Trade'.
- E.A.J. Johnson, *Predecessors of Adam Smith*, Kelly, New York, 1960, Chapter 9.
- W.W. Rostow, *Theorists of Economic Growth from David Hume to the Present*, New York, Oxford University Press, 1990, pp. 18-33.

**Lecture 8:**Sir James Steuart**Reading:**

Sir James Steuart, *Principles of Political Oeconomy*, edited by A.S. Skinner, Edinburgh, Oliver and Boyd, 1966, Books I and II. [The introduction is also worth reading.]

Terence Hutchison, *Before Adam Smith*, Chapter 19, esp. pp. 335-51.

E.A.J. Johnson, *Predecessors of Adam Smith*, Chapter 11.

**TOPIC 3**

**The Zenith of 18th Century Classical Political Economy: The Physiocrats and A. Smith (8 lectures)**

These lectures discuss the two basic systems of political economy developed in the eighteenth century: the system of the Physiocrats developed by François 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; four to Adam Smith. 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 économique*. The fourth lecture presents Turgot - the bridge between Physiocracy and modern classical economics and especially Smith - the last four 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 (1756-1776)**Reading**

Introduction

- Charles Gide and Charles Rist, *A History of Economic Doctrines*, London, second edition, Chapter 1.
- Ronald L. Meek, 'Ideas, Events and Environment: the Case of the French Physiocrats', in Robert V. Eagley (ed.), *Events, Ideology and Economic Theory*, Detroit, Wayne State University Press, 1968, pp. 42-64.
- P.D. Groenewegen, 'Turgot, Beccaria and Smith', in Peter Groenewegen and Joseph Halevi (ed.), *Italian Economics Past and Present*, Sydney: Frederick May Foundation of Italian Studies, 1983.

Lectures 10-11  
François Quesnay (1694-1714)

**Reading**

R.L. Meek, *The Economics of Physiocracy*, London, Allen and Unwin, 1962; translations from Quesnay writings esp. Parts II, III of translations, and Essays 1, 4 in Part Two.

P.D. Groenewegen, introduction to François 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.

- W.A. Eltis, 'François Quesnay: A Re-interpretation', *Oxford Economic Papers*, Vol. 27, no. 2, July, 1975, pp. 167-200; no. 3, November 1975, pp. 327-51. Reprinted in Walter Eltis, *The Classical Theory of Economic Growth*, Chapters 1 and 2.
- G. Vaggi, *The Economics of François Quesnay*, Durham, Duke University Press, 1987, esp. Chapters 1 and 5.

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

**Reading**

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

P.D. Groenewegen, 'A re-interpretation of Turgot's Theory of Capital and Interest', *Economic Journal* Vol. 81, June 1971.

R.L. Meek, 'Turgot, Smith and the Four Stages Theory', *History of Political Economy*, Vol. 3, no. 1, Spring 1971.

P.D. Groenewegen, 'Turgot's Place in the History of Economic Thought', *History of Political Economy*, Vol. 15, no. 4, 1983, pp. 585-616.

Lectures 13-16  
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 1976).

S. Hollander, *Classical Economics*, Oxford, Blackwell, 1987, Chapters 4, 7, 12.

- Phyllis Deane, *op.cit.*, Chapters 2, 3.

W.J. Barber, *A History of Economic Thought*, Chapter 1.

M.H. Dobb, *Theories of Value and Distribution*, Chapter 2.

D.D. Raphael, *Adam Smith*, Oxford University Press, 1985.

**TOPIC 4**

***Towards the Nineteenth Century Classical Tradition: Between Smith and Ricardo.***

There were no major treatises in English between Adam Smith and Ricardo, but there was a French treatise, that by J.B. Say. In addition, the period between these two giants of classical political economy was marked by a major event in European history: the French Revolution (1789) and the Napoleonic Wars (1797-1802, 1803-1815-Battle of Waterloo). These events had wide repercussions including on economic ideas. They generated Malthus' essay on population, the bullion controversy about the inflationary consequences of an inconvertible currency introduced as a war measure, the rent controversy of 1815 in connection with renewal of the corn laws, and a debate over the possibility of a general glut of commodities both in the context of Napoleon's continental blockade and of the post-Napoleonic war depression. This sparked a debate over Say's Law or, as it was initially more commonly known in England, 'Mr. Mill's Principle'. The two lectures devoted to this topic deal with both the significance of this period in general and with the thought of two of its major classical authors: Thomas Robert Malthus and James Mill.

Lecture 17  
T.R. Malthus (1766-1834) - population and rent

**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).

Donald Winch, *Malthus, Past Masters*, Oxford University Press, 1987, Chs. 3-5 esp.

T.R. Malthus - *An Inquiry into the Nature and Progress of Rent*, London, John Murray, 1815, the Hollander reprint is one edition in Fisher.

E. Cannan, *A History of the Theory of Production and Distribution from 1776 to 1848*, London, Staples, third edition, 1917, Chapter 5.

Lecture 18:  
James Mill's (1773-1836) 'Principles' and the possibility of gluts

**Reading**

James Maitland, Earl of Lauderdale, *An Inquiry into the Nature and Origin of Public Wealth*, London, second edition, 1819, Chapter 5.

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

S. Hollander, *The Economics of David Ricardo*, Heinemann, 1979, Chapter 2.

T.R. Malthus, *Principles of Political Economy*, first edition (variorum edition) Vol. I, edited by J.R. Pullen, Cambridge University Press, 1989, Chapter 7.

#### TOPIC 5:

##### David Ricardo (1772-1823) (4 lectures) (Lectures 19-22)

The four lectures on David Ricardo focus particularly on his theory of value and distribution as developed first in his *Essay on Profits* (1815) and later in his *Principles of Political Economy*. Ricardo is a controversial author, sparking much debate in his own time, after his death and continuing to do so in the present, where the interpretation of his thought is still a matter of heated dispute. The emphasis in these four lectures is on Ricardo's concern about the forces determining income distribution, and how this inevitably leads Ricardo into fundamental questions in the theory of value. The lectures also examine Ricardo's ideas on accumulation, including the famous debate between Ricardo and Malthus on the possibility of overproduction.

Ricardo's economics needs to be grasped for understanding that of Marx so that a careful reading of its basics is especially strongly recommended.

#### Reading:

David Ricardo, 'An Essay on the Influence of a low price of corn on the Profits of Stock', 1815, in *Works*, edited P. Sraffa, Cambridge University Press, 1952, Vol. IV.

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

**NB:** 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. I; as well as the Introduction to this first volume.

#### Additional Reading

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

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

S. Hollander, *Classical Economics*, Oxford, Blackwell, 1987, Chapters 5, 8, 13.

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

Dobb, *op.cit.*, Chapter 3.

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

G. Caravale (ed.), *The Legacy of Ricardo*, Oxford, Blackwells, 1985.

#### TOPIC 6:

##### Karl Marx (1918-1883) (4 lectures) (Lectures 23-26)

Karl Marx marks the conclusion of classical political economy in the nineteenth century - as both its critic and its developer in combination with German philosophy and French socialism. These lectures concentrate on Marx's analysis of value and his advances on the work of Smith and Ricardo in this regard; as well as his treatment of accumulation, including the connection between crises and the role of money in a capitalist economy.

#### Reading:

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

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

E. Mandell, *The Formation of the Economic Thought of Karl Marx*, M.R.P. 1971.

- Maurice Dobb, *op.cit.*, Chapter 6.
- J. Eatwell, 'Controversies in the Theory of Surplus Value: Old and New', *Science and Society*, Vol. 38, 1973, pp. 281-303.
- P. Kenway, 'Marx, Keynes and the Possibility of Crisis', in Eatwell J. and Milgate M. (eds.), *Keynes's Economics and the Theory of Value and Distribution*, London: Duckworth, 1983.
- M. Desai, *Marxian Economics*, Blackwell, 1979.

Claudio Napoleoni, *Smith, Ricardo, Marx*, Blackwell, 1975, Chapter 5.

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

#### COURSEWORK

An essay of 2,500 words is required for this course. It is designed to focus attention on the essentials of the course, with emphasis on the meaning of classical political economy in theory and practice.

The essay is due on Wednesday, 3rd May 1995. Essays should be typewritten, double spaced, on one side of the paper only, with an adequate margin (5 cms) for

comments. Each essay should be accompanied by a synopsis and bibliography. Sources should be adequately documented in footnotes to the text, following the accepted principles for such documentation in academic journals. LATE essays will be penalised in accordance with the rules laid down by the Economics III course Committee. Excessively lengthy essays will also be penalised.

#### ESSAY TOPICS

1. What, in your opinion, makes Cantillon OR Hume a classical economist? In your essay, indicate the features of his work which justify your position, on the basis of a general discussion of the characteristics of classical economics.
2. What meanings have been assigned to the qualifying adjective, 'classical', when placed before 'economics'. Discuss, indicating in your essay the appropriateness of the criteria on which they are based.
3. Consider Ricardo's views about the relation between the interests of landlords and the interests of industrial capital. To what extent do these views reflect an underlying surplus approach to the theory of distribution.

#### EXAMINATION

There will be a 90 minute examination held during the examination period in June. The paper is divided into three sections and requires one question to be answered from each section. The sections divide the syllabus as follows:

**Section A:** Economics before the Physiocrats and Smith - that is, lecture topics 1 and 2 (lectures 1-8 inclusive).

**Section B:** The Physiocrats, Adam Smith and After - that is, lecture topics 3 and 4 (lectures 9-18).

**Section C:** Ricardo and Marx - that is, lecture topics 5 and 6 (lectures 19-26 inclusive).

The lecture-in-charge of the course is Graham White (Room 332, ext. 13065). All matters relating to the course should be addressed to him.

University of Sydney  
Department of Economics  
Economics III

3-HistEc/EA

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History of Economics  
Second Semester 1994  
The Development of Modern Economics

(Lecturer: L. Haddad)

This course examines the evolution of modern economics which took place after 1860. The lectures will focus on two main areas: the first is the marginalist theory which gained ascendancy from the 1890s; the second is the development of macroeconomics which grew out of the Keynesian revolution of the 1930s. The former attempted to provide a general theory of prices in the goods and factor markets as well as of the level of output as a whole. Its starting point in England was criticism of the classical system as developed by J.S. Mill in his *Principles of Political Economy* (1848), revealing some inconsistencies in that framework which became the point of departure for Jevons, Marshall and others. The course examines these developments and subsequent work in capital theory, distribution theory, welfare economics and the theory of the firm. In addition it looks at the Keynesian revolution, Post-Keynesian economics (growth, distribution and fluctuation) and the anti-Keynesian revolution.

**TOPIC 1: INTRODUCTION: The Transition from Classical to Modern Economics - the role of J.S. Mill.**

#### Reading:

- \* J.S. Mill, *Essays on some Unsettled Questions in Political Economy*, 1844.
- \* J.S. Mill, *Principles of Political Economy*, 1848 (specific references will be given in lectures).
- P. Schwartz, *The New Political Economy of J.S. Mill*, 1972.
- \* Maurice Dobb, *Theories of Value and Distribution*, Ch. 5, C.U.P., 1973.
- \* A.C. Pigou, 'Mill and the Wages Fund', *The Economic Journal*, Vol. 57, 1947.
- \* John Hicks, *Classics and Moderns*, Oxford University Press, 1985.
- S. Hollander, *The Economics of John Stuart Mill*, Oxford, 1985.

**TOPIC 2: The Emergence of Modern Economics: The first and second waves of the Marginal Revolution, focusing on the contributions of Jevons, Menger, Walras, J.B. Clarke, Wicksteed, Pareto, Bohm-Bawerk and Marshall.**

**Reading:**

- \* R.D.C. Black, A.W. Coats and C.D.W. Goodwin (eds.), *The Marginal Revolution in Economics*, Duke University Press, 1973.
- \* Maurice Dobb, *op.cit.*, Ch.7.
- \* Phillip Mirowski, 'Physics and the Marginalist Revolution', *Cambridge Journal of Economics*, Dec. 1984.
- R.M. Fisher, *The Logic of Economic Discovery: Neoclassical Economics and the Marginal Revolution*, Wheatsheaf Books, 1986.
- D.A. Walker, 'Walras's Theory of Tatonement', *Journal of Political Economy*, 95(4) August, 1987.
- \* Vivian Walsh and Harvey Gram, *Classical and Neoclassical Theories of General Equilibrium*, Oxford University Press, 1980, Chs. 1, 6, 8.
- \* T.W. Hutchison, *On Revolutions and Progress in Economic Knowledge*, CUP, Cambridge 1978, Chs. 3,4.
- \* J.A. Schumpeter, *History of Economic Analysis*, Part IV, Ch.6, sections 2 and 3; Ch. 7, sections 3 and 7; Ch. 8, section 2.
- \* P. Deane, *The Evolution of Economic Ideas*, Cambridge University Press, 1978, Chs. 3, 6, 7.
- \* 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).
- A. Endres, 'Menger, Wieser, Bohm-Bawerk and the Analysis of Economising Behaviour' *Hope* Summer 1991.
- Roy Weintraub, 'General Equilibrium Theory', in Sydney Weintraub (ed.) *Modern Economic Thought*, University of Pennsylvania Press, 1977, pp. 105-125.

- \* Alfred Marshall, *The Principles of Economics*, ed C.W. Guilebaud 2 vols. 1961.

E. Schlee, 'Marshall, Jevons and the Development of the Expected Utility Hypothesis' *Hope*, Fall 1992.

**TOPIC 3: Some Problems in the Development of Micro-economics**

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

**Reading:**

- \* P. Sraffa, 'The Law of Returns Under Competitive Conditions', *Economic Journal*, 1926, reprinted in *Readings in Price Theory* (AEA, London, 1953).
- B.B. Seligman, *Main Currents in Modern Economics*, Ch. 9.
- \* G.L.S. Shackle, *The Years of High Theory*, Chs. 3-6.
- C. Napoleoni, *Economic Thought of the Twentieth Century*, Chs. 4, 8.
- \* J.R. Sackleton and G. Locksley, *Twelve Contemporary Economists*, London, Macmillan, 1982, Chs. 11 (on Joan Robinson) and 13 (on P. Sraffa).
- S. Roy, 'Considerations on Utility, Benevolence, and Taxation', *History of Political Economy*, 16(3), Fall 1984, pp. 349-62.
- P. Mongin, 'The "Full-Cost" controversy of the 1940s and 1950s: A Methodological Assessment' *Hope* Summer 1992.
- S. Weintraub (ed.), *Modern Economic Thought*, Oxford, Blackwells, 1977, Part I, pp. 3-37.

## TOPIC 4: The Keynesian Revolution

### (I) Neoclassical Monetary Theory:

These lectures provide an overview of monetary theory leading up to the 1930s; with emphasis on the ideas of Knut Wicksell, one of the most influential figures in late 19th and early 20th century monetary thought. This overview serves as a background to the subsequent discussion of Keynes's *General Theory*.

#### Reading:

Wicksell, K. (1934-35), *Lectures on Political Economy*, Vol. 2, London, Routledge and Kegan Paul.

Uhr, G.C. (1987), 'Wicksell, Johan Gustav Knut', in Eatwell, J., Milgate, M., and Newman, P. (eds.), *The New Palgrave: A Dictionary of Economics*, London, Macmillan (hereafter NP), Vol. IV, pp. 906-908.

Samuelson, P.A. (1987), 'Wicksell and Neoclassical Economics', NP, Vol. IV, pp. 908-910.

A. Cottrell and M. Lawlor, "Natural Rate" Mutations: Keynes Leisonhufvud and the Wicksell Connection" *Hope*, Winter 1991.

Blaug. *op.cit.*, Chapter 15, and especially pp. 646-651.

Garegnani, P., (1983), 'Notes on Consumption, Investment and Effective Demand', in Eatwell, J. and Milgate, M. (eds.), *Keynes's Economics and the Theory of Value and Distribution*, London, Duckworth, pp. 41-47.

A more thorough coverage of monetary theory from Marshall to Keynes is provided in

Bridel, P., (1987), *Cambridge Monetary Theory: the Development of Saving-Investment Analysis from Marshall to Keynes*, London, Macmillan.

### (ii) J.M. Keynes

These lectures deal with the economic writings of John Maynard Keynes with the focus primarily on his *General Theory of Employment, Interest and Money*, published in 1936.

#### Reading:

Keynes, J.M. (1973), *The General Theory of Employment, Interest and Money*, Vol. VII of the *Collected Writings of John Maynard Keynes*, London, Macmillan.

Hansen, A.H. (1953), *A Guide to Keynes*, New York, McGraw-Hill. (A reading guide for the *General Theory*.)

Moggridge, D.E. (1976), *Keynes*, Glasgow, Fontana - a useful overview of Keynes's life.

P. Clarke, "Keynes in History" *Hope*, Spring 1994.

Milgate, M. (1982), *Capital and Employment: A Study of Keynes's Economics*, London, Academic Press.

Milgate, M. (1987), 'Keynes's General Theory', NP, Vol. III, pp. 42-46.

Garegnani, P., *op.cit.*

Dobb, *op.cit.*, Chapter 8.

M. Blaug, "Second Thoughts on the Keynesian Revolution" *Hope*, Summer 1991.

W. Guthrie and V. Tarascio, "Keynes on Economic Growth, Stagnation and structural change" *Hope* Summer 1992.

## TOPIC 5: Dynamics and the Economics of Growth and Cycles - Harrod, Schumpeter and Kalecki

These lectures deal with the ideas of three of the most important economists in the development of economic dynamics in the first half of the 20th century: Roy Harrod, Joseph Schumpeter and Michal Kalecki.

#### Reading:

Harrod, R.F. (1939), 'An Essay in Dynamic Theory', *Economic Journal*, Vol. 49, March, pp. 14-33.

Eltis, W. (1987), 'Harrod-Domar Growth Model', NP, Vol. II, pp. 602-04.

Schumpeter, J.A. (1936), *The Theory of Economic Development, An Inquiry into Profits, Capital, Credit, Interest and the Business Cycle*, Cambridge, Mass., Harvard University Press.

Schumpeter, J.A. (1939), *Business Cycles. A Theoretical, Historical and Statistical Analysis of the Capitalist Process*, 22 Vols., New York, McGraw-Hill.

Kalecki, M. (1980), *Selected Essays on the Dynamics of the Capitalist Economy 1933-1970*, Cambridge, Cambridge University Press, Chapters 1, 5, 7, 10, 11 and 12.

Sawyer, M.C. (1985), *The Economics of Michal Kalecki*, Basingstone, Macmillan.

Deane, *op.cit.*, Chapter 13.

Napoleoni, *op.cit.*, Chapters 3 and 9.

#### TOPIC 6: The Anti-Keynesian Revolution and current state of economics.

These final lectures focus on the contributions of F.A. Hayek and Milton Friedman to the decline of Keynesian economics and the revival of Laissez-Faire economics.

#### Reading:

References for this topic to be given later.

L. Haddad  
July 1994

Note: Essay topics and date of submission will be given in class before the end of July.

#### University of Sydney ECONOMIC CLASSICS ECONOMICS IV - HONOURS 1995

UG

Peter Groenewegen, Tony Aspromourgos & Graham White

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*, (First edition, 1890; eighth and definitive edition, 1920, ninth variorum edition, 1961).

John Maynard Keynes, *The General Theory of Employment, Interest and Money*, (first edition, 1936; new and augmented edition with prefaces to translations and associated material, 1973 as volume 7 of the *Collected Writings of John Maynard Keynes*).

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 substantial. 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 when preparing them. 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. 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 five 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 original 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.)

J.M. Keynes, *General Theory of Employment, Interest and Money*, in *Collected Writings of John Maynard Keynes*, Vol. 7, London, Macmillan: paperback edition available.

Peter Groenewegen  
Tony Aspromourgos  
Graham White

## 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, looks 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*. It is not expected that all this material should be read, but the following should provide useful guidance to preliminary reading on the subject and source material to supplement that given for individual lectures and seminars. Asterisked items on this page are especially recommended to be read prior to the start of lectures. The three items in question are very imperfect substitutes. For seminars, asterisks indicate the most important readings.

#### Introductory Reading

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

- \* J.M. Keynes, 'Alfred Marshall', in *Essays in Biography, Collected Works of John Maynard Keynes*, Volume 10.
- \* J.A. Schumpeter, 'Alfred Marshall', in *Ten Great Economists*.

Jacob Viner, 'Marshall's Economics in Relation to the man and to his Times', *American Economic Review*, 1941, reprinted in Viner, *The Long View and the Short*.

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, together with a brief Marshall chronology from my forthcoming biography of Marshall.)

- \* J.K. Whitaker, 'Alfred Marshall 1842-1924', in *The New Palgrave A Dictionary of Economics*, Vol. 3, pp. 350-63.

D.P. O'Brien, 'Alfred Marshall 1842-1924', in *Pioneers of Modern Economics in Britain*, edited D.P. O'Brien and J.R. Presley, London, Macmillan, 1981, Chapter 2.

NB. 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 its subsequent volumes and sections much other relevant material can be found which those interested are invited to use.

The centenary of Marshall's *Principles* in 1990 has produced a number of useful collections; and has led to the creation of a new journal, *Marshall Studies Bulletin*, in 1991. Centenary volumes include:

*Centenary Essays on Alfred Marshall*, ed. John Whitaker, Cambridge University Press, 1990;  
*Alfred Marshall in Retrospect*, edited Rita McWilliams-Tullberg, Aldershot: Edward Elgar, 1990.

Reference should also be made to the special issues of the *Scottish Journal of Political Economy* 37(1), February 1990, *Economie Appliquée* 43(1), 1990, *Review of Social Economy* 48(4) Winter 1990; *Quaderni di Storia dell'economia politica* 10(2-3) 11(1), 1992-92, devoted to the centenary of Marshall's *Principles*.

## LECTURES 1 AND 2 (first two weeks):

### Marshall's Principles of Economics: A New Theory of Supply and Demand.

This introduces the course by giving a preliminary guide to the *Principles* itself, in the context of which there is a discussion of

- (i) Marshall's aims and objectives in writing the book;
- (ii) the achievement of these objectives by his ordering of contents, noting herein the alterations in emphasis between the eighth edition and the first;
- (iii) the relationship of that economics to parts of classical (Smith, Ricardo and J.S. Mill) and more contemporary schools of thought (marginalism, the historical school, the economics of socialism).
- (iv) the relevance of the book to present students of economics, and difficulties in its interpretation given the presentation of Marshall's economics in more contemporary texts.

#### Reading:

- \* A. Marshall, *Principles of Economics*, Table of Contents. Appendix B, I.
- \* J.K. Whitaker, 'Marshall's Principles After One Hundred Years', *Quaderni di storia dell'economia politica* 1991, 9(2-3), pp. 7-28.
- D. O'Brien, 'Marshall's Work in Relation to Classical Economics', in *Centenary Essays on Alfred Marshall*, edited John Whitaker, Cambridge University Press, Ch.6.
- G.J. Stigler, 'The Place of Marshall's Principles in the Development of Economics', in *Centenary Essays on Alfred Marshall*, ed. J.R. Whitaker, Ch.1.
- A. Campus, 'Notes on Cost and Price: Malthus and the Marginal Theory', *Political Economy: Studies in the Surplus Approach*, 1987, Vol. 3, No. 1.
- K. Bharadwaj, 'The Subversion of Classical Analysis: Alfred Marshall's early writing on Value', *Cambridge Journal of Economics*, 2(3), September, pp. 153-71.

## 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 and more generally the social sciences during the second half of the nineteenth century and the early decades of the twentieth. The lectures cover Marshall's life in the following sequence:

- (i) A brief chronology of Marshall's life.
- (ii) His early work on economics, including major influences.
- (iii) Early publication up to 1879 including the privately printed *Pure Theory of Value and Economics of Industry*.
- (iv) Work on Royal Commissions, partly collected in *Official Papers* by J.M. Keynes for the Royal Economic Society in 1926.
- (v) The road to the *Principles* and its revisions.
- (vi) The final two volumes: *Industry and Trade* (1919) and *Money, Credit and Commerce* (1923).



### Reading

C.W. Guillebaud, Introduction to the variorum edition of Marshall's *Principles*, London, Macmillan, 1961, 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.
- J.K. Whitaker, introduction to *The Early Economic Writings of Alfred Marshall 1867-1890*, Macmillan 1975, Vol. I, pp. 3-113.

J.K. Whitaker, 'What Happened to the Second Volume of the *Principles*? The Thorny Path to Marshall's Last Books', in *Centenary Essays on Alfred Marshall*, ed. J.K. Whitaker, ch. 8.

### 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, with special reference to his concept of partial equilibrium and continuity. The following points should be covered in the seminar discussion:

- (i) methods: deduction v. induction, facts v. theory;
- (ii) laws, tendencies and the meaning of 'normal';
- (iii) scope of the subject: pure and applied;
- (iv) mathematics: geometry and algebra;
- (v) measurement, aggregation and conceptualisation;
- (vi) definitions: continuity in theory and practice.

### Reading:

- Marshall, *Principles*, prefaces, Books I, II, Appendices A,C,D.
- Marshall, 'The Old Generation of Economists and the New' in *Memorials of Alfred Marshall*, ed. Pigou, ch. 13.

J.C. Wood, ed. Vol. I, essay 16, 21, 22.

L.A. Boland, 'The Methodology of Marshall's *Principles of Continuity*', *Economie Appliquée* 43(1), pp. 145-59.

A.W. Coats, 'Marshall and Ethics', in *Alfred Marshall in Retrospect*, ed. Rita McWilliams-Tullberg, ch. 8.

Peter C. Dooley, 'Alfred Marshall: Fitting the Theory to the Facts', *Cambridge Journal of Economics*, 9(3), September 1985, pp. 145-55.

### SEMINAR 2: (week 6)

#### Analysis of Consumer Behaviour: Wants, Theory of Demand and Consumption

The seminar should focus on Marshall's views on wants, his derivation of demand by Marshall from utility functions, the problem therein (including that of aggregation) and the Giffin paradox. In addition, points on which some attention should be focussed are:

- (i) measurement of utility;
- (ii) time dependence of utility/demand functions;
- (iii) demand as a function of price and income;
- (iv) distribution and demand theory;
- (v) the *ceteris paribus* 'pound';
- (vi) the generality of demand theory.

### Reading:

- Marshall, *Principles*, Book III.

David Reisman, *The Economics of Alfred Marshall*, Ch. 3.

Michael White, 'Invention in the Face of Necessity: Marshallian Rhetoric and the Giffin Good', *Economic Record*, 86(92) 1990, pp. 1-11.

- M. Friedman, 'the Marshallian Demand Curve', in *Essays in Positive Economics*, Chicago University Press, 1953, Chapter 2.

### 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. Topics covered should include:

- (i) factors of production and basis for their distinction;
- (ii) supply curve and supply price;
- (iii) costs: real, money and alternative costs: their operational significance;
- (iv) costs and quantity produced: the laws of returns;
- (v) asymmetries between diminishing and increasing returns;
- (vi) factor supply: quality versus quantity: dynamics.
- (vii) production, dynamics, economic growth and progress

### 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*, Chs. 3-5.

Lionel Robbins, 'Remarks upon Certain Aspects of the Theory of Costs', *Economic Journal*, March 1934, esp. pp. 1-4, 6-9, 11-15.

A. Abouchar, 'From Marshall's Cost Analysis to Modern Orthodoxy: Throwing out the Baby and Keeping the Bath', *Economie Appliquée*, 43(1), 1990, 119-43.

N.B. This is one of the longest readings from Marshall you will be faced with, so start it early.

## 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. In addition, the seminar should address the following:

- (i) competition and monopoly;
- (ii) the meaning of market;
- (iii) problems in combining supply/demand apparatus for equilibrium solutions
- (iv) the interdependence of the time problems in applying the theory of value to commodity price determination;
- (v) the nature of value theory in Marshall;
- (vi) the representative firm.

Reading:

- Marshall, *Principles*, Book V, chapters 1-3, 5, 12-15, Bk. VI, ch. 12.

R. Frisch, 'Alfred Marshall's Theory of Value', *Quarterly Journal of Economics*, 1950, reprinted in H. Townsend (ed.), *Readings in Price Theory*, Penguin Modern Economics Readings.

B.J. Loasby, 'Whatever happened to Marshall's theory of Value', *Scottish Journal of Political Economy*, Vol. 25, No. 1, Feb., 1978, pp. 1-12, reprinted in revised form in Brian Loasby, *The Mind and Method of the Economist*, Brookfield Gower, 1989, ch. 4.

- J.A. Kregel, 'Walras' Auctioneer and Marshall's Well Informed Dealers: Time, Market Prices and Normal Supply Prices', *Quaderni di storia dell' economia politica*, 1992, pp. 531-51.

## 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, that is, the paper should address in particular:

- (i) types of distribution theory;
- (ii) Stigler's typology of Marshallian theory as
  - (a) fixed proportions theory
  - (b) marginal productivity theory
  - (c) classical dynamic distribution theory
- (iii) marginal productivity theory as
  - (a) derived demand theory
  - (b) allocation theory
  - (c) generalised distribution theory
- (iv) the theory of value as a theory of distribution: application and limitations.

Reading:

- Marshall, *Principles*, Book V, ch. 6, pp. 381-7; Book VI, chs., 1-2, 11, 13.
- Stigler, *Production and Distribution Theories*, Ch. 4, pp. 83-87, Ch. 12, pp. 344-356.

D.H. Robertson, *Lectures on Economic Principles*, Volume II, ch. 2 (or Part II, ch. 2 in one volume edition).

J. Whitaker, 'The Distribution Theory of Marshall's *Principles*', in *Theories of Income Distribution*, ed. A. Asimakopulos, Kluwer Academic Publishers, Boston, 1987, ch. 5.

Robert W. Dimand, 'Alfred Marshall and the General Equilibrium Theory of Value and Distribution', in *Alfred Marshall in Retrospect*, edited Rita McWilliams-Tullberg, ch. 3.

## 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. The seminar paper should address in particular:

- (i) ambiguities in the term: labour supply;
- (ii) ambiguities in the demand for labour;
- (iii) efficiency wages;
- (iv) the theory of labour supply and demand as a theory of employment;
- (v) ambiguities in supply/demand wage determination.

Reading:

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

R.C.O. Mathews, 'Marshall and the Labour Market', in *Centenary Essays on Alfred Marshall*, ed. J.K. Whitaker, ch. 2.

George Stigler, *Production and Distribution Theory*, ch. 4, pp. 97-101.

[Reference can also be fruitfully made to Whitaker's article listed for seminar 5, esp. pp. 112-17].

## 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 given by Keynes in the *General Theory*. However, seminar papers should discuss the following:

- (i) the distinction between interest and profits;
- (ii) the distinction between profit and quasi-rent;
- (iii) the determinants of
  - (a) interest
  - (b) profit
  - (c) rent
  - (d) quasi-rent.
- (iv) the notion how much of income can be perceived as part of the genus of rent
- (v) difficulties in diagrammatical explanations of these various forms of property incomes, especially interest
- (vi) the need for separate, and for more general, explanations of the various components of income.

Reading:

- Marshall, *Principles*, Book IV, ch. 7, Book V, chs. 4, 8-11.; Book VI chs. 6-10, Appendix E.

David Reisman, *The Economics of Alfred Marshall*, chs. 8, 10.

George Stigler, *Production and Distribution Theory*, ch. 4, pp.87-97, pp.101-07.

Pascal Bridel, *Cambridge Monetary Thought*, London: Macmillan, 1987, Chapter 2.

LECTURE 5: (week 12)  
From Marshall to Keynes: A Preliminary View

This lecture examines aspects of Marshall's work outside the *Principles* concerned with money and business fluctuations on which he wrote and lectured before (and after) completion of the *Principles*. Reading for this final section of the course for Semester 1 is largely drawn from secondary sources, but some references to Marshall's more accessible writings on these topics are provided. The lecture covers in turn:

- (i) Marshall's monetary theory and its sources;
- (ii) the Cambridge cash balance equation and the demand for money;
- (iii) interest and prices;
- (iv) Marshall's discussion of business fluctuations;
- (v) some links between Keynes and Marshall.

Reading:

A. Marshall and M.P. Marshall, *The Economics of Industry*, London, Macmillan, second edition, 1887, Book III, ch. 1, reprinted in A.H. Hansen and R.V. Clemence (eds.), *Readings in Business Cycles and National Income*, London, George Allen and Unwin, 1953, Reading 7.

A. Marshall, 'Remedies for Fluctuations of General Prices', *Contemporary Review*, 1887, reprinted in A.C. Pigou (ed.), *Memorials of Alfred Marshall*, London, Macmillan, 1925, pp. 188-211.

J.M. Keynes, 'Alfred Marshall 1842-1924', in *Essays in Biography* (Vol. X of the *Collected Works*, 1973, pp. 189-95.

David Reisman, *Alfred Marshall: Progress and Politics*, ch. 6.

Eprime Eshag, *From Marshall to Keynes*, Oxford, Basil Blackwell, 1963.

Pascal Bridel, *Cambridge Monetary Thought* (London: Macmillan, 1987), ch. 3.

David Laidler, 'Alfred Marshall and the Development of Monetary Economics', in *Centenary Essays on Alfred Marshall*, ed. J.K. Whitaker, ch. 3.

Peter Groenewegen, 'Marshall and Keynes: Observations on the Treatment of the Relationship in two recent Biographies', *Marshall Studies Bulletin*, No. 3, 1993.

**ECONOMIC CLASSICS, SEMESTER 2:**

UG

**KEYNES'S GENERAL THEORY OF EMPLOYMENT, INTEREST AND MONEY**  
(Lecturers: Tony Aspromourgos and Graham White)

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:

- (i). from the first to the second generation of marginalist theorists.
- (ii). developments in the Marshallian/Cambridge School
- (iii). aspects of heterodox economics 1883-1936.
- (iv). michal Kalecki
- (v). the state of economics in February 1936.

Reading:

M. Dobb (1973), *Theories of Value and Distribution since Adam Smith* (Cambridge: CUP), ch. 7, pp. 166-210 ("The 'Jevonian Revolution'").

P.D. Groenewegen (1988), "Neo-Classical Value and Distribution Theory: The English Speaking Pioneers", Department of Economics, Working Papers, No. 112, September.

M. Kalecki (1933), 'Outline of a Theory of the Business Cycle', in Kalecki (1971), *Selected Essays on the Dynamics of the Capitalist Economy 1933-1970* (Cambridge: CUP), ch. 1, pp. 1-14.

A.C. Pigou (1933), *The Theory of Unemployment* (reprint London: Frank Cass, 1968), *passim*.

G.L.S. Shackle (1967), *The Years of High Theory: Invention and Tradition in Economic Thought 1926-1939* (Cambridge: CUP), ch. 10, pp. 94-128 ("Myrdal's Analysis").

P. Bridel (1987), *Cambridge Monetary Theory: the Development of Saving-Investment Analysis from Marshall to Keynes* (London: Macmillan).

R.J. Bigg (1990), *Cambridge and the Monetary Theory of Production: the collapse of Marshallian Macroeconomics* (New York: St. Martin's).

## 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:

- (i). life and activities
- (ii). Keynes's intellectual development with particular reference to the making of the GT (1930-36)
- (iii). reception of the GT; rise and fall of "Keynesian" economics.
- (iv). Main currents in the interpretation of Keynes.

#### Reading

- \* R.F. Harrod (1951). The Life of John Maynard Keynes (Pelican, 1972), ch. 11, pp. 509-72 ("The General Theory of Employment, Interest and Money") and passim.
- \* J.R. Hicks (1937). "Mr. Keynes and the 'Classics': A Suggested Interpretation", Econometrica (reprinted in many places), Vol. 5, pp. 147-159.
- A.C. Pigou (1936). "Mr. J.M. Keynes' General Theory of Employment, Interest and Money", Economica.
- \* A. Robinson (1947). "John Maynard Keynes, 1883-1946", Economic Journal, Vol. 57, 1-68.
- R. Skidelsky (1983). John Maynard Keynes: Hopes Betrayed 1883-1920 (London: Macmillan).
- C.H. Hession (1984). John Maynard Keynes. (New York: Macmillan).
- D.E. Moggridge (1992). Maynard Keynes: an Economist's Biography. (London: Routledge).
- R. Skidelsky (1992). John Maynard Keynes: the Economist as Saviour, 1921-1937 (London: Macmillan).

#### SEMINAR 8 (week 5)

##### "Classical" Economics and the Principle of Effective Demand

- (i) the classical postulates and involuntary unemployment
- (ii) real wages and labour demand
- (iii) aggregate supply/aggregate 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 (245-54).

- \* M. Milgate (1982). Capital and Employment: A Study of Keynes's Economics (London: Academic Press), Ch. 6, pp. 77-101 ("The Principle of Effective Demand: the Positive Part of the General Theory").

L.L. Pasinetti (1974). "The Economics of Effective Demand", in, Pasinetti, Growth and Income Distribution (Cambridge: Cambridge U.P.).

- \* J.T. Dunlop, (1938). "The Movement of Real and Money Wage Rates", Economic Journal, Vol. 48, 413-34.

L. Tarshis (1938). "Real Wages in the United States and Great Britain", Canadian Journal of Economics, vol. 4 (Aug.), pp. 362-76.

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

C. Casarosa (1981). "The Microfoundations of Keynes's Aggregate Supply and Expected Demand Analysis", Economic Journal, Vol. 91, 188-94 (March).

#### SEMINAR 9 (week 6):

##### The Theory of Consumption and the Multiplier

- (i) determinants of consumption
- (ii) relation between consumption and income
- (iii) the relation between saving (consumption) and investment

#### Reading

J.M. Keynes, GT, chs. 8-10 (89-131).

- \* R.F. Kahn (1931). "The Relation of Home Investment to Unemployment", Economic Journal, reprinted in Kahn (1972), Selected Essays on Employment and Growth (Cambridge: Cambridge UP).
- \* N. Cain (1979). "Cambridge and its Revolution: A Perspective on the Multiplier and Effective Demand", Economic Record, Vol. 55, No. 149 (June), pp. 108-117.
- \* G.L.S. Shackle (1967). The Years of High Theory (Cambridge UP), Ch. 14 ("The Multiplier").

F. Targetti and B. Kinda-Hass (1982). "Kalecki's Review of Keynes' General Theory", Australian Economic Papers, Vol. 21, 244-60.

#### SEMINAR 10 (week 7):

##### Investment Demand and the Trade Cycle

- (i) relation between the marginal efficiency of capital and investment demand
- (ii) long term expectation, equity markets and investment demand
- (iii) relation between interest and employment
- (iv) investment and cycles

### Reading

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

- \* P. Garegnani (1983). "Notes on Consumption, Investment and Effective Demand" (Part I, Appendix and Addendum), in J. Eatwell and M. Milgate (eds.), Keynes's Economics and the Theory of Value and Distribution (London: Duckworth), pp. 21-41, 64-69.
- Shackle, op.cit., Ch. 11 (on GT, Ch.12).
- \* H.P. Minsky (1975), John Maynard Keynes (New York: Columbia U.P.), Ch. 4 ("The Theory of Investment").
- \* Targetti and Kinda-Hass, ibid.
- V. Chick (1983), Macroeconomics After Keynes (Oxford: Philip Allen), ch. 16, "Cyclical Fluctuations".
- F. Petri (1989), "Notes on Recent Theories of Aggregate Investment as a Declining Function of the Interest Rate", mimeo.

### SEMINAR 11 (week 8):

#### Monetary Theory and the Rate of Interest, I

- (i) liquidity preference
- (ii) money supply and interest
- (iii) saving, investment and the interest rate
- (iv) Keynes and IS-LM

### Reading

J.M. Keynes, GT, chs. 13-15 (165-209).

- \* R.F. Kahn (1954). "Some Notes on Liquidity Preference", The Manchester School, reprinted in Kahn (1972), op.cit.
- J. Tobin (1958), "Liquidity Preference as Behaviour Towards Risk", Review of Economic Studies, Vol. 25, 65-86 (February).
- \* J.R. Hicks (1983), "IS-LM: an Explanation", in J.P. Fitoussi (ed.), Modern Macroeconomic Theory (Oxford: Blackwell), pp. 49-63.
- \* C. Panico (1988), Interest and Profit in the Theories of Value and Distribution (London: Macmillan), ch. 4, pp. 102-56 ("Keynes on the Interest Rate").
- D. Patinkin (1976), Keynes' Monetary Thought (Durham: Duke U.P.).
- A. H. Meltzer (1989), Keynes's Monetary Theory, (Cambridge CUP).

### SEMINAR 12 (Week 9)

#### Monetary Theory and the Rate of Interest, II

- (i) capital and interest
- (ii) properties of money
- (iii) own-rates of interest and the yield of money

### Reading

J.M. Keynes GT, Chs. 16-17 (210-44).

- A.P. Lerner (1952), "The Essential Properties of Interest and Money", Quarterly Journal of Economics, Vol. 66, pp. 172-93.
- \* N. Kaldor (1960), "Keynes's Theory of the Own-Rates of Interest", in Essays on Economic Stability and Growth (2nd ed., 1980).
- Panico, op.cit., Ch. 5, pp. 157-80 ("Keynes on the Relation between Interest and Profit").
- \* G. Mongiovi (1989), "Keynes, Hayek and Sraffa: On the Origins of Chapter 17 of The General Theory", Economic Appliquée, XLIII, 1990 No. 2, pp. 131-56.
- \* E.J. Nell (1983), "Keynes After Sraffa: The essential properties of Keynes's Theory of Interest and Money", in J. Kregel (ed.), Distribution, Effective Demand and International Economic Relations (London: Macmillan).

### SEMINAR 13 (week 10):

#### Money Wages, Price and Employment

- (i) money wage flexibility and employment
- (ii) money wage changes versus monetary policy changes
- (iii) quantity theory of money, prices and employment

### Reading

J.M. Keynes, GT, chs. 19-21 (257-309).

- \* P. Garegnani, op.cit. (Part II and Conclusions), pp. 41-63.
- \* D. Patinkin (1948), "Price Flexibility and Full Employment", American Economic Review, corrected version in F.A. Lutz and L.W. Mints (eds.), Readings in Monetary Theory (Philadelphia, 1951), pp. 252-83.
- E. Roy Weintraub (1979), Microfoundations (Cambridge UP), ch. 3, pp. 38-54 ("The 4,287th re-examination of Keynes's System").
- \* A. Leijonhufvud (1974), "Keynes' Employment Function", History of Political Economy, Vol. 6.

SEMINAR 14 (week 11):

Economic Policy, Social Philosophy and Politics

- (i) effectiveness of monetary policy
- (ii) public investment
- (iii) Keynes and socialism
- (iv) the relation between the General Theory and Keynes's social philosophy

Reading

J.M. Keynes, GT, ch. 24 (372-84) with pp. 94-95, 119-20, 128-31, 163-64, 196-99, 202-08, 217-21, 266-71, 315-20. (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.)

- \* D.E. Moggridge and S. Howson (1974). "Keynes and Monetary Policy, 1910-1946", Oxford Economic Papers, Vol. 26, pp. 226-247.
- D. Winch (1969), ch. 8 and Appendix, pp. 145-66, 339-50. ("Keynes and the Academic Community, 1919-1936", "Keynes and the British left in the inter-war period"), Economics and Policy: A Historical Study, Hoddard and Stoughton, London, 1969.
- S. Howson (1973), "A Dear Money Man?: Keynes on Monetary Policy", Economic Journal, Vol. 83, No. 330 (June), pp. 456-464.
- A.P. Thirlwall (ed.), (1982), Keynes as a Policy Advisor (London: Macmillan), passim.
- J.M. Keynes (1972), Essays in Persuasion (London: Macmillan), Part IV, passim.
- \* J.M. Keynes (1932), "The Dilemma of Modern Socialism", Political Quarterly, Vol. 3, No. 2 (April-June).
- \* R.M. O'Donnell, "Keynes's Political Philosophy", mimeo.
- R.M. O'Donnell (1989), Keynes: Philosophy, Economics, Politics, London, Macmillan.
- J. Steindl (1985), "J.M. Keynes: Society and the Economist", in F. Vicarella (ed.), Keynes' Relevance Today, (London: Macmillan).
- P. Lambert (1963), "The Social Philosophy of John Maynard Keynes", reprinted in J.G. Wood, Critical Assessments, Vol. I.
- B. Schefold (1980), "The General Theory for a Totalitarian State? A Note on Keynes' Preface to the German Edition of 1936", Cambridge Journal of Economics, Vol. 4.
- A. Fitzgibbons (1988), Keynes's Vision (Oxford, Oxford U.P.).

LECTURE 10 (week 12):

Keynesian Economics After Keynes

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

Comprehensive Field Examination  
History of Economic Thought

January 14, 1991  
9:00-12:00

ANSWER 5 OF 6 QUESTIONS. ALL QUESTIONS HAVE EQUAL WEIGHT.

1. Recent controversy about Ricardo's economics relates to the different interpretations of Ricardo by Piero Sraffa and Samuel Hollander. Sraffa is the editor of Ricardo's Works and Correspondence and the author of The Production of Commodities by Means of Commodities. Professor Hollander is the author of monumental treatises on the economics of Ricardo and of John Stuart Mill. Sraffa's interpretation of Ricardo is based on the "Corn Model," with continuity between Ricardo and Marx in terms of reproduction of a social surplus and a denial of continuity between classical and neoclassical theory. Hollander has emphasized "the continuity thesis" between Smith, Ricardo, J.S. Mill, Marshall, and modern neoclassical economists in terms of supply-and-demand analysis. Develop the basis of these different interpretations of the central message of Ricardo. Evaluate their respective merits. Discuss the differences and similarities between classical and neoclassical economic theory. Give your own assessment of the merits of the positions of Sraffa and Hollander.
2. John Stuart Mill and Karl Marx were contemporaries. The suggestion has been made that the economic theories of both of these two great economists were oriented to the welfare of the working classes. With this suggestion in mind, compare the similarities and differences in their programs of economic and social reform and relate these to the following aspects of their respective theories: the distinction between the laws of production and the laws of distribution; the importance on money; Say's law of markets; remedies for low wages and the wages fund doctrine; theories of the tendency of the rate of profit to fall; and the importance of technology in economic theory. Conclude with a statement summarizing your comparison of Mill and Marx.
3. The distinctive American contribution to economics is frequently said to be Institutional Economics. For example, Allan G. Gruchy's 1947 book on Institutional Economics (with chapters on Thorstein Veblen, John R. Commons, Wesley C. Mitchell, John Maurice Clark, Rexford Tugwell, and Gardiner C. Means) carries the subtitle, "The American Contribution." The two most innovative of these early institutional economists are Veblen and John R. Commons. Indicate the main contributions of each of these two institutionalists. What did they have in common to make them part of the same "school" of economists? How did they differ? A common criticism of Institutional Economics is that it has no "theory." Comment on this view in the context of the nature and content of economic theory, including types of economic theory.

4. Taking a very long-term perspective of the history of economic analysis (say since the beginning of modern capitalism in the 16th century), develop a scenario in which classical and neoclassical economics is viewed as a "great detour" rather than as "mainstream" economics. Bring to your discussion mercantilist economic theory, the neutral-money position of classical and neoclassical theory, and the economics of a non-neutral-money economy (e.g., Keynes). Contrast the essential difference between classical-neoclassical economics and the theory of a monetary economy. The main point of the question is to envision the conditions in which what is now considered "mainstream" economics (classical and neoclassical) could be viewed as "the great detour" in the History of Economic Thought in the money economy in which western society has lived since the 16th century and will presumably continue to live for a long time into the future.
5. Write brief essays on four of the following five items, indicating in each case the significance of the item in the history of economic analysis:
  - A. Alfred Marshall's Principle of Continuity;
  - B. F.Y. Edgeworth and V. Pareto on indifference curves and utilitarianism;
  - C. Adam Smith's "Invisible Hand;"
  - D. John Bates Clark's "Natural Law of Wages;"
  - E. Leon Walras' concept of general equilibrium.
6. From within the broad field of the History of Economic Thought and methodology, formulate a significant question; and then answer your own question. Your answer will be evaluated on the basis of the significance of your question and the insight shown in your answer. Allow about thirty minutes for this exercise.

Michigan State University

Department of Economics

Preliminary examination

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HISTORY OF ECONOMIC THOUGHT

Winter 1995

Answer six of the following questions clearly and directly to the point and in such manner as to indicate your mastery of the materials covered therein. Avoid, by cross-referencing if necessary, duplication of answers.

1. Smith's *Wealth of Nations* and the Ricardian system dealt with economic growth, or so it can be maintained. What accounts for the concentration of economic theory, presumably starting near the end of the 19th century, on static resource allocation?
2. Consider Coase's questions on the nature of the firm: what is a firm, and what distinguishes firms from markets? Choose any three economists from different eras and indicate how they might answer those questions.
3. In contemporary macroeconomics, one school of thought is often identified as the "New Classical Economics." In what ways does this school evoke the (Old) Classical Economics? In what ways does it depart?
4. In contemporary economics, one school of thought is often identified as the "New Institutional Economics." In what ways does this school evoke the Old Institutional Economics? In what ways does it depart?
5. Alternate economic theories compete "in the marketplace of ideas." Has the "professionalization" of economics in the 20th century helped or hindered the performance of this marketplace? What implications does your analysis have for the study of markets as such?
6. Marshall's *Principles* begins with the Latin phrase "Natura non facit saltum," which means "Nature does not make leaps." Explain why this is an appropriate or inappropriate motto for that work.
7. Compare and contrast the different grounds and status of economic theory according to (1) 20th century positivist epistemology and (2) post-modernist critiques of positivism arising in such diverse fields as philosophy of science, rhetoric, and hermeneutics.
8. Marshall, Edgeworth, Pigou, Hicks, and Keynes were among the leading British economists of the 20th century. Identify three lesser known but nonetheless significant British economists of that period and indicate how their ideas both reinforced and differed from those figures.

9. Austrian-school economics is sometimes said to be one version of neoclassical economics, although most Austrian economists (and perhaps most neoclassical economists) think of the two schools as rivals. Distinguish between an Austrian and a non-Austrian version of neoclassical economics.
10. Identify in some detail the state of what later came to be called macroeconomics just prior to the publication of Keynes's *General Theory*.
11. Schumpeter has been applauded for his embrace of evolutionary economics and integration of history (including statistics and "economic sociology") and theory. Schumpeter also has been considered, at least by some, as a curious combination of Austrian, neoclassical and Marxian economics. Explain.
12. Several economists, such as Marx and Schumpeter, have attempted rather comprehensive theories and/or models of the "entire" socioeconomic system. Consider the work of Adam Smith, Vilfredo Pareto, Max Weber, and Thorstein Veblen, and for any three or all four of them compare and contrast their theories.
13. Socialism, which admittedly meant different things to different people, was treated in various ways by mainstream U.S. and British economists in the 20th century. Choose any five economists and indicate how they responded to socialism.
14. Schumpeter, in his *History of Economic Analysis*, referred to the "Age of Samuelson." In some detail, what distinguishes the Age of Samuelson from that which preceded it?
15. Select any two of the following topics and, for each, identify and explain the contributions to economic analysis by three economists:
  - a. technical change and economic growth
  - b. social and private returns from research and development
  - c. market structure and technical change
  - d. intellectual property rights
  - e. the diffusion of innovations
  - f. international technology transfer
  - g. the management of technology
16. Survey and critique the "limits to growth controversy" from Malthus to the work of Meadows et al (Club of Rome) in the early 1970s.

## Comprehensive Examination

Michigan State University, Fall 1994

G

### HISTORY OF ECONOMIC THOUGHT

Answer a total of six (6) of the following questions -- two from each group and any two others -- clearly and directly to the point, and in such manner as to indicate your mastery of the materials therein. Avoid duplication of answers. You may cross-reference between answers.

GROUP ONE: Answer at least two:

1. Identify (a) three continuing fundamental problems with which economic thought qua thought in general has had to deal and (b) why (or in what sense or respect) you consider each of them "fundamental."
2. Answer one of the following
  - a. One major development of the last decade has been the introduction into historiography and epistemology/-philosophy of science of themes and propositions from hermeneutics, deconstruction, rhetoric, linguistics, literary criticism and discourse analysis. (a) What are those themes and propositions and (b) of what significance are they for historiography and epistemology/philosophy of science?
  - b. There have been certain critical controversies in the history of economics, such as Ricardo's quest for an invariant standard of value; Marx's transformation problem; the Cambridge capital controversy (and indeed a history of conflicting theories of capital); and so on. What is the significance of such controversies?
3. In the context of Thomas Kuhn's argument about scientific revolutions, some writers have argued that in the history of economic thought there have been such revolutions but have disagreed as to the identity or nature of the revolutions and others have denied that there have been such revolutions. Illustrate and explain how this could happen.
4. In the context of the juxtaposition of ancient and medieval economic thought to that of classical and neoclassical economics, both *defend* and *criticize* the argument that economic theory (such as it may be during an era) is an emanation of (derived from) the dominant culture.
5. Individualism has taken numerous forms, for example, emphasizes on utilitarian happiness, on the form which lib-



erty takes, on thinking of rights as private in nature, on conceiving of individual human beings as ultimate independent units, on oppositions between the individual and the social and between the social and the natural, on a movement to secure individual human beings greater play for personal desires, on comprising a progressive factor in human history, on being constituted of laissez faire in matters of economic policy, on political democracy, and so on. Do these different forms or emphases of individualism help explain the differences between schools of economic thought? How, or how not?

GROUP TWO: Answer at least two:

6. Summarize and critique the central economic doctrines of four (4) of the following:
  - a. Adam Smith
  - b. David Ricardo
  - c. Carl Menger
  - d. Thorstein Veblen
  - e. Alfred Marshall
  - f. Joseph Schumpeter
  - g. Francois Quesnay
7.
  - a. Summarize Marxian economics.
  - b. Summarize and interpret Marxism as a world movement.
  - c. What remains of Marxian economics and Marxism as a world movement after the dissolution of the Soviet Union? Is Marxian economics now only a footnote? Discuss the extent to which you agree and the extent to which you disagree.
8. In 1933, in his essay on Malthus, Keynes wrote: "Ricardo is investigating the theory of the *distribution* of the product in conditions of equilibrium and Malthus is concerned with what determines the *volume* of output day by day in the real world. Malthus is dealing with the monetary economy in which we happen to live; Ricardo with the abstraction of a neutral money economy."
  - a. To what conflict(s) is Keynes referring?
  - b. Of what significance is this conflict(s) in understanding classical economics and also its relation to modern economics?
  - c. What does Keynes's formulation suggest with regard to the conduct of economic theorizing?
  - d. Edwin Burmeister has written that "if we . . . take the size and composition of output as given data in every situation, most of the interesting questions are assumed away at the outset" and John R. Hicks has argued that no theory can answer every question we might have. How do these statements relate to the quotation from Keynes and to the conflict(s) to

which he refers)? To what present-day questions might this statement also refer?

9. What does the history of economic thought contribute to understanding, if not resolving, the question of whether "laissez faire" is a substantive doctrine or a methodological limiting assumption? What is involved in all this?
10. Compare and contrast the general theories of economic development promulgated by Clarence Ayres and Joseph Schumpeter. Be reasonably comprehensive in each case and in your comparison.
11. Outline the history of the theory of the firm, from 1776 to the present.

History of Economic Thought

Comprehensive Examination

G

January 1994

Answer the question in Group One, one from Group Two, and four in Group Three, for a total of six questions. Answer each question clearly and directly to the point and in such a way as to indicate your mastery of the materials covered therein. Avoid duplication of answers. All questions are weighted identically.

**GROUP ONE: Answer the question**

1. Neoclassical economics is unquestionably the hegemonic school of economic thought in the Western world.
  - a. Identify the major variations of neoclassical economics
  - b. Identify the common, or core, elements of the foregoing variations which, despite their differences, render each variation nonetheless neoclassical
  - c. In what way(s) is neoclassical economics seemingly an emanation of the dominant ideology and way of life in the Western world?
  - d. In what ways is neoclassical economics not, or is different from, the ideology and way of life in the Western world?
  - e. If neoclassical economics is intended to be a description and explanation of how the Western economy works, can it fail to resemble the object of its study? What is important here?

**GROUP TWO: Answer one (1) of the following questions**

2. Assume you are some combination of neoclassical and institutionalist. How would you approach the question of the analytical relations between Mercantilism, industrial policy, and NAFTA (North American Free Trade Agreement)?
3. Consider the so-called post-modernist, discourse, hermeneutic or constructivist, approach to the history of economic thought.
  - a. What does it affirm?
  - b. To what is it to be contrasted?
  - c. What intellectual, analytical and/or other problems does it raise? What do you think of those problems?

**GROUP THREE: Answer four (4) of the following questions**

4. What are some of the important ways in which J.S. Mill deviated from previous orthodoxy of Classical Political Economy in his *Principles*? Your answer need not be limited to matters of pure theory, but can draw from Mill's views on methodology, economic or social policy, etc.

5. You travel back in a time machine to the United States in 1920. You must interview a randomly chosen (and now forgotten) economist. Your assignment is to determine whether or not, or to what degree, this economist is an institutionalist. What questions would you ask, and what sorts of answers would identify the interviewee as an institutionalist? (Remember, our goal is to see what you know about institutionalism. So if your only question is "Are you an institutionalist?" you may make an efficient interviewer, but you will not demonstrate very much knowledge about institutionalism and therefore not get a very good grade.)
6. How did Marx differ from the classical economists in the area of the pure economic theory of value, distribution, and growth under capitalism? Consider both differences in assumptions and differences in conclusions.
7. Describe some alternative views on the question of how one body of theory comes to be accepted over another which purports to explain many of the same phenomena. Which view of combination of views, if any, do you find most compelling?
8. It has become common to assert that economics became increasingly professionalized in Great Britain and the United States during the twentieth century. What is your understanding of the meaning of the term "professionalization"? Given that, what facts would you offer as evidence for increasing professionalization? Distinguish, if possible, between evidence of the process of professionalization and evidence of the consequences of professionalization.
9. Marshall's treatment of utility and demand theory, by which he was able to derive a demand curve, differs from the modern indifference curve approach.
  - a. Compare the two approaches, especially in terms of their assumptions.
  - b. What are the advantages and disadvantages of each approach?
  - c. In what way(s) does the modern approach improve or not improve upon Marshall's?
10. a. Outline the major elements in the history of (what later became recognized as) macroeconomics before Keynes's *General Theory*.  
b. How do you explain or interpret that history?
11. Discuss the significance of Thomas Robert Malthus's writings with particular regard to the late 20th Century AIDS crisis.
12. Some economists feel that Joan Robinson should have received the Nobel Prize in economics. Identify and evaluate her contributions to economics.
13. Discuss the major ideas of three American economists whose ideas you think should be discussed in History of Economic Thought classes a century from now.

Preliminary Examination in the History of Economic Thought

Fall 1991

Answer five (5) of the following questions clearly and directly to the point and in such a manner as to indicate your mastery of the materials covered therein:

1. "Karl Marx will be remembered longer as an economic historian than as an economic theorist." To what extent and on what bases do you agree and disagree with this statement?
2. Joseph Schumpeter wrote in his History of Economic Analysis that this was the "Age of Samuelson." You are not asked to evaluate that attribution. You are asked to identify the most fundamental aspects of Samuelson's work on the basis of which such a claim can be made, and to discuss the question of the importance of these aspects as the basis for economics to be organized as a discipline.
3. Discuss the theoretical, methodological, and historical significance of John Maynard Keynes's famous statement that "In the long run, we are all dead."
4. Mainstream economic theory has exhibited several tensions, for example, between the firm as a passive responder to market signals and as an active agent of market change, and between emphases on both the role of the reward and incentive system of an economy and society and the assumption of given preferences. How and why have these tensions arisen, and of what significance are they?
5. The writings of John Ruskin, Thomas Carlyle, Charles Dickens, and other leading literary figures of 19th century England often betray their author's animosity towards the market economy in general and classical political economy in particular. William Grampp has asserted that this attitude, along with the rather ambivalent attitudes of Adam Smith and John Stuart Mill concerning the social consequences of a capitalist economy, are in part due to the central role of the study of the Greek classics in the English educational system. Make use of what you know about the values embodied in the writings of Plato and Aristotle (in particular their views on economic matters) to provide supporting arguments for Grampp's assertion.
6. Explain the mutually reinforcing roles played by the division of labor and capital accumulation in Adam Smith's theory of growth. Wherein does technology per se enter his analysis?
7. Give an outline of Bohm-Bawerk's theory of interest. Indicate the key assumptions, and how those assumptions come together to explain the existence of a positive rate of interest in a capitalist economy. How does Bohm-Bawerk explain the falling rate of profit? In what sense can his interest theory be seen as a response to Marx's exploitation theory of profit?

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8. Consider the marginal productivity theory of distribution, or, if you prefer, Austrian imputation theory. In what sense or respect do these theories explain the distribution of income in a competitive economy? In what sense or respect do they fail to explain it? In what sense or respect, if any, do they tell us the value of a factor of production? Be specific as to your interpretive base(s) in answering these questions.
9. Despite the efforts of Richard Jones, T. E. Cliffe Leslie, John Ingram, and other able practitioners and spokesmen, the inductivist or historicist approach to economics never really became dominant in Great Britain during the 19th or 20th centuries. In Germany, however, the historicist approach superseded the deductivist approach of the classical school in the mid-19th century and remained dominant for some time. Describe three differences between England and Germany during the relevant time period that might have contributed to the differing fates of historical economics in these two locations.
10. The history of economics includes several instances in which two theories of the same class of economic phenomena compete, with one theory eventually dominating the other by capturing the allegiance of the vast majority of economists within a cultural area.
  - a. Describe a case in which you believe the "victory" of one theory over another could be attributed to the fact that it was a "better" theory, that is, provided a better explanation of some class of phenomena, and to explain the sense in which the winner was better than the loser (e.g., it was more realistic, had fewer logical errors or weaknesses, explained more things on the basis of a smaller number of principles, etc.).
  - b. Describe a case in which you believe factors other than the ability of one theory to explain things better than others were key to the success of the victorious theory (e.g., a proponent of the theory exercised great influence, the theory advanced the political agenda of a powerful group, it was more in tune with the spirit of the times, etc.).

University of North Carolina at Chapel Hill

Spring 1991

History of Economic Thought - Major Field

G

1. What do you consider to be the two major contributions to economic theory during the last 250 years. Be specific as to writers, the nature of the contributions, how these were related to competing theories, and the basis for your assessment. What contents are you using to make such a judgement?
2. Distinguish between the methodological positions of the Utilitarians, Comte and the German Historical School.
3. Critique modern "standard" economics from the viewpoint of the Austrian school.
4. What, if any, significance is Cantillon in the history of economic thought?
5. To what extent is the problem of ethical neutrality related to the problem of scope in economics?

PRINCETON UNIVERSITY  
Department of Economics

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General Examination for the Degree of Doctor of Philosophy

History of Economic Thought

Time: 3 hours

January 1991

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1. Smith's laissez-faire position meant that he wanted government to pull out of some of its activities. What economic activities did he want government to give up? What economic tasks did he believe government should undertake? Why?
  2. Outline Ricardo's distribution model. His theory of wages was Malthusian. His rent theory had been anticipated by Anderson and West and Ricardo himself attributed it to Malthus. His capital theory is largely that which appears in The Wealth of Nations. Then what did Ricardo contribute to the subject?
  3. What did Marx say about the workings of a socialist or communist economy? How did he assess the performance of capitalism relative to that of earlier economic forms?
  4. In one sentence each, suggest one of the major contributions to economics of each of the following:

a) Ricard Cantillon	d) E. von Bohm Bawerk
b) Francois Quesney	e) W. S. Jevons
c) James Mill	f) T. B. Veblen
  5. Answer one of the following:
    - a) Discuss Lionel Robbins' criticisms of the method of welfare economics and some of the later attempts to provide alternative foundations for the theory.
    - b) Milton Friedman some years ago proposed what many regarded as a radical modification of the standards for evaluation of the assumptions of a theory. Describe Friedman's proposal and discuss its pros and cons.

## ECONOMICS READING LISTS, COURSE OUTLINES, EXAMS, PUZZLES & PROBLEMS

Compiled by Edward Tower, *Duke University & The University of Auckland*, September 1995

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